

To: Gulf Coast Workforce Board Members

From: Rodney Bradshaw
Mike Temple

Date: August 1, 2012

Subj: Board Meeting Materials for Tuesday, August 7, 2012

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, August 7, 2012**, in the second floor Conference Room A, 3555 Timmons, Houston.

We open with a quick note of explanation as to why our Board package is mailed a day later than usual. We will bring recommendations from the Procurement Committee concerning renewal of contracts for the final year under the current system procurement. The Committee is recommending some changes in contracting and we have accommodated the latest information in developing the recommendations. As a result, we accepted new documentation as late as the day before yesterday so our Board materials are a day late in preparation.

Chairman's and Committee Reports. The Audit/Monitoring Committee reports on quality assurance reviews and billing reviews completed in the last few weeks

Action Items. Employer Services Committee members will meet immediately prior to the Board for its annual adoption of performance standards for training vendors.

The Procurement Committee met on August 1 to develop recommendations for contract services provided for the year beginning October 1. The recommendations propose a change in the organization managing eight of our career centers. The attached item summarizes the recommendations and the reasons for the proposed change. We want to remind members that this contract year is the last before we begin a new system-wide procurement. In February, we plan to release an RFP (Request For Proposals) and follow with the Board's consideration and action later in the Spring.

The Budget Committee will bring a recommendation to modify the Board's annual budget, including recognizing additional funds made available through the grants. We

also have a housecleaning item requesting the Board to formally designate to the State a Public Information Officer.

Information Items. The System Performance Reports shows performance for year to date and we will review the usual reports on expenditures. We will close with economic trends report.

If the Board approves the Procurement Committee recommendations, we will need a called meeting in September. Other meeting dates for the balance of the year are:

October 2, 2012
December 4, 2012

Each date is a Tuesday, and all meetings begin at 10:00 a.m. in H-GAC's Conference Room A.

We look forward to seeing you Tuesday. Please call if you have any questions.

The Gulf Coast Workforce Board Tentative Agenda

Tuesday, August 7, 2012 at 10:00 a.m.

H-GAC Conference Room A

3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review June 2012 meeting minutes and April 3, 2012 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
 - a. *Audit/Monitoring.* The committee chair will present an update from the July 2012 meeting.
7. **Take Action**
 - a. *Employer Service.* Consider the committee's recommendations on setting performance standards or education and training vendors.
 - b. *Procurement.* Consider the committee's recommendations to authorize 2013 Workforce Solutions operations contracts in amounts not to exceed \$161,727,305.
 - c. *Budget.* Consider the committee's recommendations to amend the 2012 Board budget to a total of \$189,571,000.
 - d. *Public Information Officer.* Appoint Rick Guerrero as the Gulf Coast Workforce Board's Public Information Officer and Sue Cruver as support.
8. **Receive Information**
 - a. *System Performance.* Staff will summarize current performance against Board measures and grantor requirements.
 - b. *Expenditures.* Staff will report on current expenditures.
9. **Look at the Economy**

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



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**MINUTES OF
THE GULF COAST WORKFORCE DEVELOPMENT BOARD
TUESDAY, JUNE 5, 2012**

MEMBERS PRESENT:

Gerald Andrews	Willie Alexander	Betty Baitland
Elaine Barber	Sara Bouse	Carl Bowles
Bill Crouch	Stephanie Dees	Sophia Dubervil-Berry
Sal Esparza	Barbara Hayley	John Hebert
Bobbie Henderson	Cody Holloway	Eduardo Honold
Jeffrey Labroski	Ray Laughter	Linda O'Black
Toni Randall	Allene Schmitt	Richard Shaw
Connie Smith	Gil Staley	Tom Stinson
Frank Thompson	Evelyn Timmins	Bill Weaver
Sarah Wroblewski		

H-GAC STAFF MEMBERS PRESENT

Rodney Bradshaw
Mike Temple
David Baggerly
Ron Borski

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, June 5, 2012, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

ADOPTION OF AGENDA

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

PUBLIC COMMENT

No one signed up for public comments.

