

To: Gulf Coast Workforce Board Members

From: Mike Temple  
Carol Kimmick  
David Baggerly  
Michelle Ramirez

Date: January 27, 2015

Subj: Board Meeting Materials for Tuesday, February 3, 2014

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The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, February 3, 2014** in H-GAC's second floor conference rooms A, B and C, 3555 Timmons Lane, Houston.

We have a full agenda for the first meeting of 2015.

**Reports.** Chair Guthrie will provide his update to members on items of interest. Audit/Monitoring Committee Chair Joe Garcia will report on the committee's latest activity, and members will hear an update from the Government Relations Committee.

**Action.** Early Education Committee Chair Bobbie Henderson will discuss recommendations to increase the Board's maximum published rates for infant and toddler care in regulated providers. Periodically we review the rates we pay against market data, and where funds allow, adjust those rates to provide reasonable payments for early education services. The Career Office Committee has a new chair—Karlos Allen—and he will brief the Board on the committee's last meeting and recommend a minor change in eligibility rules to increase access to scholarship funds for individuals who have been laid off. Finally, Nominating Committee Chair John Hebert will offer nominations for 2015 Board officers.

**Information.** David Baggerly will provide a full report on our performance, and we'll have an update on 2014 expenditures against the Board's budget. Michelle Ramirez will discuss what Workforce Solutions is doing to address needs of long-term unemployed individuals. Ron Borski will brief us on the region's economy and then discuss employment in the region's construction sector. This continues our series of reports on key regional industries.

We look forward to seeing you on February 3<sup>rd</sup>. As always, please call or email us if you have questions, or if we can be of any help!

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, February 3, 2015 at 10:00 a.m.**

H-GAC Conference Room A/ B/C

3555 Timmons Lane, Second Floor, Houston, Texas 77027

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1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review December 2014 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 an update from the committee's November 2014 review.
  - c. *Government Relations.* A brief update on legislative information of interest.
7. **Take Action**
  - a. *Early Education & Care.* The Committee Chair will report on recommendations to increase maximum reimbursement rates for infant and toddler care.
  - b. *Career Office.* The Committee Chair will provide information from the committee's most recent meeting and report on a recommendation to change financial aid eligibility for customers who are dislocated from employment.
  - c. *Nominating.* The Committee Chair will present nominations for Board officers in 2015.
8. **Receive Information**
  - a. *System Performance.* Report on current performance.
  - b. *Expenditures.* Report on expenditures.
  - c. *Service for long-term unemployed individuals.* Update on Workforce Solutions activities for long-term unemployed workers and discouraged workers.
9. **Look at the Economy**

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



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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, DECEMBER 2, 2014**

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**MEMBERS PRESENT:**

Karlos Allen	Gerald Andrews	Betty Baitland
Elaine Barber	Bill Crouch	Joe Garcia
Cheryl Guido	Mark Guthrie	John Hebert
Bobbie Henderson	Guy Robert Jackson	Sarah Janes
Tony Jones	David Joost	Birgit Kamps
Jeff Labroski	Ray Laughter	Kendrick McCleskey
Steve Mechler	Jerry Nevlud	Dale Pillow
Janice Ruley	Allene Schmitt	Richard Shaw
Connie Smith	Gil Staley	Evelyn Timmins
Shunta Williams	Toy Wood	Sarah Wrobleski
Madeleine York		

**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, December 2, 2014, in the 2nd floor, H-GAC Conference Room 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.

**PUBLIC COMMENT**

No one signed up for public comment.

**MINUTES FROM OCTOBER 7, 2014**

Chair Guthrie asked if there were any additions or corrections to the minutes for the October 7, 2014 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. 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 asked new Board Member Shunta Williams to introduce herself and welcomed her to the Board.

Chair Guthrie explained that several weeks ago, he along with several members of the Workforce Solutions staff attended a meeting at Exxon Mobil Chemical that was organized by Bechtel, the prime contractor for Exxon Mobil Chemical's new cracker facility in Baytown to discuss its workforce needs in the coming years. Chair Guthrie stated that it was a good meeting – Bechtel made a good presentation on their mission and substantial need for craft workers. Chair Guthrie said that several colleges and an adjoining workforce board from the region also attended, and it is clear that there will be a huge demand for trained craft workers in our region.

Chair Guthrie reported that a group known as Educate Texas asked that we assist them in encouraging a response by area colleges to a RFP for a grant to begin a planning/programming process to increase the number of skilled graduates with two and four year degrees. Our staff is working with Educate Texas and the colleges that will be involved in responding to this RFP. The grants for programming and anticipated future grants for implementation is funded by private foundations.

Chair Guthrie stated the several Board members and staff attended the annual Texas Workforce Commission Conference in Grapevine, Texas in November. Mr. Guthrie explained that there were many good presentations and he was encouraged to see the Texas Education Agency and The Higher Education Coordinating Board are working together with TWC to coordinate their efforts to develop the workforce of the future.

Chair Guthrie noted that he attended the quarterly Texas Association of Workforce Board, TAWB meeting where he completed his term as Chairman this past year. He explained that his new position of Immediate Past Chair is an Executive Committee position which will still have him heavily involved in TAWB, but will allow him additional time to be more involved in local efforts. TAWB is continuing to promote the Education Paper that each Board member received earlier this year.

Chair Guthrie stated that he is a member of a TWC workgroup that is seeking to put together a central advertising campaign to raise statewide the visibility of Workforce Solutions. They are currently looking at a campaign similar to the "Don't Mess Texas" where you would see recognizable people in short spots raising the awareness of

Workforce Solutions and attempting to increase the market penetration for both employers and workers. The group anticipates that TWC will fund the central campaign.

Chair Guthrie concluded his report and no action was taken.

*Audit/Monitoring Committee Report*

Chair Joe Garcia reported that the committee met prior to the Board meeting on Tuesday, December 2, 2014 and heard an update on recent activity.

Chair Garcia explained that since the last report, the regional Quality Assurance team reviewed one office for each career office contractor, with a summary of the results as follows:

Both offices were rated as average – which means the offices provide an acceptable level of customer service with several opportunities for improvement. Both offices have noticeably improved customer service since the last visit.

Westheimer operated by Interfaith of The Woodlands has a new manager and he had made progress in his short tenure prior to our visit.

Rosenberg operated by Neighborhood Centers, Inc, has improved customer service, but they still have some documentation problems. We felt the office is overstaffed for its current traffic.

Both offices have minor Equal Opportunity Accessibility issues mainly due to daily wear and tear.

Chair Garcia explained that during the past year, the Quality Assurance team members rated the office locations on their customer service, management, and quality of records, judging them to be above average, average, or below average.

Chair Garcia also reported that:

- The Quality Assurance team continues to review the system to determine how well we are protecting customer information. Although we occasionally discover customer data forgotten in a staff drawer or a box under a desk, we find both contractors and staff are doing well at protecting customer information. This period had 100% compliance. (13 visits)
- Between February – November the team observed informational meetings for child care vendors hosted by the Financial Aid Payment Office. The topics covered every aspect of the child care vendor system and fielded good Question and Answer sessions. The meetings were well attended.
- Financial reviews were conducted for and a summary of the results for the following contactors:

- ✓ Gulf Coast Trade Center – need better procedures and some documentation issues. No questioned costs.
  - ✓ Dynamic Educational Systems, Inc. – need better procedures, segregation of duties. No questioned costs.
  - ✓ Interfaith of The Woodlands – (payment review) record keeping errors that Interfaith has addressed. No questioned costs.
  - ✓ Neighborhood Centers, Inc. – (billing review) Need some adjustment to segregation of duties, minor payroll errors and difference in monthly reports and GL.
- The team is currently looking at offices, the Financial Aid Call Center, the Financial Aid Payment Office, youth projects, and the early education quality improvement effort.

Chair Garcia stated that he attended the Veteran Job Fair at Minute Maid Park in the capacity of an employer. There were well over 100 employers at the job fair and over 1,200 veterans that attended. Chair Garcia explained that he felt it was a very positive job fair and wanted to thank everyone that was involved.

Chair Garcia concluded his report and no action was taken.

### Government Relations

Chair Guy Robert Jackson started his report by thanking Board Member, Ms. Elaine Barber for attending the Joint Legislative Committee on Education Policy Works in October. Chair Jackson stated that the Texas Workforce Commission and the Texas Workforce Investment Council are under Sunset review this year. At the time this report was prepared the staff recommendation report by the Sunset Commission had not been issued. The report is now available on the internet and is 107 pages long. Chair Jackson reviewed the seven Sunset staff recommendations –

### *Texas Workforce Commission*

- The Civil Rights Division needs clearer accountability and streamlined functions to effectively focus on its core duties.
- Students need better career school performance information when selecting training programs.
- TWC must better ensure its child care program helps clients achieve employment goals and obtain quality care for children.
- TWC appeals process lacks certain tools that would increase consistency and transparency.
- TWC needs authority to use federal offsets to recover millions of dollars in unemployment compensation debt.

- Texas has a continuing need for the Texas Workforce Commission.

*Texas Workforce Investment Council*

- Texas has a continuing need for the Texas Workforce Investment Council and would benefit from its assumption of the duties of the Texas Skill Standards Board.

The Texas Sunset Advisory Commission will hold a public meeting on Wednesday, December 10, 2014 at 9:00 am in Austin, TX. Chair Jackson noted that one can also access the meeting online to make public comment.

The Sunset Advisory Commission will then meet on Wednesday, January 14, 2015 to issue its final recommendations to the Legislature.

Chair Jackson stated that beginning in February 2015 he will be in Austin six out of eight weeks meeting with the legislature not only on the Workforce Board's behalf, but on the behalf of other organizations he is involved with.

Chair Jackson concluded his report and no action was taken.

**TAKE ACTION**

- a. Procurement. The Committee Chair will present recommendations to fund efforts that help area students complete a high school education and then complete post-secondary training in high-skill, high-growth occupations in total amount not to exceed \$950,000.

Chair, Evelyn Timmins reported that the Board's Procurement Committee met on Monday, November 10, 2014 to review proposals for Building an Educated Workforce. Chair Timmins explained that the Workforce Board has always used its resources as leverage to make a difference outside the confines of the Workforce Solutions system. Recently staff has explored how to use this leveraging strategy to advance the Board's expected results of increased high school graduation rates.

In the past, we have funded the Workforce Solutions system and stand-alone youth projects to achieve these results. It was determined that we would like to consider trying a different approach that uses some of our resources to leverage existing organizations and projects in the region that have already demonstrated multi-year success in helping young people complete high school-level education and then enter and complete post-secondary education. This addresses the Board's intent to build an educated workforce and the Board's measures relating to high school graduation rates and post-secondary graduation rates.

- Our intent is not to fund or create stand alone projects – or augment any of our current contractors – but rather to expand existing, successful organizations in the

region that help achieve the Board's goals.

- This summer we issued a request for proposals to identify those organizations that are currently successful helping low-income youth complete a high school education and then enter and complete post-secondary education. We were seeking organizations that have a comprehensive approach and can leverage our resources with their existing resources and service delivery model to help train and educate young people and build our future workforce.

Chair Timmins stated that we received 16 requests from 16 bidders totaling \$8.7 million in response to the RFP. Chair Timmins noted that:

- All of the bidders were organizations that currently work with at-risk youth and have varying degrees of experience helping young people complete high school, find employment, or enroll into post-secondary education or vocational training.
- All bidders were based within the Gulf Coast region.
- Of the 16 bidders, one has a current contract, another is involved in an unfunded pilot project with Workforce Solutions, and a third is a former contractor.

The RFP stated that we were looking to find existing organizations with well-established service models that help young people complete a high school education and then enter and complete post-secondary education. We asked proposers to demonstrate the success of their existing models with performance data and to propose a payment schedule that would reflect payments for specific outcomes.

Chair Timmins noted that the staff evaluated and scored all proposals and asked proposers to make detailed presentations in person to a staff evaluation team. Fifteen bidders made presentations; one bidder rescinded its proposal.

Committee members received copies of the 15 remaining proposals, summaries of the proposals, and copies of the RFP and the scoring instrument. All 15 bidders attended the committee meeting and made short presentations and members asked questions of each of the bidders.

The committee then received the staff scoring of proposals, and members discussed their concerns with scoring. Chair Timmins reported that after detailed discussion, the committee reached the following recommendations.

- The committee recommends that the Board fund five proposals and allocate dollars to a venture fund that would provide small grants to leverage work being done by organizations the Board has not funded in the past.
- The committee also recommends that the staff work with any of the bidders not funded, at the bidder's request, to further develop their proposals.
- The recommended proposers for funding and summaries of their proposal are:



Project GRAD	For more than 25 years, Project GRAD has demonstrated success in helping young people from low-income families stay in and complete high school and move through post-secondary education. With additional funding, Project GRAD is proposing to increase its enrollment in the six HISD high schools and expand to high schools in the Pasadena, Aldine and Cypress Fairbanks ISDs.
Genesys Works	For more than 10 years, Genesys Works has supported high school students through technical and professional skills training, practical work experience, and postsecondary preparedness. With the requested funding, Genesys Works will increase its enrollment to serve an additional high school students and Genesys Works Alumni.
Knowledge First Empowerment Center	Knowledge First has offered educational services that include afterschool tutoring, accredited high school credit recovery and summer academic camps for more than 10 years. With additional funding, Knowledge First will increase its enrollment in Southwest Harris and Fort Bend counties.
Alliance for Multicultural Community Services	The Alliance is an organization with a unique niche addressing needs of refugee and immigrants for 28 years. Its Kijana Youth Program targets high school youth who are at-risk for not completing high school. With additional funding, Alliance will expand the number of youth it can serve from Liberty Alternative High School and Lee High School in Houston ISD and a Gulfton–area apartment complex.
AVANCE	AVANCE has served the needs of low-income families for more than 40 years. Through its College Going Culture AVANCE supports at-risk youth and teen parents in alternative high schools in the Pasadena and Houston ISDs. Additional funding will expand the number of students AVANCE assists.

