



**MEETING OF THE
TEXAS WORKFORCE COMMISSION**

DATE

AUGUST 20, 2024

1 Tuesday, August 20, 2024

2 CHAIRMAN DANIEL: Good morning, everyone.

3 This meeting is called to order. Mr. Trobman.

4 MR. TROBMAN: Good morning, commissioners.

5 Les Trobman, general counsel. We have one commenter this
6 morning. We have Lera Radd. If you can go ahead and unmute
7 yourself and you can begin.

8 LERA RADD: Good morning. Thank you so much
9 for having me. My name is Lera and I'm with The Discovery
10 Source. We have been working with your Workforces and I wanted
11 to introduce myself. We are an early childhood solutions company
12 focused on developing skills to manage emotions. We also have
13 family engagement components of everything we create and we are
14 the exclusive partner of the Pyramid Model Consortium which is a
15 framework for developing skills to manage emotions, which some
16 of your early childhood programs are using. So I look forward to
17 supporting your Workforces and thank you for having me.

18 CHAIRMAN DANIEL: Thank you. We'll take a
19 short recess.

20 CHAIRMAN DANIEL: Agenda Item 9, Initial
21 High School Equivalency Voucher Distribution as Related to Texas
22 Education Code, Section 48.302.

23 KERRY BALLAST: Good morning, Chair Daniel,
24 Commissioner Treviño, Commissioner Esparza, and Mr. Serna. For
25 the record, Kerry Ballast, Workforce Development Division. Texas

1 Education Code, Section 48.302, requires the Texas Education
2 Agency to enter into a memorandum of understanding with the
3 Texas Workforce Commission to transfer funds to subsidize the
4 cost of a high school equivalency exam for individuals 21 years
5 of age or older. In anticipation of the fiscal year 25 funds
6 transfer from TEA staff today recommendation implementing the
7 subsidy program as outlined in your notebook materials. Of note
8 in Item 1, we are requesting a temporary suspension of TWC Rule
9 805.73(b), which states that TWC must use test-taker data to
10 determine the proportional split of voucher funds. For this year
11 we have new AEL grantees who started on July 1, and for that
12 reason we do not have test-taker data for them. With this in
13 mind, we propose an alternative approach to this first year of
14 the distribution and ask for your approval of that. Item 2 in
15 your materials outlines the split of the initial \$500,000 we'll
16 receive and it's listed in Table 1. Item 3 asks that staff be
17 allowed to distribute the remaining vouchers in fiscal year 25
18 to AEL grant recipients and allow them to develop policies to
19 distribute vouchers to individuals who do not currently receive
20 AEL services. This concludes my remarks. I'm happy to answer any
21 questions.

22 CHAIRMAN DANIEL: Any comments or questions?

23 COMMISSIONER TREVIÑO: I would like to thank
24 the AEL staff and all the grantees who worked to issue over
25 17,000 vouchers between 2021 and 2023 so Texans could take the

1 GED exams free of cost. This program has great impact on the
2 state and I encourage the grantees in this new grant award cycle
3 to find innovative ways to promote these vouchers to their
4 students and others who are ready to take the test. Thank you.

5 CHAIRMAN DANIEL: Is there a motion?

6 COMMISSIONER TREVIÑO: Chairman, I move that
7 we approve the temporary suspension of 40 Texas Administrative
8 Code, Section 805.73(b), the initial allotment of high school
9 equivalency vouchers, and the voucher distribution plan as
10 described in the discussion paper and recommended today by
11 staff.

12 COMMISSIONER ESPARZA: I second.

13 CHAIRMAN DANIEL: It's been moved and
14 seconded. The vote's unanimous. Motion carries. Thank you.

15 KERRY BALLAST: Thank you.

16 CHAIRMAN DANIEL: This is Agenda Item 10,
17 report on our Rider 52 report on enhanced wage records.

18 ADAM LEONARD: Good morning, Mr. Chairman,
19 commissioners. For the record, Adam Leonard, chief analytics
20 officer for the Workforce Commission. I'm here to present the
21 report to you that is required by Rider 52. By brief history,
22 the legislature modified the Texas Labor Code to authorize the
23 commission to develop enhanced wage records to include
24 occupation and other data of value for labor market information
25 purposes. Subsequent to that, they came and asked us to do an

1 examination of what it would take to do that, so what IT systems
2 would need to be changed, what would the staffing costs be, do
3 we need any statutory changes, etc. This report is responsive to
4 those three questions, one being that the tax system would need
5 to be either replaced or modified to capture this data, two,
6 some staffing costs associated with that. If we do it as part of
7 the UI system replacement it becomes a lot cheaper because
8 there's already money in play to make modifications to that
9 system. If we were to do it now with the existing system that
10 we're hoping to replace soon, there would be considerably more
11 development and time costs associated. Then lastly, believe that
12 there are no statutory limitations that would prevent us from
13 making these enhancements. So I'm happy to answer any questions
14 you may have regarding this report or the topic in general.

15 CHAIRMAN DANIEL: Comments or questions?

16 COMMISSIONER TREVIÑO: None here.

17 COMMISSIONER ESPARZA: Adam, you mentioned
18 that we're not changing. This is all within our authority to
19 [inaudible] or put changes in. Nothing that goes against
20 statute. Is this the employment benefits system that we're
21 talking about? Is it housed within the employment benefits
22 system that we have on our website?

23 ADAM LEONARD: We have several UI systems.
24 One is called the tax system and that's where the employers file

25

1 their wage data and that's what would need to be modified
2 whenever we implement this.

3 COMMISSIONER ESPARZA: OK. Do we call that
4 the ETS? What's the term that we use? I'm just trying to be
5 familiar with [inaudible].