MINUTES FROM APRIL 3, 2012

The April 3, 2012 minutes were not reviewed at this meeting.

DECLARE CONFLICTS OF INTEREST

No one declared a conflict of interest.

CONSIDER COMMITTEE REPORTS

Audit/Monitoring

Ms Allene Schmitt filled in for Joe Garcia. Ms. Schmitt explained that the committee met on Friday, June 1, 2012 and reviewed recent activity.

- The regional Quality Assurance Team completed a review of financial aid call centers operated by the career office contractors (Houston Works, Interfaith, and ResCare). We expect to issue reports shortly.
- The regional team has completed reviews of the Columbus, Sealy, Waller, and Cypress Station career offices and is also completing the reports.
- As a result of the team's monitoring of the Financial Aid Payment Office, several workgroups of Board and contractor staff are at work to improve customer service. This has included changes to our toll-free telephone number and IVR telephone systems at FAPO and the local offices and improvements to our financial aid application and notification processes.
- We are reviewing all contractor responses to the financial aid payments review we conducted earlier this year. We expect to ask for some refunds, although we do not expect repayments to be significantly large.
- Texas Workforce Commission will be back for its annual monitoring review on June 11, 2012.

Early Education & Care

Dr. Bobbie Henderson stated that the committee met on Tuesday, May 15, 2012 and welcomed a new committee member – Scott Buchel. The following items were reviewed.

- Financial Aid
Workforce Solutions is providing financial assistance for child care expenses to about 13,000 families, with a daily enrollment of over 26,000 children. Current projections indicate that by September 30, 2012, we will spend 98% of the almost \$104 million available this year for assistance.
- Automated Attendance
We continue to note some issues with the use of the automated attendance system required by the state. At some providers, few parents appear to be using the attendance cards. We are working with the Financial Aid Payment Office and

child care providers to identify issues and make corrections. Dr. Henderson, Vice Chair O'Black, Mr. Hebert and Ms. Kamps stated that they would visit centers to see the attendance system in action.

- Quality Projects
Collaborative for Children continues to provide information and referral services for parents interested in finding quality early education and care providers, training and on-site technical assistance to child care centers, and resources for Texas Rising Star providers.
- Additional Funds for Quality
Texas Workforce Commission has provided us with an additional \$2.38 million for early education quality projects this year. After using about \$801,000 of that to assist the local contributors who identified the match necessary to draw the additional funds, we issued a request for proposals in order to obligate the remaining \$1.579 million. We received four proposals, and the Procurement Committee will consider recommendations for contracts at its May 30, 2012 meeting.

Dr. Henderson discussed the release of the region's Report Card confirmed the importance of providing quality education and care to children during the younger years. Vice Chair O'Black agreed and called attention to the United Way Bright Beginnings partnership and the Center for Houston's Future recent community indicators report.

Ms. Schmitt will work with Dr. Henderson to discuss early education and care issues on the Board's Education committee.

TAKE ACTION

- a. Procurement. Consider the committee's recommendations to authorize early education and care quality contracts in a total amount not to exceed \$1,579,000 and to renew a contract with Bridges Transition for the online Choice career planning tool in an amount not to exceed \$5,500.

Ms. Evelyn Timmins stated that the Procurement Committee met on Wednesday, May 30, 2012 to consider the Early Education and Care Quality Project and the Career Guidance and Planning System. Ms. Timmins explained that the Texas Workforce Commission offered the Board additional 2012 funds to expand early education quality projects in the region. To obtain the approximately \$2.38 million in additional money, the Board, through its contractor Collaborative for Children, identified sufficient matching resources from multiple contributors.

We provided slightly more than \$801,000 of the \$2.38 million to local match contributors for their use in quality projects. Those contributors receiving funds include: Brazosport College, the City of Houston, College of the Mainland, the San Jacinto College District, the University of Houston-Clear Lake, and Wharton County Junior College. A request for proposal was issued in order to commit the balance of \$1.579 million to projects that improve the quality of early education.

We received four proposals requesting a total of \$1.97 million from the Collaborative for Children, Houston Area Urban League, Interfaith of the Woodlands, and Texas Association for the Education of Young Children.