- Venture Fund

The committee recommends committing 10% of the available funding amount (\$95,000) to a venture fund that would be used to make small grants to help organizations expand work they are doing that addresses the Board’s expected results. Staff would develop guidelines for application and award of grants of less than \$25,000 for organizations that Board has not funded in the past. Venture funds would also be targeted to the more rural areas of the region.

- Project Development

The committee noted several proposals that did not score highly on evaluation criteria but were worthy projects that the Board should consider. We would not commit funds at this time, but would offer assistance to those organizations that are interested in working with us – to help them refine their projects, identify other resources or funding in the community, and ultimately expand their activities.

The following chart shows all proposers, dollars requested, and recommendations for funding.

Proposer	Current Contract	Request	Recommend
Project Grad		\$ 700,000	\$315,000
Genesys Works - Houston		410,204	184,500
Knowledge-First Empowerment Center		170,000	76,500
Alliance for Multicultural Community Services		341,786	123,300
AVANCE Houston, Inc.		433,279	155,700
Venture Fund			95,000
Gulf Coast Trades Center	\$282,000	455,935	
St. Michael's Learning Academy		1,597,547	
100 Black Men Metropolitan Ministry, Inc.		621,600	
Youth and Family Counseling Services		111,493	
Career and Recovery Resources, Inc.		745,396	
P.A.C.E. Youth Programs, Inc.		1,421,229	
Houston Training and Education Center		341,000	
World Youth Foundation		440,120	
GMC Consultants, LLC		295,840	
Fuzion Apps, Inc.		650,000	
<b>Totals</b>	<b>\$282,000</b>	<b>\$8,735,429</b>	<b>\$950,000</b>

A motion was made and seconded to authorize staff to negotiate contracts with recommended proposers in amounts noted above; set up and implement the venture fund with an initial investment of \$95,000; and work with organizations that requested assistance in further developing their projects. The motion carried.

Dr. Bobbie Henderson wanted to express that she feels as a Board we tend to be overly cautious when it comes to approving new contractors. She feels we need to open the door and take a risk to work with new proposers – especially when they present a great proposal.

Chair Guthrie explained that the reason behind the “Venure Fund” was that the committee saw there were some excellent proposals that we felt we should take a chance on.

Chair Timmins concluded her report and no further action was taken.

## **RECEIVE INFORMATION**

### **System Performance**

Mr. David Baggerly reviewed the Year End System Performance measures for October 2013 through September 2014. 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 25,147 employers this year which is almost 18% of the 140,808 employers identified for the Gulf Coast area. We provided services to 24,911 employers through September 2014.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,485 employers, 12,784 returned to The Workforce Solutions for additional services through September 2014. Although we did not meet the percentage target, 1,500 more employers returned for service in 2014 than in 2013.

*More and Better Jobs* –

New jobs created – This information is captured quarterly and reflects a two year average.

Customers employed by the 1<sup>st</sup> quarter after exit – Reporting for the quarter ending September 2013, 237,444 of the 323,772 customers who exited from services were employed by the quarter after exit.

*Higher Real Incomes* –

Exiters with Earnings Gains of at least 20% - Reporting for the quarter ending March 2013, 116,211 of the 346,238 customers who exited had earnings gains of at least 20%.

*A Better Educated and Skilled Workforce* –

Customers pursuing education diploma, degree or certificate who achieve one - Reporting for the quarter ending June 2014, 2,419 customers pursuing an education diploma, degree or certificate exited in the period July 2013 – June 2014. 1,203 achieved a diploma, degree or certificate by 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, 2013 and ended September 30, 2014, we are met or exceeded the target for nine of ten measures. The measure we did not meet is:

- Choices Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 39.5%. Our cumulative total for the year is 37.4%. Although we did not meet this measure, our average monthly performance for the last six months of the year was 40.7%

Mr. Baggerly reported that we continue to work closely with our contractors to improve performance on all measures.

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

### Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for ten months ending October 31, 2014. Mr. Temple explained that the budget looks good, and we should be in good shape at year end. Mr. Temple noted that under Resident Services which includes office operations, financial aid and special projects – there were some dollars shifted around and we are spending a little more money in office operations and a little less in financial aid, but it does not affect the number of customers we are serving or put us over budget.

Mr. Temple explained that at year-end we should have spent approximately 95% of our budget.

Chair Guthrie asked if we are looking at ways to utilize 100% and Mr. Temple explained that we are always looking at ways to spend closer to 100%.

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

### **LOOK AT THE ECONOMY**

Mr. Ron Borski explained that the Houston-Sugar Land-Baytown Metropolitan Statistical Area (H-S-B MSA) unemployment rate dropped two-tenths of a percentage point to 4.7% in October. The unemployment rate for Texas and the United States also dropped two-tenths of a percentage point to 4.5 percent and 5.5 percent respectively. The Houston-Sugar Land-Baytown MSA added 19,100 jobs to payrolls in October. This month's growth was largely driven by seasonal gains in Government as educational institutions continued to increase payrolls for the new school year. All super sectors were reporting over-the-year job gains and strongest growth has been in mining and logging, construction, non-durable goods manufacturing, architectural engineering and related services, computer systems design and related services and health care services.

Mr. Borski reviewed alternative measures of labor underutilization, fourth quarter of 2013 through third quarter of 2014 average.

Mr. Borski noted that the recent decline in oil prices can be attributed to slowing economic growth in China and Europe coupled with increased U.S. production levels. Shale drilling is expensive, about 80% of it has a breakeven cost of between \$50 and \$80 compared with \$10 to \$25 a barrel for conventional supplies from the Middle East and North Africa. While drilling efficiency has increased, there will be a point where adjustment will need to be made - some drillers have already scaled back 2015 capital spending. A few have stated that they are still able to maintain a profit at \$40 a barrel.

Bottom line is that anything less than \$80 per barrel for an extended amount of time will affect drilling activity in the U.S.

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

Mr. Parker Harvey gave a presentation on – The Gulf Coast Maritime Industry. Mr. Harvey explained that the Port of Houston Authority - POHA and the Ship Channel contribute over \$178 billion in revenue to the Texas economy with \$4.5 billion in tax revenue and account for over 1 million jobs in Texas. Mr. Harvey reviewed core maritime occupations and wages. In summary the industry is relatively small, but additional opportunities are in indirect services – rail, trucking and oil and gas refining. It also remains an extremely important industry to Houston and Texas given the number of secondary and tertiary jobs the industry generates.

Mr. Richard Shaw asked questions regarding the international longshoremen unions at the port and the employment practices. Mr. Shaw also mentioned that some of the “hiring halls” are involved in training activities with San Jacinto College.

Dr. Sarah Janes of San Jacinto College responded that SJC works with the ILA thru West Gulf Maritime Association. SJC also has some skills development fund grants through WGMA for the dock workers.

Mr. Harvey concluded his report and no action was taken

### **OTHER BUSINESS**

Chair Guthrie asked staff to look at the issue of U4 to U6 unemployment and how we attract people back to employment.

Ms. Elaine Barber, announced she will be retiring at the end of December from the Greater Houston Partnership and from her service on the Board. Ms. Barber spoke about her career with the GHP and her service on the Board. She explained that she wants to continue to help with the betterment of our community.

Chair Guthrie thanked Ms. Barber for her 10+ years of service to the Board and expressed how the Board will miss her and her contributions.

Chair Guthrie also thanked all Board members for their contributions and service on the various committees.

He expressed that he felt that the Gulf Coast Board staff was better than any other Board staff in Texas, and thanked the Board staff for all their hard work.

Mr. Tony Jones announced that starting November 19<sup>th</sup> and every Wednesday from here on the Metropolitan Multiservice Center on West Gray will host a job seekers with disabilities event from 9:00 am to 12 noon. A disabilities navigator will be available to assist. Mr. Jones thanked Mr. Temple and Mr. Kevin Rodney for all their help in making this site possible.

Mr. Guthrie stated that he would like to see the Board raise our visibility out in the community in the coming year and wished everyone a safe and happy holiday season.

**ADJOURN**

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 11:00 am.

## Audit/Monitoring Committee Update for February 2015

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- We conducted four office reviews since our last report and issued two of the findings and observations.

Wharton (Interfaith) we rated as above average. We observed exceptional customer service during our visit.

Astrodome (Neighborhood Centers) we rated as average. We noted acceptable service during our scheduled visit, but did not see the same level of attention to customers when we conducted a secret shop.

Both offices have minor accessibility issues mainly due to daily wear and tear.

- The team continues to review the system to determine how well we are protecting customer information. Although we occasionally discover customer data forgotten in a staff drawer or a box under a desk, we find contractors and staff is doing well at protecting customer information. This period had 100% compliance. (4 visits)
- Results of our visits to vendors in our networks from October through December 2014 are shown below. Note that we start counting visits on October 1 to coincide with our fiscal year.

Active vendors	2,097	
Active vendors with referrals	1,495	71.2%
Vendors with fewer than five children enrolled	1,129	75.5%
Vendors visited 10/1/14 to 12/31/14	348	23.2%

From October to December, there have been only two vendors cited for compliance tracking problems

- We reviewed career office records for customers who are required to work with us to maintain their benefits. We found both contractors to be substantially in compliance.
- We performed the quarterly review of customer eligibility from the Financial Aid Call Center. We questioned the eligibility of six customers.

We also reviewed records of those customers who were deemed ineligible for financial aid. We found no issues with these records.

- The team is currently looking at offices, the Financial Aid Call Center, the Financial Aid Payment Office, youth projects, and the early education quality improvement effort.

## Government Relations

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## Legislative Update

### Sunset Commission

The Sunset Advisory Commission met on Wednesday, January 14, to adopt Commission decisions on Sunset staff recommendations and modifications offered by Commission members regarding the Texas Workforce Commission and the Texas Workforce Investment Council as well as the Department of Family and Protective Services, State Office of Administrative Hearings and Texas Facilities Commission. This was the last hearing of the Sunset Advisory Commission for the 84th Texas Legislative Session.

1. The hearing opened with Chairwoman Nelson and Commission members providing remarks regarding recent contracting issues at the Health and Human Services Commission (HHSC). Chairwoman Nelson commented that the contracting issues point to the need for reorganization of the HHSC system and for stronger provisions to prevent conflicts of interest and promote transparency. Vice-Chair Price agreed that additional contracting safeguards are needed and said consolidation of HHSC is still needed because it would provide clear agency and staff accountability and increased efficiencies in contracting while providing better protection for vulnerable Texans. Chairwoman Nelson said that the legislature needs to look at contracting across all agencies.
2. The Sunset Advisory Commission adopted the Sunset staff report on TWC but made three modifications.
  - a. For Issue 2.1, Sunset staff had recommended requiring TWC to collect employees' occupational information as part of employers' wage records and use the records to verify employment information submitted by career schools. Chairwoman Nelson offered a modification that would instead require TWC to study the costs, benefits and limitations of collecting that data and report the findings to the 85th Texas Legislature. She expressed concern about the possibility of putting more cost on employers.
  - b. For Issue 3.1, Sunset staff had recommended requiring TWC to include more in-depth data on the effectiveness and outcomes of child care subsidies in its statutorily required report on the program. Commission Member Tom Luce offered a modification that would add a requirement for TWC to conduct a study on potential methods of providing incentives for parents participating in the child care subsidy program to choose providers with a Texas Rising Star quality designation. The modification would require TWC to include the findings in the agency's 2017 report to the legislature.



- c. Finally, Chairwoman Nelson presented New Issue 7 which would transfer the vocational rehabilitation and disability determination services programs from the Department of Assistive and Rehabilitative Services (DARS) to TWC.

Chairwoman Nelson said that this recommendation is the result of testimony heard that vocational rehabilitation programs currently housed at DARS would be more effective if moved to TWC. She said the goal of this program is to help individuals with disabilities gain the skills they need to enter the workforce. She said it is one of four programs that are required by federal law to fully integrate our workforce. She noted that the three other workforce programs are already at TWC and said that it makes sense to align all four at the agency whose mission is to help all Texans succeed in finding employment. She said that this transfer would include vocational rehabilitation services provided by counselors in field offices as well as the business enterprises of Texas's program. It also would transfer disability determination services. She said that this is a federally funded office that makes eligibility determinations for applicants for Social Security Disability and that it is self-contained and could be operated anywhere. She said that most states locate this office within the same agency that administers vocational rehabilitation programs. It is her intent that the TWC Sunset bill reflects these recommendations as well as the recommendations pertaining to vocational rehabilitation in the Sunset report for DARS.

These three modifications were adopted. The Sunset Advisory Commission also adopted the Sunset staff recommendations for TWIC without modifications before taking a final vote to submit all the Sunset Advisory Commission recommendations that have been adopted to date to the 84th Texas Legislature.

Chairwoman Nelson closed the hearing commenting that the Sunset Advisory Commission has made changes that will have a positive impact on the lives of all Texans and eliminated unnecessary layers of government. She said that, in all, they have voted to abolish eight agencies, five boards and commissions, and 45 advisory councils. She said they also voted to deregulate 10 professional licensures and that their decisions will lead to an estimated \$500 million in savings over the next five years.

## Texas Legislature

As the next session of the Legislature gets underway, representatives and senators have filed bills that touch on workforce issues. Among the items we are following are:

- Multiple bills relating to the minimum wage
- Multiple bills that fund full-day pre-K programs throughout the state
- Several bills that require drug testing when applying for Temporary Assistance to Needy Families benefit
- A bill from a local legislator that authorizes local economic development organizations to finance projects that support job training facilities at community colleges and public technical institutions

## Early Education & Care Provider Rates

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### Background

On December 5, 2014, the Early Education & Care Committee met to consider the rates which the Board pays early education providers.

Workforce Solutions publishes maximum reimbursement rates for different categories of early education providers (licensed centers, regulated family homes, registered homes) by age of children (infants, toddlers, preschool age, school age) and type of care (full-time or part-time).

We establish a reimbursement rate with each provider when we negotiate a use agreement with that provider – based on that provider’s usual rates. We do not always negotiate a rate up to the Workforce Solutions maximum.

We forecast our ability to meet state targets for service levels using available funds in two ways.

- We use historical data to estimate average costs per child/day by month for the year and then calculate the maximum service level for each month and the cumulative level for the year.

