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P R O C E E D I N G S

2

TUESDAY, JANUARY 27, 2015

3

(11:05 a.m.)

4

CHAIRMAN ALCANTAR: Larry, are you ready?

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MR. TEMPLE: Yes, sir.

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CHAIRMAN ALCANTAR: Okay. We'll now go

7

into our work session on performance measures, and,

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Larry, who's up first?

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MR. TEMPLE: Tom? Are we going to set up

10

the room or just do it from here?

11

(Pause in proceedings)

12

MR. TEMPLE: Let's do it from here.

13

(Pause in proceedings)

14

MR. TEMPLE: We're ready.

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CHAIRMAN ALCANTAR: All right. Tom, who

16

do you have first?

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MR. McCARTY: Good morning, Mr. Chairman.

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Tom McCarty, External Relations. So we have with us

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today Mr. Doyle Fuchs who is the Chair of the LMCI

20

Department.

21

He's a, I think, about six weeks into the

22

job and came -- we managed to steal him away from the

23

Department of Ag as their economist to come over and be

24

our economist.

25

So with that brief introduction, I'll turn

1 it over to Doyle.

2 CHAIRMAN ALCANTAR: Good morning, Doyle.

3 MR. FUCHS: Good morning, Mr. Chairman.

4 CHAIRMAN ALCANTAR: Got it all figured out
5 already?

6 MR. FUCHS: (Mic off) Sure.

7 (Laughter)

8 CHAIRMAN ALCANTAR: I look forward to your
9 presentation.

10 MR. FUCHS: (Mic off) At least I hope to
11 have this presentation figured out.

12 CHAIRMAN ALCANTAR: Good, good.

13 MR. FUCHS: Yeah, good morning,
14 Mr. Chairman and Commissioners. As Tom said, I'm Doyle
15 Fuchs, (mic on) Chair of the -- or -- excuse me --
16 Director of Labor Marketing and Career Information.
17 I've got this morning's labor market overview.

18 You should have received a handout a few
19 minutes ago that supplements the pre-meeting materials.
20 The first chart addresses what's probably the No. 1
21 issue for most of us over the last couple of months is
22 regarding what kind of impact the drop in crude oil
23 prices is having and will have on the Texas economy as a
24 whole and for us, in particular, on the Texas labor
25 market.

1 So far through December I would have to
2 say that the impacts on the job market has been rather
3 muted overall in the oil and gas extraction and support
4 activities sectors.

5 Those job -- that sector posted a 1
6 percent increase in employment from November to December
7 and shows a 10.9 percent increase on a year-to-year
8 basis. Kind of breaking those -- that down into the two
9 components, the oil and gas extraction sector has showed
10 slower growth -- the red line on the chart -- has shown
11 a slower growth rate since May.

12 In December it was up 6/10ths of a percent
13 on a month-to-month basis and 5.2 percent year-to-year.
14 On the other hand, the mining support activities posted
15 a 1 percent increase month-to-month, a 14-and-a-half
16 percent increase year-to-year, and has been trending
17 higher since last December.

18 On the next slide, overall total
19 employment during December was 11.8 million. That's up
20 4/10ths of a percent from November and 4 percent higher
21 than a year ago.

22 December marked the 51st consecutive month
23 of employment growth for Texas, and we've had nine
24 straight months now that we've added 30,000 or more
25 jobs.

1 Of the 11 sectors noted, seven posted
2 gains. Only Manufacturing Information, Leisure and
3 Hospitality and Other Services posted slight declines.

4 On a year-to-year basis, all 11 sectors
5 were higher. On the next chart, looking at Texas annual
6 growth rates and employment, we hit 4 percent growth in
7 December on a year-to-year basis.

8 That's the largest increase on an
9 annualized basis since May of 1998. The Texas rate
10 continues to run almost double the U.S. growth rates.