6 ADAM LEONARD: Do we have any UI people in
7 the room who can answer that question?

8 COMMISSIONER ESPARZA: UTS, OK.

9 ADAM LEONARD: UTS.

10 COMMISSIONER ESPARZA: Thanks, Thomas. OK.
11 Thanks, Adam. No more questions.

12 CHAIRMAN DANIEL: I think there's some
13 usefulness for enhanced wage records. I do appreciate the notion
14 that we don't want to ask employers to make changes and then
15 turn around and ask employers to make changes again once we're
16 able to enhance our system. That is a strange and complicated
17 saga on where we are with our UI system enhancements. They
18 probably deserve its own book. I am—let's say we get that worked
19 out. Talk to me just a second about funding for enhanced wage
20 records. When I say enhanced wage records, I mean voluntary on
21 the part of the employers, the usefulness of that information,
22 the anonymity that that information would deserve. Do we have
23 adequate funding right now for these enhanced wage records if we
24 could proceed immediately, notwithstanding our other issues?
25 Would we have to seek funding for that? Is this something that

1 could be blended into our labor market information? Just sort of
2 high level, talk to me about those issues real quick.

3 ADAM LEONARD: Sure. So in terms of funding,
4 the UI administrative grant and Chris can speak to this better
5 than I can, but has gotten very tight, and so carving out an
6 extra several million dollars to do this out of that existing
7 grant might not be easily feasible. I think that was part of the
8 reason why the legislature was asking us what types of costs
9 would be involved in doing this. In terms of the value of the
10 data, or rather, let me start with the question of privacy.
11 We are entrusted to protect and appropriately utilize a lot of
12 PII, very sensitive information whether it's on the part of the
13 worker or on the part of the employer. We take great pains to
14 ensure that when we leverage data whether it's for internal
15 purposes or things, storytelling, or helping people in the labor
16 market or in the economic development community to use this
17 data, that we use cell size suppression or other techniques to
18 ensure that It's not clear who a given employer is associated
19 with a set of data. And I would imagine that we would continue
20 doing given the importance of safeguarding that privacy. In
21 terms of the data, there is a lot of value in this information
22 that could come out of enhanced wage records. In particular, if
23 you think about labor market information, while there is useful
24 statewide data on that, the reality is that most decisions are
25 made kind of closer to the ground, so local labor markets. So

1 enhancing wage records to include better ties to individual
2 locations as well as occupational title and the earnings, etc.,
3 allows us to produce tools that can be much more actionable at
4 the local level.

5 CHAIRMAN DANIEL: Is there an estimate—so
6 I'm hearing that there's a significant startup cost. There has
7 to be some kind of ongoing operational cost. What's the
8 breakdown between the startup cost and the operational costs? I
9 would just stipulate that you're making an estimate here that
10 might not be true. Is most of the cost in the startup, the
11 ongoing cost is more reasonable? Is it 50/50? What's your best
12 guess related to that?

13 ADAM LEONARD: If we look at the five-years
14 estimate, we had basically two years of development cost which
15 is the bulk of the expenditure in terms of total numbers
16 although there is significant expenditure at the program level
17 and so we're talking about staff in the UI division who would be
18 involved in helping to identify the data elements and then
19 supporting employers out there in the field. The expectation is
20 that there might—is that we would probably need an extra couple
21 of FTEs in the out years after this is implemented to continue
22 supporting employers that are filing their wage records with us.
23 In terms of from labor market perspective and building IT
24 systems, the data would—we already built a lot of data that's
25 based on our estimates on location so think about our Qcew and

1 OEWS programs, and so in this instance I think we'd basically be
2 instead of using so much survey data to do that, we would be
3 trying to mix survey data and this administrative data that
4 comes in. I do not have a specific cost on that part of it since
5 the rider didn't get us there but like you said, if you just
6 want me to estimate, I would think that's going to be one to 1.5
7 million in some kind of build costs around modernizing our
8 systems to take advantage of this data.

9 CHAIRMAN DANIEL: All right. Any other
10 comments or questions?

11 COMMISSIONER TREVIÑO: None here.

12 COMMISSIONER ESPARZA: None, chairman.

13 CHAIRMAN DANIEL: Is there a motion?

14 COMMISSIONER TREVIÑO: Chairman, I move we
15 approve the Texas Workforce Commission enhanced wage record
16 report as recommended today by staff.

17 COMMISSIONER ESPARZA: I second.

18 CHAIRMAN DANIEL: It's been moved and
19 seconded, and the motion carries.

20 ADAM LEONARD: Thank you.

21 CHAIRMAN DANIEL: Mr. Serna, could I ask for
22 staff to provide me a briefing on where we are with the UI
23 system enhancement so I can get up to date on where we are
24 exactly on that?