After reviewing and scoring the proposals, we recommend negotiating contracts with each of the four proposers, as follows:

	Rank	Requested	Recommended
Collaborative for Children	1	\$1,600,000	\$1,300,000
Texas Association for the Education of Young Children	2	\$27,377	\$22,000
Houston Area Urban League	3	\$309,412	\$235,000
Interfaith of the Woodlands	4	\$32,060	\$22,000
Total		\$1,968,849	\$1,579,000

- Collaborative for Children had the highest score in our review. CFC’s projects will extend throughout the region and augment existing quality work it does for the Board. CFC has extensive experience in this area and has done good work for us. The proposed project will expand the current training and equipment grants and also provide in-depth professional expertise for child care centers in the Baytown and Independence Heights (northwest Harris County) communities.
- The Texas Association for the Education of Young Children is the state affiliate of the National Association for the Education of Young Children and provides training, legislative advocacy, grants and scholarships in support of its members and others to improve the quality of early education. TAEYC would use our funds to provide scholarships and a completion bonus to staff that train for and achieve a CDA certification and remain at their current teaching positions for a year.
- Houston Area Urban League carried out early education quality projects for us using Recovery Act dollars several years ago, and we were pleased with the results. The proposed project will provide equipment, training, and coaching for Early Head Start, HISD Pre-K, and other community early education providers.
- Interfaith of the Woodlands currently is one of the three career office contractors for Workforce Solutions. It is also a significant provider of early education and care and family services in Montgomery County with experience in providing quality direct care. Interfaith would use funds to train staff and provide equipment for the early education centers it operates in Montgomery County.

Ms. Timmins explained that she would like to have both action items combined into one.

Ms. Timmins recalled that at the June 2011 meeting, the Board approved a \$4,225 six-month contract with Bridges Transition to pilot the Choices online career planning system. Following the test period, staff promised to bring back a recommendation about continuing to fund the service.

We purchased five licenses for Choices to use at three career offices, the Placement Team call center and at wrksolutions.com.

At the conclusion of the pilot, data reports showed that 81% of the total users accessed Choices Planner through wrksolutions.com and only 9% at local offices or through contact with the staff on the Placement Team. Approximately 562 portfolios were created in Choices and almost 99% of all these portfolios were created by high school students in response to presentations made by Board or Workforce Solutions staff to high school classes. Use reports also show that the majority of adults who used Choices began the career assessment test, but did not complete it.

Following is a brief summary of use by pilot site.

	Wrksolutions.com	Northline	Lake Jackson	Placement Team	Willowbrook	Total
Sessions	3,348	93	54	614	42	4,151
National Application sessions	15	0	0	8	1	24
Total pages viewed	69,188	2,381	1,308	10,421	754	84,052
Avg pages viewed per session	21	25	24	17	18	20
Portfolios	562	27	15	268	22	894
Career plans	24	7	7	28	5	71

Based on the use and customer response, we are recommending that we continue a limited contract with Bridges Transition for Choices online. We believe the availability of the system for use during career planning presentations to middle and high school students by Board and Workforce Solutions staff will offer a valued service for students and their teachers and counselors.

A motion was made and seconded to authorize Board staff to negotiate contracts in a total amount not to exceed \$1,579,000 with Collaborative for Children, Texas Association for the Education of Young Children, Houston Area Urban League, and Interfaith of the Woodlands in amounts shown above. And to authorize Board staff to negotiate a two-year contract with Bridges Transition for one license Choices Planner in an amount not to exceed \$5,500. The motion carried.

- b. Ratify previous decisions. Ratify actions taken at the April 2012 Board meeting, including: (1) renewing Training Youth for Jobs contracts.

Mr. Thompson explained that because the Board was not in compliance with membership requirements at the April 3, 2012 meeting, it was necessary to ratify business conducted at that time.

- Renewing Training Youth for Jobs Contracts

A motion was made and seconded to ratify the Renewing of Training Youth for Jobs contracts which was voted on at the April 3, 2012 meeting. The motion carried.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the System Performance measures for October 2011 through April 2012. 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.