11 Our unemployment rate also continues to
12 decline. We're a full point lower than the U.S., and in
13 December we're at our lowest level since April 2008.

14 Continuing, on initial unemployment
15 claims, we're looking at a three-month average there.
16 It sort of smooths out the kind of week-to-week and
17 month-to-month volatility that those claims can show.

18 It is showing -- that three-month average
19 is showing a slight increase in our most recent period.
20 It's too early to tell whether that's the beginnings of
21 a trend or just some seasonal or periodic wobble in the
22 numbers.

23 However, it could be pointing to a
24 potential decline in our growth rates if that continues.
25 On the next slide, I do have a correction to make.

1 We're not trying to forecast the future there. The
2 chart is for December 2014. For our metro areas, metro
3 employment, which accounts for about 85 percent of total
4 Texas jobs, has shown five consecutive months of growth.

5 In the five top metro areas: Midland,
6 Longview, Dallas, Houston and Odessa growth rates were
7 over 4 percent. In the big five metro areas, Dallas,
8 Houston, San Antonio, Fort Worth and Austin, growth
9 rates were all 2.9 percent or higher.

10 Midland continues to show the lowest
11 unemployment rate at 2.1 percent and McAllen MSA, the
12 highest, at 7.8. For December it's also notable that
13 Wichita Falls and Abilene MSAs posted slight declines in
14 employment growth.

15 Next I would like to take a look at the
16 analytics from Help Wanted Online. It gives us kind of
17 a short-term/near-term read on what job markets may be
18 doing in those metro areas.

19 The five largest areas that are areas with
20 the most postings all showed an increase. Dallas/Fort
21 Worth -- those combined MSAs -- had the highest number
22 of postings at almost 200,000, but Austin/Round Rock MSA
23 posted the largest increase of about 13 percent -- or a
24 little over 13 percent. San Antonio was close behind at
25 12.1.

1 Overall we had 12 metro areas that showed
2 an increase in job postings, and 10 were lower with,
3 again, Austin showing the biggest increase.

4 A notable there, both Odessa and Midland
5 were somewhat lower. Looking at those Help Wanted
6 Online postings by type of job, registered nurses and
7 truck drivers continued to show the largest numbers of
8 postings.

9 I would also like to note some weakness in
10 retail areas. Most of the job categories that showed a
11 decline seemed to be in retail or retail-related
12 occupations. I also included in the briefs today our
13 release dates for 2015.

14 Of note there -- and we won't have a
15 release in February because of the short month. The
16 next release will be in -- on March 6th, and that will
17 include our revisions for 2014 and also include the MSA
18 redefinitions of being mandated by the Census Bureau.

19 CHAIRMAN ALCANTAR: Okay.

20 MR. FUCHS: So that will involve quite a
21 bit of work on our staff's part to work those MSA
22 revisions through the numbers.

23 And then I conclude with a few slides of
24 just kind of general economic interest. Texas sales tax
25 collections continue to trend higher; though retail

1 sales tax collections remain relatively flat.

2 Single-family home sales for November, the
3 most recent available, showed higher prices continuing
4 to -- prices continuing to climb on our statewide
5 average, but the number of sales were lower for November
6 as they typically are at this time of year.

7 Inflation rates, on the next slide, remain
8 relatively tame, though the average for the Houston
9 metro area did show a substantially higher inflation
10 rate than in Dallas/Fort Worth or in the U.S. as a
11 whole.

12 And I conclude with a U.S. consumer
13 confidence index chart showing an ongoing trend probably
14 related to unemployment levels, declining unemployment
15 rates and overall good growth in that area.