25

1 MR. SERNA: Absolutely, we'll do it for all
2 three offices.

3 CHAIRMAN DANIEL: Thank you very much. This
4 is Agenda Item 11, the Texas Workforce Commission's rulemaking
5 process. I asked this be put on the agenda. My concern is
6 actually fairly straightforward. We just need to do this in an
7 open meeting. Certainly, we're open for any comments or
8 questions. My concerns about the rulemaking process are twofold.
9 One I've been very vocal about, one I've become more concerned
10 about more recently for actually a lot of reasons across a lot
11 of different rules. The thing I've been very vocal about and
12 somewhat consistent on has been it seems to take too much time.
13 Now Reed keeps telling me that this time's reasonable and we
14 have to take that time. He does need enough time to do his job.
15 Mr. Trobman, you do need enough time to do your job. We want
16 that job done correctly but we do—we build a lot of time in
17 there. There's definitely some variables. Things can move
18 faster, they often do. I think you should get credit for that.
19 The thing that I haven't talked as much about until recently and
20 honestly this has boiled out of the work session we had several
21 months ago with regard to the marketplace contractor rules. This
22 is when I first started to become concerned about this, and why
23 I put this on the agenda and my request today is going to be
24 actually straightforward and simple but I just think the other
25 commissioners obviously need an opportunity to comment. The

1 second one is with regard to—I don't think the commission, the
2 three commissioners, I don't think we have enough input early on
3 for staff to be able to do the kind of job that they want to do
4 relative to ensuring that should the commission have any sort of
5 opinions or thoughts on a particular piece of legislation that
6 requires rulemaking, I don't think you have that early enough in
7 the process. I don't think the commission engages in a
8 discussion about this early enough in the process, and so then
9 what happens is under the current process, let's say one or more
10 of us have concerns, there's something we've heard from our
11 constituents about this, there's something that we want to
12 ensure is in the rulemaking. Staff's done an incredible amount
13 of work, it comes here for a vote, we have a discussion, we need
14 to make amendments. Honestly the way it's drawn up now, we more
15 or less start over in the process and it adds a lot more time to
16 an already time-consuming process. So what I'm thinking is that
17 if the commission would commit to having a work session very
18 early in the process, we would talk through these. Staff would
19 have the benefit of having heard our conversations. Obviously,
20 this has to be done in an open meeting as it should be. Staff
21 would have the benefit of hearing our reaction, our commentary,
22 our thoughts on the very statutes that passed. That could be a
23 one or two-session work session. We could talk through all the
24 bills that came out of any particular session of the
25 legislature, and I think then staff would have more ability to

1 kind of understand what the commission is thinking. I think we
2 can save some time at the back end. That's my goal for today.
3 What I had intended to do was to ask Mr. Serna and Mr. Trobman
4 to take this under advisement, look to see how we can modify our
5 current process to give the commission more input up front, and
6 then obviously staff, we're asking them to do some work in
7 between to help ensure that it aligns itself with what's going
8 on in the various divisions here, it goes back to the commission
9 for a vote, there's some review by some other offices in the
10 meantime, and all of that gets packaged up and goes to the
11 register. So that's my intent for putting it on here. My request
12 will be for them to go back and bring us a revised procedure for
13 our consideration but I definitely wanted to—if you had concerns
14 or thoughts or if you've been thinking about this too, I
15 definitely want to use this time to get that on the table as
16 well.

17 COMMISSIONER TREVIÑO: No, I appreciate
18 that, chairman, and I agree that more communication, the more
19 communication we have early on would be better not just for us
20 but the staff as well as you said so, yeah. I think any way we
21 can move that along and help that process would be a great job.

22 COMMISSIONER ESPARZA: I second, second my
23 fellow commissioners on that. This being the first cycle of
24 rulemaking policies, I've appreciated the updates that I've
25 received and being able to see, you know, the on time where

1 we're going to go because ultimately different agencies have
2 their processes and some things. If we're able to get on the
3 front end and try to avoid anything to hold up that process, I'm
4 definitely all for it so I appreciate the chairman's insight and
5 request on this too.

6 CHAIRMAN DANIEL: Commissioners, I
7 appreciate the commentary. If there's no objection, let's ask
8 Mr. Serna and Mr. Trobman to take a closer look at this, prepare
9 a revised schedule or revised process that we would use, bring
10 that back to us. I don't necessarily think it needs our approval
11 but let's discuss it one more time before we implement that and
12 see if we can't get a little more efficient in this process and
13 really kind of get all the good ideas on the table and then see
14 if we can find some greater efficiencies in our rulemaking. If
15 there's no objection, we'll ask for that. We'll take this up at
16 a future meeting.

17 MR. SERNA: We'll be more than glad to.
18 That's easy.

19 CHAIRMAN DANIEL: All right, thank you,
20 commissioners. This is Agenda Item 12. This is an estimate of
21 the UI Trust Fund balance and the Employment and Training
22 Investment Holding Fund balance.

23 CHRIS NELSON: Good morning, chairman,
24 commissioners, Mr. Serna. For the record, Chris Nelson, chief
25 financial officer. This morning you have an update on the

1 projected Unemployment Trust Fund balance as of October 1, 2024.
2 I will say I'll probably bring back another update in early
3 September. The tax job that gives me the final taxable wages
4 that sets the floor will be run next week so that number will be
5 locked down next week which I'll be able to give a much tighter
6 projection next week although this one's pretty close. Still
7 projecting 2.1 billion in remittances through September 30th.
8 Still projecting close to 2.9 billion in payouts through
9 September 30th and leaving a balance of close to 1.5 billion.
10 Still projecting at this point the floor to be 1.3 billion, and
11 that number as I said will be finalized next week so I'll have a
12 pretty good estimate after that. So at this point we're still
13 projected to be above the floor and for the ETI account we
14 would—if we are above the floor, we'll transfer funds from that
15 account to fund the Skills Appropriation effective September 1st,
16 and that concludes my update and I'd be happy to answer any
17 questions.

