

To: Gulf Coast Workforce Board Members

From: Mike Temple
Carol Kimmick
David Baggerly
Michelle Ramirez

Date: March 30, 2015

Subj: Board Meeting Materials for Tuesday, April 7, 2015

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, April 7, 2015** in H-GAC's second floor conference rooms A, B and C, 3555 Timmons Lane, Houston.

The April agenda includes

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. Committee Chair Guy Jackson will speak on several items of interest from legislation pending in the Texas Legislature. We have included an extensive list of legislation that the committee is following in your materials.

Action. Budget Committee Chair Willie Alexander will present the proposed Board budget for 2015. The budget shows how the Board will use the resources it has to achieve its results: competitive employers, an educated workforce, more and better jobs, and higher incomes. For 2015, we are proposing a budget of just over \$201 million, a slight increase from last year.

Information. David Baggerly will report on our performance to-date, including information from the adult education consortium. As you recall, the Board has taken a role in the regional delivery of adult education and literacy, and this will be our first look at production and performance. As usual, we'll report on expenditures, and Ron Borski will brief us on developments in the economy. We will have the next installment of our series on key regional industries with an in-depth look at employment in the oil and gas upstream sector.

We look forward to seeing you on April 7th. As always, please call or email us if you have questions, or if we can be of assistance.

The Gulf Coast Workforce Board Tentative Agenda

Tuesday, April 7, 2015 at 10:00 a.m.

H-GAC Conference Room A/ B/C

3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review February 2015 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 March 2015 review.
 - c. *Government Relations.* The Committee Chair will provide an update on legislative information of interest.
7. **Take Action**
 - a. *Budget.* The Committee Chair will report on recommendations for the Board's 2015 budget of \$201,095,018.
8. **Receive Information**
 - a. *System Performance.* Report on current performance, including an update on adult basic education and literacy.
 - b. *Expenditures.* Report on expenditures.
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 upstream energy sector.
10. **Take Up Other Business**
11. **Adjourn**



Workforce Solutions

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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, FEBRUARY 3, 2015**

MEMBERS PRESENT:

Willie Alexander	Karlos Allen	Gerald Andrews
Betty Baitland	Sara Bouse	Carl Bowles
Bill Crouch	Joe Garcia	Cheryl Guido
Mark Guthrie	John Hebert	Bobbie Henderson
Tracie Holub	Tony Jones	Birgit Kamps
Jeff Labroski	Kendrick McCleskey	Linda O'Black
Dale Pillow	Janice Ruley	Allene Schmitt
Richard Shaw	Gil Staley	Evelyn Timmins
Shunta Williams	Toy Wood	Madeleine York

H-GAC STAFF MEMBERS PRESENT

Mike Temple
David Baggerly
Michelle Ramirez
Ron Borski

Mr. Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, February 3, 2015, in the 2nd floor, H-GAC Conference Rooms A/B/C, at 3555 Timmons Lane, Houston, Texas. Chair Guthrie determined a quorum was present.

ADOPTION OF AGENDA

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

PUBLIC COMMENT

No one signed up for public comment.

MINUTES FROM DECEMBER 2, 2014

Chair Guthrie asked if there were any additions or corrections to the minutes for the December 2, 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 noted that in the December 2014 Board meeting, he talked about one of his goals for 2015 was to expand the Board's sphere of influence beyond the programs that we operate. With that in mind, Chair Guthrie updated the Board members on the Board's Education Industry Group that works in tandem with the Greater Houston Partnership. Chair Guthrie stated that he was fortunate to have been chair of the Education Industry Group since its inception in 2009. The Education Industry Group is now composed of approximately 15 of the largest area school districts who represent over 70% of the total enrollment in our region. The people who attend the meetings are senior HR professionals for the school districts and the group is very ably led by Daniel Zendejas and Cally Graves, both staff to the Board, who have the industry knowledge needed to guide the group. The group's focus on the HR needs of the school districts, which are huge employers in our region. One primary focus, which is aligned with one of our Board goals – is improving teacher quality. In connection with this effort the group has developed and provided training standards and related materials to the alternative certification providers (ACP) of teacher in our region. These ACP's provide a large percentage of new teachers in our region. The group's 3rd Education Provider Forum will be here at H-GAC offices, on Thursday, February 25, 2015.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Chair Joe Garcia reported that the committee met on Tuesday, January 27, 2015 and received an update on recent staff audit and monitoring activity.

Chair Garcia explained that since the last report, the regional Quality Assurance team conducted four office reviews and issued two findings and made a number of other observations:

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

Astrodome (Neighborhood Centers) was 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 are 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 1st 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.

Chair Garcia also reported that 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 concluded his report and no action was taken.

Government Relations Committee Report

Mr. Mike Temple reported that Chair Jackson was working in Austin and he would give today's report.

Mr. Temple explained that the highpoints of the report are the Sunset Advisory Committee recommendations to move the vocational rehabilitation and disability determination services program from the Department of Assistive and Rehabilitative Services (DARS) to TWC. Mr. Temple stated that while this is a major move, it does align within the Workforce Commission and all the federally funded programs that relate to workforce. Mr. Temple noted that this is not a done deal – the legislature has not finished meeting and the staff will keep you updated.

Mr. Temple stated that there were several groups of bills in the Texas Legislature that have been introduced early in the session that were of interest.

- 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

On the Federal level, the administration just this week has released its proposed budget which contains a significant increase in the funding available for a variety of workforce services including some of the Board's core programs.

Several members had questions or comments and discussion followed.

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

TAKE ACTION

- a. Early Education and Care. The Committee Chair will report on recommendations to increase maximum reimbursement rates for infant and toddler care.

Chair, Dr. Bobbie Henderson reported that the Early Education and Care Committee met via conference call on December 5, 2014 to consider rates which the Board pays early education providers.

Chair Henderson reported that 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).

Reimbursement rates are established 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.

Chair Henderson explained that at the committee's last meeting, the committee briefly discussed surveying the rates the Board pays regulated providers to help 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. A chart showing the survey data and our rates was in the Board packet.

Our estimates of current demand, enrollments, and attendance suggest that the Board would 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.

Chair Henderson noted that 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. It is estimated that we will be able to raise some rates this year, but not all.

At the meeting the committee recommended that 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.

Staff 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

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.

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

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

A motion was made and authorized to increase the Board’s maximum published rates for early education payments to regulated providers for infant and toddler care as shown in the chart above. The motion carried.

Chair Henderson offered condolences to Mr. John Hebert and his family on behalf of the committee because of the passing of Ms. Hebert.

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

- 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.

Chair Karlos Allen stated that the Career Office Committee met on December 10, 2014, and the following was discussed:

- 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:
 - Listening to fully understand customer requests or problems

- 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 on 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 to get a job, keep a job or get a better job come with eligibility criteria established by 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.

Chair Allen explained that 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.

A motion was made and seconded to 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. The motioned carried.

Two additional pieces – “Career Office – Financial Aid Eligibility” and Career Office – What’s Important to our Customers” were located in the Board packet.

Chair Guthrie thanked Chair Allen for agreeing to serve as the new Chair of the Career Office Committee. Chair Guthrie explained that the committee is an important committee and there is much work to be done.

Chair Allen concluded his report and no further action was taken.

- c. Nominating. The Committee Chair will present nominations for Board officers in 2015.

Chair John Hebert explained that the Nominating Committee members are Willie Alexander, Guy Robert Jackson, Jeff Labroski and himself. Chair Hebert explained that Ms. Yvonne Estrada would no longer be able to serve on the Board and the Nominating Committee recommended that Mr. Willie Alexander serve as the new Vice Chair. Chair Hebert noted that each of the nominated Board members has outstanding credentials and an excellent record of performance.

Mark Guthrie – Chairman
Gerald Andrews – Vice Chairman
Joe Garcia – Vice Chairman
Willie Alexander – Vice Chairman

Mr. Hebert explained that the Chairman will entertain a motion for nominations from the floor or a motion that nominations cease and the existing officers be elected by acclamation.

A motion was made and seconded for nominations to cease and the following officers be elected by acclamation – Mark Guthrie – Chairman, Gerald Andrews -Vice Chairman, Joe Garcia– Vice Chairman and Willie Alexander – Vice Chairman. The motion carried. Mr. Willie Alexander abstained from voting

Chair Guthrie joined Dr. Henderson and offered his condolences to Mr. John Hebert for the loss of his wife of 57 years.

Chair Hebert concluded his report and no further action was taken.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2014 through December 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 25,452 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.

Employer Loyalty – 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 The Workforce Solutions for additional services in the first quarter of the year.

More and Better Jobs –

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

Customers employed by the 1st quarter after exit – 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.

Higher Real Incomes –

Exiters with Earnings Gains of at least 20% - Reporting for the quarter ending June 2013, 27,786 of the 83,103 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 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.

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, 2014, the state reports we are meeting or exceeding the target for eight of ten measures. The two measures we did not meet 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%. The Board is

working with contractor 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.

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

Several Board members had questions and comments and discussion followed.

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

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for twelve months ending December 31, 2014. Mr. Temple noted that under Resident Services which includes office operations, financial aid and special projects –dollars were shifted around and we spent a little more money in office operations and a little less in financial aid. The year-end budget report is good with approximately 95% of the available funds spent.

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

Information Item – Service to Long-Term Unemployed Individuals

Ms. Michelle Ramirez explained that at each meeting Mr. Ron Borski offers an update on the economic conditions of our area. The unemployment rate is always addressed and at the December 2014 meeting, Board members had questions about people that are not included in that unemployment rate. This group is comprised of individuals that have stopped looking for work because they have been unemployed for so long or individuals who are employed but are perhaps under-employed.

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 assistance 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.

Ms. Ramirez noted that a dual approach was developed to help 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 50 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 candidate's skills in the form of paid work experience or on-the-job training options.

Ms. Ramirez explained that staff 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.

Many Board members had comments and questions and discussion followed.

Ms. Ramirez concluded her report and no action was taken.

Information Update – Workforce Solutions Seminars

Mr. Temple explained that he added this seminar report to the board packet because he found it interesting and felt the Board might be interested. Mr. Temple also wanted to recognize Ms. Jenny Johnson and her team of facilitators for doing a wonderful job for Workforce Solutions.

LOOK AT THE ECONOMY

Mr. Ron Borski explained that the Houston-Sugar Land-Baytown Metropolitan Statistical Area (H-S-B MSA) unemployment rate dropped four-tenths of a percentage point to 4.1 percent in December 2014. The last time the rate of unemployment was this low in the H-S-B MSA was April 2008. The unemployment rate for the state dropped five-tenths of a percentage point to 4.1 percent and the national rate dropped one-tenth of a percentage point 5.4 percent. The Houston-Sugar Land-Baytown MSA added 7,400 jobs to payrolls in December. The H-S-B 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).

Mr. Borski noted that Baker Hughes released their latest rig count in January which dropped by 199 in one month - This will have an effect on us. The request for drilling permits was down 45 percent for the month. Mr. Borski said that we will see some changes in the future and while he is no forecaster, he expects things to remain positive.

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

Workforce Demand – In the Construction Industry

Mr. Borski provided a brief report on the Construction Industry. He stated that construction is a very large industry with the Gulf Coast region employing over 200,000 people. It was the hardest hit industry during the recent recession and as of June 2014 has yet to recover all of the lost jobs. The construction industry provides an extensive range of career opportunities from construction laborers to engineers. Many of the construction positions offer good wages and have varying education and training requirements ranging from short term on-the-job training to post secondary degrees and professional licenses. Mr. Borski noted that there is a rapidly aging workforce in construction industry which will compound the severity of workforce shortages in the region. Industry projections for 2013 to 2022 predict an above average pace of job growth in construction at 28.7%. 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

Some Board members had questions or comments and discussion followed.