We then track these estimates against actual performance and check weekly, throughout the year, in order to assess progress and make any necessary adjustments to enrollments. Our goal is to use as much of the annual funding as we can and serve as many families as we can without overspending.

- We also use our maximum published rates to estimate our annual ability to fully use available funds. In this calculation, we rely on historical data to estimate the expected distribution of children among the age ranges and types of providers.

At the committee’s last meeting, we briefly discussed surveying the rates we pay regulated providers to determine our position in the regional market. Since that meeting, the Workforce Commission’s market survey data became available to us and we compared the survey data with our current published maximum rates. Attached is a chart showing the survey data and our rates.

GULF COAST WORKFORCE BOARD										
CURRENT MARKET RATE SURVEY DATA -- CHILD CARE PROVIDERS										
			Mean	30th percentile	40th percentile	Median	60th percentile	70th percentile	75th percentile	Gulf Coast Current Rate
Licensed Child Care Centers (rates from 230 of 2076 facilities in area)	Infant	Full-time	\$30.92	\$25.93	\$28.06	\$30.14	\$32.29	\$34.66	\$36.01	\$32.91
		Part-time	\$25.06	\$20.52	\$22.41	\$24.27	\$26.21	\$28.35	\$29.57	\$21.69
	Toddler	Full-time	\$28.31	\$23.52	\$25.54	\$27.53	\$29.59	\$31.86	\$33.15	\$27.05
		Part-time	\$23.40	\$19.00	\$20.82	\$22.62	\$24.49	\$26.56	\$27.74	\$20.69
	Preschool	Full-time	\$26.32	\$21.68	\$23.62	\$25.54	\$27.52	\$29.71	\$30.96	\$23.43
		Part-time	\$17.30	\$13.45	\$14.99	\$16.52	\$18.13	\$19.91	\$20.93	\$16.22
	School age	Full-time	\$24.25	\$19.78	\$21.64	\$23.47	\$25.38	\$27.48	\$28.68	\$20.76
		Part-time	\$16.24	\$12.49	\$13.98	\$15.46	\$17.01	\$18.74	\$19.73	\$13.71
Licensed Child Care Homes (rates from 30 of 246 facilities in area)	Infant	Full-time	\$26.13	\$21.50	\$23.44	\$25.34	\$27.32	\$29.50	\$30.75	\$22.37
		Part-time	\$20.67	\$16.51	\$18.21	\$19.89	\$21.65	\$23.59	\$24.71	\$17.09
	Toddler	Full-time	\$24.91	\$20.38	\$22.27	\$24.13	\$26.06	\$28.19	\$29.41	\$19.17
		Part-time	\$19.48	\$15.42	\$17.07	\$18.70	\$20.40	\$22.29	\$23.38	\$15.45
	Preschool	Full-time	\$23.90	\$19.46	\$21.30	\$23.12	\$25.01	\$27.10	\$28.29	\$18.54
		Part-time	\$18.22	\$14.28	\$15.86	\$17.44	\$19.08	\$20.91	\$21.96	\$16.22
	School age	Full-time	\$21.20	\$16.98	\$18.71	\$20.41	\$22.19	\$24.16	\$25.29	\$15.67
		Part-time	\$17.59	\$13.71	\$15.26	\$16.81	\$18.43	\$20.22	\$21.25	\$11.03
Registered Child Care Homes (rates from 187 of 1798 facilities in area)	Infant	Full-time	\$25.76	\$21.17	\$23.09	\$24.98	\$26.94	\$29.11	\$30.35	\$21.10
		Part-time	\$19.28	\$15.24	\$16.88	\$18.50	\$20.20	\$22.08	\$23.15	\$14.92
	Toddler	Full-time	\$24.16	\$19.69	\$21.55	\$23.38	\$25.28	\$27.38	\$28.58	\$18.54
		Part-time	\$21.18	\$16.96	\$18.69	\$20.39	\$22.17	\$24.14	\$25.27	\$12.36
	Preschool	Full-time	\$22.54	\$18.21	\$19.99	\$21.76	\$23.59	\$25.62	\$26.78	\$17.51
		Part-time	\$14.80	\$11.20	\$12.61	\$14.02	\$15.50	\$17.15	\$18.10	\$12.36
	School age	Full-time	\$16.81	\$13.01	\$14.52	\$16.03	\$17.61	\$19.37	\$20.38	\$14.50
		Part-time	\$13.80	\$10.31	\$11.66	\$13.02	\$14.45	\$16.04	\$16.97	\$10.30

## Current Situation

- Our unit rates are below the mean except for infants who receive care in a licensed child care center.
- During the past six months, about 95% of the children whose parents receive child care financial aid through Workforce Solutions were in a licensed child care center. For these children, the distribution is:

Infants	1,437	6%
Toddlers	3,403	14%
Preschool age	8,434	33%
School age	11,893	47%

- Registered family homes and licensed child care home providers serve about 5% of the children.

Our estimates of current demand, enrollments, and attendance suggest that we will be able to continue allowing new enrollments from parents throughout the year – at current rates. However, we only have a small cushion in funding to adjust rates, should we continue to allow new enrollments.

Also, with the emphasis on increasing the number of providers with Texas Rising Star quality ratings, there is additional pressure on our available funds because we pay a premium for TRS providers. As we increase the number of TRS-certified providers, we can expect a larger proportion of enrollments and increased payments.

We estimate that we will be able to raise some rates this year, but not all.

## Proposed Changes

The committee recommended the staff publish for comment a proposed increase in the Board's maximum rates for all regulated providers serving infants and toddlers, using a schedule the staff proposed would keep the system within budget.

We estimate that we have funding available to bring the rates for infants and toddlers to the mean market rate for both full-time and part-time care. Infants and toddlers represent 20% of our enrollment.

Because the preschool and school age population is considerably larger, raising these rates is beyond our capacity in the current year.

## Comments

We received 16 comments from our published proposal: 12 from individuals associated with licensed child care centers and four from individuals associated with registered/licensed home providers.

- 11 comments supported the rate increase
- Three comments suggested the increased rates were still low
  - One of these providers stated it is no longer in the network because the rates were too low
  - One provider dropped one of its facilities from the network and is considering dropping the remaining facility
  - One provider is Texas Rising Star-rated and expressed concern about low rates
- Two comments were unrelated to the rates

## Action

Authorize an increase in the Board's maximum published rates for early education payments to regulated providers for infant and toddler care as shown below.

### **Infant and Toddler Current and Proposed Maximum Rate Comparison**

Infants	Current Maximum Rate	Proposed Maximum Rate
Licensed Centers (Full Time)	32.91	32.91
Licensed Centers (Part Time)	21.69	25.06
Licensed Homes (Full Time)	22.37	26.13
Licensed Homes (Part Time)	17.09	20.67
Registered Homes (Full Time)	21.10	25.76
Registered Homes (Part Time)	14.92	19.28
Toddlers	Current Maximum Rate	Proposed Maximum Rate
Licensed Centers (Full Time)	27.05	28.31
Licensed Centers (Part Time)	20.69	23.40
Licensed Homes (Full Time)	19.17	24.91
Licensed Homes (Part Time)	15.45	19.48
Registered Homes (Full Time)	18.54	24.16
Registered Homes (Part Time)	12.36	21.18

## **Career Office Committee**

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### **Update for February 2015**

### **Meeting Notes**

The Career Office Committee met on December 10, 2014, at 1:30 pm. Members in attendance included: Chair Tracie Holub, Madeleine York, Karlos Allen, Shunta Williams.

- Chair Tracie Holub announced that she was retiring from the Board and the committee at the end of 2014. Member Karlos Allen has agreed to serve as the new chair of the committee.
- Committee members received an update on the results from a customer survey conducted in 2014 to give us feedback on how well Workforce Solutions is doing to meet customer expectations.
  - Less than half of the respondents rated us as excellent on two important attributes:
    1. Listening to fully understand customer requests or problems
    2. Responding to customer requests or problems.
  - Customers told us that
    1. staff did not seem invested in responding to or resolving the request or issue
    2. staff did not seem knowledgeable or helpful
    3. staff did not respond to phone or email requests and had to contact Workforce Solution more than once to resolve issues.
  - We asked customers to identify what was important to them and about 80% said staff should be knowledgeable and help the customer receive the assistance requested.
- To address customers' concerns, we are taking the following steps:
  1. Work with the Regional Management Team and all system contractors to address the top customer dissatisfaction issues.
  2. Work with our training contractor, NWI, to focus attention and resources to these issues and use direct technical assistance in select locations,
  3. Implement a feedback process so we can continually hear how we are doing from our customers. Conduct annual customer surveys to gauge progress.
  4. Review our I AM Workforce Solutions awards process and create a best office or best unit competition.
  5. Incorporate the customer service issues in our Quality Assurance visits to our offices and other units providing services to customers.
- Board staff presented an overview of Workforce Solutions' eligibility criteria for financial aid. All funds that we use to offer financial assistance that helps customers get

a job, keep a job or get a better job come with eligibility criteria established in law or regulation. The Board, in some cases, added additional requirements to the eligibility criteria or defined a specific parameter. When we first established criteria for all funds used for financial aid, the Board added an additional requirement for customers determined eligible because they are dislocated workers.

This additional requirement asked a dislocated worker to contribute toward the cost of financial aid when the customer's family income exceeded 200% of the federal poverty level. Feedback from Workforce Solutions staff indicates this added requirement presents a challenge for customers receiving or exhausted unemployment compensation and may be deterring some customers from applying for assistance they can use to return to work.

The committee voted to recommend amending the financial aid eligibility rules to discontinue the requirement for customers classified as dislocated workers to contribute toward the cost of financial aid provided by Workforce Solutions.

- Materials from the committee are attached for members' information.

## **Action**

Amend financial aid eligibility rules to discontinue the requirement that customers classified as dislocated workers contribute toward the cost of financial aid provided by Workforce Solutions.



## Career Office

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# Financial Aid Eligibility

### Background

Workforce Solutions provides financial aid to customers to help them get job, keep a job, or get a better job. We offer financial aid for assistance with education & training scholarships, education support, work support and job search support.

We provide more than \$110 million every year in financial assistance to our customers. The majority of this assistance helps working parents with child care expenses. Our second largest category of financial assistance is for scholarships and related education expenses – to help customers gain the skills they need to go to work or advance in work.

Workforce Solutions uses multiple sets of guidelines when determining eligibility for our financial aid funds. The attached chart shows a brief summary of the eligibility criteria for the funds we use to provide financial aid.

Financial Aid Source	Age & Other	Work Status	Selective Service Status	Income & Other Requirements
Workforce Investment Act Adults	18 years or older	Authorized to work in U.S.	If male, registered as required	At or below 200% of poverty line Income test not required if customer is <ul style="list-style-type: none"><li>• TANF recipient or family member thereof</li><li>• SNAP recipient or determined eligible for SNAP in 6 months prior to application</li><li>• SSI recipient or family member thereof</li><li>• Recipient of other public assistance</li><li>• Foster Child</li><li>• Homeless</li></ul>
Workforce Investment Act Dislocated Workers	18 years or older	Authorized to work in U.S., and <ul style="list-style-type: none"><li>• Laid off, or</li><li>• Lost job through closing, or</li><li>• Long-term unemployed</li></ul>	If male, registered as required	Income level not required for eligibility – Workforce Solutions uses family income to determine sliding scale contribution from customer toward costs. <ul style="list-style-type: none"><li>• Family Income &gt; 300% of poverty level: customer contributes up to 20% of cost</li><li>• Family Income between 200% and 300%: customer contributes up to 10% of cost</li><li>• Family Income at or below 200%: customer not required to contribute</li></ul>

Financial Aid Source	Age & Other	Work Status	Selective Service Status	Income & Other Requirements
Workforce Investment Act Youth	14-21 years old <u>and</u> <ul style="list-style-type: none"> <li>Deficient in Basic Literacy Skills; or</li> <li>School Dropout (youth who are homeschooled are not dropouts) ; or               <ul style="list-style-type: none"> <li>Homeless, Runaway, or Foster Youth; or</li> </ul> </li> <li>Pregnant/Parenting; or</li> <li>Offender; or</li> <li>Require additional assistance to complete an educational program, or to secure and hold employment</li> </ul>	Authorized to work in U.S.	If male, registered as required	Family income at or below 100% of poverty line or 70% lower living standard. Income test not required if customer is <ul style="list-style-type: none"> <li>TANF recipient or family member thereof</li> <li>SNAP recipient or determined eligible for SNAP in 6 months prior to application</li> <li>SSI recipient or family member thereof</li> <li>Recipient of other public assistance</li> <li>Foster Child</li> <li>Homeless</li> </ul> Up to 5% of customers may exceed the income level if they have at least one of the following characteristics: <ul style="list-style-type: none"> <li>School Dropout; or</li> <li>Basic Skills Deficient; or</li> <li>Behind Grade Level; or</li> <li>Pregnant or Parenting; or</li> <li>Disabled (includes learning disabilities); or</li> <li>Homeless or Runaway; or</li> <li>Offender; or</li> <li>Dependent member of a Single Parent family.</li> </ul>
Child Care & Development Fund	Parents, including teenage parents; legal guardians of minor children	Working or attending school at least 25 hours per week	NA	Family income is at or below 200% of poverty line and does not exceed 85% of state median income
Temporary Assistance for Needy Families	Customer is currently participating with Workforce Solutions in TANF Employment & Training activities and searching for work, working, or attending school.			
Supplemental Nutrition Assistance	Customer is currently participating with Workforce Solutions in SNAP Employment & Training activities and searching for work, working, or attending school.			
Trade Act – Trade Adjustment Assistance	Customer is eligible for Trade Adjustment Assistance under a currently certified petition			

## Current Situation

- Most of the money we use for financial aid comes with eligibility guidelines already established in law or regulation.
- The Board has, in some cases, added additional requirements to the eligibility criteria, or where permitted, has defined a specific parameter.
- When we first established criteria for all financial aid funds, the Board added a requirement to eligibility for Workforce Investment Act Dislocated Worker funds.
  - To ensure that we continued to have sufficient funds available to meet customer demand, we asked customers who were classified as dislocated workers and had significant other family resources to contribute toward the cost of the financial aid. The rule we established at that time was a customer with a family income exceeding 200% of the federal poverty level would contribute 20% of the cost of financial aid (whatever the service) as a co-payment.
  - Feedback from our staff indicates this added requirement presents a challenge for customers who are receiving, or who have exhausted, unemployment compensation and may be deterring some customers from applying for assistance they can use to return to work. We also believe that we have and will continue to have sufficient dollars available to meet demand for financial aid.