18 CHAIRMAN DANIEL: Any comments or questions?

19 COMMISSIONER TREVIÑO: None here.

20 COMMISSIONER ESPARZA: No questions.

21 CHAIRMAN DANIEL: All right, that was
22 informational. Thank you, Chris. This is Agenda Item 13, the
23 Texas Workforce Commission's 2026 through 2027 legislative
24 appropriations request.
25

1 CHRIS NELSON: Again, for the record, Chris
2 Nelson, chief financial officer. TWC's legislative appropriation
3 request is due to LBB on September 6th. Today I have a couple
4 items for commission consideration to be included in that
5 legislative appropriation request. The first are rider changes,
6 and I'll briefly walk through those that staff are recommending
7 for consideration. The first is unexpended balances of the Lone
8 Star Workforce of the Future account. TWC already has UB
9 authority for JET and Skills funds but when this program was
10 authorized, it was authorized as a general revenue dedicated so
11 the rider is not specific to—it's only specific to general
12 revenue so this is adding language to allow us to UB any funds
13 from that program into the next year of the same biennium. Early
14 childhood education, this is just a change in making it 1.5
15 million for the biennium versus 750,000 per year. It's really
16 just to kind of make the contracting a little bit simpler but no
17 change in the dollar amount. Rider 33, notification of VR funds,
18 Section C basically states that TWC cannot use any funds
19 appropriated in September to match the federal grant that the
20 first year ends on September 30th. We have to use it for the
21 October 1st federal grant starting so this rider change is
22 basically—and this one ties to an exceptional item that I'll
23 walk through in a second, is basically allowing us to request an
24 exceptional item effective September 1, 2025, use a portion of
25 that exceptional item to fund the 2025 VR federal grant so that

1 we could in a sense match two grants, two federal grants, with
2 the same state appropriation year. The next one is independent
3 living. This is basically just adding additional language in the
4 rider that goes to HHS, being explicit on the type of activities
5 that can be used with the funds that are transferred. Unexpended
6 balances of appropriation for our IT projects, this is really
7 just aligning. We've had this rider in a bill pattern for a
8 couple sessions now where we have major IT projects that take
9 more than one biennium, and we request UB authority from one
10 biennium into the next. This is just aligning the nomenclature
11 that's used in it to what's actually in the GAA. And then the
12 last one is—second to the last one is appropriation of GR-
13 dedicated for funds 492. The BET program collects set-aside fees
14 that we use to match and bring down additional federal funds.
15 Right now, we have a hard limit on the amount of appropriation
16 that we have. This is a request to basically allow us to
17 appropriate and spend any funds that we collect because we use
18 those funds to pull down additional matching funds so this is
19 basically a rider that says even if the appropriation is set at
20 400,000, if we collect 500,000, allow us to appropriate that,
21 spend it, and collect federal funds because it all goes back
22 into the program. And then the last one is a cash flow
23 contingency for SNAP. We have something very similar on civil
24 rights. Civil rights operates on a reimbursement basis. We do
25 the work, we do the investigations, we get reimbursed from the

1 feds later so at times we can put in a cash flow pinch where we
2 have to basically borrow money from the comptroller in a short
3 period of time until that reimbursement comes in. In discussing
4 with HHSC and the SNAP ENT program, there's a portion of that
5 award that they're telling us operates on a reimbursement basis
6 so to basically provide the same flexibility with cash flow on
7 that program we are requesting an additional rider similar to
8 civil rights for the SNAP ENT program. That concludes my
9 comments. I'd be happy to answer any questions or if you all
10 would like to take-

11 CHAIRMAN DANIEL: Questions or comments
12 about rider revisions?

13 COMMISSIONER TREVIÑO: None here.

14 COMMISSIONER ESPARZA: None on the riders.

15 CHAIRMAN DANIEL: OK. Moving on.

16 CHRIS NELSON: The next piece are the
17 exceptional items TWC is requesting, and I'll lay these out
18 today. I will say one of the things that when we submit to LBB,
19 we have to rank these in order of priority so I will ask the
20 commission if you chose to vote today to rank them in priority
21 as well. I'll briefly walk through some of these. The first one
22 is the VR general match. TWC has basically ramped up services in
23 the VR program. We don't fully match the VR federal program at
24 this time. This is basically requesting additional general
25 revenue to fully match the VR federal dollars that are available

1 so that we can continue providing services at the level we're
2 currently operating at. The next is Chapter 133 apprenticeship
3 funding. As the commission have seen in various meetings
4 previously, generally is a lack of general revenue in the
5 Chapter 133 program. This is a request for additional funding to
6 provide more apprenticeship activities throughout the state. It
7 also factors in one of the issues that we've seen is continued
8 growth in the program so that we don't request an amount and
9 then have to come back to the commission and find additional
10 funding later because we didn't really estimate the growth
11 accurately so that's the second item. Texas Veterans Leadership
12 Program is a program TWC currently operates. Right now, it is
13 funded with employment services but we are having an issue right
14 now with the employment services program with various ES,
15 employment services rule change that is putting a pinch on
16 available dollars available to the ES program so this is a
17 request to ask for general revenue to continue to operate this
18 program that's currently in statute. The next one is older
19 individuals who are blind program which is a separate grant
20 within the VR program. That is a relatively small grant. TWC has
21 already fully maximized available funds in the VR federal grant.
22 Previously TWC decided to dedicate some of the social security
23 reimbursements we get to the VR program toward the OIB program
24 but to continue to provide additional services, that revenue
25 source is probably pretty much tapped out as what would be