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

OTHER BUSINESS

Chair Guthrie congratulated the newest Vice Chair – Willie Alexander.

Chair Guthrie presented Certificates of Appreciation to Board members whose term expired on December 31, 2014.

Mr. Tony Jones announced that on February 25, 2014 from 8:30 am to 12 noon the Metropolitan Multiservice Center – the Workforce Solutions itinerant site on West Gray will host a grand opening. Mr. Jones invited all Board members and staff to the event.

Mr. Jones also stated that several people have told him that the disability navigators are doing a great job – especially Cornelius Booker and Frieda Carmouche. Mr. Jones asked that they be recognized for outstanding work

ADJOURN

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 11:15 am.

Audit/Monitoring Committee

Update for April 2015

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

Neighborhood Centers, Inc.

Southwest rated as below average. We noticed problems in staffing, staff abilities and management. We placed this office on a 60 day corrective action plan.

Subsequently, NCI replaced the manager, hired more staff and has instituted a supervisor “boot camp” to address customer service issues.

Texas City rated as average. We noted acceptable service during our scheduled visit, but also observed long customer wait time.

Northline rated average. The customer service was better when the team was in the office than what the secret shopper observed. There are wait time issues, but they are hiring more staff. We found PII infractions.

Baytown was again below average and is also on a 60 day corrective action plan that includes staff training to provide efficient and effective customer service. There is a new manager.

Southeast was above average. Staff provided good customer service. The office flows well. We found a PII breach.

Southwest and Texas City have minor accessibility issues mainly due to daily wear and tear, but Southeast has more major work in that the parking lot is not up to EO standards.

Interfaith of The Woodlands

Conroe rated average. They need to adjust some staffing assignments to provide better customer service. They have some wait time and PII issues.

Humble rated average. We saw good customer service. We discovered minor EO accessibility issues.

- The team continues to review the system to determine how well we are protecting customer information. We did a sweep this time to hit the offices that were not monitored during this period. Ten of 24 visits had infractions, 4 from Interfaith and 6

from NCI. There is a mix of staff errors and staff not doing enough to help customers protect their data.

- 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
Vendors with fewer than five children enrolled	1,129
Vendors visited 10/1/14 to 2/28/15	639

No Service Improvement Plans were issued since the last report.

- We completed the first review of customer records to ensure we are opening and closing appropriate services in a timely manner. We also reviewed the quality of staff provided services to help the customer reach their goal. Both NCI and Interfaith achieved a 100% success rate.
- We reviewed job posting, applications and referrals. Postings and referrals had 90% or above success rate. Applications still need work – 84% rate.
- We performed the quarterly review of customer eligibility from the Financial Aid Call Center. We questioned the eligibility of sixteen customers.

We also did our annual field visit to the Financial Aid Call Center and found their operations to be acceptable. Processing time remains to be an issue. The new management has made notable improvements to the operations and we just kicked off the new electronic data software that should also improve processing time. The staff also told us how they could do their job better with the Board's help.

- The team is currently looking at offices, youth projects, the early education quality improvement effort, non-custodial parent program and Adult Education Literacy contractors.

Government Relations

Legislative Update

Current Situation

During the 84th Texas Legislative session, members of the House and Senate filed bills that may impact the workforce system. We are paying attention to a number of bills in several areas.

State Agencies

- **Texas Workforce Commission continuation and functions (SB 208/HB 3294)**

In addition to reauthorizing the Workforce Commission, this legislation transfers the responsibility for vocational rehabilitation services from the Texas Department of Assistive and Rehabilitative Services to the Commission. The Sunset Advisory Commission recommended this transfer in its report to the 84th legislature, noting that many of DARS' consumers eventually end up at a local workforce office to explore job opportunities. The Workforce Commission's successful integration of other employment services presented an opportunity to merge vocational rehabilitation with workforce-related services, eliminating duplication and improving service and outcomes for people with disabilities seeking employment.

SB 208 was referred to the Natural Resources and Economic Development Senate Committee on March 16th; HB 3294 was referred to the Economic and Small Business Development House Committee on March 17th. Both remain in committee.

- **Texas Health and Human Services Commission continuation and functions (SB 200/HB 2304)**

This legislation would eliminate the Departments of Aging and Disability Services, Assistive and Rehabilitative Services, State Health Services, and Family and Protective Services as separate agencies, merging their functions into a newly constituted Health and Human Services Commission. In the case of DARS, only a few remaining functions would be merged into the new structure, as its largest functions—vocational rehabilitation and federal disability determination—would transfer to the Commission. The timeline for completing the merger, especially relating to State Health Services and Family and Protective Services, might extend through 2019.

SB 200 was referred to the Health and Human Services Senate Committee on March 23rd; HB 2304 was referred to the Human Services House Committee on March 16th. Both remain in committee.

Publicly Funded Pre-K

There are multiple bills to fund pre-kindergarten programs through the public schools. We are particularly watching **HB 4/SB 801** which includes charter schools among the institutions authorized to receive funds for pre-kindergarten programs.

Career and Technical Education

There are also multiple bills relating to requirements for career and technical education, including requirements for graduation from high school.

Local Workforce Boards

We're following two bills, currently only Senates bills without House companions, which require publishing of local workforce board performance data and education/training vendor data. The bills would have the Workforce Commission publish on its website a comparison of each board's performance against the Commission's targets and information from fiscal monitoring reports. In addition, the Commission would be required to publish performance data for education/training vendors on the state's approved list and would ask boards to contribute any additional data on vendors from their areas.

Other Legislation

We're also following bills on

- The continuation of the Texas Workforce Investment Council (TWIC);
- Drug testing and disqualification for unemployment benefits; and
- Authorization of local economic development organizations to finance projects that support job training facilities at community colleges and public technical institutions

We have provided a list of each bill we're following, with a brief description, a current status, and how to locate the bill online.

**84th Texas Legislature Regular Session (2015)
H-GAC Workforce Bill Tracker**

Bill No.	Description	Author(s)	Committee	Status	Link to Bill Text Online
HB 3294	Transfer administration of vocational rehabilitation services from HHS to Texas Workforce Commission.	Burkett	Economic & Small Business Development	Referred to committee on 3/17; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB03294I.htm
SB 208	Transfer administration of vocational rehabilitation services to Texas Workforce Commission.	Campbell	Natural Resources & Economic Development	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00208I.htm
HB 2304	Relating to the consolidation of Health and Human Services System including the abolition of the Department of Assistive and Rehabilitative Services.	Price, Raymond, Dutton, Burkett, Gonzales,	Human Services	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02304I.htm
SB 200	Relating to the consolidation of Health and Human Services System including the abolition of the Department of Assistive and Rehabilitative Services.	Nelson, Birdwell, Hinojosa, Campbell, Schwertner	Health & Human Services	Considered in public hearing on 3/23; Pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00200I.htm
HB 1606	Continue Texas Workforce Investment Council (TWIC) to 2027; Develop a statewide system of industry-defined and recognized skills and standards and credentials for all major skilled occupations; Abolish Texas Skill Standards Board and transfer of duties to TWIC.	Burkett	Economic & Small Business Development	Considered in public hearing on 3/19; Pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01606I.htm
SB 209	Continue Texas Workforce Investment Council (TWIC) to 2027; Develop a statewide system of industry-defined and recognized skills and standards and credentials for all major skilled occupations; Abolish Texas Skill Standards Board and transfer of duties to TWIC.	Hinojosa, Birdwell, Campbell, Nelson, Schwertner	Natural Resources & Economic Development	Considered in public hearing on 3/10; Committee report printed and distributed; Not again placed on intent calendar	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00209S.htm
HB 1047	Allow franchise tax credit for paid internships to certain high school students.	Workman, Parker, Darby	Ways & Means	Referred to committee on 3/11; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01047I.htm
SB 1248	Allow franchise tax credit for paid internships to certain high school students.	West	Finance	Referred to committee on 3/17; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01248I.htm
HB 1384	Texas Higher Education Coordinating Board may authorize public junior colleges to offer baccalaureate degree programs in the fields of applied science, applied technology, and nursing.	Davis, Laubenberg, Peña, Raney	Higher Education	Referred to committee on 3/9; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01384I.htm

**84th Texas Legislature Regular Session (2015)
H-GAC Workforce Bill Tracker**

Bill No.	Description	Author(s)	Committee	Status	Link to Bill Text Online
SB 271	Texas Higher Education Coordinating Board may authorize public junior colleges to offer baccalaureate degree programs in the fields of applied science, applied technology, and nursing.	Ellis	Higher Education	Referred to committee on 1/28; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00271I.htm
HB 589	Relating to a disqualification for unemployment benefits for refusing to take or failing a preemployment drug test.	Burkett, Harless, King	Economic & Small Business Development	Considered in public hearing on 3/12; Committee report sent to calendars	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00589H.htm
SB 722	Relating to a disqualification for unemployment benefits for refusing to take or failing a preemployment drug test.	Perry	Natural Resources & Economic Development	Considered in public hearing on 3/10; Committee report printed and distributed; Co-author authorized on 3/23	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00722S.htm
HB 2628	Relating to the development and alignment by Texas Higher Education Coordinating Board of curricula for certain career and technology education programs.	Clardy	Higher Education	Referred directly to s/c Post-Secondary & Workforce Readiness by Chair; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02628I.htm
SB 1480	Relating to the development and alignment by Texas Higher Education Coordinating Board of curricula for certain career and technology education programs.	Garcia	Higher Education	Referred to committee on 3/19; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01480I.htm
HB 3278	Relating to measures to support public school student academic achievement and career preparation, including measures to improve and support dual-credit courses.	Gonzales	Public Education	Referred to committee on 3/17; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB03278I.htm
SB 13	Relating to measures to support public school student academic achievement and career preparation, including measures to improve and support dual-credit courses.	Perry, Estes, Hall, Schwertner, Seliger	Education	Considered in public hearing on 3/12; Committee report printed and distributed; placed on intent calendar on 3/25	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00013S.htm
HB 1843	Relating to providing training academies for public school teachers who provide reading instruction to students in kindergarten through grade three.	Aycock	Public Education	Considered in public hearing on 3/24; Pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01843I.htm