## Career Office

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# What's Important to Our Customers

### Background

We surveyed customers who use our offices in July and August 2014 to get feedback on how well we are doing meeting their expectations.

We emailed the survey to 13,045 customers and 655 responded.

### What We Heard

Of the customers who responded to the survey:

- 43% visited an office
- 33% went online for service
- 19% spoke to a staff person on the telephone
- 6% contacted us through email

- Most customers reported Workforce Solutions staff greeted them promptly and in a friendly manner. This was the primary concern of customers when we conducted a similar survey in 2011.
- Most customers told us they were pleased with the service. Some positive customer comments include:

*"I would like to say that everyone has been very helpful and I am very pleased with their services. They have always answered my questions and concerns."*

*"My last in person visit was amazingly an improvement from what I had experienced in years past. I was so excited to have helpful, knowledgeable, willing staff. That made ALL the difference in the world."*

*"Workforce Solutions is definitely doing awesome things to assist those looking to get back into the workforce. I was impressed."*

*"I greatly appreciate your friendly customer service, knowledge and advice."*

*"I think it is a great system to help with prepping for and locating a job."*

- However, less than half of the respondents rated us as excellent on the following attributes:
  - Listening to fully understand their requests or problems
  - Responding to their requests or problems
- Principal complaints about service included
  - Staff did not do everything possible to respond to my request or solve my problem
  - I had to contact Workforce Solutions more than once to solve my problem or get answers to my questions
  - I did not feel the staff were knowledgeable or helpful
  - Staff did not respond to telephone calls or email requests
- We asked customers to identify what was important to them when interacting with Workforce Solutions. About 80% said that the staff should be knowledgeable and that it was important to receive the assistance requested.

We have attached a more detailed summary of survey results for your information.

## What's Next

### **1. Engage the System**

Working with the Regional Management Team and all system contractors to address the top customer dissatisfaction issues:

- Staff did not demonstrate they were trying their hardest to help the customer
- Staff were not as knowledgeable as the customer needed them to be
- Customer had to try multiple times to get an answer or resolve a problem

Catch the Vision

### **2. Skill-Up the Staff**

Focus NWI training & development resources on these issues, use direct technical assistance in select locations

### **3. Listen to Our Customers**

Implement feedback process used at Cypress Station office throughout the system.

Conduct widespread survey annually, targeting key attributes

### **4. Recognize Excellence**

Revise I AM Workforce Solutions awards

Create annual “best office” or “best unit” competition

**5. Check Progress**

Incorporate key attributes in QA surveying

## Nominating Committee

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The Committee Chair will present recommendations and conduct election for 2015 Board officers.

### *Committee Members*

John Hebert - Chair  
Jeff Labroski – Vice Chair  
Guy Robert Jackson  
Willie Alexander

### *Current Officers*

Mark Guthrie– Chairman  
Gerald Andrews– Vice Chair  
Joe Garcia– Vice Chair

**Gulf Coast Workforce Board**  
**System Performance**  
October 2014 to December 2014

## 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

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expect to provide services to 25,452 employers this year which is almost 18% of the 144,799 employers identified for the Gulf Coast area. We provided services to 10,940 employers in the first quarter of the year.	25,452	10,940	24,907
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,719 employers, 8,251 returned to Workforce Solutions for additional services in the first quarter of the year.	62%	36.3%	56.8%



## 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.	2,700	2,482	2,865
<u>Customers employed by the 1st Qtr after exit</u> Reporting for the quarter ending December 2013, 54,399 of the 73,013 customers who exited from services were employed by the quarter after exit.	73%	74.5%	73.3%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for the quarter ending June 2013, 27,786 of the 83,103 customers who exited had earnings gains of at least 20%.	35%	33.4%	33.6%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Reporting for the quarter ending December 2014, 807 customers pursuing an education diploma, degree or certificate exited in the period July – September 2014. 242 achieved a diploma, degree or certificate by the quarter after exit.	60%	30.0%	51.7%

## 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, 2014, the state reports we are meeting or exceeding the target for eight of ten measures. The two measures we are not meeting are:

- Total Education Achievement. The target for this measure is 80.9%. Our performance in the first two quarters (10/13 – 12/13) was 68.3%. Board is working with contractors to improve services to help customers attain their educational goal.
- Average Number of Children Served per Day. The target for this measure is 22,443. Our performance through December was 20,950. We expect to meet the target.

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD**  
**FINANCIAL STATUS REPORT**  
For the Twelve Months Ended December 31, 2014

	<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	189,525,946	189,525,946	185,505,850	4,020,096
<b>WORKFORCE EXPENDITURES</b>				
BOARD ADMINISTRATION	4,232,690	4,232,690	3,959,376	273,314
SYSTEM IT	551,354	551,354	258,635	292,719
EMPLOYER SERVICES	6,480,500	6,480,500	6,345,902	134,598
RESIDENT SERVICES	178,261,402	178,261,402	174,941,937	3,319,465
OFFICE OPERATIONS	34,843,000	34,843,000	45,317,850	(10,474,850)
FINANCIAL AID	142,350,500	142,350,500	128,832,740	13,517,760
SPECIAL PROJECTS	1,067,902	1,067,902	791,347	276,555
<i><b>TOTAL WORKFORCE EXPENDITURES</b></i>	<b>189,525,946</b>	<b>189,525,946</b>	<b>185,505,850</b>	<b>4,020,096</b>

**VARIANCE ANALYSIS**

Note: Except for Special Projects that are currently funded through September 30, 2014, 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.

# Information Item

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## Service to Long-Term Unemployed Individuals

### Background

The Houston-Galveston regional economy continues to prosper with unemployment rates growing smaller. However, there is a group of individuals who are unable to share in this positive job market. These are individuals who despite experience and skills are unable to return to full employment within six months.

With the help of the Texas Workforce Commission, we were able to identify 70,000 individuals who experienced a period of unemployment longer than six months. We invited these individuals to complete a survey to help us understand the factors that contributed to their extended unemployment, what help these individuals needed to get a new job, and how we could provide the necessary services.

From the survey, we learned that:

- The long-term unemployed individuals are mature workers with the majority falling between the ages of 36 and 64.
- The bulk of the jobs that these individuals last held fall into the \$25,000 to \$74,000 range.
- These individuals want to work, with only 10% choosing retirement.
- Two-thirds would consider changing careers. Three-fourths would consider OJT if transitioning to a new career
- Customers feel that their biggest challenges to employment include: age, finding appropriate jobs, finding jobs that match their experience, interview skills and appropriate pay for qualifications.

Customers indicate that they want job matches and referrals; improved job search skills; personal guidance to overcome age bias and gaps in work history; and short-term training to improve skill relevance.

### Current Situation

We developed a dual approach to serve long-term unemployed individuals.

- First is a broad outreach that directs customers to desired information on our website; to workshops that provide relevant content; and, to a local career office for one-on-one coaching.
- Second is a targeted approach that provides a smaller number of qualified candidates with intensive preparation to successfully interview with an employer for an appropriate job

opening. Our first intensive session will be held February 10 through 12, at the United Way Service Center in Fort Bend County.

Although we reached out to roughly 15,000 long-term unemployed individuals, we received only 75 responses. To date, the career office staff has identified 30 individuals that with intensive coaching through the first session will be ready to successfully interview with an employer for an open job.

As office staff identifies job candidates, our Employer Service team is identifying matches for open jobs and working with the employer to interview the job candidate at the conclusion of the intensive workshop. As appropriate, Employer Service staff will explore training subsidies to supplement an otherwise qualified candidates skills in the form of paid work experience or on-the-job training options.

## **Next Steps**

We will evaluate the impact and results of our two approaches to refine and improve next round efforts. Additionally, we will expand our reach and modify the approach to target customers who are most likely to exceed six-months of unemployment to prevent long-term unemployment.

We anticipate continuing intensive sessions at regular intervals through the balance of the year.

# **Information Update**

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## **Workforce Solutions Seminars**

### **Background**

Workforce Solutions offers a variety of job search and career information seminars for customers in our local offices, at community locations, and at special events. The staff on the Regional Facilitator Team organizes and delivers this service.

### **Seminars by the Numbers**

In 2014 the Regional Facilitator Team partnered with 130 different agencies throughout the region and delivered 612 sessions with a team of five staff members.

- Using 1,542 contact hours, the team members reached 9,945 customers, an increase of 2% from 2013.
- More than half of the year's total attendance came from youth. The team worked with schools and organizations to schedule classes with larger audiences resulting in a small increase in attendance while the number of seminars was reduced by 19%.
- **New Organizations**
  - The team formed first-time partnerships with 37% of the agencies we worked with this year (48 out of 130).
- **Library Systems**
  - The team conducted job search seminars in five different library systems and 20 different branch locations through 140 sessions, reaching 597 participants.
- **Education Institutions**
  - Partnerships included seven college systems and 12 school districts.
  - In addition, there were events that reached multiple school districts including the Lone Star College Middle Skills Institute, From College to Career, events at UH Downtown, and events at Northline with Project GRAD; Destination College, Destination Graduation, Summer Bridge, and C3 conducted at Rice University; the 2<sup>nd</sup> Annual When I Grow Up Expo, College Countdown, Find Your Path Career Day, events at Houston Community College Northeast, and Texas Southern University.
  - These events and partnerships combined accounted for 226 sessions where the total attendance was 5,448.

- **Outplacement**

- The team participated in 73 outplacement sessions for 20 different organizations that reached 1,889 workers.

- **Projects**

- The team delivered the When I Grow Up (WIGU) curriculum and adapted activities for multiple middle and high school events in partnership with Rice University and Project GRAD.
- Curriculum for the Summer Youth participants was extracted from the newly designed, tested, and implemented WIGU curricula, then presented to staff for use in the weekly Life Skills classes.
- The team rolled out the new High School When I Grow Up curriculum.
- Train-the-Trainer sessions were conducted for community organizations to highlight services offered through Workforce Solutions.

- **Customer Feedback**

- 391 participants completed the feedback survey leading to the following results:
  - 100% would recommend the workshop to others
  - 94% were very satisfied with the instructor
  - 91% were very satisfied with the information presented
  - 89 % were very satisfied with the materials given



Labor Market Information  
DECEMBER 2014 Employment Data

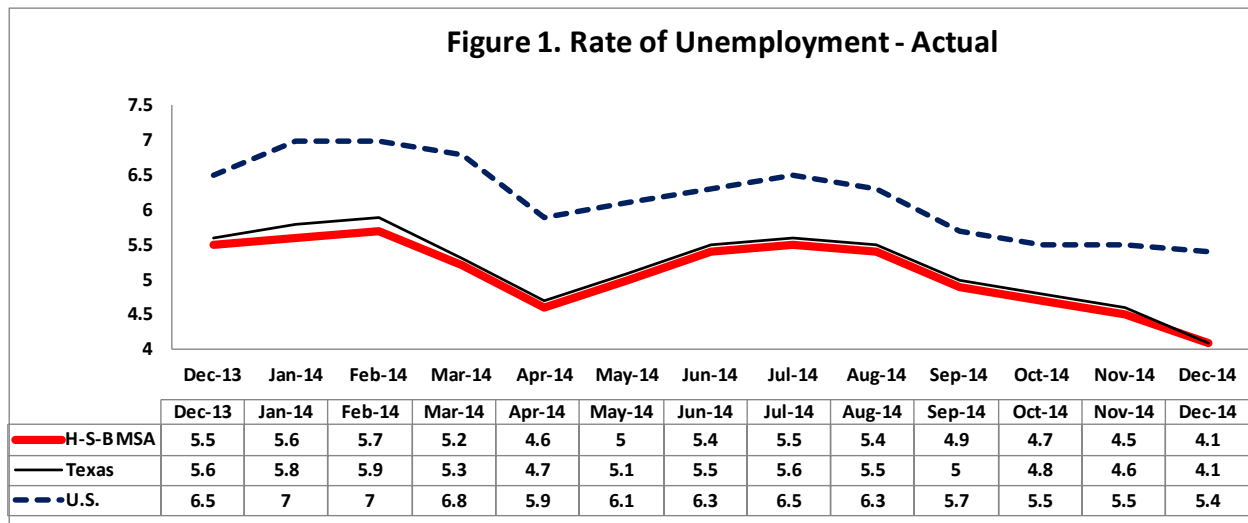
HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

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THE RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN MSA DROPPED FOUR-TENTHS OF A PERCENTAGE POINT TO 4.1 PERCENT IN DECEMBER. The last time the rate of unemployment was this low in the H-S-B MSA was April 2008. The number of unemployed fell by nearly 41,000 from one year earlier. The rate of unemployment for the state dropped five-tenths of a percentage point to 4.1 percent while the national rate dropped one-tenth of a percentage point to 5.4 percent.