16 So that concludes my presentation. I'll
17 be glad to address any questions you might have.

18 CHAIRMAN ALCANTAR: You did a fabulous
19 job.

20 MR. FUCHS: Thank you.

21 CHAIRMAN ALCANTAR: Thank you.

22 Commissioners, do you have any questions?

23 COMM. CONGLETON: Good job.

24 CHAIRMAN ALCANTAR: Thank you. Really
25 appreciate it.

1 MR. FUCHS: Thank you.

2 CHAIRMAN ALCANTAR: Tom.

3 MR. McCARTY: I don't have anything else.

4 CHAIRMAN ALCANTAR: Good morning, Randy.

5 MR. TOWNSEND: Good morning, Chairman and
6 Commissioners. For the record, Randy Townsend, Chief
7 Financial Officer. In Tab 2 I'll provide a brief update
8 for you on the financial status for the agency's overall
9 budget.

10 I believe I was able to get in for your
11 consideration this month the December information since
12 we were able to close the month during the first part of
13 January. So if you have the December, I'll be briefing
14 off of that as opposed to November; just more up-to-date
15 information for you this morning.

16 Based on the December information, of
17 course, that's one-third of the state fiscal year
18 completed; so comparing against, roughly, a 33 percent
19 average.

20 Out of a total budget of 1.2 billion we
21 had expensed just over 385 million in total, all
22 strategies, for about a 32 percent year-to-date
23 expenditure rate; so overall tracking very well with the
24 percent of the year.

25 I'll mention a couple of observations

1 about some of the strategies. I did want to just first
2 say that reflects a total FTE staffing count of about
3 2800 FTEs of staff at the end of December, that average
4 we used for that.

5 That compared to roughly the same number a
6 month earlier. So we're within the FTE, the staffing
7 cap that we have for the agency.

8 There are a couple of strategies; namely,
9 information resources and other support services that
10 appear to be higher based on the percent of the year
11 expended; namely, information resources at 43.8 percent
12 and other support services at 39.2. There's a couple of
13 observations as to why that would be okay.

14 Information resources is a timing of how
15 we renew our leases. We make those one-time payments in
16 the fall each year, and so you would expect us to be
17 ahead of pace. I know, Commissioner Andrade, you have
18 asked me before, "Is that going to finally take care of
19 itself for the rest of the year," and, yes, it has in
20 the past and it will again as well.

21 It's just a matter of the timing of when
22 those bills come due. The support services had a little
23 bit more unique explanation in terms of how we received
24 a reimbursement that crossed over a fiscal year. Once
25 you account for that, we're right on pace with where we

1 should be for that particular strategy as well.

2 We were slightly low on a few of the
3 strategies. Some of that is due to the timing of when
4 reimbursements are made for apprenticeship, for skills
5 development, and to some extent for the
6 self-sufficiency, although I think that's still another
7 strategy, another program that we are taking a close
8 look at for the self-sufficiency to make sure we're
9 getting the contracts, and adult education and literacy,
10 of course, is in that same situation where we have
11 grant -- we have the contracts, the grant contracts,
12 obligated to our service providers.

13 It's a matter of them requesting the cash
14 to make the payments on their behalf through our cash
15 draw system, and that appears to be pretty close to
16 where we would expect it at this time of year when you
17 compare back historically.

18 So I don't really have anything in
19 particular of a concern that I was able to observe from
20 those trends. The only other thing I thought I would
21 mention to you this morning, unless you have questions,
22 in the very last part of that Tab 2, again, is just
23 giving you the recent trends for our Fund 165, our
24 penalties and interest fund, that we have on that cash
25 balance trying to keep an eye on that to see where we

1 are.

2 As of November 2014 that balance was just
3 over 13 million. Of course, we received an
4 appropriation to fund our labor law, Commissioner
5 Congleton, as you know, and then also helps to offset
6 all state agencies' general revenue share of
7 unemployment for former state employees.

8 So during the recession, of course, the
9 payments in that -- for the unemployment definitely
10 jumped up, and that's why you saw that balance decline
11 dramatically. It seems to have stabilized.

12 We collect roughly 10 to 12 million a year
13 in terms of penalties and interest as related to our --
14 the unemployment taxes that are due and the penalties
15 that are assessed on those when someone is late or
16 doesn't file a report and such as that, but that balance
17 does seem to be trending in the right direction
18 currently.