**84th Texas Legislature Regular Session (2015)
H-GAC Workforce Bill Tracker**

Bill No.	Description	Author(s)	Committee	Status	Link to Bill Text Online
SB 925	Relating to providing training academies for public school teachers who provide reading instruction to students in kindergarten through grade three.	Kolkhorst	Education	Referred to committee on 3/9; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00925I.htm
HB 2609	Relating to providing training academies for public school teachers who provide mathematics instruction to students in kindergarten through grade three.	Farney	Public Education	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02609I.htm
SB 934	Relating to providing training academies for public school teachers who provide mathematics instruction to students in kindergarten through grade three.	Kolkhorst	Education	Referred to committee on 3/9; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00934I.htm
HB 292	Authorizes development corporations to finance projects to support primary job training facilities and programs at certain educational institutions.	Stephenson, Reynolds, Zerwas, Miller, Sanford	Economic & Small Business	Referred to committee on 2/11; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00292I.htm
SB 1351	Establish and administer the Jobs and Education for Texans (JET) fund as a dedicated account in the general revenue fund of the Texas Workforce Commission	Hinojosa	Higher Education	Referred to committee on 3/18; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01351I.htm
SB 1390/1456	Relating to improving the accountability of local workforce development boards and consumer information regarding job training programs.	Lucio/Zaffirini	Natural Resources & Economic Development	Referred to committee on 3/18 (1390) and 3/19 (1456); Both in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01390I.htm
HB 2820	Provides for the expedited certification of persons with appropriate industry credentials to provide instruction in public schools.	Reynolds	Public Education	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02820I.htm
HB 3616	Relating to the use of certain funds for workforce development; excess funds in TWC's compensation fund will be transferred to the commission to be used for expenses related to workforce development.	Alvarado	Economic & Small Business Development	Referred to committee on 3/19; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB03616I.htm
HB 3658	Relating to the development and administration of a parent orientation and education pilot program for recipients of subsidized child-care services.	King	Human Services	Referred to committee on 3/19; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB03658I.htm

**84th Texas Legislature Regular Session (2015)
H-GAC Workforce Bill Tracker**

Bill No.	Description	Author(s)	Committee	Status	Link to Bill Text Online
Relating to developments and improvements in prekindergarten and early childhood					
HB 4	Establish a funding program under which funds are awarded to school districts and open-enrollment charter schools to implement a high-quality pre-K program.	Huberty, Deshotel, King, Giddings, Ashby	Public Education	Considered in public hearing on 3/24; Pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00004I.htm
SB 801	Establish a funding program under which funds are awarded to school districts and open-enrollment charter schools to implement a high-quality pre-K program.	Zaffirini, Campbell	Education	Referred to committee on 3/3; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00801I.htm
HB 186	Relating to the availability of free prekindergarten programs in public schools.	Thompson	Public Education	Referred to committee on 2/9; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00186I.htm
SB 72	Relating to the availability of free prekindergarten programs in public schools.	Ellis	Education	Referred to committee on 1/26; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00072I.htm
HB 3887	Relating to the establishment of the office of early learning within the Texas Education Agency.	Dutton	Public Education	Referred to committee on 3/23; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB03887I.htm
SB 1123	Relating to the establishment of the office of early learning within the Texas Education Agency.	West	Education	Referred to committee on 3/17; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01123I.htm
HB 2217	Relating to the availability of free prekindergarten programs in public schools.	Coleman	Public Education	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02217I.htm
SB 23	Relating to providing free full-day prekindergarten for certain children.	Zaffirini	Education	Referred to committee on 1/26; Co-author authorized on 3/14; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB00023I.htm
HB 124	Relating to the availability of free prekindergarten programs in public schools.	Fischer	Public Education	Referred to committee on 2/11; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00124I.htm
HB 296	Relating to certain prekindergarten programs offered by a school district.	Wu	Public Education	Referred to committee on 3/15; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00296I.htm

**84th Texas Legislature Regular Session (2015)
H-GAC Workforce Bill Tracker**

Bill No.	Description	Author(s)	Committee	Status	Link to Bill Text Online
HB 391/424	Relating to providing free full-day prekindergarten for certain children.	Munoz/Dutton	Public Education	Referred to committee on 2/16 (391) and 3/10 (424); Both in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB00391I.htm
HB 1100	Relating to a gold standard full-day prekindergarten program provided by public school districts.	Johnson, et. Al	Public Education	Considered in public hearing on 3/10; Left pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01100I.htm
HB 1188	Relating to the creation of a joint interim committee to study and make recommendations regarding early childhood education.	Deshotel	Public Education	Considered in public hearing on 3/10; Left pending in committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB01188I.htm
HB 2417	Relating to measures to ensure quality prekindergarten programs offered by school districts.	Deshotel	Public Education	Referred to committee on 3/13; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02417I.htm
HB 2843	Relating to requiring certain school districts to offer district-funded or tuition-supported prekindergarten.	Lucio III	Public Education	Referred to committee on 3/16; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB02843I.htm
HB 4107	Relating to the appropriation of money from the economic stabilization fund to finance universal, high quality, prekindergarten education programs.	Walle	Appropriations	Referred to committee on 3/24; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/HB04107I.htm
SB 1752	Relating to prekindergarten programs in public schools.	West	Education	Referred to committee on 3/24; In committee	http://www.legis.state.tx.us/tlodocs/84R/billtext/html/SB01752I.htm

Budget Committee

Proposed 2015 Board Budget

Background

Each year the Workforce Board approves a budget showing how it uses the revenues it receives to achieve the results set out in the Board's strategic plan: competitive employers, an educated workforce, more and better jobs, and higher incomes.

The budget describes how the Board will use its resources to both operate Workforce Solutions and leverage results in the region.

The Budget Committee met on Wednesday, March 18, 2015 with Committee Chair Willie Alexander, Mark Guthrie, Joe Garcia, and Sarah Janes attending.

Current Situation

The proposed 2015 budget at \$201 million is 6.5% more than in 2014. The increase comes primarily from the Board's taking a role in funding the adult education and literacy system.

We expect a slight drop in our general revenue – the funds we use to power Workforce Solutions. As the economy improves and unemployment rates fall, the formulas which bring workforce investment dollars to the region adjust to give us fewer resources.

- We will have more money to work with individuals receiving welfare payments – significantly more for those with supplemental nutrition benefits (food stamps).
- Our early education dollars have increased slightly – largely due to additional funds for quality improvement activities.
- The special revenue category shows the largest increase in the Board's proposed budget.
 - The majority of this increase comes from the adult education and literacy funds the Board took responsibility for this past summer.
 - We have some additional workforce dollars which the state provided to assist long-term unemployed individuals. We have invested these resources in on-the-job training.
 - We will also receive funds for a special project to promote industry-recognized skill credentials and expanding the regional capacity for certifying credentials.

Proposed 2015 expenditures are in line with contracts the Board approved for Workforce Solutions, for the adult education consortium, and for special projects.

- The increase in expenditures related to service for employers comes from the additional resources for on-the-job training and the previously approved increase in the contract to operate Workforce Solutions Employer Service.
- We are proposing a decrease in the budget for financial aid. This reflects our experience of customer demand over the past several years as well as the drop in workforce investment funds. The Board continues to be a leader in both the amount of funds allocated for scholarships and work and work-search financial aid and the number of customers who receive assistance. The drop in the financial aid budget does not affect resources for families seeking help with child care expenses.
- Upgrade projects for the system IT resources are largely complete, and the decrease in the budget reflects this fact.

We are proposing a Board operations budget of \$4.81 million, an increase of 13.7% from 2014. Board operations represent 2.4% of the total system budget. In 2014, Board operations were 2.2% of the total system.

- The largest increase comes from additional staff positions.
 - We have added two positions for the adult education consortium work.
 - We also propose adding two positions to expand Board-level service for employers and to further develop Board-level relationships with business associations and economic development organizations in the region. Over the past year we have noted an increasing demand for Board staff to be involved in employer-based projects and industry initiatives.
 - Finally we would propose an additional strategic planning position to take advantage of requests from multiple partners for joint activities that expand the Board's reach in the community.
 - The total additional staff positions bring total Board staff to 31.
- Increases for indirect, rent, travel, and other expenses are directly related to the increase in staffing.
- We are recommending additional funds in the consultants category for financial auditing/monitoring of the adult education system.

- H-GAC provides a pool of funds for merit raises in most years. Managers recommend raises based on an evaluation of employees' performance. This year the pool has been set at 3%.

Results

With this budget, we plan to achieve the following:

- Provide service for 25,500 employers and 346,000 individuals
- Spend \$8.2 million on scholarships for more than 1,300 individuals in high-skill, high-growth occupational training
- Provide adult education and literacy for 23,000 individuals
- Support about 23,000 families and 37,300 children with their early education expenses
- 62% of our employers return for additional services
- Assist in creating 2,700 new jobs
- Help more than 237,000 go to work (73%)
- Raise the incomes of about 118,000 by at least 20% (35%)
- Help 67% of individuals pursuing a post-secondary education to attain a certificate or diploma

Action

Approve the proposed 2015 Board budget in amount of \$201,095,018.

GULF COAST WORKFORCE BOARD				
PROPOSED 2015 BUDGET				
SOURCE AND USE				
Source		Use		
General Revenue	185,440,060	Board Operations		4,813,345
Special Federal & State Revenue	16,465,038	System IT		270,000
Other	-	Service for Employers		8,031,167
		Service for People		188,790,586
		<i>Financial Aid</i>	<i>134,338,344</i>	
		<i>Office Operations</i>	<i>38,394,242</i>	
		<i>Special Projects</i>	<i>1,960,900</i>	
		<i>Adult Education</i>	<i>14,097,100</i>	
Total	\$201,905,098	Total		\$201,905,098

GULF COAST WORKFORCE BOARD				
PROPOSED 2015 BUDGET				
REVENUE SUMMARY				
	2015	2014	Dollar Change	% Change
General Revenue	185,440,060	188,700,946	(3,260,886)	-1.7%
Workforce Investment	31,065,047	35,473,932	-	-12.4%
Employment Service	5,887,578	7,215,000	-	-18.4%
Veterans Employment & Training	349,600	339,600	10,000	2.9%
Trade Act	711,639	1,335,000	-	-46.7%
Temporary Assistance for Needy Families	14,822,334	14,472,711	349,623	2.4%
Non-Custodial Parents	932,000	932,000	-	0.0%
Supplemental Nutrition Assistance	4,240,684	3,509,621	731,063	20.8%
Child Care & Development Block Grant	127,431,178	125,423,082	2,008,096	1.6%
Special Federal & State Revenue	16,465,038	825,000	15,640,038	1895.8%
Adult Education and Literacy	14,372,927	-	14,372,927	
National Emergency Grants	1,750,000	-	1,750,000	
Skills Certification Initiative	342,111	-	342,111	
Worker Transition Projects		825,000	-	-8.3%
Other	-	-	-	0.0%
	201,905,098	189,525,946	12,379,152	6.5%

GULF COAST WORKFORCE BOARD					
PROPOSED 2015 BUDGET					
BUDGET SUMMARY					
	2015	2014	% of Total 2015 Budget	Dollar Variance from 2014	% Variance from 2014
Board Operations					
Personnel	2,960,510	2,613,670	1.5%	346,840	13.3%
Indirect	351,413	311,549	0.2%	39,864	12.8%
Consultants & Contract	737,100	645,000	0.4%	92,100	14.3%
Travel	51,400	39,900	0.0%	11,500	28.8%
Rent	158,243	140,136	0.1%	18,107	12.9%
Capital Equipment	-	-	0.0%	NA	NA
Other	554,679	482,435	0.3%	72,244	15.0%
Subtotal, Board Operations	4,813,345	4,232,690	2.4%	580,655	13.7%
System Operations					
System IT, TOTAL	270,000	551,354	0.1%	- 281,354	-51.0%
<i>On-going operations</i>	<i>250,000</i>	<i>320,000</i>		- 70,000	
<i>Website upgrade</i>	<i>20,000</i>	<i>200,000</i>		- 180,000	
Service for Employers	8,031,167	6,480,500	4.0%	1,550,667	23.9%
Service for People					
Financial Aid	134,338,344	142,350,500	66.5%	(8,012,156)	-5.6%
Career Offices	38,394,242	34,843,000	19.0%	3,551,242	10.2%
Special Projects	1,960,900	1,067,902	1.0%	892,998	83.6%
Adult Education	14,097,100	-	7.0%	14,097,100	
Subtotal, System Operations	197,091,753	185,293,256	97.6%	11,798,497	6.4%
Total	201,905,098	189,525,946	100.0%	12,379,152	6.5%