**Unemployment Rate (Actual)**

	DEC 2014	NOV 2014	DEC 2013
Civilian Labor Force	3,197,961	3,211,891	3,130,913
Total Employed	3,067,251	3,066,016	2,959,404
Unemployed	130,710	145,875	171,509
Unemployment Rate	4.1%	4.5%	5.5%

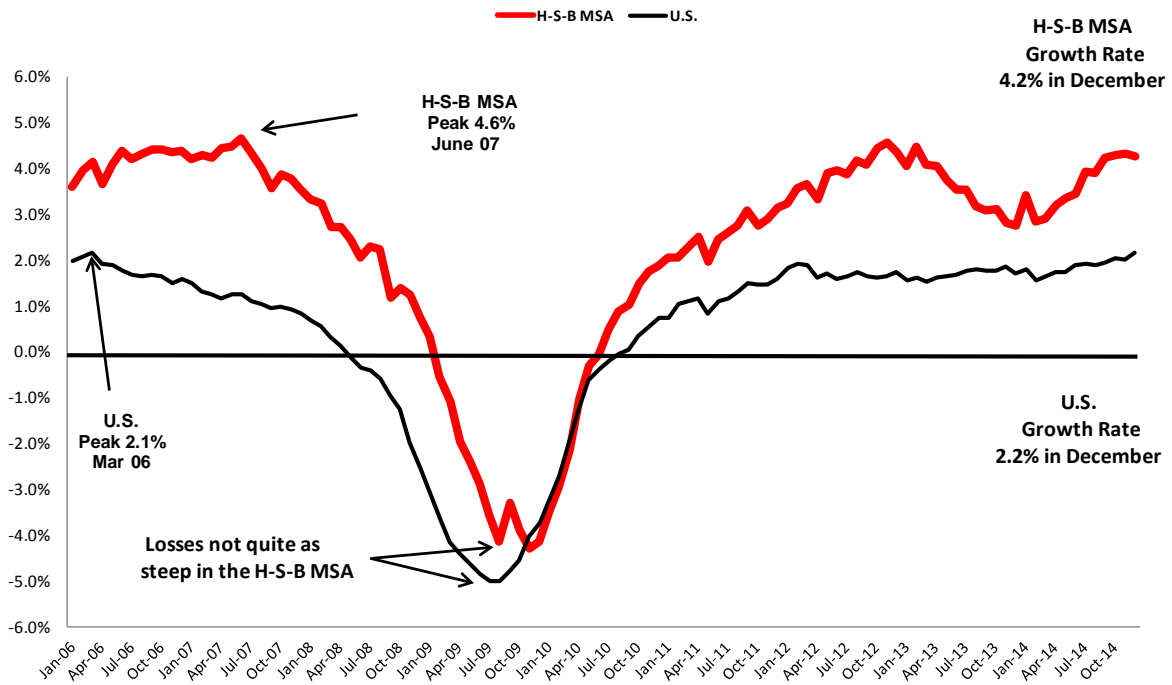


THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 7,400 JOBS TO PAYROLLS IN DECEMBER. The 0.3 percent increase was similar to December increases over the last two years and primarily driven by seasonal hiring at retail establishments.

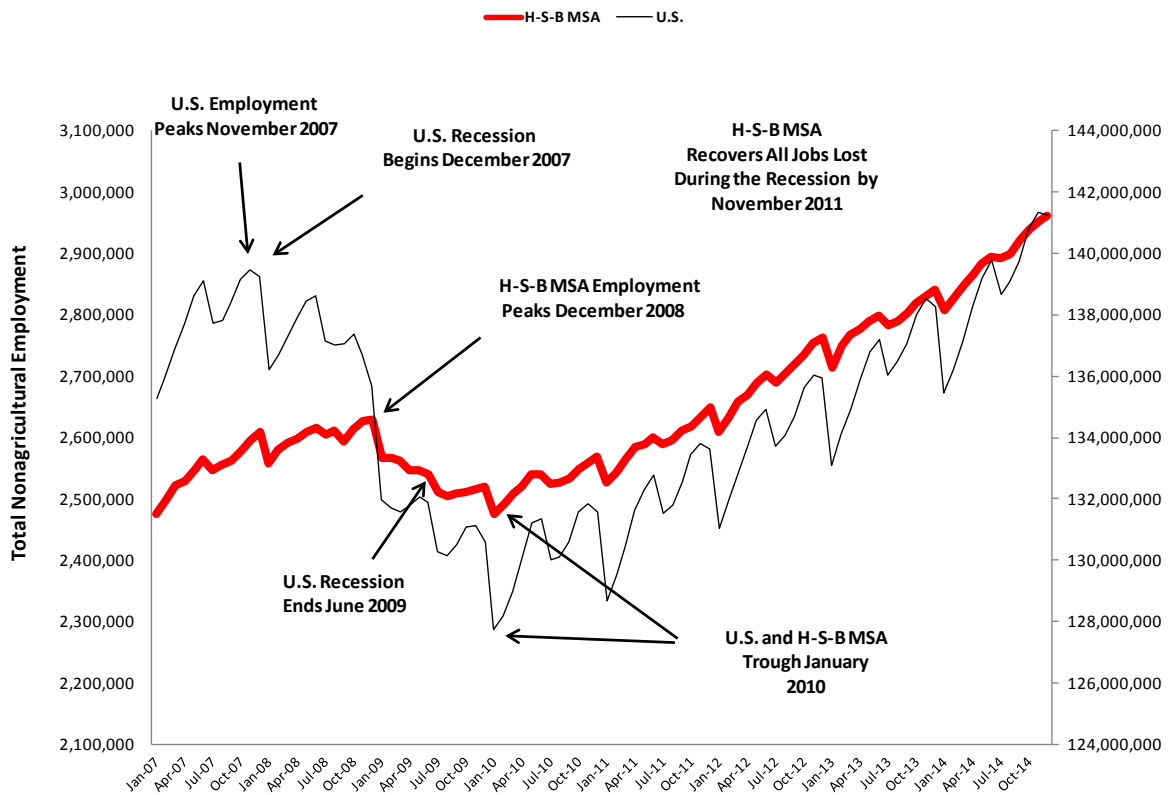
THE HOUSTON-SUGAR LAND-BAYTOWN MSA INCREASED PAYROLLS BY 120,600 JOBS OVER THE YEAR. While weak oil prices will ultimately affect job growth in the near future, the pace of job growth continued to be strong in December, up 4.2 percent. All super sectors were reporting over-the-year job gains. Strongest growth has been in Mining and Logging, Construction, Non-Durable Goods Manufacturing, Architectural Engineering and Related Services, Computer Systems Design and Related Services, Employment Services, and Health Care Services (Private). Detailed data can be viewed on pages 6 & 7.



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

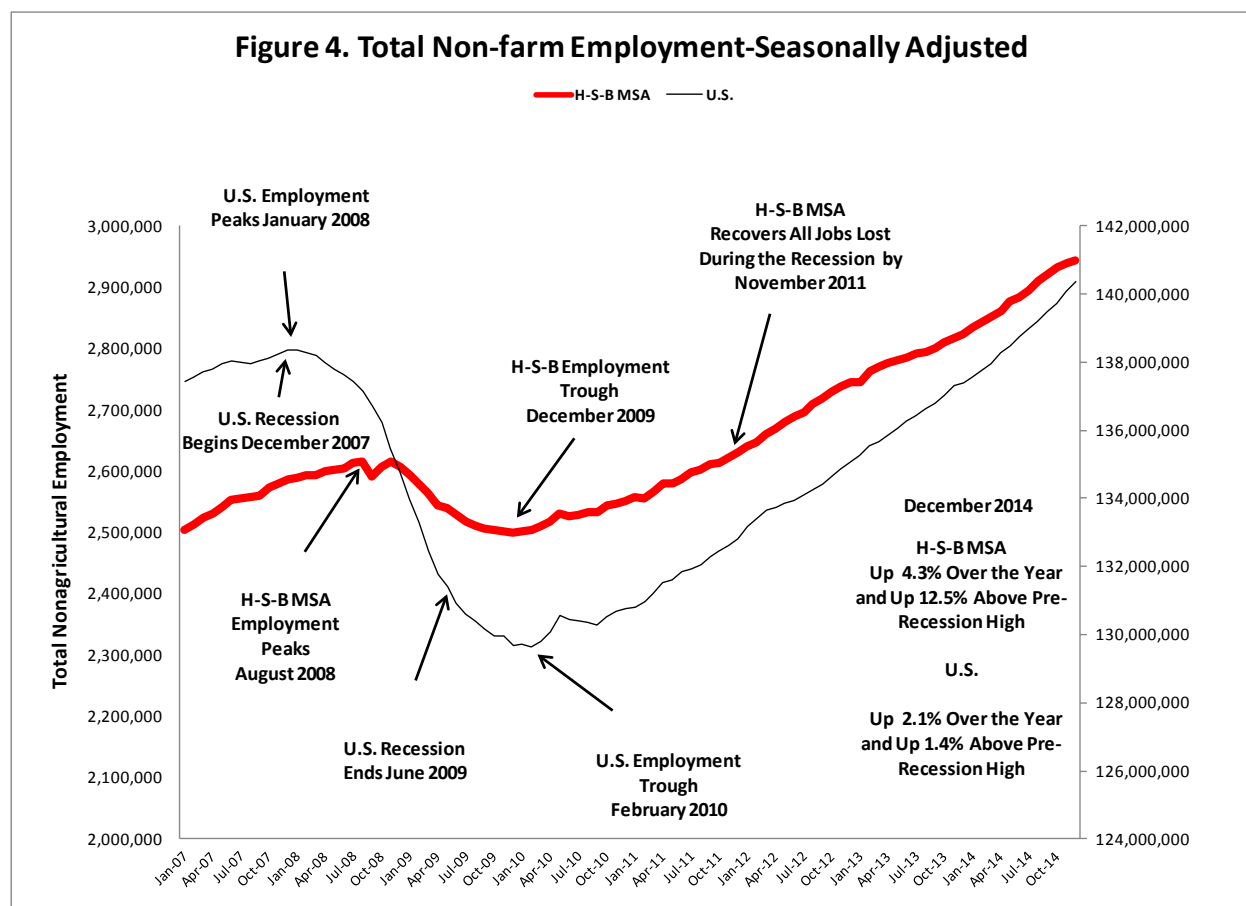


**Figure 3. Total Non-farm Employment-Actual**



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. The H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. Payrolls have since grown another 12.5 percent above the pre-recession high adding another 327,200 jobs. Employment at the national level finally reached the pre-recession high in May of 2014 after more than six years of recovery with payrolls up 1,982,000 jobs or 1.4 percent above the pre-recession high.

Additional details by super sector are provided below.

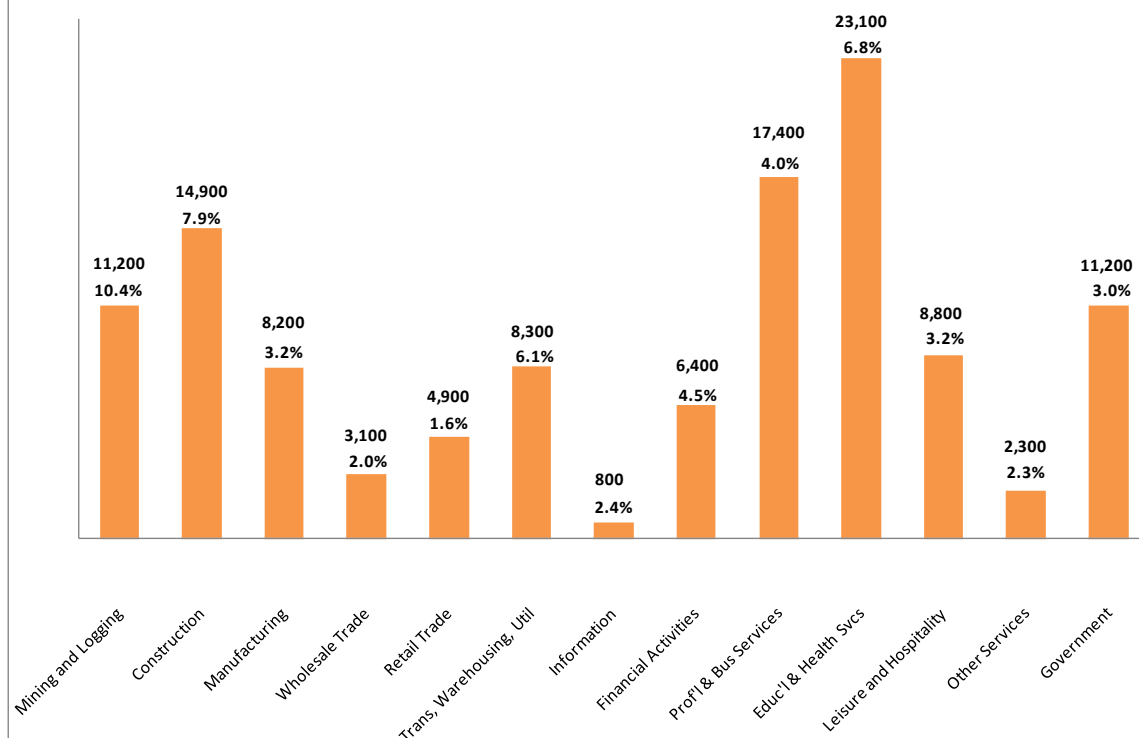


## DETAILS BY SUPER SECTOR

**Mining and Logging** added 1,600 jobs in December despite declining oil prices. The super sector continued to report strong job gains, up 11,200 jobs or 10.4 percent over the year. Support Activities for Mining added 7,400 jobs over the year at a pace of 15.8 percent more than doubling a strong 6.7 percent pace in Oil and Gas Extraction. Monthly payroll levels are expected to be adversely affected soon, however, as a result of sharp declines in oil prices. The average U.S. rig count was 1,882 in December, down 43 from November but up 111 from one year earlier. The average Texas rig count was 872 in December, down 32 from November but up 29 from one year earlier. By late January the number of active rigs was down substantially with 1,633 in the U.S. and 753 in Texas.

**Construction** experienced a seasonal loss of 1,100 jobs in December. The pace of job growth in Construction continues to be strong with payrolls up 14,900 jobs or 7.9 percent over the year. Two-thirds of the increase is found in Construction of Buildings where activity has been robust, up 9,800 jobs or 19.6 percent. Heavy and Civil Engineering Construction has also experienced strong job growth, up 3,600 jobs or 8.2 percent. While declining oil prices may slow some areas of construction, cheap natural gas prices continue to encourage a variety of projects related to the petrochemical industry.

**Figure 5. Houston-Sugar Land-Baytown MSA  
Annual Change December 2013 to December 2014**



**Manufacturing** continued to see payrolls rise adding 1,600 jobs in December, up 0.6 percent. The majority of the increase was tied to the energy industry with Machinery Manufacturing adding 1,100 jobs over the month. The super sector has added 8,200 jobs over the year, up 3.2 percent. The majority of job growth over the last year has been in Nondurable Goods Manufacturing where chemical and petrochemical plants are found, up 4,900 jobs or 5.8 percent. Nondurable Goods Manufacturing is benefitting from low natural gas prices that are encouraging plant expansions and new plant construction. Although the pace of job growth in Durable Goods Manufacturing rose to 1.9 percent in December weak oil prices are expected to have a negative impact in the near future. The Houston Purchasing Managers Index fell sharply in December to 51.5 showing clearer signs of potential slowing. Only three of the eight underlying indices were pointing to expansion. Any index over 50 indicates production gains over the near term.