1 available. Eight and a half million of those funds already go to
2 HHS plus any additional funds we would put into the VR program
3 so this is a request for general revenue to expand the older
4 individuals who are blind program. The next one is labor law
5 enforcement. So our labor law program is funded with penalties
6 and interest, what we call Fund 165, our special admin fund. It
7 funds the labor law program. One of the things that we've seen
8 with activities and expenses that have been incurred through
9 2024 and going into 2025 is there has been an increase in labor
10 law claims which means there's been an increase in labor law
11 appeals which is driving the number of hours and costs that
12 we're charging toward this program so this is a request to
13 request additional penalties and interest funds dedicated to the
14 labor law program. Work readiness outreach and youth services,
15 this is one—this is a compilation of various activities. The
16 bulk of it are career and outreach staff that are currently
17 funded at the board level. One of the things that we are
18 monitoring is the services are provided locally with TANF funds
19 that the boards get through their allocation process. There is a
20 possibility that that may not be a viable option in the future
21 but it also includes other youth-related grant activities as
22 well, and that would be 10,000,000 a year for that and 41 FTEs.
23 The next one is a civil rights exceptional item. TWC presented
24 an exceptional item last session. It got approved. We requested
25 six additional FTEs to work a backlog. Unfortunately, TWC

1 pitched that item as a one-time exception to work off the
2 backlog. TWC is on track to fully work off that backlog by the
3 time—by August 2025 but as we evaluate the amount of current and
4 what we project as future cases going, one of the concerns is
5 would we—two years after this biennium ends, would we be back
6 into a large backlog, and so that's why it was brought up. This
7 is being added as an item for commission consideration. The next
8 one is the Texas Veterans Network. This is a million dollars per
9 year. This is a referral service that's operated. It's currently
10 funded with WIOA. With other program requirements being put on
11 our various federal programs, this is a request to basically ask
12 to see if the legislature would fund this program with general
13 revenue. It's currently funded with WIOA but just because of the
14 additional constraints being put on our federal programs, this
15 is a request to fund it with general revenue. Career schools and
16 colleges, so TWC collects fees to administer the career schools
17 programs. It's technically considered general revenue so any
18 activity that we spend similar to labor law, anything above our
19 base amount is basically an exceptional item request so this is
20 a request of one FTE and \$163,000 per year to invest more
21 resources into the career schools program from the fees that we
22 collect. The next one is labor market FTEs. This is to fund
23 three positions to do additional labor market activities that
24 are not available—that's not kind of beyond the capacity of the
25 resources that we currently have. All those activities right now

1 are currently done with our existing federally funded FTEs, and
2 the constraints on those—they're at their limit as well so this
3 is a request for three additional FTEs. The last one is COVID-19
4 employer mandate. SB7 passed last session. TWC is currently
5 doing this activity. Right now, we fund it with Skills
6 appropriation dollars, and so this is a request to continue to
7 do that activities but specifically request general revenue
8 outside of the Skills Development program to fund this activity.
9 For the last ones, these are either IT or capital projects. One
10 of the things that's happened over the last several years is, as
11 you all saw with COVID, we had a lot of—we had a massive
12 increase in UI activity. We also saw an increase in UI federal
13 dollars during that time. What's happened over time is the UI
14 grants have basically started going back to pre-COVID levels.
15 The cost of doing business within the UI program has not
16 necessarily gone back to pre-COVID levels. We are spending now
17 more on cybersecurity costs, more on fraud prevention, and more
18 on IT costs in general to actually support the program that goes
19 beyond the federal grants available. So the first three items
20 are related to those. One is our portion of UI fraud detection
21 and deterrence activities on the UI program which is 3.2 million
22 dollars a year. The next one is cybersecurity cost which is
23 another three million dollars a year. This is specific to the UI
24 program. The last one is the mainframe cost. As you had
25 mentioned earlier, chairman, about the UI system modernization,

1 as we had modeled out our budget going into 26-27, we had no
2 anticipation we would be on the mainframe through that biennium
3 so this is requesting penalty and interest funds to fund those
4 activities in the next biennium. The next one is the SIDE—and
5 this is a new activity, State Information Data Exchange, working
6 with NASWA to improve our fraud prevention activities in the UI
7 program. The next one would be a vocational rehab services
8 guide, and this is just the IT component of it where we would
9 build the dataset internally, determine what services provide
10 the best outcomes, and this is the component of building that
11 interface into the case management system for the VR program.
12 The next one is the Blind Enterprise of Texas program. This is
13 an online application that the BET managers use to submit data
14 back and forth to us, and this is to make additional
15 enhancements to that application. The next one is Texas Reality
16 Check. This is a 20-year-old program and we're seeking funds to
17 modernize this application that's primarily designed for school
18 youth. And then the last one is network modernization, and this
19 is basically just an overall assessment to try to get our
20 overall network capacity up to where we think it needs to be for
21 cybersecurity prevention services and things like that. This is
22 also one that we would, if the commission approves, we would
23 request to fund the UI portion with our penalties and interest.
24 I will say if the commission decide to vote on these today or on
25 the 3rd, any of these items that I've specifically requested to

1 fund replace unemployment insurance federal funds with our
2 penalties and interest, I will bring back a subsequent
3 discussion paper and an order authorizing the use of it. That
4 concludes my comments. I'd be happy to answer any questions.

5 CHAIRMAN DANIEL: All right, comments and
6 questions.

7 COMMISSIONER TREVIÑO: Chris, the way this
8 was proposed or laid out as staff's priority recommendations?

9 CHRIS NELSON: I would say they're staff
10 priorities. I've put them in order in a sense of impact to the
11 program so what you see is programs that are currently in place
12 that would be harmed like VR is a currently program, pretty big,
13 one of our biggest programs. The reduction—not getting those
14 additional federal dollars would definitely have a major impact
15 so it's kind of ordered from my staff recommendation of the
16 order of impact to the programs.