GULF COAST WORKFORCE BOARD		
PROPOSED 2015 BUDGET		
BUDGET DETAIL		
	Board	
	2015	2014
Consultants & Contract	737,100	645,000
Legal Services	15,000	15,000
Audit	33,500	20,000
Financial Monitoring	300,000	210,000
Public Information & Outreach	388,600	400,000
Other	554,679	482,435
Supplies	16,000	17,000
Meeting Expenses	19,000	18,000
Outside Printing	1,750	1,250
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,000
Software	5,000	5,000
Licenses & Permits	1,000	1,000
Communications	77,000	75,000
Postage & Delivery	16,000	15,000
Subscriptions & Dues	10,500	10,500
Expendable Equipment	25,200	34,200
Legal Notices	15,000	17,500
Employee Development	9,000	8,500
Network Services	212,465	137,305
Personnel Services	59,267	62,799
Purchasing	14,690	16,187
Print Shop	37,717	34,739
Facility	28,090	21,455

Gulf Coast Workforce Board
System Performance
October 2014 to February 2015

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 17,351 employers through February 2015.	25,452	17,351	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, 11,164 returned to Workforce Solutions for additional services through February 2015.	62%	49.1%	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 March 2014, 111,138 of the 145,849 customers who exited from services were employed by the quarter after exit.	73%	76.2%	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 September 2013, 55,729 of the 166,302 customers who exited had earnings gains of at least 20%.	35%	33.5%	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, 808 customers pursuing an education diploma, degree or certificate exited in the period July – September 2014. 271 achieved a diploma, degree or certificate by the quarter after exit.	60%	33.5%	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 – 3/14) was 70.2%. Board is working with contractors to improve services to help customers attain their educational goal.
- Average Number of Children Served per Day. The state target for this measure is 22,443. Our performance through January 2015 was 20,950. We expect to meet the target.

We also have twenty-four new Adult Basic Education and Literacy measures.

- There are eleven measures pertaining to the improvement of education levels. We are meeting seven of these measures. Of the four measures we are not meeting, customers tested at the levels described below and did not improve their skills sufficiently after a scheduled post-test –
 - English as a Second Language – Low
 - English as a Second Language – High
 - Advanced English as a Second Language
 - Adult Secondary Education
- There are nine separate enrollment targets. We plan to provide Adult Education and Literacy services to 25,540 customers. We've recorded 16,382 customers receiving services. We are meeting five of these measures. These are the four enrollment targets we are not meeting:
 - Total Students participating 12 hours or more
 - Total Students

- Target for students receiving Temporary Assistance for Needy Families and participating 12 hours or more
- Target for students receiving Temporary Assistance for Needy Families
- There are four long-term measures regarding the outcomes of customers who received services, including: attainment of a high school diploma or equivalent, entering post-secondary education and employment and retention. We only have data for the attainment of a high school diploma or equivalent and we are meeting this measure. Data for the other measures will not be available until October 2015.

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

GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
 For the Two Months Ended February 28, 2015

	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	201,905,098	33,650,850	31,808,515	1,842,335
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	4,813,345	802,224	604,286	197,938
SYSTEM IT	270,000	45,000	35,928	9,072
EMPLOYER SERVICES	8,031,167	1,338,528	1,359,255	(20,727)
RESIDENT SERVICES	188,790,586	31,465,098	29,809,046	1,656,052
OFFICE OPERATIONS	38,394,242	6,399,040	5,819,369	579,671
FINANCIAL AID	134,338,344	22,389,724	22,038,085	351,639
SPECIAL PROJECTS	1,960,900	326,817	104,540	222,277
ADULT EDUCATION	14,097,100	2,349,517	1,847,052	502,465
<i>TOTAL WORKFORCE EXPENDITURES</i>	201,905,098	33,650,850	31,808,515	1,842,335

VARIANCE ANALYSIS

Note: Except for Special Projects that are currently funded through September 30, 2015, 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.



Labor Market Information
 JANUARY 2015 Employment Data

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

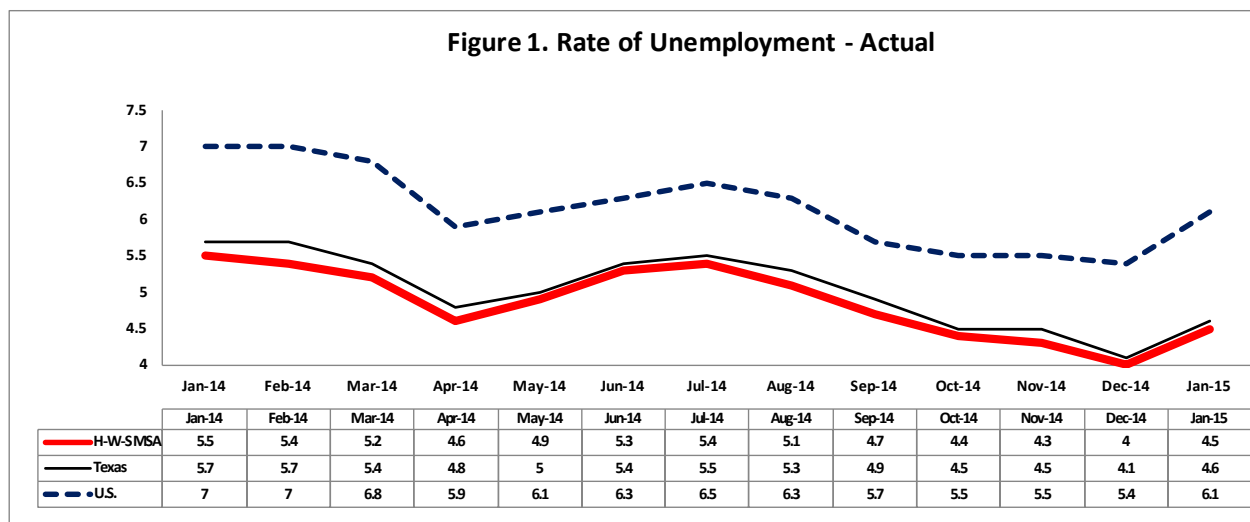
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Data released on March 6, 2015 contain annual revisions including the implementation of 2013 statistical area definitions from the Office of Management and Budget (OMB). The Houston-Sugar Land-Baytown MSA has been redefined as the Houston-The Woodlands-Sugar Land MSA and no longer includes San Jacinto County. The H-W-S MSA includes the following counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller. The overall impact to data should be minimal considering employment in San Jacinto County represented one-tenth of one percent of employment in the Houston-Sugar Land-Baytown MSA. All Current Employment Statistics (nonfarm employment estimates for industries) and Local Area Unemployment Statistics have been revised using the new definition.

THE RATE OF UNEMPLOYMENT IN THE H-W-S MSA ROSE FIVE-TENTHS OF A PERCENTAGE POINT TO 4.5 PERCENT IN JANUARY. The number of unemployed fell by nearly 30,000 from one year earlier. The rate of unemployment for the state also increased five-tenths of a percentage point rising to 4.6 percent while the national rate increased seven-tenths of a percentage point to 6.1 percent.

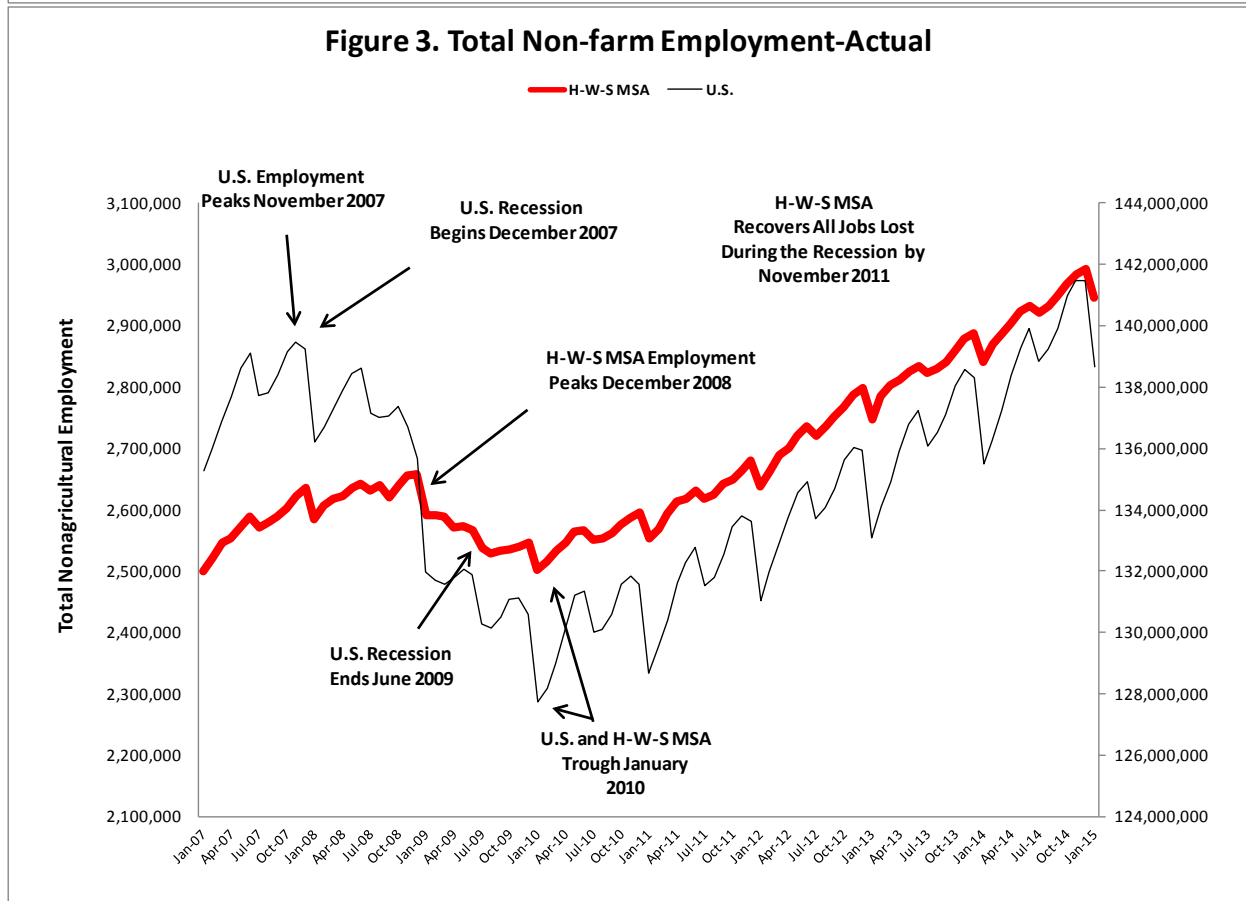
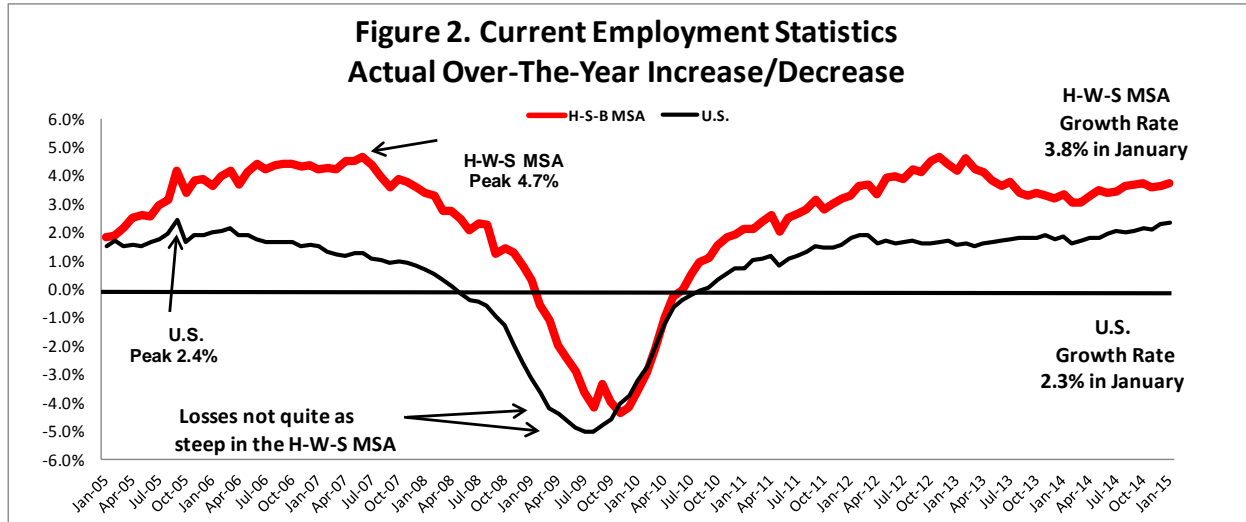
Unemployment Rate (Actual)