**Trade Transportation & Utilities** added 6,700 jobs in December, up 1.1 percent. Most of the increase was due to seasonal hiring in Retail Trade, up 4,700 jobs or 1.6 percent. The super sector added 16,300 jobs over the year representing a 2.8 percent increase. Transportation, Warehousing,

and Utilities experienced the strongest job growth, up 8,300 jobs or 6.1 percent. Wholesale Trade and Retail Trade expanded at a more moderate pace of 2.0 percent and 1.6 percent respectively.

**Information** added 800 jobs over the year. 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.

**Financial Activities** added 1,300 jobs in December driven by a gain of 1,000 jobs in Finance and Insurance. Real Estate and Rental and Leasing also managed an increase of 300 jobs over the month. Payrolls in the super sector are up 6,400 jobs or 4.5 percent over the year. Depository Credit Intermediation, where credit card issuers are found, was the only sector to report an over-the-year decline, down 200 jobs.

**Professional and Business Services** experienced a loss of 2,000 jobs in December, down 0.4 percent. Seasonal declines in Employment Services and Services to Buildings & Dwellings were responsible for most of the loss. The super sector added 17,400 jobs over the year, up 4.0 percent. Most of the increase was related to Professional, Scientific, and Technical Services where strong gains were found in Architectural, Engineering, and Related Services, up 9,200 jobs or 13.0 percent, and Computer Systems Design and Related Services, up 2,600 jobs or 8.5 percent. Under the category of Administrative and Support Services, Employment Services was still reporting a strong over-the-year increase of 7,000 jobs, up 9.5 percent.

**Education and Health Services** experienced a slight loss of 900 jobs in December as a result of declines in Ambulatory Health Care Services. The super sector continues to report strong over-the-year growth with payrolls up 23,100 jobs or 6.8 percent over the year. The majority of new jobs are found in Health Care and Social Assistance where Ambulatory Healthcare Services expanded at the fast pace of 7.8 percent, an increase of 10,900 jobs. The pace of job growth in Educational Services has also been strong, up 2,400 jobs or 4.7 percent.

**Leisure and Hospitality** added 1,400 jobs in December resulting from seasonal hiring at Food Services and Drinking Places. December's 0.5 percent increase was much weaker than an uncharacteristic 1.7 percent increase of 4,700 jobs that occurred one year earlier. Leisure and Hospitality added 8,800 jobs over the year, up 3.2 percent. Most of the growth is found in Food Services and Drinking Places, up 7,100 jobs or 3.1 percent. Population growth continues to drive demand in the Leisure and Hospitality super sector.

**Other Services** experienced a loss of 1,000 jobs in December but continues to report a significant increase of 2,300 jobs over the year, up 2.3 percent. 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** added 11,200 jobs over the year, up 3.0 percent. Most of the increases have been in Local Government, up 10,500 jobs or 3.8 percent, driven by gains in Local Government Educational Services.

**NONAGRICULTURAL EMPLOYMENT**  
**Houston-Sugar Land-Baytown MSA**

	DEC 2014	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,960,700	7,400	0.3%	120,600	4.2%
Total Private	2,571,100	7,600	0.3%	109,400	4.4%
Goods Producing	586,200	2,100	0.4%	34,300	6.2%
.Mining and Logging	118,600	1,600	1.4%	11,200	10.4%
...Oil and Gas Extraction	63,900	500	0.8%	4,000	6.7%
...Support Activities for Mining	54,200	800	1.5%	7,400	15.8%
.Construction	203,800	-1,100	-0.5%	14,900	7.9%
..Construction of Buildings	59,700	-100	-0.2%	9,800	19.6%
..Heavy and Civil Engineering Construction	47,600	-800	-1.7%	3,600	8.2%
..Specialty Trade Contractors	96,500	-200	-0.2%	1,500	1.6%
.Manufacturing	263,800	1,600	0.6%	8,200	3.2%
..Durable Goods	174,800	1,200	0.7%	3,300	1.9%
...Fabricated Metal Product Manufacturing	61,200	-100	-0.2%	500	0.8%
...Machinery Manufacturing	57,900	1,100	1.9%	1,100	1.9%
....Agriculture, Construction, and Mining Machinery Manufacturing	43,800	600	1.4%	900	2.1%
...Computer and Electronic Product Manufacturing	19,000	0	0.0%	-200	-1.0%
..Non-Durable Goods	89,000	400	0.5%	4,900	5.8%
...Petroleum and Coal Products Manufacturing	12,900	0	0.0%	500	4.0%
...Chemical Manufacturing	38,200	400	1.1%	1,900	5.2%
Service Providing	2,374,500	5,300	0.2%	86,300	3.8%
.Private Service Providing	1,984,900	5,500	0.3%	75,100	3.9%
..Trade, Transportation, and Utilities	603,500	6,700	1.1%	16,300	2.8%
...Wholesale Trade	156,900	1,000	0.6%	3,100	2.0%
....Merchant Wholesalers, Durable Goods	92,400	700	0.8%	2,000	2.2%
.....Professional and Commercial Equipment and Supplies Merchant Wholesale	10,800	100	0.9%	-100	-0.9%
....Merchant Wholesalers, Nondurable Goods	44,700	400	0.9%	1,900	4.4%
...Retail Trade	303,300	4,700	1.6%	4,900	1.6%
....Motor Vehicle and Parts Dealers	37,900	300	0.8%	1,300	3.6%
....Building Material and Garden Equipment and Supplies Dealers	21,200	-100	-0.5%	700	3.4%
....Food and Beverage Stores	61,900	100	0.2%	1,400	2.3%
....Health and Personal Care Stores	18,500	0	0.0%	200	1.1%
....Clothing and Clothing Accessories Stores	34,400	1,700	5.2%	1,600	4.9%
....General Merchandise Stores	68,800	2,300	3.5%	-100	-0.1%
.....Department Stores	23,900	1,200	5.3%	100	0.4%
.....Other General Merchandise Stores	44,900	1,100	2.5%	-200	-0.4%
...Transportation, Warehousing, and Utilities	143,300	1,000	0.7%	8,300	6.1%
....Utilities	16,700	200	1.2%	600	3.7%
.....Air Transportation	23,400	100	0.4%	100	0.4%
.....Truck Transportation	25,200	100	0.4%	1,000	4.1%
.....Pipeline Transportation	9,800	0	0.0%	300	3.2%
..Information	33,700	0	0.0%	800	2.4%
...Telecommunications	15,200	0	0.0%	100	0.7%
..Financial Activities	147,600	1,300	0.9%	6,400	4.5%
...Finance and Insurance	93,100	1,000	1.1%	4,000	4.5%
....Credit Intermediation and Related Activities	43,800	100	0.2%	500	1.2%
.....Depository Credit Intermediation	28,900	0	0.0%	-100	-0.3%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	17,300	300	1.8%	700	4.2%
....Insurance Carriers and Related Activities	29,300	0	0.0%	400	1.4%
...Real Estate and Rental and Leasing	54,500	300	0.6%	2,400	4.6%

# **NONAGRICULTURAL EMPLOYMENT** **Houston-Sugar Land-Baytown MSA**

	DEC 2014	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	448,400	-2,000	-0.4%	17,400	4.0%
...Professional, Scientific, and Technical Services	223,200	-300	-0.1%	15,600	7.5%
....Legal Services	24,400	200	0.8%	300	1.2%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	21,700	700	3.3%	500	2.4%
....Architectural, Engineering, and Related Services	80,200	-300	-0.4%	9,200	13.0%
....Computer Systems Design and Related Services	33,100	400	1.2%	2,600	8.5%
...Management of Companies and Enterprises	25,300	100	0.4%	900	3.7%
...Administrative and Support and Waste Management and Remediation Services	199,900	-1,800	-0.9%	900	0.5%
....Administrative and Support Services	188,700	-1,500	-0.8%	300	0.2%
.....Employment Services	80,300	-800	-1.0%	7,000	9.5%
.....Services to Buildings and Dwellings	46,500	-600	-1.3%	1,500	3.3%
..Educational and Health Services	363,200	-900	-0.2%	23,100	6.8%
...Educational Services	53,300	-200	-0.4%	2,400	4.7%
...Health Care and Social Assistance	309,900	-700	-0.2%	20,700	7.2%
....Ambulatory Health Care Services	150,600	-600	-0.4%	10,900	7.8%
....Hospitals	82,300	0	0.0%	4,100	5.2%
..Leisure and Hospitality	286,700	1,400	0.5%	8,800	3.2%
...Arts, Entertainment, and Recreation	28,500	-500	-1.7%	900	3.3%
...Accommodation and Food Services	258,200	1,900	0.7%	7,900	3.2%
....Accommodation	24,100	-100	-0.4%	800	3.4%
....Food Services and Drinking Places	234,100	2,000	0.9%	7,100	3.1%
..Other Services	101,800	-1,000	-1.0%	2,300	2.3%
Government	389,600	-200	-0.1%	11,200	3.0%
.Federal Government	27,800	300	1.1%	400	1.5%
.State Government	73,100	-600	-0.8%	300	0.4%
..State Government Educational Services	39,500	-500	-1.3%	300	0.8%
.Local Government	288,700	100	0.0%	10,500	3.8%
..Local Government Educational Services	203,900	100	0.0%	9,700	5.0%

## **UNEMPLOYMENT RATE**

	DEC 2014	NOV 2014	DEC 2013
H-S-B MSA	4.1	4.5	5.5
Texas (Actual)	4.1	4.6	5.6
United States (Actual)	5.4	5.5	6.6

**Houston-Sugar Land-Baytown MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & 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.

# Workforce Demands In the Construction Industry

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## Workforce Solutions

February 2015

*\*Workforce Solutions is an affiliate of the Gulf Coast Workforce Board, which manages a regional workforce system that helps employers solve their workforce problems and residents build careers so both can compete in the global economy. The workforce system serves the City of Houston and the surrounding 13 Texas Gulf Coast counties including: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton.*

## **An Overview of Construction**

Today, the Gulf Coast Region's construction industry employs some 205,000 people. While construction industry employment has yet to recover all jobs lost during the recent recession, it has been steadily rising since 2011 and is approaching the pre-recession high of some 210,000 jobs.

The construction industry provides an extensive range of career opportunities. Growth is projected for numerous occupations throughout the industry, from construction laborers to engineers. Many of these positions offer good wages and have varying education and training requirements ranging anywhere from short term on-the-job training to post-secondary degrees and professional licenses.

This report provides an overview from a workforce stance on the state of the construction industry, its various subsectors, and the challenges the Gulf Coast Region faces now and in the future to serve the industry.

## **Employment and the Great Recession**

Each month the Current Employment Statistics (CES) program of the Bureau of Labor Statistics produces nonfarm industry employment estimates based on a monthly employer's survey. The data is produced for the Houston-Sugar Land-Baytown Statistical Metropolitan Statistical Area (H-S-B MSA) and not the full 13-county level for the Gulf Coast Region, but it does capture most of the region's employment.

Prior employment highs in Construction were bolstered by sub-prime mortgage lending. Beginning in December 2007 the industry lost tens of thousands of jobs, bottoming out in January 2011. Since then more than 41,500 jobs have been recovered.