For Workforce Solutions

More Competitive Employers –

Employers Receiving Services (Market Share) – we expected to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. Through April, we provided services to 11,915 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 16,340 employers, 6,908 returned to The Workforce Solutions for additional services.

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 three quarters (October 10 – June 11), 202,727 of the 297,013 customers who exited from services were employed in the quarter after exit.

Higher Real Incomes –

Exiters with Earnings Gains of at least 20% - Reporting for three quarters (April 10 – December 10), 98,045 of the 325,243 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
Through April, 333 of the 2,926 customers pursuing an education diploma, degree or certificate achieved one.

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, 2011, we are meeting or exceeding the target for six of ten measures. The four measures we are not meeting are:

- Total Job Postings Filled. (Measures the percentage of job postings with at least one filled job opening as a percentage of all job postings.) The target for this measure is 32.2%. Our performance for three quarters (1/11-9/11) was 28.5%.
- Total Employer Success Rate. (Measures the percentage of employers with job postings with at least one filled job opening as a percentage of all employers with job postings). The target for this measure is 49%. Our performance for three quarters (1/11-9/11) was 43.12%.
- Employer Workforce Assistance. (Measures the percentage of employers in the region receiving a service other than Labor Market Information.) The target for this measure is 16.2%. Our performance through April (10/11-4/12) was 9%.
- Youth Literacy/Numeracy Gains. (Measures the percentage of youth, deficient in one or more basic skills criteria - who make a minimum improvement annually after their first service.) The target for this measure is 35%. Our performance is 33.2%. We will meet the target for this measure.

The state will implement a new participation rate measure that will focus on how well we help customers receiving TANF benefits become employed. Currently 20.6% of customers with participation requirements are meeting these participation requirements by working in unsubsidized employment. The state has not set a target for this measure.

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

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for four months ending April 30, 2012 and stated that everything looks good – we are right about where we need to be with no issues. Mr. Bradshaw explained the one line item – “special projects” which appears overspent, is a National Emergency Grant used for one-the-job training and the grant expires at the end of June. We are watching it closely and talking with the state every week to insure we utilize every dollar.

LOOK AT THE ECONOMY

Mr. Ron Borski explained that the thirteen county region’s unemployment rate was 6.5% in April, more than a full percentage point lower than the 7.8% one year ago. Seasonal increases are expected as we enter the summer.

The Houston-Sugar Land-Baytown Metropolitan Statistical Area experienced a gain of 15,900 jobs in April. Over-the year job growth has been strong, currently up 81,200 jobs or 3.1% from last April. Note that the H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. The U.S. still needs to recover more than 5,000,000 jobs to reach pre-recession levels.

Mining and Logging, Ambulatory Healthcare Services, Manufacturing, Retail Services, Retail Trade and Food Services all added new jobs over the year. Construction continues to be weak with 37,500 fewer jobs than there were at the beginning of the recession. Government continues to struggle with budget constraints and has reported over-the-year-losses for the last fourteen consecutive months, currently down 8,300 jobs or 2.2 percent.

Mr. Thompson recognized new Board member – Connie Smith and returning member – Cody Holloway.

ADJOURN

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

**MINUTES OF
THE GULF COAST WORKFORCE DEVELOPMENT BOARD
TUESDAY, APRIL 3, 2012**

MEMBERS PRESENT:

Gerald Andrews	Willie Alexander	Betty Baitland
Elaine Barber	Sara Bouse	Carl Bowles
Bill Crouch	Sal Esparza	Joe Garcia
Mark Guthrie	Barbara Hayley	John Hebert
Bobbie Henderson	Eduardo Honold	Guy Robert Jackson
David Joost	Birgit Kamps	Jeffrey Labroski
Ray Laughter	Steve Lufburrow	Linda O'Black
Janice Ruley	Allene Schmitt	Richard Shaw
Gil Staley	Tom Stinson	Frank Thompson
Evelyn Timmins	Sarah Wrobleski	

H-GAC STAFF MEMBERS PRESENT

Rodney Bradshaw
Mike Temple
David Baggerly
Ron Borski

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, April 3, 2012, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

ADOPTION OF AGENDA

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

PUBLIC COMMENT

No one signed up for public comments.