17 COMMISSIONER TREVIÑO: OK, thank you.

18 CHRIS NELSON: But, yeah, it's commission
19 discretion to prioritize as they see fit.

20 COMMISSIONER ESPARZA: I've got comments and
21 request clarification on exceptional items on page three on the
22 Workforce Readiness Outreach and Youth Services. I do appreciate
23 the explanations and going over this with me and making me
24 understand that not only the program but also where—I see where

25

1 federal [inaudible] is putting the state of Texas. There's
2 currently career coaches at the board level. You mentioned that.

3 CHRIS NELSON: Yes.

4 COMMISSIONER ESPARZA: And that there's a
5 possibility that the funding may go out so this seems to be our
6 reaction to the possibility that that funding goes out. While I
7 appreciate that as far as taking action and not waiting, and I
8 understand because there is a deadline of 2026, it seems like we
9 have time to either pull the trigger on this, request the
10 funding to support that program but I also want to ask or if
11 we're even able to—with this as I consider these career coaches
12 and their involvement with youth and getting them out of high
13 school and into careers extremely important obviously so we
14 definitely have to do something. I understand that as well. I
15 do—I definitely come from an area that having these folks, these
16 career coaches at the local board level, at the local intimate
17 where they're working with the schools and having that, I want
18 to be careful that we don't lose that, and if we had—even if
19 we're still available to explore any possibility that either we
20 could fund those that are currently doing the work out there,
21 there may be too many for us to do, and I think we're requesting
22 20 million over the biennium to provide managers over those
23 sectors, and again, I think that's where I would want to make
24 every available ability for us to work with those boards in
25 either supporting those local coaches or if we have—if we are

1 going to be implementing the 41 FTEs, that they're in very much
2 communication or they have input on who those people are and
3 that we can be able to visit because I see this as another layer
4 of folks that are going to be in with the local boards and I
5 want to make sure that we know that any cohesiveness of those
6 players, of those employees, are equal to the effectiveness that
7 they can provide when it comes to it. I think, like I said,
8 cohesiveness equals effectiveness but I want to be able to make
9 sure—I want to make sure that we have as much input from the
10 boards as possible when it comes to this program, and I think
11 that's what I hear we've done or we're looking into as far as we
12 can. I don't know—I guess my question would be if we do not get
13 this, do we have the ability to maintain that program I guess if
14 the TANF money runs out or if that's no longer included.

15 CHRIS NELSON: I think if the TANF—if the
16 feds, if they do come back and say this is not an allowable use
17 of the funds, we would be probably hard pressed to find
18 additional funding outside of transferring from the Skills
19 program or something like that. We'd be hard pressed to find the
20 funding. I would say that I think it's programmatic intent of
21 these additional staff, they will be dispersed through the
22 state. This isn't necessarily going to be staff in this building
23 traveling to El Paso but they'll be local staff living in those
24 areas that will be providing those services still.

1 COMMISSIONER ESPARZA: So if there's
2 anything I can do to help, if that's what it comes to, if
3 there's anything that I can do to help with that process and
4 getting that cohesion with the boards and with their folks
5 because I know that there are some things that they're not going
6 to be able to do that the current career coaches are currently
7 doing at the board level and I understand that. I guess what's
8 implemented if we receive this item, receive the funds, and the
9 TANF money is still continued for those career coaches. This is
10 just an extra layer of-

11 CHRIS NELSON: So because the boards
12 basically voluntarily—if they feel they have—they get an
13 allocation of TANF funds every year. If they feel they have
14 enough funds to actually fund this activity, and I don't think
15 all 28 do it, roughly 20-something of them I think do it but
16 they make a determination locally that we have enough funds to
17 do this and still provide all the necessary TANF choices,
18 activities, we need to do. They would basically just divert back
19 and provide only primarily TANF choices services.

20 COMMISSIONER ESPARZA: OK.

21 CHRIS NELSON: So there's not a dedicated-

22 COMMISSIONER ESPARZA: That would be a great
23 option, I think.

24 CHRIS NELSON: There's not a dedicated
25 funding source going to the boards for this. It is TANF choices

1 that's part of the allocation that I bring, and then if they
2 feel they can afford it, they carve out an allowable position or
3 two to provide those activities right now.

4 COMMISSIONER ESPARZA: OK, thanks for the
5 clarification, Chris. Appreciate it.

6 MR. SERNA: Commissioner, just a quick
7 point. It sounds like, at least what I'm hearing and I may not
8 be hearing right but one is support for this kind of an effort
9 driven at the local level, the boards, either engaged or
10 ensuring that it occurs, and then probably as Chris just pointed
11 out, we would want to make sure that that happens consistently
12 across the state so that it—maybe we look at the language of
13 what we're requesting so that these FTEs, these funds, go to
14 ensure that all 28 boards provide that service if it's these
15 funds. If it's TANF, then we leave them, and the federal changes
16 don't take effect, then we leave the model the way it is but if
17 we can have more influence, we, TWC, in making funds available
18 or FTEs available to the board so there can be consistent
19 coverage statewide, not just in the ones that want to do it and
20 the ones that can't do it, that it—so maybe we'll look at the
21 language and come back to you and make sure that we're capturing
22 your intent which is to support the program, ensure that
23 something happens statewide, and not maybe duplicate an effort
24 where there is a potential for duplication given that the
25 federal government not make the change to the TANF funding.

1 COMMISSIONER ESPARZA: Yeah, and I
2 appreciate the spot we're in right now is, you know, we can't
3 just wait and see so I know—I do appreciate that we're taking
4 action and we're having that plan but again, I think to
5 reiterate that as much support at the local levels as we can and
6 have that involved in the selection if it comes to the
7 [inaudible] those FTEs would be helpful so thank you for that
8 too. Thanks, Chris.

9 CHAIRMAN DANIEL: All right. A couple of
10 procedural things. You've presented everything you want to
11 present? Probably even more than you wanted to present.