19 Commissioners, unless you have questions,
20 that concludes my presentation this morning. I'd be
21 happy to address any of your questions or comments.

22 CHAIRMAN ALCANTAR: Commissioners, any
23 questions?

24 COMM. ANDRADE: (Mic off) Great job.

25 COMM. CONGLETON: Thank you.

1 CHAIRMAN ALCANTAR: Thank you, Randy.

2 MR. TOWNSEND: Thank you.

3 CHAIRMAN ALCANTAR: Appreciate it. Good
4 morning, Adam.

5 MR. LEONARD: Good morning, Commissioners.
6 Today I'm going to be talking about the material in Tabs
7 3 and 4 of your notebook.

8 A couple of things. The first is, I've
9 handed out two items. One was a replacement page for
10 the first page behind Tab 4.

11 At the time that we printed this material,
12 data was missing on one of the 10 contracted board
13 performance measures, but that data has since been
14 updated and I wanted to make sure that we have the full
15 picture here in the analysis and for you to look at.

16 That was the employer job openings field
17 data that was recently updated. But turning to the
18 performance briefing material, the performance
19 observations, a lot of what we're going to be -- what
20 you're going to see in this document is similar to what
21 we've seen in priors that we're seeing a lot of the same
22 kinds of trends.

23 So I thought that rather than kind of go
24 item by item through, I would concentrate on a couple of
25 key areas where we have some new content perhaps that

1 you haven't seen before.

2 So, briefly, in terms of overview, we're
3 looking at similar numbers in terms of the percent of
4 measures that are in a meeting or +P status, about
5 two-thirds on LBB, 92 percent on DOL and all but 1 out
6 of 6 on the TWC performance measures, the ones that we
7 set targets on ourselves.

8 For the boards, we're seeing strong
9 performance again -- 265 instances out of a possible --
10 or 280 that boards are meeting or exceeding their
11 targets.

12 And primary -- the primary misses seem to
13 be in the areas of the number of employers receiving
14 workforce assistance and WIA youth, literacy/numeracy
15 gains. But we looked ahead into December's report, and
16 it already looks like we're going to have even more
17 boards in a +P status on measure.

18 So for the nine measures that we do have
19 new data for, it's 59 earn a +P status versus 26 now.
20 So that seemed to be trending in a good direction and I
21 wanted to highlight that.

22 In terms of the numbers of employers that
23 were serving, that's one of the LBB measures we're
24 missing right now. It's interesting that although the
25 number is down, if you look at the activity of those

1 employers, it's way up.

2 We have more job openings in WorkInTexas
3 than pretty much at any time before. And if you look at
4 the amount of hiring that employers or employer
5 customers are doing of our job seeker customers, it's
6 way up.

7 So I looked at data from 2012, Quarter 2
8 through '13, Quarter 1; so one year's worth of data.
9 TWC employers or TWC employer customers were hiring
10 about 90,000 TWC job seekers per quarter over that
11 period.

12 But you go one year later and you look at
13 2013 Quarter 2 versus 2014 Quarter 1, they were hiring
14 an average of 175,000 employees per quarter. So we're
15 basically -- we're seeing slightly fewer employers
16 perhaps, but far more hiring activity in there, whether
17 it's the WorkInTexas hires or through other connections
18 that are being made through the system.

19 We're seeing the same kinds of trends we
20 have on Choices with what we're -- what's been going on
21 there with the reduction in the case load and the
22 increase and the percent that are exempt under state or
23 federal rules.

24 I'm going to go into a little bit more
25 detail about the overall customer numbers when we get to

1 the end. So skipping down onto to Page 2, this is the
2 first time that we've really had some adult education
3 data to talk about with you-all.