	JAN 2015	DEC 2014	JAN 2014
Civilian Labor Force	3,268,655	3,280,588	3,215,475
Total Employed	3,122,573	3,149,182	3,039,464
Unemployed	146,082	131,406	176,011
Unemployment Rate	4.5%	4.0%	5.5%

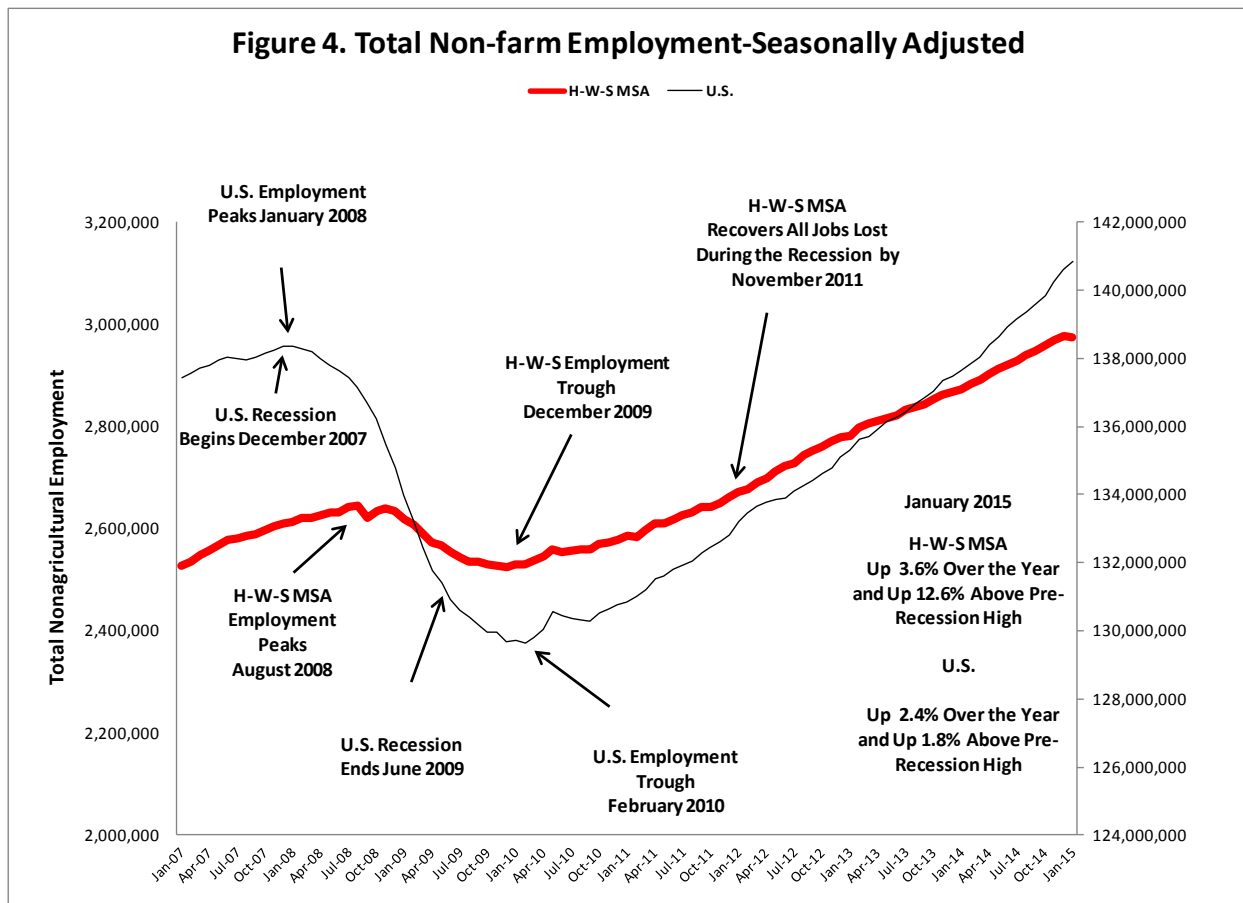


THE H-W-S MSA EXPERIENCED A SEASONAL DECLINE OF 46,100 JOBS IN JANUARY. While the 1.5 percent decline was slightly smaller than the previous two years, signs of weakness were showing up in Mining and Manufacturing where losses were larger than usual.

THE H-W-S MSA CONTINUED TO REPORT HEALTHY OVER-THE-YEAR GAINS WITH PAYROLLS UP 106,600 JOBS OR 3.8 PERCENT. While weak oil prices will ultimately affect job growth in the near future, the pace continues to be strong in most industry sectors. Strongest growth has been in Mining and Logging, Construction, Professional and Business Services, Educational and Health Services (Private), and Leisure and Hospitality. Detailed data can be viewed on pages 6 & 7. Additional comments by super sector can be found beginning on page 3.



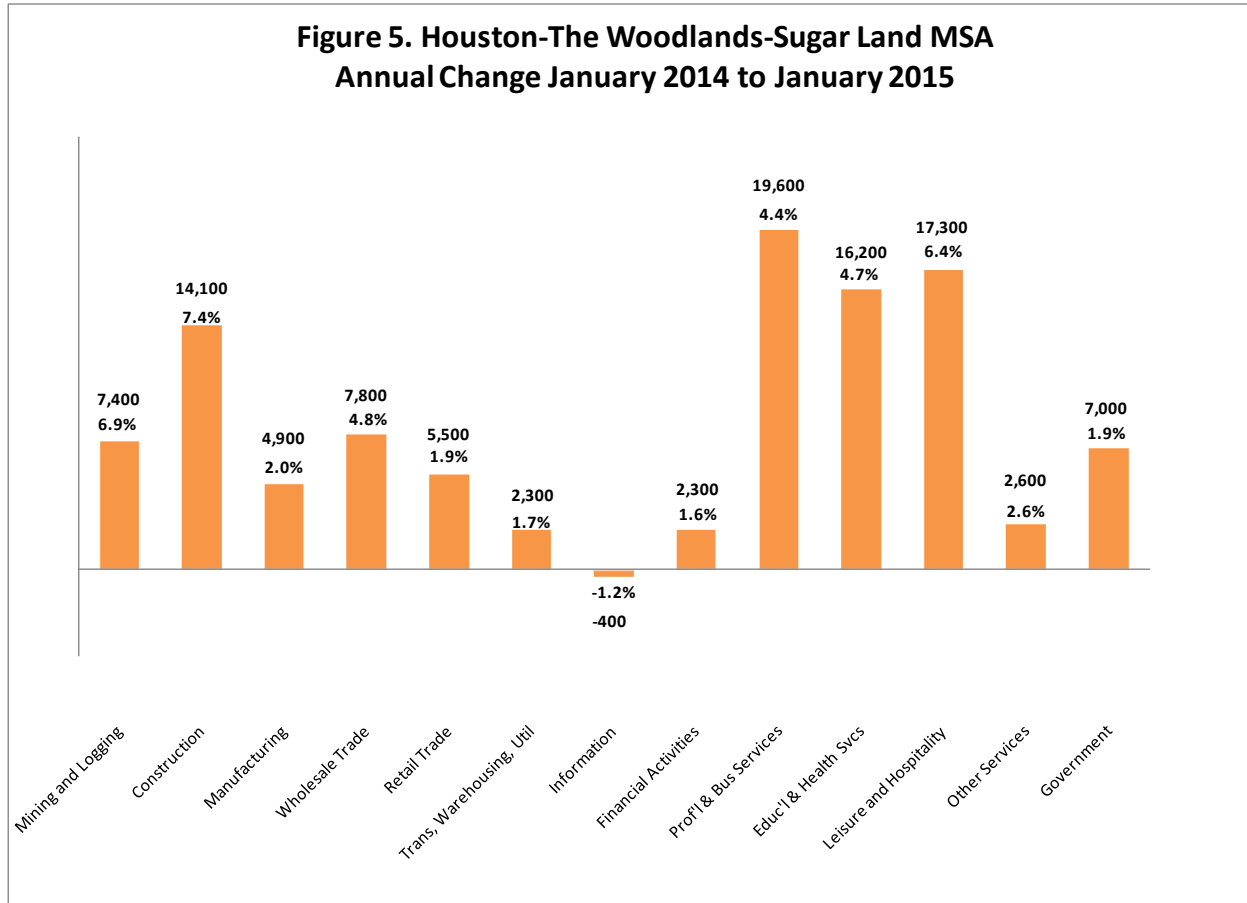
Seasonally adjusted data for the H-W-S MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. The H-W-S MSA recovered all jobs lost since the beginning of the recession by November 2011. Payrolls have since grown another 12.6 percent above the pre-recession high adding another 329,200 jobs. Employment at the national level finally reached the pre-recession high in April of 2014 after more than six years of recovery with payrolls up 2,466,000 jobs or 1.8 percent above the pre-recession high.



DETAILS BY SUPER SECTOR

Mining and Logging showed its first sign of weakness from low oil prices in January experiencing a stronger loss than normal. The 1.2 percent decline, a loss of 1,400 jobs, was the largest for the month of January since 2009. The super sector continued to report healthy over-the-year job gains, up 7,400 jobs or 6.9 percent over the year. Support Activities for Mining added 4,500 jobs over the year at a pace of 8.7 percent more than tripling a 2.2 percent pace in Oil and Gas Extraction. The average U.S. rig count was 1,348 in February, down 335 from January and 421 from one year earlier. The average Texas rig count was 599 in February, down 174 from January and 245 from one year earlier.

Construction experienced a seasonal loss of 3,200 jobs in January. The pace of job growth in Construction continues to be strong with payrolls up 14,100 jobs or 7.4 percent over the year. Half of the increase is found in Construction of Buildings where activity has been robust, up 7,100 jobs or 14.3 percent. Specialty Trade Contractors are also reporting a strong increase of 6,000 jobs, up 6.2 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.