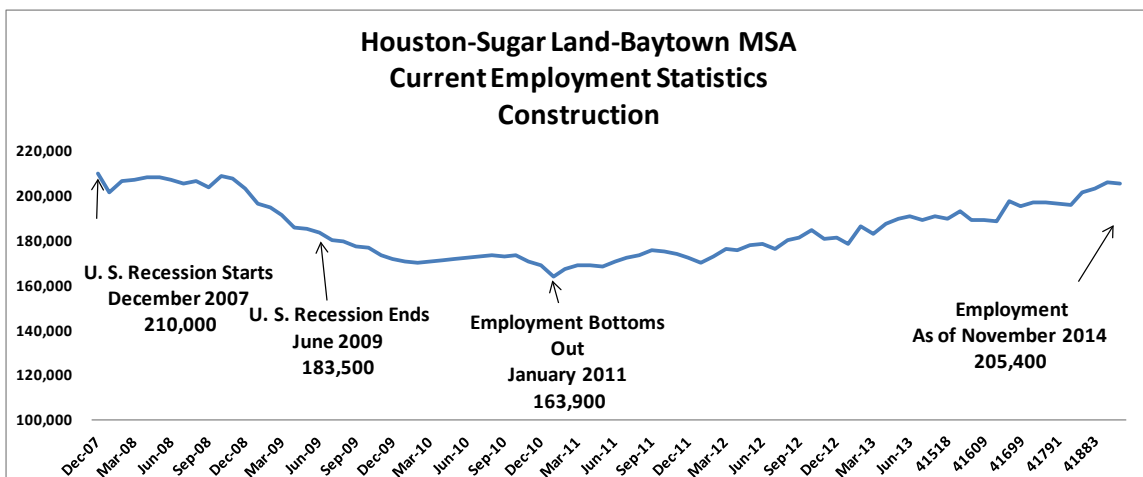


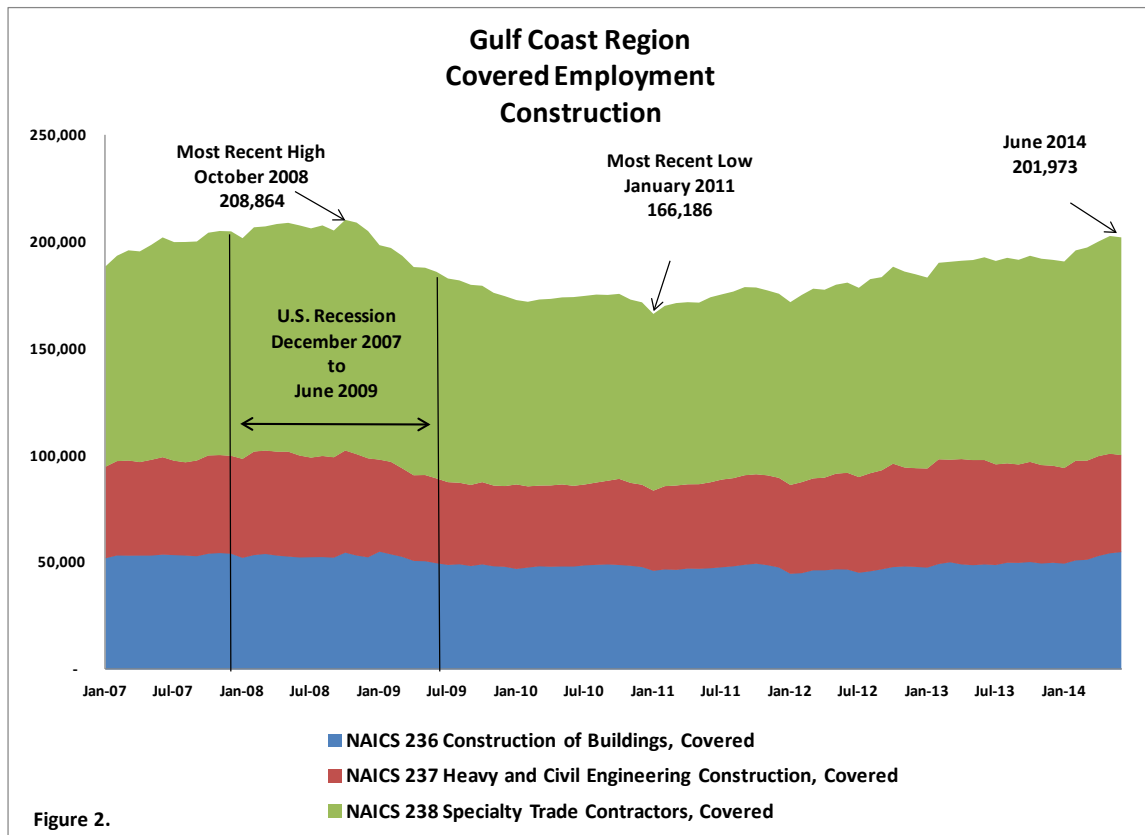
Figure 1.



Payroll data acquired from the Texas Workforce Commission enables a more detailed view of employment for the region. The following data was compiled from quarterly employment reports submitted by employers subject to the Texas Unemployment Compensation Act.

There are three subsectors of Construction: **Specialty Trade Contractors**, **Construction of Buildings**, and **Heavy and Civil Engineering Construction**.

Figure 2 shows payrolls for the Construction sector by subsector from 2007 to date.



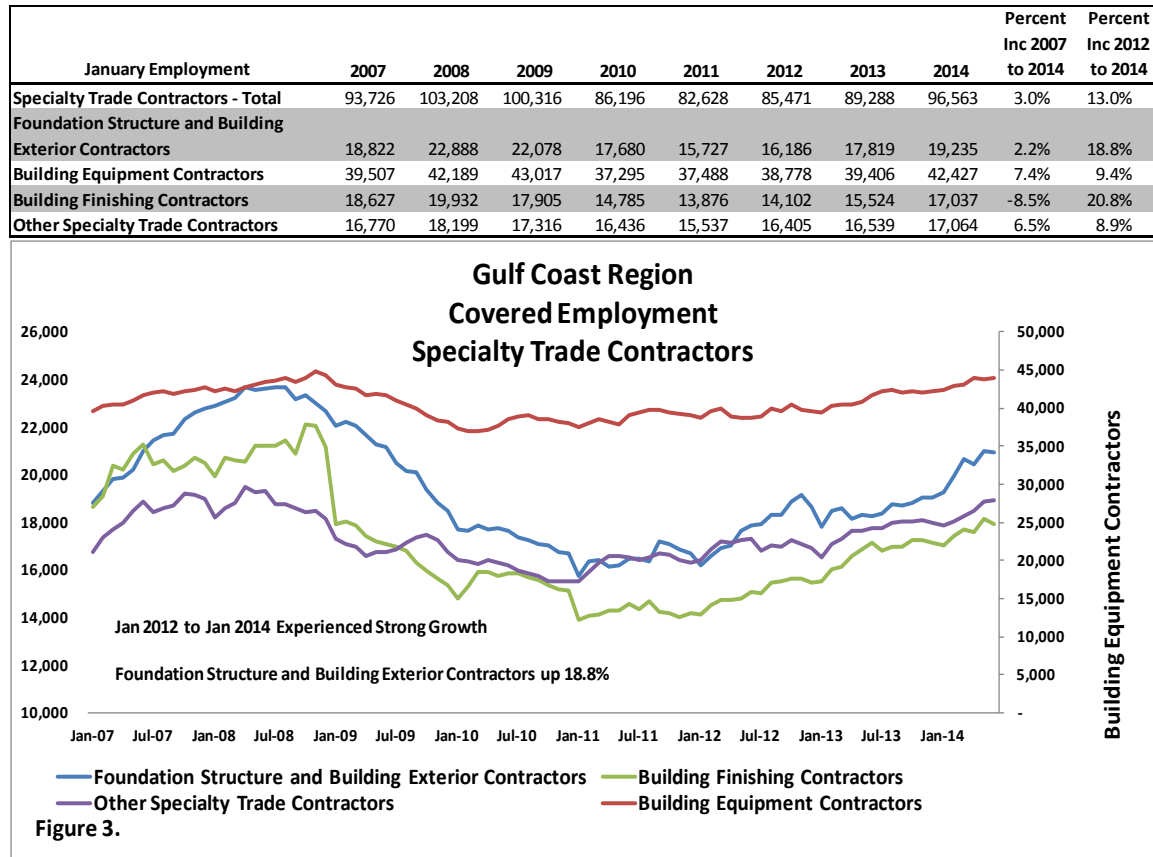
In **Specialty Trade Contractors**, the largest category of jobs is found in Building Equipment Contractors – which includes establishments that do plumbing, electrical, and HVAC installation and servicing.

While payrolls for all employers in the Specialty Trade Contractors fell significantly over the great recession, they made a full recovery—up 3.0 percent from January 2007 to January 2014.

Payrolls for Building Equipment Contractors made the strongest recovery—up 7.4 percent from January 2007 to January 2014.

Building Finishing Contractors have yet to recover with payrolls still down 8.5 percent from January 2007 to January 2014.

Figure 3 contains data for Specialty Trade Contractors and its included sectors.





In **Heavy and Civil Engineering Construction**, the major share of employment occurs in Utility System Construction which has more than three times the employment of any other subsector. This is where utility construction of water, sewer lines, and water treatment plants is found, as well as oil and gas pipeline construction.

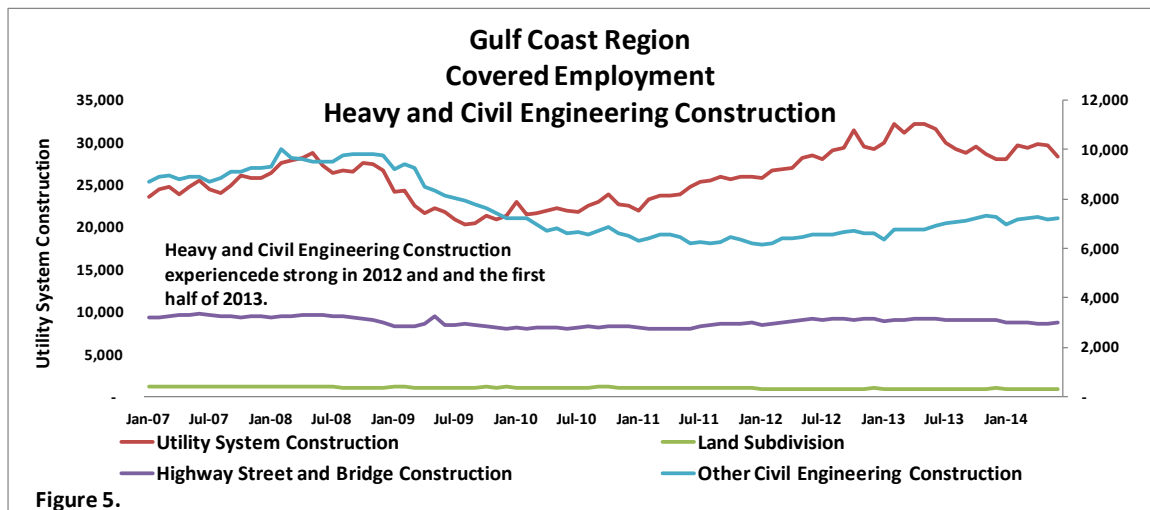
Robust shale activity has resulted in thousands of miles of new pipelines into the Gulf Coast Region as seen in an 18.9 percent increase in Utility System Construction payrolls from January 2007 to January 2014.

Payrolls in Highway, Street and Bridge Construction have been on the rise but are down 6.3 percent in January 2014 from January 2007.

Other Civil Engineering Construction, where substantial miscellaneous construction activity is found (such as dredging, marine development, and park development), has seen payrolls stabilize recently after a 19.6-percent decline from January 2007 to January 2014.

Land Subdivision, where companies subdivide land for subsequent sale to builders, represents a much small number of jobs with payrolls down 21.1 percent from January 2007 to January 2014.

January Employment	2007	2008	2009	2010	2011	2012	2013	2014	Percent Inc 2007 to 2014	Percent Inc 2012 to 2014
<b>Heavy and Civil Engineering Construction - Total</b>	42,716	46,201	42,941	39,421	37,402	41,448	46,231	44,624	4.5%	7.7%
<b>Utility System Construction</b>	23,527	26,324	24,240	22,992	21,960	25,868	30,007	27,976	18.9%	8.1%
<b>Land Subdivision</b>	1,193	1,189	1,175	1,047	1,057	928	892	941	-21.1%	1.4%
<b>Highway Street and Bridge Construction</b>	9,314	9,410	8,349	8,143	8,097	8,525	8,966	8,728	-6.3%	2.4%
<b>Other Civil Engineering Construction</b>	8,682	9,278	9,177	7,239	6,288	6,127	6,366	6,979	-19.6%	13.9%



## **Challenges**

### **Competition for Skilled Workers**

Unlike many historical recessions, the Gulf Coast Region's economy escaped a slow recovery that is often seen due to reduced energy demand. Strong drilling activity in shale regions helped place the region in the national spotlight for creating jobs. As of November 2014 the region recovered all jobs lost during the recession and added an additional 200,000 jobs. The entire Gulf Coast Region economy benefits from the energy boom which also drives the strong demand in construction industry.

Many that were working in construction prior to the recession left to work in the energy industry, leaving a gap in the construction workforce that would not be filled as demand recovered. This gap has added to an already tight labor market in the construction industry.

The Gulf Coast Region is one of the world's largest petrochemical manufacturing centers. With easy access to affordable natural gas, the future of the chemical industry is bright with major expansions under development. Supporting the petrochemical industry are thousands of miles of pipelines—and the construction of additional pipelines compounds the workforce shortages.

These expansions cause a sharp rise in demand for highly skilled workers in many crafts with contractors finding it extremely difficult to find qualified workers for their projects.

The shortages are sometimes so acute that project deadlines may be missed or projects cancelled. Shortages also cause a ripple effect with industrial construction taking workers from commercial construction which in turn is taking workers from residential construction.

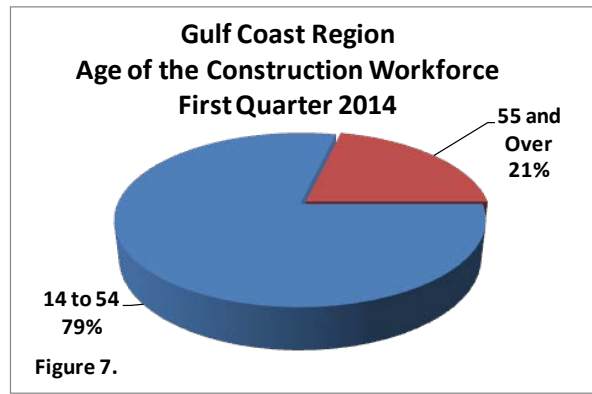
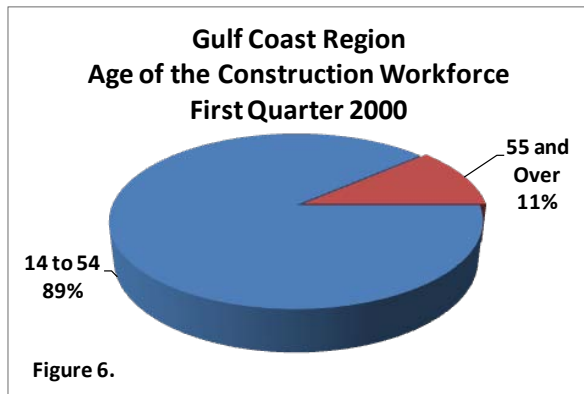
### **Public Image and the Next Generation**

Attracting the next generation to the industry is another barrier to meeting demand in construction. The construction industry is not viewed as favorably as it was in the 60's and 70's when children often followed the footsteps of their parents. Parents and teachers alike have shied away from encouraging students to pursue craft, construction, and skilled trade careers thus contributing to the workforce shortage. Recently, efforts have been made to encourage interests in the field while increasing the accessibility to career and technology education in craft, construction, and skilled trades.