12 CHRIS NELSON: I didn't know I could sit
13 down like Les. I thought, you know.

14 CHAIRMAN DANIEL: Why don't you sit down?

15 CHRIS NELSON: He got to sit down and he
16 didn't have to talk.

17 CHAIRMAN DANIEL: Would you like to sit
18 down?

19 COMMISSIONER ESPARZA: Can we put Les up
20 there now?

21 CHAIRMAN DANIEL: Can somebody get an ice-
22 cold Dr. Pepper for Chris while he has a seat there at the
23 table? So we've got basically in my mind, we've got three
24 batches of things here to vote on. We've got our rider
25 revisions. We've got our exceptional item requests for the LAR,

1 and then although there are still exceptional item requests, we
2 got basically what is our capital—they put IT in there too—our
3 capital and IT expenditure exceptional items. Let me just go
4 back. I already asked this question but I'm going to ask it
5 again. Is there any concerns, any objections with the rider
6 revisions, the first section that Chris talked about at the
7 beginning?

8 COMMISSIONER TREVIÑO: None here.

9 CHAIRMAN DANIEL: None?

10 COMMISSIONER ESPARZA: No, sir.

11 CHAIRMAN DANIEL: All right. In the second
12 batch then, this is the noncapital or IT exceptional item
13 requests, are there any objections, concerns, something that you
14 want to know more about here?

15 COMMISSIONER TREVIÑO: None here.

16 COMMISSIONER ESPARZA: Nothing further.

17 CHAIRMAN DANIEL: I have two objections. I'm
18 trying to—the reason I'm doing this is I'm trying,
19 commissioners, to not have to vote on each one of these
20 individually. I have two that I would vote no on. One is the
21 civil rights request. This boils completely down to optics. We
22 told the legislature it was a one-time expenditure. We spent the
23 one-time expenditure and now we're coming back in the very next
24 legislative session with the same request for the same
25 expenditure. That does not make TWC look very good in terms of

1 our management of this program for us to do that, and solely on
2 those grounds would I object to this request being in there. The
3 other objection that I have is on the COVID-19 employer
4 vaccination mandate prohibition. I don't like that we're
5 spending money out of the Skills Development fund for that.
6 That's the option that we have in front of us. Unfortunately,
7 the way this is written, this appears to be very premature to
8 me. I don't think we necessarily know these numbers. I'm not
9 getting the sense that we even know the caseload here. I would
10 object to putting it in there solely on the timing of it. We may
11 have to come back next time and do supplemental appropriations
12 and various other things. I may very well be suggesting that we
13 increase our workload. I just think it's premature for this one.
14 I think that it is—we haven't even implemented the rules on this
15 yet so it's—for us to do this, I understand the need to get away
16 from Skills Development fund. I just think the timing is bad on
17 this one. If anybody shares my objection, let's talk about it
18 now and then we can kind of structure our motion accordingly. If
19 nobody agrees with my objection and I'm the only one objecting,
20 then we'll just vote it out of here.

21 COMMISSIONER TREVIÑO: So you're saying just
22 to hold on to these until September or just take them out
23 completely?

24 CHAIRMAN DANIEL: I prefer to take them out.
25 We can talk about them again in September if we want to get some

1 more information or have Chris find some more information. I'm
2 perfectly happy to do that too. Today I'd take them out. If we
3 want to bring them back in a couple weeks and talk about them
4 again, I'm happy to do that as well.

5 COMMISSIONER ESPARZA: I'll support it.

6 COMMISSIONER TREVIÑO: Yeah, I can agree to
7 take them out now.

8 COMMISSIONER ESPARZA: Do we have a motion.
9 Is that--do we have to make a motion specifically?

10 CHAIRMAN DANIEL: We will. All right, so to
11 take them out entirely or talk about them again on September 3rd?

12 MR. SERNA: Mr. Chairman, can I just--I know
13 it's not--I may be out of place but on the civil rights I do not
14 disagree with you that we had a one-time request to take care of
15 computer workload bubble. We are going to successfully
16 accomplish that, and I don't like going back to the legislature
17 and saying, OK, we didn't do what we said we were going to do
18 and we need this again. That's not what this is. This is
19 actually a reflection of an increase, a general increase in
20 workload. Obviously, the decision is the commission's but we
21 will be able to report back to the legislature concerning the
22 civil rights exceptional item that was requested in this
23 biennium that we accomplished what we said we were going to
24 accomplish, the backlog. We addressed that backlog that we were
25 addressing that was driven primarily by COVID. What we are

1 seeing now is just—and we're seeing it across the board and I
2 probably need to get a report put together for the commission.
3 Because of population growth, because of businesses coming to
4 the state, across all of our programs we're seeing increases in
5 request and demands for services including this one, and that's
6 really what this reflects. So just to be clear, this is not a
7 continuation.

8 CHAIRMAN DANIEL: OK, so I don't have any of
9 that information. What if we do this, commissioners. I hate to
10 do this. What if we just bring that one back in September. Let
11 me get with Mr. Serna and get this information. This does change
12 the discussion ever so slightly.

13 MR. SERNA: Yes, sir. Thank you.

14 CHAIRMAN DANIEL: I still think it's bad
15 optics but there may be a compelling reason here.

16 MR. SERNA: We may describe it differently.
17 I understand what you're saying.

18 COMMISSIONER TREVIÑO: I would agree to take
19 out the COVID-19 and then bring back the civil rights in
20 September.

21 COMMISSIONER ESPARZA: I agree.

22 COMMISSIONER TREVIÑO: Thank you.

23 CHAIRMAN DANIEL: All right. So the motion
24 then would be to approve the exceptional item requests with the
25 exception of the civil rights exceptional item request which

1 we'll bring back in two weeks to review again, and the COVID-19
2 employer vaccination mandate prohibition. I'll tell you what,
3 gentlemen. In the interest of fairness, let's bring both of
4 those back in two weeks. We'll see if we can gather some more
5 information on those. The motion would be to vote out today in
6 the affirmative the exceptional item request with the exception
7 of the civil rights request and the COVID-19 request. That's the
8 motion. Is there a second?