4 We filed the annual report in December.
5 So what we have here is data that shows performance in
6 the most recent year, which would be PY13 versus PY12 so
7 that you can basically see how we did on these measures
8 and how the data tends to compare from one to the other.

9 So we met 11 of the 15 measures in '13,
10 and we saw some improvement on some of them. We saw a
11 little decline in a few areas. So in the areas of
12 the -- of English as a second language, I think that's
13 something that's going to bear some watching going
14 forward.

15 I wanted to take a moment to talk a little
16 about the GED. There's this pretty sharp drop there,
17 but that really follows kind of national trends. As you
18 may remember, the national -- or the GED change
19 beginning in January of '14 it is considered a much
20 harder test.

21 So if we compare the reduction we saw,
22 about 31 percent fewer GEDs issued during our July to
23 June year through June of '14 to the reduction that was
24 seen nationally over the Calendar Year '14 versus '13,
25 it's just a massive difference.

1 Nationally the numbers went from about
2 400,000 in 2012 to 540 in 2013 as people were trying to
3 get tested under the old, somewhat easier test or maybe
4 perhaps a lot easier test. And then the data, while
5 incomplete for '14, excluding prisoners and those who
6 might take an alternate test, there was only 58,000
7 issued nationally.

8 So that's just a massive reduction that
9 they are seeing in terms of total certificates, and in
10 our case we were only seeing about 31 percent. So let
11 me pause there and see if Reagan had anything to add.

12 MS. MILLER: Yeah. I just wanted to add
13 on the AEL front. We've been looking at these ESL
14 levels. Although we did see reductions from performance
15 in past years looking nationally, we still exceed the
16 national average.

17 So we do have some improvements to make,
18 but compared to the nation we are still ahead. Our AEL
19 staff is looking at the professional development
20 offerings that are being offered around ESL to make sure
21 that providers that out there that have a challenge with
22 this are taking advantage of the resources that we've
23 made available.

24 Randy also mentioned, you know, the
25 expenditures on AEL are slightly low. We actually had

1 our monthly performance meeting today and went through
2 all of the AEL providers. We've got some on-site
3 technical assistance visits coming up to some areas that
4 we think are facing some challenges.

5 We've got some areas that are coming in
6 for technical assistance here at the state. So we're
7 continuing to look program-by-program, and for those
8 that are in need of some additional help, we're putting
9 some action plans into place.

10 We also just reached at the end of
11 December the first milestone for performance-based
12 funding. We've set a target of 60 percent of enrollees
13 that were enrolled for 12 or more hours.

14 So we'll be coming around to brief you
15 guys as we look at how all of the programs did in
16 meeting that first milestone.

17 So we'll be by to visit with you guys on
18 that shortly.

19 CHAIRMAN ALCANTAR: Would you take a look,
20 Reagan, Anson and Adam, when we're looking at these GED
21 attainment rates, are there any areas of the state that
22 have maintained performance a little bit than others,
23 and so what are they doing different?

24 MS. MILLER: We'll look into that.

25 CHAIRMAN ALCANTAR: Thank you.

1 MR. LEONARD: Okay. Finishing up with the
2 workforce areas or the workforce-related measures, we're
3 seeing strong outcomes on underemployment retention
4 earnings. Reemployment of claimants is strong.

5 Our Choices participation through
6 employment continues to improve even though the exempt
7 cases make up more than half of the population now. So,
8 again, that's a positive trend.

9 The board level measure that we created,
10 the Choices Full Work Rate, we're still seeing
11 improvement there with 12 boards achieving 50 percent or
12 better performance over the last 12 months and another
13 six achieving between 45 and 50 percent. So I'm very
14 pleased with the direction on there.

15 Looking at the other divisions, the UI
16 division is meeting all six of -- or meeting or
17 exceeding all six of their LBB measures.

18 Regulatory Integrity is having issues in a
19 couple of measures that primarily have to do with
20 staffing issues that they're working on. The other
21 measure is the number of monitoring reviews.