Manufacturing showed its first sign of weakness from low oil prices in January experiencing a stronger loss than normal. The 1.3 percent decline, a loss of 3,300 jobs, was the largest for the month of January since 2009. The super sector has added 4,900 jobs over the year, up 2.0 percent. Most of the job growth over the last year has been in Durable Goods Manufacturing, up 4,400 jobs or 2.6 percent. Employment estimates for Nondurable Goods Manufacturing have been revised indicating job growth was much weaker over the last year than the record pace originally estimated, currently up 500 jobs or 0.6 percent over the year. The Houston Purchasing Managers Index fell below 50 to 48.9 for the first time since 2009 in January but rose slightly in February to 49.3. Only two of the eight underlying indices were pointing to expansion. Any index over 50 indicates production gains over the near term.

Trade Transportation & Utilities experienced a seasonal loss of 17,800 jobs in January. Most of the decline was due to reductions of seasonal staff at retail and transportation establishments. The super sector added 15,500 jobs over the year representing a 2.7 percent increase. Wholesale Trade experienced the strongest job growth, up 7,800 jobs or 4.8 percent.

Information was the only super sector reporting an over-the-year decline, down 400 jobs or 1.2 percent. 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 experienced a seasonal loss of 1,900 jobs in January with payrolls up 2,300 jobs or 1.6 percent over the year. While most areas of the super sector were reporting over-the-year job gains, Credit Intermediation and Related Activities reported a loss of 700 jobs. Securities, Commodity Contracts, and Other Financial Investments and Related Activities experienced the strongest job growth, up 1,000 jobs or 5.7 percent.

Professional and Business Services experienced a seasonal loss of 4,600 jobs in January, down 1.0 percent. Seasonal declines in Employment Services and Services to Buildings & Dwellings were responsible for most of the loss. The super sector added 19,600 jobs over the year, up 4.4 percent. Job gains were healthy across most industry sectors but the strongest increase was in Architectural, Engineering, and Related Services, up 5,500 jobs or 7.7 percent.

Education and Health Services experienced a seasonal loss of 900 jobs in January with job growth continuing at a healthy 4.7 percent pace, up 16,200 jobs over the year. The majority of new jobs are found in Health Care and Social Assistance where Ambulatory Healthcare Services expanded at a 5.1 percent pace, up 7,000 jobs. The pace of job growth in Educational Services has also been strong, up 2,600 jobs or 5.1 percent. Population growth continues to drive demand in the Education and Health Services super sector.

Leisure and Hospitality experienced a seasonal decline of 3,600 jobs in January. The pace of job growth in the super sector remains strong, up 17,300 jobs or 6.4 percent, driven by gains in Food Services and Drinking Places. Population growth continues to drive demand in the Leisure and Hospitality super sector.

Other Services experienced a seasonal loss of 1,000 jobs in January with payrolls up 2,600 jobs or 2.6 percent over the year. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government experienced a seasonal decline in January as result of lower staffing levels at educational institutions. The super sector added 7,000 jobs over the year, up 1.9 percent. Most of the increases have been in Local Government, up 6,600 jobs or 2.5 percent, driven by gains in Local Government Educational Services.

NONAGRICULTURAL EMPLOYMENT Houston-The Woodlands-Sugar Land MSA	JAN 2015	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,946,500	-46,100	-1.5%	106,600	3.8%
Total Private	2,571,300	-37,600	-1.4%	99,600	4.0%
Goods Producing	575,100	-7,900	-1.4%	26,400	4.8%
.Mining and Logging	114,100	-1,400	-1.2%	7,400	6.9%
...Oil and Gas Extraction	55,000	-600	-1.1%	1,200	2.2%
...Support Activities for Mining	56,200	100	0.2%	4,500	8.7%
.Construction	205,600	-3,200	-1.5%	14,100	7.4%
..Construction of Buildings	56,900	-1,800	-3.1%	7,100	14.3%
..Heavy and Civil Engineering Construction	45,800	-1,000	-2.1%	1,000	2.2%
..Specialty Trade Contractors	102,900	-400	-0.4%	6,000	6.2%
.Manufacturing	255,400	-3,300	-1.3%	4,900	2.0%
..Durable Goods	175,500	-2,000	-1.1%	4,400	2.6%
...Fabricated Metal Product Manufacturing	64,800	-700	-1.1%	3,100	5.0%
...Machinery Manufacturing	57,600	100	0.2%	2,200	4.0%
....Agriculture, Construction, and Mining Machinery Manufacturing	42,000	100	0.2%	1,000	2.4%
...Computer and Electronic Product Manufacturing	17,600	-100	-0.6%	-800	-4.3%
..Non-Durable Goods	79,900	-1,300	-1.6%	500	0.6%
...Petroleum and Coal Products Manufacturing	9,900	-100	-1.0%	-200	-2.0%
...Chemical Manufacturing	37,100	-200	-0.5%	1,000	2.8%
Service Providing	2,371,400	-38,200	-1.6%	80,200	3.5%
.Private Service Providing	1,996,200	-29,700	-1.5%	73,200	3.8%
..Trade, Transportation, and Utilities	602,300	-17,800	-2.9%	15,600	2.7%
...Wholesale Trade	171,100	-1,300	-0.8%	7,800	4.8%
....Merchant Wholesalers, Durable Goods	98,300	-800	-0.8%	4,200	4.5%
.....Professional and Commercial Equipment and Supplies Merchant Wholesalers	12,600	0	0.0%	300	2.4%
....Merchant Wholesalers, Nondurable Goods	45,400	-400	-0.9%	1,300	2.9%
...Retail Trade	295,900	-12,800	-4.1%	5,500	1.9%
....Motor Vehicle and Parts Dealers	38,800	-200	-0.5%	1,600	4.3%
....Building Material and Garden Equipment and Supplies Dealers	20,700	-100	-0.5%	100	0.5%
....Food and Beverage Stores	62,200	-200	-0.3%	1,900	3.2%
....Health and Personal Care Stores	18,400	-700	-3.7%	500	2.8%
....Clothing and Clothing Accessories Stores	28,500	-3,700	-11.5%	-1,100	-3.7%
....General Merchandise Stores	65,800	-5,900	-8.2%	300	0.5%
.....Department Stores	22,200	-2,800	-11.2%	-600	-2.6%
.....Other General Merchandise Stores	43,600	-3,100	-6.6%	900	2.1%
...Transportation, Warehousing, and Utilities	135,300	-3,700	-2.7%	2,300	1.7%
....Utilities	16,000	0	0.0%	200	1.3%
.....Air Transportation	20,100	-400	-2.0%	-700	-3.4%
.....Truck Transportation	25,100	-400	-1.6%	1,000	4.1%
.....Pipeline Transportation	10,300	-100	-1.0%	300	3.0%
..Information	32,700	100	0.3%	-400	-1.2%
...Telecommunications	15,200	-100	-0.7%	0	0.0%
..Financial Activities	147,400	-1,900	-1.3%	2,300	1.6%
...Finance and Insurance	94,200	-400	-0.4%	1,500	1.6%
....Credit Intermediation and Related Activities	43,500	-100	-0.2%	-700	-1.6%
.....Depository Credit Intermediation	28,700	0	0.0%	-400	-1.4%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	18,400	-100	-0.5%	1,000	5.7%
....Insurance Carriers and Related Activities	31,900	-200	-0.6%	1,000	3.2%
...Real Estate and Rental and Leasing	53,200	-1,500	-2.7%	800	1.5%

NONAGRICULTURAL EMPLOYMENT
Houston-The Woodlands-Sugar Land MSA

	JAN 2015	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	465,800	-4,600	-1.0%	19,600	4.4%
...Professional, Scientific, and Technical Services	223,700	600	0.3%	11,400	5.4%
....Legal Services	24,900	-200	-0.8%	1,300	5.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	24,400	1,300	5.6%	1,100	4.7%
....Architectural, Engineering, and Related Services	77,000	200	0.3%	5,500	7.7%
....Computer Systems Design and Related Services	33,000	-500	-1.5%	1,200	3.8%
...Management of Companies and Enterprises	33,600	-300	-0.9%	0	0.0%
...Administrative and Support and Waste Management and Remediation Services	208,500	-4,900	-2.3%	8,200	4.1%
....Administrative and Support Services	198,500	-5,100	-2.5%	8,200	4.3%
.....Employment Services	76,300	-4,200	-5.2%	3,500	4.8%
.....Services to Buildings and Dwellings	46,700	-900	-1.9%	1,400	3.1%
..Educational and Health Services	358,300	-900	-0.3%	16,200	4.7%
...Educational Services	53,400	-800	-1.5%	2,600	5.1%
...Health Care and Social Assistance	304,900	-100	0.0%	13,600	4.7%
....Ambulatory Health Care Services	144,900	-1,000	-0.7%	7,000	5.1%
....Hospitals	80,100	200	0.3%	3,100	4.0%
..Leisure and Hospitality	286,400	-3,600	-1.2%	17,300	6.4%
...Arts, Entertainment, and Recreation	27,700	-1,100	-3.8%	1,200	4.5%
...Accommodation and Food Services	258,700	-2,500	-1.0%	16,100	6.6%
....Accommodation	24,600	-500	-2.0%	1,100	4.7%
....Food Services and Drinking Places	234,100	-2,000	-0.8%	15,000	6.8%
..Other Services	103,300	-1,000	-1.0%	2,600	2.6%
Government	375,200	-8,500	-2.2%	7,000	1.9%
.Federal Government	27,600	-500	-1.8%	200	0.7%
.State Government	72,100	-300	-0.4%	200	0.3%
..State Government Educational Services	38,900	-600	-1.5%	300	0.8%
.Local Government	275,500	-7,700	-2.7%	6,600	2.5%
..Local Government Educational Services	190,700	-7,200	-3.6%	5,100	2.7%

UNEMPLOYMENT RATE

	JAN 2015	DEC 2014	JAN 2014
H-W-S MSA	4.5	4.0	5.5
Texas (Actual)	4.6	4.1	5.7
United States (Actual)	6.1	5.4	7.0

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

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

Workforce Demands In the Mining Industry

Workforce Solutions

April 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.*

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

An Overview of Mining (Oil and Gas)

The economy of the Gulf Coast Region is largely centered on the energy industry with roughly half of all jobs tied to it in some way. Mining is at the heart of it contributing to employment in many other industries such as manufacturing, engineering, professional business services, construction, transportation, and warehousing. Virtually all mining employment in the Gulf Coast Region is tied to the extraction of crude petroleum and natural gas.

The oil and gas industry is commonly referred to as three major sectors:

- Upstream – where the mining industry is found, involves the exploration, production, and extraction of oil and gas
- Midstream - involves the transportation, storage, and wholesale marketing of crude or refined petroleum products
- Downstream - the oil and gas operations that take place after production and up to the point of sale

Upstream statistics provided within are based on the North American Industry Classification System (NAICS) for Mining which defines it as establishments that extract naturally occurring solid minerals, liquid minerals, and gases.

As of January 2015 the Gulf Coast Region's mining industry employed more than 100,000 people providing an extensive range of career opportunities. Job growth has been phenomenal over the last few years as seen in the data that follows. Many of these positions have offered good wages with varying education and training requirements ranging anywhere from short term on-the-job training to post-secondary degrees.

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-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA).