9 COMMISSIONER TREVIÑO: I second.

10 CHAIRMAN DANIEL: Good. Mr. Trobman?

11 MR. TROBMAN: [Inaudible].

12 CHAIRMAN DANIEL: I'll come get those. So,
13 it's been moved and seconded, and that motion carries. On the
14 rider revisions, is there a motion on the rider revisions?

15 COMMISSIONER TREVIÑO: I move that we adopt
16 the rider revisions as part of the 2026-2027 legislative
17 appropriations request as presented today by staff.

18 COMMISSIONER ESPARZA: I'll second it.

19 CHAIRMAN DANIEL: It's been moved and
20 seconded, and we're unanimous on that. I got ahead of myself,
21 Mr. Trobman, because I got off my own script that I wrote for
22 myself because I got so engrossed in that conversation about
23 those exceptional items. And then the last thing we need to take
24 up today are the exceptional item requests for the capital
25 budget and IT. Any objections or concerns there?

1 COMMISSIONER TREVIÑO: None here.

2 CHAIRMAN DANIEL: None. Is there a motion on
3 these?

4 COMMISSIONER TREVIÑO: I move we adopt the
5 capital exceptional items as part of the 2026-2027 legislative
6 appropriation request as presented today by staff.

7 COMMISSIONER ESPARZA: I second.

8 CHAIRMAN DANIEL: It's been moved and
9 seconded, and we're unanimous on that one too. OK, so we've got
10 the two coming back in two weeks. The other thing that we would
11 typically need to do today is to put these rank order. Does it
12 really mess up your operation if we do that on the third when we
13 take up these other two issues?

14 CHRIS NELSON: It's probably easier that we
15 take it up on the third since you're going to reconsider these
16 other two items. I don't know if it makes much sense to rank
17 them now and rank them again later.

18 CHAIRMAN DANIEL: All right. Commissioners,
19 any objection to us doing our ranking on the third?

20 COMMISSIONER TREVIÑO: No objections here.

21 COMMISSIONER ESPARZA: No, chairman.

22 CHAIRMAN DANIEL: All right. Did we get you
23 everything you needed?

24 CHRIS NELSON: I think that's everything
25 I've asked for.

1 CHAIRMAN DANIEL: All right. Thank you.

2 COMMISSIONER TREVIÑO: You can sit down now.

3 CHRIS NELSON: Thanks.

4 CHAIRMAN DANIEL: You can sit there if you
5 want to. It works for me. I can't tell if we're going to have a
6 legislative report. He has a tie on but he's not showing his
7 trademark enthusiasm so probably what's happened is he's heard
8 that Lowell has tried on multiple attempts to get a legislative
9 report. He's got his legislative report back there. That's good
10 planning, Lowell. Good job.

11 MICHAEL BRITT: Actually, I was waiting for
12 a Dr. Pepper.

13 CHAIRMAN DANIEL: Well, we'll just need to
14 order two ice-cold Dr. Peppers then.

15 MICHAEL BRITT: Good morning, Mr. Chairman,
16 commissioners, Mr. Serna. For the record, Michael Britt,
17 governmental relations. Interim hearings in the Texas
18 legislature are now in full swing. TWC has been requested to
19 testify before two interim committee hearings over the next
20 couple of weeks. Actually, this morning Bob Gear is testifying
21 before the House Committee on Defense and Veterans Affairs, and
22 he is providing the committee with an overview of TWC's programs
23 and services for veterans. Next Tuesday morning, August 27th, TWC
24 has been requested to testify before the Senate Committee on
25 Business and Commerce regarding the agency's use of artificial

1 intelligence in relation to their interim charge to examine the
2 development and utilization of AI and to evaluate implications
3 of AI adoption across the public and private sectors. Mr. Serna
4 and Heather Hall will be testifying before that committee on
5 behalf of the agency. This concludes my remarks. I'm happy to
6 answer any questions.

7 CHAIRMAN DANIEL: Any comments or questions?

8 COMMISSIONER TREVIÑO: None here.

9 COMMISSIONER ESPARZA: No questions.

10 MICHAEL BRITT: Thank you.

11 CHAIRMAN DANIEL: Thank you very much. Is
12 there an executive director's report today?

13 MR. SERNA: No, sir, not today.

14 CHAIRMAN DANIEL: All right. The time is now
15 11:18. The commission will now go into an executive session to
16 discuss Government Code Section 551.074(a)(1), the appointment,
17 employment, evaluation, reassignment, duties, discipline, or
18 dismissal of the executive director, internal auditor, executive
19 staff, or other personnel.

20 CHAIRMAN DANIEL: All right, the executive
21 session has now concluded. The time is 11:25. Is there any other
22 order of business to come before the commission?

23 COMMISSIONER TREVIÑO: None here.

24 COMMISSIONER ESPARZA: None.

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CHAIRMAN DANIEL: Is there a motion to adjourn?

COMMISSIONER TREVIÑO: Chairman, I move to adjourn.

COMMISSIONER ESPARZA: I second.

CHAIRMAN DANIEL: It's been moved and seconded to adjourn, and we're adjourned. Thank you.