22 That's really a schedule-based measure.
23 So they don't really do 1/12th per month, if you will.
24 They have a schedule over the course of the year and it
25 intends to start slow because it's in the fall that

1 they're doing their planning and their training and
2 things like that.

3 So they expect as always that they'll hit
4 their mark by the end of the year, and that's nothing to
5 be concerned about there. In terms of Civil Rights,
6 there are two measures that are in the negative status,
7 but, again, it has to do with scheduling.

8 These are the policy -- personal policy
9 reviews and the fire department test that they tend to
10 do those on a schedule that doesn't necessarily start
11 the year hot, if you will. They tend to go more towards
12 the end of the year. So, again, they don't anticipate
13 any problems meeting those.

14 The other topic I wanted to talk a little
15 bit about today had to do with the number of job seekers
16 that the workforce system is serving. As you know, if
17 you look at Page 5 in the handout, there's a chart that
18 looks very similar to something I've been passing out
19 for probably over a year now showing a trend of how, on
20 the blue line, the total number of job seekers that
21 we've been serving has been dropping, and at this point
22 it's actually lower than at any point in the last 11, 12
23 years in terms of total unduplicated number.

24 We wanted to try to start understanding a
25 little bit more about what was going on there and see if

1 there was any kind of information we can glean from it
2 in terms of who we're now serving and what impact that
3 might have. So this is the first material that we've
4 put together related to that.

5 I'm comparing data back to 2005 because I
6 think 2005 makes an interesting benchmark year. In both
7 cases you have an unemployment rate in '14 versus 2005
8 of about five-and-a-half percent.

9 In both cases the unemployment rate was
10 coming down from a relatively high level over the prior
11 two years, from about 6.7 percent for the 2005 period
12 down to 5.5 and from about 7.2 to 5.5 over the last
13 three years here more recently.

14 You're also over that time, though, seeing
15 some real changes perhaps in terms of the total number
16 of people in the state, of course. We have far more
17 workers in Texas now -- about 12.9 million versus about
18 11 million at that time.

19 So even though we've got a larger pool of
20 people that we could be serving and, therefore, given a
21 similar unemployment rate you have a larger number of
22 people who are theoretically unemployed in the state
23 right now. We are in this lower situation.

24 So when we look at this, we've been saying
25 for a while that, well, the recession is over now and

1 we'll get back to normal. So the question I kind of had
2 is, "Are we getting back to normal or is there a new
3 normal coming possibly? Are things looking a little
4 different today than they did then?" Perhaps because of
5 changes in resources that job seekers have and their
6 needs, there's a lot more in terms of social media and
7 connectivity that way.

8 There are far more online job matches. Is
9 that affecting all of our customers the same way, or are
10 we seeing that certain types of customers are
11 self-serving more before they come to us, if you will?

12 So what we did was we broke down all the
13 job seekers that were serving by three categories,
14 trying to drive, basically, how they came to the system
15 in the first place.

16 So we were looking at claimants who
17 obviously are coming to the system unemployed and trying
18 to seek benefits, people who are on public assistance
19 primarily. This group also includes the NCP customers
20 who are a little bit -- it's not really a public
21 assistance per se, but they behave more like that
22 population. It's a mandatory customer that they have to
23 participate within the system.

24 And then what we call the "voluntary
25 customers," these are people who are not coming here for

1 either of the other two purposes. They're essentially
2 here because they see something. They need assistance
3 and they think that we might be able to help them.

4 So if you look at the chart on Page 6 you
5 can see how this breaks down over time. Each of those
6 three populations is tracked over the -- from 2005 to
7 2014. And the -- then the raw numbers are in a table
8 below that.

9 So if you look at this, we were talking
10 about a difference of about 200,000 people total from
11 1.5 million in 2005 to 1.3 million in 2014, but really
12 it's not just 200,000 because claimants are actually
13 still up about 97-, 98,000 from where we were back then.