Mining industry employment continued to add jobs through the first half of the recession driven by rising prices for West Texas Intermediate crude oil which reached a high of \$133.88 per barrel in June of 2008. By February 2009 oil prices plummeted by 70% to \$39.09 per barrel resulting in a sharp decline in drilling activity and a period of decline where payrolls fell 13.6% by November 2009. By late 2010 oil prices recovered to the \$80 range and thus began a period of expansion with payrolls rising to more than 115,000 jobs by December 2014, 32.2% higher than its previous peak in October 2008.



Mining Subsectors and the Great Recession

There are two subsectors that make up 99% of mining employment in the Gulf Coast Region: **Oil and Gas Extraction** and **Support Activities for Mining**. A third subsector, **Mining, Except Oil and Gas**, employs some 1,000 individuals in the Gulf Coast Region and will not be discussed in this report.

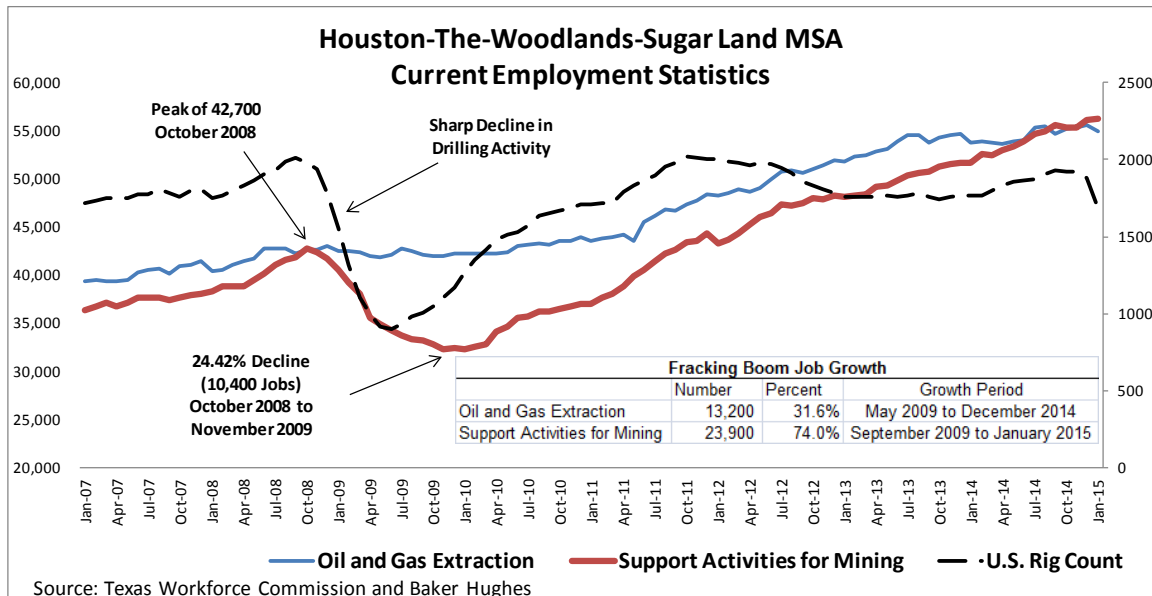
The **Oil and Gas Extraction** subsector **operates** and/or **develops** oil and gas field properties. Activities may include exploration for crude petroleum and natural gas; drilling, completing, and equipping wells; operating separators, emulsion breakers, desilting equipment, and field gathering lines for crude petroleum and natural gas; and all other activities in the preparation of oil and gas **up to the point of shipment from the producing property**.

The **Support Activities for Mining** subsector provides support services required for the mining and quarrying of minerals and for the extraction of oil and gas. Establishments performing exploration (except geophysical surveying and mapping) for minerals, on a contract or fee basis, are included in this subsector. Exploration includes traditional prospecting methods, such as taking core samples and making geological observations at prospective sites.

The pace of job growth in Oil and Gas Extraction and Support Activities for Mining has been very strong with payrolls up 39.9% and 54.4% respectively over the last eight years, more than double the pace of total private sector employment over the same time period.

When drilling activity declines, job losses in the Mining sector are primarily in Support Activities for Mining where the largest concentrations of oil field jobs are found. While job losses in Support Activities for Mining were especially large during the last downturn job growth returned quickly with payrolls rising 74% from September 2009 to January 2015.

Oil and Gas Extraction experienced a minor loss of 2,200 jobs during the last downturn and subsequently entered a period of expansion from May 2009 to December 2014 where payrolls rose 31.6%.



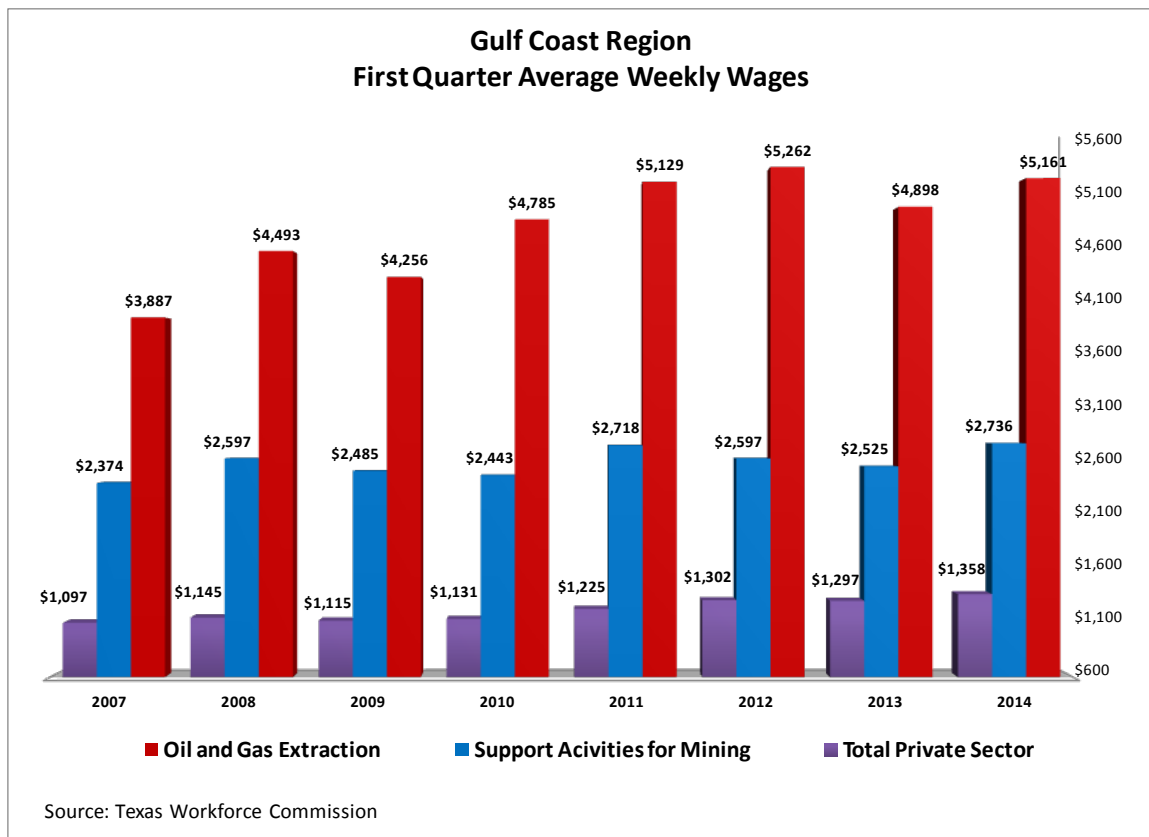
January Employment	2007	2009	2011	2013	2015	Percent Inc 2007 to 2014
Total Private Sector	2,153,500	2,226,400	2,177,100	2,387,100	2,571,300	19.4%
Oil and Gas Extraction	39,300	42,500	43,600	51,800	55,000	39.9%
Support Activities for Mining	36,400	40,600	37,000	48,100	56,200	54.4%

Wages

Each of the two subsectors of mining makes significant contributions to the region with wages that are more than double the average private sector wage. Oil and Gas Extraction had the largest payroll of over \$3.6 billion in first quarter 2014 representing 66 percent of all wages in the mining industry.

- While average wages in the private sector increased by 23.8 percent from 2007 to 2014, wages in Oil and Gas Extraction have increased by 32.8 percent.
- Average wages in Support Activities for Mining experienced a more moderate increase of 15.5%.

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



First Quarter Average Weekly Wages	2007	2008	2009	2010	2011	2012	2013	2014	Percent Inc 2007 to 2014
Total Private Sector	\$ 1,097	\$ 1,145	\$ 1,115	\$ 1,131	\$ 1,225	\$ 1,302	\$ 1,297	\$ 1,358	23.8%
Oil and Gas Extraction	\$ 3,887	\$ 4,493	\$ 4,256	\$ 4,785	\$ 5,129	\$ 5,262	\$ 4,898	\$ 5,161	32.8%
Support Activities for Mining	\$ 2,374	\$ 2,597	\$ 2,485	\$ 2,443	\$ 2,718	\$ 2,597	\$ 2,525	\$ 2,736	15.3%

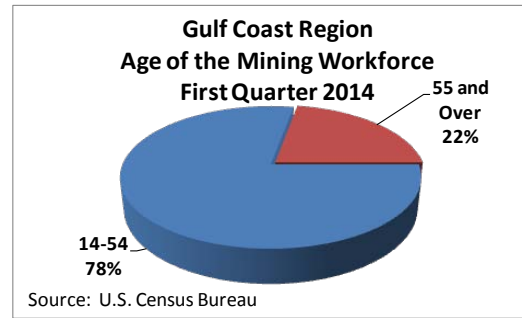
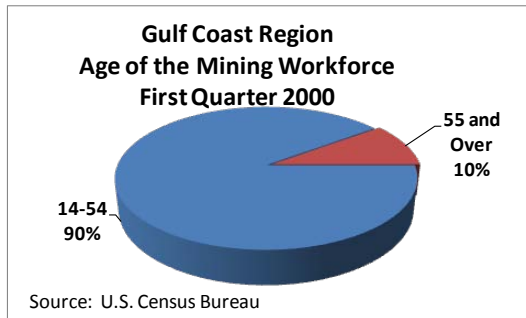
Challenges

An Aging Workforce

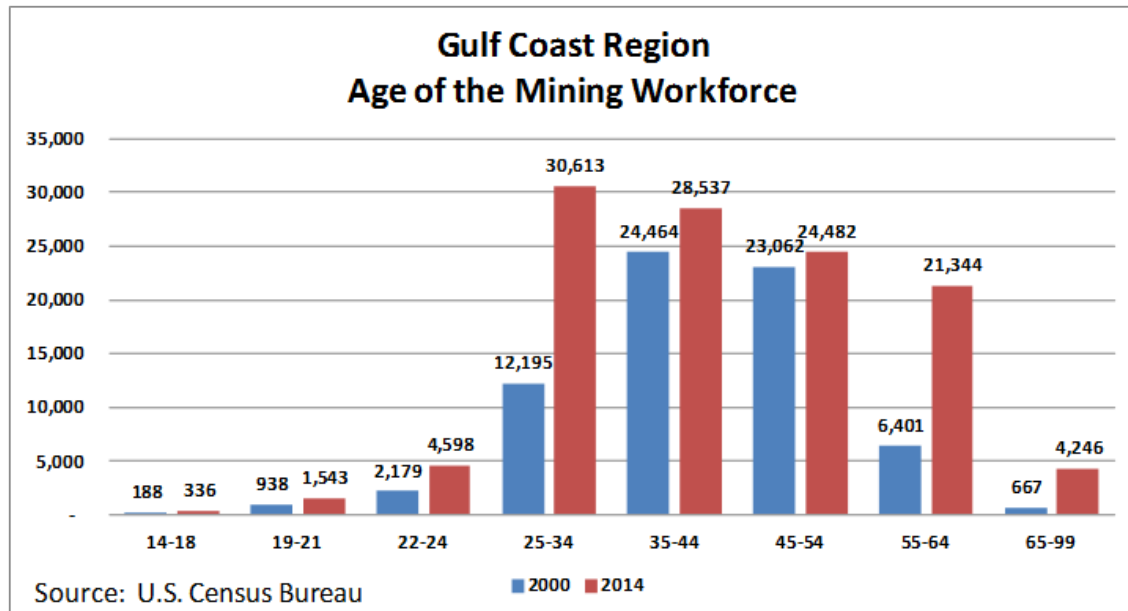
A large factor which has contributed to recent workforce shortages is an aging population. The percentage of the population that is 55 and over has risen by 5 percent since 2000 and is expected to rise another 3 percent by 2018 to 23.36 percent.