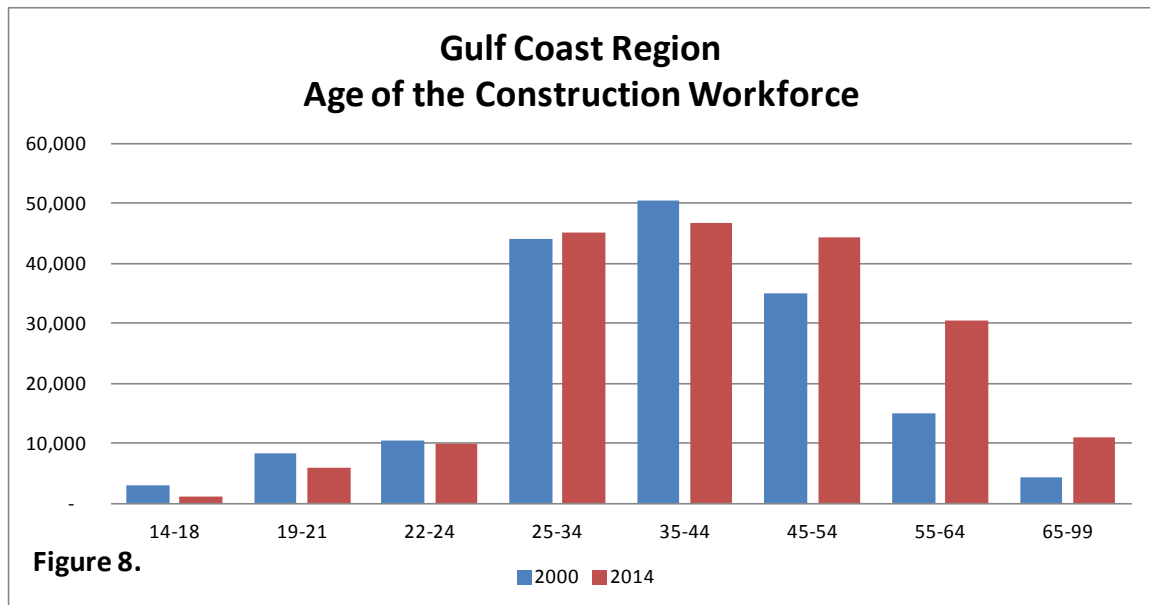
## An Aging Workforce

Another factor contributing to the workforce shortage is an aging population. The percentage of the population that is 55 and over has risen by 5 percent since 2000 and is expected to rise another 3 percent by 2018 to 23.36 percent.

Population by Age								
	2000 Census		2010 CENSUS		2013 ESTIMATE		2018 FORECAST	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	4,854,389	100.00%	6,087,133	100.00%	6,366,422	100.00%	7,064,464	100.00%
Age 55+	739,122	15.23%	1,156,059	18.99%	1,294,545	20.33%	1,650,040	23.36%



The age of the construction workforce is increasing rapidly with the number approaching retirement age compounding the severity of workforce shortages in the region. The percentage of workers ages 55 and over in the construction industry has nearly doubled from 11 percent in 2000 to 21 percent in 2014. See figures 6, 7, and 8.



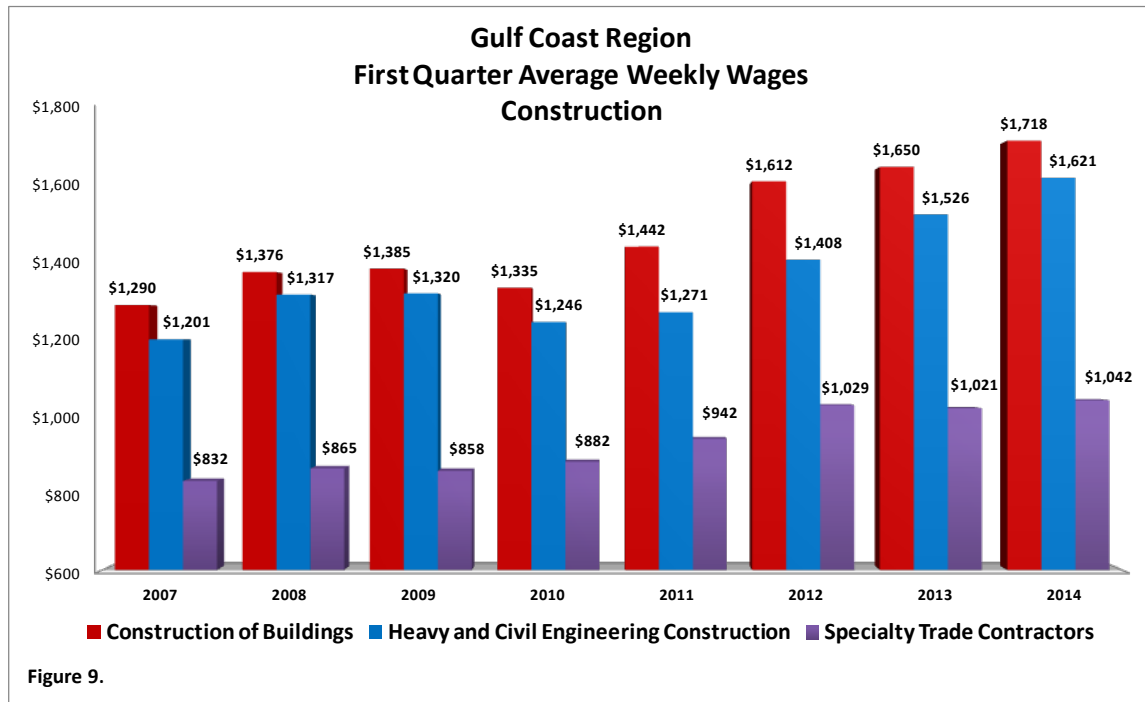
## Construction and Wage Pressures Driven by Shortages

Each of the three subsectors of construction makes significant contributions to the region in terms of wages. Specialty Trade Contractors had the largest payroll of over \$1.3 billion in first quarter 2014 representing 38 percent of all wages in the construction industry.

Since the beginning of the recession, the growth in wages in the construction industry has outpaced that of the private sector as a whole.

- While average wages in the private sector increased by 23.8 percent from 2007 to 2014, wages in Construction have increased by 30.1 percent.
- Construction of Buildings and Heavy and Civil Engineering Construction experienced strongest wage gains over this time increasing by more than 30 percent.
- Wage increases are a clear indicator that demand exceeds supply in the construction industry.

The wage data that follows was compiled from quarterly employment and wage reports submitted by employers subject to the Texas Unemployment Compensation Act.



Year	Percent Increase		
	2007	2014	2007 to 2014
Private Sector - Total	\$1,097	\$1,358	23.8%
Construction - Total	\$1,041	\$1,354	30.1%
Construction of Buildings	\$1,290	\$1,718	33.2%
Heavy and Civil Engineering Construction	\$1,201	\$1,624	35.2%
Specialty Trade Contractors	\$832	\$1,042	25.2%

## Where the Jobs Will Be

### Industry Projections: 2012 to 2022

The Gulf Coast Region's employment is projected to add **712,430 jobs** from **2012 to 2022**. The 23.8% growth rate is higher than the previously projected 22.7% for the period of 2010 to 2020.

The pace of job **growth in construction** is predicted to be above average in the Gulf Coast Region with a **projected 28.7%** increase over the ten year period. Employment in construction is projected to increase from 182,680 jobs in 2012 to 235,140 jobs in 2022 adding 52,460 jobs. Nearly every category in construction is projected to expand at an above average pace.

Nearly half of the increase in construction employment is expected to be in Special Trade Contractors (NAICS 238), up 24,930 jobs, or 27.8% over the ten year period but the fastest growth will be in Utility System Construction, up 10,470 jobs or 35.8%.

### GULF COAST REGION PROJECTIONS

Industry Codes	Industry Title	Annual Average Employment		Number Change	Growth Rate
		2012	2022		
23	<b>Construction</b>	182,680	235,140	52,460	28.7%
236	Construction of Buildings	47,500	60,480	12,980	27.3%
2361	Residential Building Construction	9,080	12,020	2,940	32.4%
2362	Nonresidential Building Construction	38,420	48,460	10,040	26.1%
237	Heavy & Civil Engineering Construction	45,650	60,190	14,540	31.9%
2371	Utility System Construction	29,210	39,680	10,470	35.8%
2372	Land Subdivision	940	990	50	5.3%
2373	Highway, Street, & Bridge Construction	9,000	11,280	2,280	25.3%
2379	Other Heavy Construction	6,500	8,240	1,740	26.8%
238	Specialty Trade Contractors	89,530	114,460	24,930	27.8%
2381	Building Foundation & Exterior Contractors	17,800	22,770	4,970	27.9%
2382	Building Equipment Contractors	39,510	50,960	11,450	29.0%
2383	Building Finishing Contractors	15,050	18,860	3,810	25.3%
2389	Other Specialty Trade Contractors	17,170	21,880	4,710	27.4%



## Occupations in Construction, Where the Jobs Are 2014

The following table represents the top 20 occupations in the construction industry and their estimated 2014 employment levels. The total number of people working in the Gulf Coast Region under the capacity of each occupation is actually larger.

### **Gulf Coast Region Construction (NAICS 23) Top 20 Construction Occupations**

OCC. CODE	OCCUPATIONAL TITLE	Estimated 2014 Employment	Percent of Construction Industry Employment	2013 Average Hourly Wage*
47-2061	Construction Laborers	29,562	15.2	\$13.59
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	13,224	6.8	\$31.01
47-2111	Electricians	9,948	5.1	\$22.63
47-2031	Carpenters	9,006	4.6	\$16.60
11-9021	Construction Managers	8,408	4.3	\$42.04
47-2073	Operating Engineers & Other Construction Equipment Operators	7,878	4.0	\$20.63
47-2152	Plumbers, Pipefitters, & Steamfitters	7,781	4.0	\$24.21
11-1021	General & Operations Managers	5,703	2.9	\$62.77
43-9061	Office Clerks, General	5,444	2.8	\$15.68
47-2141	Painters, Construction & Maintenance	4,833	2.5	\$15.71
47-2051	Cement Masons & Concrete Finishers	4,671	2.4	\$14.25
43-6014	Secretaries & Administrative Assistants, Ex. Legal, Medical, & Executive	4,526	2.3	\$16.31
49-9021	Heating, Air Conditioning, & Refrigeration Mechanics & Installers	4,389	2.3	\$20.87
51-4121	Welders, Cutters, Solderers, & Brazers	3,113	1.6	\$20.56
13-1051	Cost Estimators	2,846	1.5	\$33.43
47-2221	Structural Iron & Steel Workers	2,585	1.3	\$19.58
53-3032	Heavy & Tractor-Trailer Truck Drivers	2,567	1.3	\$22.51
47-2081	Drywall & Ceiling Tile Installers	2,503	1.3	\$15.39
47-3013	Helpers--Electricians	2,482	1.3	\$15.29
47-3015	Helpers--Pipefitters, Plumbers, Pipefitters, & Steamfitters	2,431	1.2	\$14.90

\*Not industry specific.

Five of the top 20 construction occupations are currently on the Gulf Coast Workforce Board's list of targeted high-skill high-growth occupations:

- Electricians
- Plumbers, Pipefitters, & Steamfitters
- Heating, Air Conditioning, & Refrigeration Mechanics and Installers
- Welders, Cutters, Solderers, and Brazers
- Cost Estimators

## Occupation Projections: 2012 to 2022

Employment demand is a function of both job creation and replacement needs. The following table represents total projected employment demand across all industries in the Gulf Coast Region for 20 of the top frontline construction occupations. Occupations were selected based on their overall concentration of employment in the construction industry.

### Gulf Coast Region

#### Top 20 Frontline Construction Occupations

#### Total Growth and Replacement Demand - All Industries

OCC. CODE	OCCUPATIONAL TITLE	2012	2022	10 Year Number Change	10 Year Pct Chg	Annual Growth	Annual Replacement	Total Annual Demand
47-2061	Construction Laborers	43,440	54,250	10,810	24.9	1,080	930	2,010
51-4121	Welders, Cutters, Solderers, & Brazers	17,210	21,730	4,520	26.3	450	420	870
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	21,120	27,040	5,920	28	590	230	820
11-9021	Construction Managers	21,470	25,870	4,400	20.5	440	340	780
47-2111	Electricians	14,560	18,220	3,660	25.1	365	275	640
47-2031	Carpenters	15,150	19,010	3,860	25.5	385	185	570
47-2073	Operating Engineers & Other Construction Equipment Operators	10,780	13,600	2,820	26.2	280	240	520
47-2152	Plumbers, Pipefitters, & Steamfitters	10,450	13,000	2,550	24.4	255	130	385
47-2141	Painters, Construction & Maintenance	8,620	10,580	1,960	22.7	195	130	325
49-9021	Heating, Air Conditioning, & Refrigeration Mechanics & Installers	6,270	7,880	1,610	25.7	160	160	320
13-1051	Cost Estimators	4,430	5,880	1,450	32.7	145	140	285
49-3042	Mobile Heavy Equipment Mechanics, Ex. Engines	4,600	5,810	1,210	26.3	120	135	255
47-2051	Cement Masons & Concrete Finishers	4,850	6,210	1,360	28	135	55	190
47-2211	Sheet Metal Workers	4,020	5,020	1,000	24.9	100	75	175
47-2221	Structural Iron & Steel Workers	2,590	3,270	680	26.3	70	85	155
47-3013	Helpers--Electricians	2,370	3,250	880	37.1	90	35	125
47-3015	Helpers--Pipefitters, Plumbers, Pipefitters, & Steamfitters	2,380	3,070	690	29	70	35	105
47-2081	Drywall & Ceiling Tile Installers	2,970	3,640	670	22.6	65	30	95
47-2132	Insulation Workers, Mechanical	1,390	2,050	660	47.5	65	20	85
47-2021	Brickmasons & Blockmasons	1,490	2,050	560	37.6	55	15	70

Six of the top 20 frontline construction occupations are currently on the Gulf Coast Workforce Board's list of targeted high-skill high-growth occupations:

- Electricians
- Plumbers, Pipefitters, & Steamfitters
- Heating, Air Conditioning, & Refrigeration Mechanics and Installers
- Welders, Cutters, Solderers, and Brazers
- Cost Estimators
- Mobile Heavy Equipment Mechanics

## **Projection Limitations**

Industry and occupation projections are funded by the Employment and Training Administration, U.S. Department of Labor and updated every two years. The methodology involves four primary steps:

- Identify industry historical trends
- Develop industry employment projections
- Develop occupation staffing patterns for each industry
- Develop occupation employment projections

The projections will foretell the general industry and occupational trends and act as an indicator of relative magnitude and probable direction as opposed to an estimate of absolute values. Additional detail on projection methodology and its limitations can be found at: <http://www.tracer2.com/?PAGEID=67&SUBID=114>