14 Public assistance customers are down about
15 60 percent, and in some ways down even more. The only
16 reason it's not down more is because we've done much
17 more outreach of the general population customers in
18 SNAP and because now we have an NCP program which we
19 didn't have back then, and that serves about 56-, 5700
20 people.

21 But we are seeing a big reduction in the
22 voluntary customers -- 230,000 or so fewer now than what
23 we had before. And so we wanted to try to understand,
24 "What does that mean in terms of our case mix? Are they
25 older or younger? Do they have different education

1 levels? Do they have different income levels?" And one
2 of our big concerns was the possibility that we might be
3 serving -- we might be left with, if you will, less
4 educated customers or customers who were harder to serve
5 in some ways, and that might make us less representative
6 of the workforce in Texas and in terms of serving
7 employers and their needs.

8 So what we looked at here first on Page 7
9 we broke it down by age. And for the most part what we
10 saw was that although we saw reductions in most age
11 groups, of course, the biggest reduction was in the 18
12 to 29 year olds that we have, far fewer people in that
13 group than we did before -- about 94,000 fewer.

14 So as a result -- but -- I'm sorry. But
15 what's interesting is that the overall percent
16 reduction, the percent representation in the total
17 population didn't change that dramatically. It was from
18 like 37.6 to 36.6 even though we have 94,000 fewer of
19 them.

20 The one group that actually got a little
21 bigger was the 59 and older group. Some of this, of
22 course, is just going to be related to the fact that if
23 you go from 2005 to 2014 the population distribution
24 changed at Texas in terms of ages in the workforce. So
25 that was one area that we did see some differences.

1 Education was the next one. Here we were
2 actually pleasantly surprised. We were concerned that
3 we might find ourselves serving more, if you will, less
4 educated folks. What we found instead was that the
5 greatest reduction was in those people who had a GED
6 diploma or less in terms of education.

7 That's not to say that they may not need
8 assistance. It's just to say that in terms of the
9 representation in our population it changed somewhat
10 from about -- just under 65 percent of all the customers
11 who were serving to about 55, 56 percent of all the
12 customers we're serving.

13 We actually saw increases in people with
14 associate degrees or other post-secondary education --
15 post-secondary certificates or graduate degrees; so net
16 increases in those populations which, again, kind of
17 hopefully improves our -- the pool of people that we
18 have, a more varied pool that we can meet a variety of
19 different needs in filling jobs around the state.

20 The last thing we looked at had to do with
21 wages prior to participation, and here what we were
22 interested in was whether there was significant
23 differences in the amounts that people were earning
24 before with the idea that pre-wages have a pretty big
25 driver on what post-wages is; that when a person comes

1 to us and unless they get training they're probably
2 going to earn on the back end something similar to what
3 they were earning on the front end over time.

4 So we saw some change here, that for those
5 people who had wages in Quarters 2 and 3 prior to
6 participation it was an increase on average of about
7 \$2200 across those two quarters from the people from
8 2005 and the people in 2014.

9 We want to drill into those numbers a
10 little bit more and try to understand whether that was
11 just something that you see in the average, and it
12 intended to occur across all bands, if you will, of the
13 less than fives, the 5- to 7500, the 75- to 10s, et
14 cetera, or whether it was concentrated in different
15 groups those changes.

16 But that did get us to the question of,
17 "Are people waiting longer to come to the workforce
18 system?" In other words, are they out there looking for
19 jobs on their own for a while and only coming to us
20 after a while realizing that they're not perhaps finding
21 the luck.

22 And, in fact, on the last page we did see
23 some increase there. What we looked at was wages prior
24 to participation, just the percent of our customers who
25 had no wages in any given quarter prior.

1 So we tested one quarter prior, one and
2 two quarters prior and one, two and three quarters
3 prior. And no matter how you measured it, there was an
4 increase in the percentage of our voluntary customers
5 who are coming to us after a period that looks like they
6 had fairly extensive unemployment.