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 mining workforce is increasing rapidly with the number approaching retirement age compounding the severity of workforce shortages in the region over the recent expansion period. The percentage of workers ages 55 and over in the mining industry more than doubled from 10 percent in 2000 to 22 percent in 2014.



More than 25,000 individuals with expertise in the industry are approaching retirement age.



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 has benefitted from the energy boom which also drove strong demand in many additional industries.

Many individuals that were working in construction prior to the recession left to work in the energy industry. Fortunately, easy access to affordable natural gas and the resulting expansions in the petrochemical manufacturing industry offer opportunities to those affected during the current downturn in the mining industry. Attracting these individuals back to the energy sector will be a new challenge as growth returns to the industry.

Public Image and the Next Generation

Attracting the next generation to the oil and gas industry is another barrier to meeting future workforce needs. The mining industry is often viewed as unstable with many jobs perceived as low-skilled. This can in part be remedied by informing the public the many high skilled high paying opportunities offered. Efforts have been made recently to encourage interests in the field while increasing accessibility to career and technology education in the industry.

Where the Jobs Will Be

Plunging oil prices are currently forcing producers to cancel or postpone drilling projects. Concerns have been increasingly heightened in recent months as drilling activity tumbles. The U.S. rig count has fallen 42 percent from a high of 1,929 in November 2014 to 1,125 as of March 13, 2015 with more declines likely.

The depth and duration of the current downturn is uncertain with expectations for a recovery varying greatly among experts.

In the years ahead the US Energy Information Administration (EIA) predicts world energy consumption to grow by 56% between 2010 and 2040 hence the question is not if U.S. drilling activity will increase but when.

Industry Projections: 2012 to 2022

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

The pace of job **growth in mining** is predicted to be above average in the Gulf Coast Region with a **projected 32.4%** increase over the ten year period. Employment in mining is projected to increase from 103,520 jobs in 2012 to 137,110 jobs in 2022 adding 33,590 jobs.

More than half of the increase in mining employment is expected to be in Oil and Gas Extraction (NAICS 211), up 21,230 jobs, or 39.4% over the ten year period. The pace of job growth in Support Activities for Mining is expected to be above average at 25.3% with payrolls rising 12,000 jobs.

GULF COAST REGION PROJECTIONS

Industry Codes	Industry Title	Annual Average Employment		Number Change	Growth Rate
		2012	2022		
21	Mining	103,520	137,110	33,590	32.4%
211	Oil & Gas Extraction	53,930	75,160	21,230	39.4%
212	Mining, Ex. Oil & Gas	1,100	1,280	180	16.4%
2121	Coal Mining	10	10	0	0.0%
2123	Nonmetallic Mineral Mining & Quarrying	1,080	1,260	180	16.7%
213	Support Activities for Mining	47,400	59,400	12,000	25.3%

Source: Texas Workforce Commission

Occupations in Mining, Where the Jobs Are 2014

The following table represents the top 20 occupations in the mining industry and their estimated 2014 employment levels **in the mining industry**.

Gulf Coast Region Mining (NAICS 21) Top 20 Occupations

OCC. CODE	OCCUPATIONAL TITLE	Estimated 2014 Employment	Percent of Mining Industry Employment	2013 Average Hourly Wage*
47-5071	Roustabouts, Oil & Gas	9,050	8.5	\$16.91
47-5013	Service Unit Operators, Oil, Gas, & Mining	8,522	8.0	\$24.11
17-2171	Petroleum Engineers	8,346	7.8	\$78.60
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	4,134	3.9	\$31.01
19-2042	Geoscientists, Ex. Hydrologists & Geographers	3,544	3.3	\$80.54
53-3032	Heavy & Tractor-Trailer Truck Drivers	3,522	3.3	\$22.51
47-5012	Rotary Drill Operators, Oil & Gas	3,508	3.3	\$40.47
47-5011	Derrick Operators, Oil & Gas	3,425	3.2	\$23.64
13-2011	Accountants & Auditors	2,841	2.7	\$38.62
11-1021	General & Operations Managers	2,651	2.5	\$62.77
43-6014	Secretaries & Administrative Assistants, Ex. Legal, Medical, & Executive	2,111	2.0	\$16.31
47-5081	Helpers--Extraction Workers	1,984	1.9	\$17.61
11-9041	Architectural & Engineering Managers	1,966	1.8	\$87.88
13-1199	Business Operations Specialists, All Other	1,898	1.8	\$45.56
43-9061	Office Clerks, General	1,844	1.7	\$15.68
49-9041	Industrial Machinery Mechanics	1,740	1.6	\$24.61
19-4041	Geological & Petroleum Technicians	1,712	1.6	\$31.50
53-7073	Wellhead Pumpers	1,693	1.6	\$23.48
43-3031	Bookkeeping, Accounting, & Auditing Clerks	1,557	1.5	\$18.56
51-8093	Petroleum Pump System Operators, Refinery Operators, & Gaugers	1,488	1.4	\$30.02

*Not industry specific.

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

- Service Unit Operators
- Petroleum Engineers
- Geoscientists
- Accountants & Auditors
- Industrial Machinery Mechanics
- Geological & Petroleum Technicians
- Petroleum Pump System Operators, Refinery Operators, & Gaugers

Occupational Demand for Oil and Gas Extraction (NAICS 211)

The following table represents the top 20 occupations in the oil and gas extraction subsector and their projected employment levels in 2012 and 2014. Total demand for each occupation is actually higher since replacement demand by industry is unavailable.

Gulf Coast Region Top 20 Occupations in Oil and Gas Extraction (NAICS 211)

OCC. CODE	OCCUPATIONAL TITLE	2012	2022	10 YEAR NUMBER CHANGE	10 YEAR PCT CHG
17-2171	Petroleum Engineers	6,600	10,800	4,200	63.6
19-2042	Geoscientists, Ex. Hydrologists & Geographers	3,320	4,510	1,190	35.8
13-2011	Accountants & Auditors	2,500	3,390	890	35.6
47-5071	Roustabouts, Oil & Gas	2,010	2,730	720	35.8
11-9041	Architectural & Engineering Managers	1,920	2,600	680	35.4
13-1199	Business Operations Specialists, All Other	1,720	2,330	610	35.5
11-1021	General & Operations Managers	1,540	2,090	550	35.7
47-5013	Service Unit Operators, Oil, Gas, & Mining	1,520	2,060	540	35.5
43-6014	Secretaries & Administrative Assistants, Ex. Legal, Medical, & Executive	1,410	2,020	610	43.3
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	1,390	1,950	560	40.3
53-7073	Wellhead Pumpers	1,380	1,880	500	36.2
17-2112	Industrial Engineers	1,220	1,660	440	36.1
47-5012	Rotary Drill Operators, Oil & Gas	1,210	1,650	440	36.4
15-1121	Computer Systems Analysts	1,060	1,590	530	50.0
47-5011	Derrick Operators, Oil & Gas	1,160	1,580	420	36.2
11-3031	Financial Managers	1,040	1,420	380	36.5
43-3031	Bookkeeping, Accounting, & Auditing Clerks	980	1,340	360	36.7
43-9061	Office Clerks, General	1,010	1,310	300	29.7
19-4041	Geological & Petroleum Technicians	930	1,260	330	35.5
51-8093	Petroleum Pump System Operators, Refinery Operators, & Gaugers	920	1,250	330	35.9

Eight of the top 20 oil and gas extraction occupations are currently on the Gulf Coast Workforce Board's list of targeted high-skill high-growth occupations:

- Petroleum Engineers
- Geoscientists
- Accountants & Auditors
- Service Unit Operators, Oil, Gas & Mining
- Industrial Engineers
- Computer Systems Analysts
- Geological & Petroleum Technicians
- Petroleum Pump System Operators, Refinery Operators, & Gaugers

Occupational Demand for Support Activities for Mining (NAICS 213)

The following table represents the top 20 occupations in the support activities for mining subsector, where the largest concentrations of oil field jobs are found, and their projected employment levels in 2012 and 2014. Total demand for each occupation is actually higher since replacement demand by industry is unavailable.

Gulf Coast Region

Top 20 Occupations in Support Activities for Mining (NAICS 213)

SOC	Occupation Title	2012	2022	Change	Rate
47-5071	Roustabouts, Oil & Gas	6,620	8,220	1,600	24.2
47-5013	Service Unit Operators, Oil, Gas, & Mining	6,410	8,160	1,750	27.3
53-3032	Heavy & Tractor-Trailer Truck Drivers	2,920	3,630	710	24.3
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	2,450	3,130	680	27.8
47-5012	Rotary Drill Operators, Oil & Gas	2,170	2,690	520	24.0
47-5011	Derrick Operators, Oil & Gas	2,140	2,650	510	23.8
47-5081	Helpers--Extraction Workers	1,620	2,000	380	23.5
47-2061	Construction Laborers	1,260	1,570	310	24.6
49-9041	Industrial Machinery Mechanics	900	1,340	440	48.9
11-1021	General & Operations Managers	1,050	1,300	250	23.8
43-9061	Office Clerks, General	860	1,010	150	17.4
19-4041	Geological & Petroleum Technicians	750	940	190	25.3
47-2073	Operating Engineers & Other Construction Equipment Operators	670	830	160	23.9
51-9198	Helpers--Production Workers	610	760	150	24.6
43-6014	Secretaries & Administrative Assistants, Ex. Legal, Medical, & Executive	540	720	180	33.3
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	550	690	140	25.5
43-3031	Bookkeeping, Accounting, & Auditing Clerks	550	680	130	23.6
51-8093	Petroleum Pump System Operators, Refinery Operators, & Gaugers	550	680	130	23.6
17-2171	Petroleum Engineers	530	660	130	24.5
51-4121	Welders, Cutters, Solderers, and Brazers	530	650	120	22.6

Six of the top 20 oil and gas extraction occupations are currently on the Gulf Coast Workforce Board's list of targeted high-skill high-growth occupations:

- Service Unit Operators, Oil, Gas, & Mining
- Industrial Machinery Mechanics
- Geological & Petroleum Technicians
- Petroleum Pump System Operators, Refinery Operators, & Gaugers
- Petroleum Engineers
- Welders, Cutters, Solderers, and Brazers

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>