7 Now, some of those people may have been
8 people who were self-employed and, therefore, weren't in
9 the UI wages or who were contractors essentially and,
10 again, not in the UI wages.

11 We can't easily tell that, but certainly
12 what we are seeing there is that there's a fair
13 likelihood that some portion of that represents people
14 who are testing the labor market on their own before
15 they come to us and, thus, have had, you know,
16 difficulties with that, and by the time they get to us
17 they may already be two, three, six, nine months out of
18 work and, thus, it becomes all the more critical that we
19 help them get timely results.

20 So this is basically some first
21 information. We're sharing this with the local boards
22 to try to get some of their thoughts on it. We're also
23 going to be drilling in a little bit more to see -- and
24 to the claimants and public assistance populations to
25 see if there are some changes in some of those aspects.

1 We would like to try to see whether
2 services are changing over this period of time and then
3 see the net impact of the changes and services and the
4 customers on the outcomes who are achieving so that we
5 might be able to identify things that work better or
6 worse for different populations and help our boards do a
7 better job triaging and targeting services that are most
8 affected for different groups of customers.

9 CHAIRMAN ALCANTAR: I guess one of the
10 things that it highlights for me, Commissioners, is, you
11 know, we've had Tom and the team working with the local
12 boards on a marketing and outreach strategy.

13 And certainly as you work on this, Tom,
14 you might want to focus on what we can do in terms of
15 whatever we have our partners work on, how do we target
16 the younger-aged populations and how do we better
17 attract or sustain the voluntary participation of those
18 that seem to have higher levels of educational
19 attainment?

20 MR. McCARTY: Certainly, Mr. Chairman. We
21 can do that, and we'll work with Adam's group on looking
22 at those numbers and how we can best achieve that.

23 CHAIRMAN ALCANTAR: Commissioners.

24 MR. McCARTY: Thank you.

25 CHAIRMAN ALCANTAR: Thank you. Larry,

1 who's next?

2 MR. TEMPLE: Mr. Chairman, I would like to
3 ask Clay Cole to come up. I've asked Clay to just kind
4 of look at what we're seeing in the energy arena as far
5 as layoffs and unemployment insurance claims, and he's
6 got some information I thought may be of interest.
7 Thank you, Clay.

8 MR. COLE: You're welcome. Good morning,
9 Commissioners. For the record, Clay Cole, Unemployment
10 Insurance Support Services.

11 We started tracking the claims filed in
12 the oil and gas industry last week, and based on our
13 initial analysis we really don't see any significant
14 changes.

15 When comparing the first week,
16 January 2015, with the first week of January 2014 we
17 actually saw a 3 percent decrease in claims for that
18 initial week.

19 When comparing the month -- the complete
20 month of December 2014 and December 2013 there was just
21 a minimal increase in December 2014. And to give you
22 the amount, it was 13,159 claims filed December of 2014,
23 and December of 2013 -- just slightly less -- 12,724
24 claims.

25 So we're going to be monitoring this

1 closely. We plan to provide Mr. Temple a report each
2 Friday morning as we move forward because we do think,
3 of course, things will be changing.

4 So we'll keep you abreast on how things
5 proceed forward.

6 CHAIRMAN ALCANTAR: Yeah. And I guess,
7 Commissioners, while those numbers are encouraging, I
8 think we've all seen some of the announcements and we
9 certainly want to keep a close pulse on that. Have been
10 outreaching the folks in the Permian Basin and Eagle
11 Ford to make sure they understand we're ready to assist
12 in any way necessary.

13 Thank you.

14 MR. TEMPLE: Thank you, Clay.

15 MR. COLE: Thank you.

16 MR. TEMPLE: That's all we have on
17 performance.

18 CHAIRMAN ALCANTAR: Okay. Good work,
19 team.

20 (Proceedings concluded at 11:40 a.m.)

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