MINUTES FROM FEBRUARY 7, 2011

Mr. Thompson asked if there were any additions or corrections to the minutes for the February 7, 2011 meeting. A motion was made and seconded to approve the minutes as presented. The motion carried.

DECLARE CONFLICTS OF INTEREST

Mr. Steve Lufburrow declared a conflict of interest on item #7a.

CONSIDER COMMITTEE REPORTS

Career Office

Ms. Birgit Kamps explained that the Honeycomb Service Excellence Awards are based on Innovation/Initiative and Teamwork. Twice a year, a committee composed of contractor and board staff, select winners from nominations received. For Spring 2012 we received 8 nominations for Innovation and Initiative and 6 nominations for Teamwork.

Innovation and Initiative

The winner for Innovation and Initiative was Carmen Simpson with Houston Works.

As an employment counselor, Carmen Simpson is extraordinarily successful in finding the good jobs for her customers. Her efforts to create job opportunities for people have resulted in valuable connections for other parts of the Workforce Solutions system.

Key performance results:

- ✓ Worked with the Houston International Chamber of Commerce to help attract relocations/expansions
- ✓ Leveraged connections with the Cy-Fair Chamber of Commerce to secure job listings from Sysco for its new facility
- ✓ Helped three local school systems get access to Workforce Solutions' wide range of labor market/career planning information for students

Carmen Simpson goes beyond simply matching customers to the jobs listed with us. She understands that employers are the source of good jobs—and she works with them to make sure the people who come to us looking for work have access to those jobs. Furthermore, she sees that keeping good jobs in the region requires an educated and skilled workforce and works to connect education to labor market information and employers.

Teamwork

The winners of the Teamwork award are Rosie Trevino (Interfaith), Cheryl Sandifer (Interfaith), Danny Zendejas (ETC), and Michael Webster (H-GAC).

The multi-contractor team provided active support to school districts and the people losing jobs in the layoffs from public school systems across the region. The team:

- ✓ Reached out to 78 school districts to introduce available Workforce Solutions services
- ✓ Customized the “Rebranding Your Skills” seminar to help customers recognize and value transferable skills
- ✓ Helped customers learn to present their skills as relevant to the needs of employers outside of the education industry
- ✓ Created an outreach network using email, Facebook, Twitter and LinkedIn.

Work in Texas records show that customers who attended the customized seminar return to work sooner than those who did not. Because of the team effort, 300 customers returned to work in new jobs within six months.

Audit/Monitoring

Mr. Joe Garcia stated that the committee met On March 27, 2012 here at H-GAC offices to review some of the recent activity.

- The regional Quality Assurance Team completed a review of the Financial Aid Payment Office in January, revealing some areas throughout our entire system that need tweaking. FAPO has already implemented some of the changes suggested in the report, and we have assigned issues that affect FAPO and the career offices to our existing joint contractor-Board staff workgroups for resolution.
- The regional team has just completed reviews of the Northline, Pasadena and Rosenberg career offices and currently is looking at the financial aid call center operations of the career office contractors (Houston Works, Interfaith, and ResCare).
- The few remaining issues from last year’s financial reviews with Collaborative for Children, Neighborhood Centers, and Houston Works have been resolved.
- We have recently issued reports from the financial aid payments annual review. Common issues included: missing signatures on applications and other customer documents, reconciliations of cash substitutes not performed or not completed, and data in our Financial Aid Management System (FAMS) not matching data in our central customer data base.
- The U.S. Department of Labor’s regional office and the Workforce Commission reviewed our small on-the-job training/customized training project funded with Recovery Act dollars. The reviewers complimented our employer-focused approach and took back with them several best practices. There were no findings. We will be discussing with Employment and Training Centers, our Employer Service contractor, continuing this activity beyond the end date of the Recovery Act funds and possibly expanding it to meet employers’ needs.

- The Workforce Commission will be back to visit us for its annual monitoring review in June 2012 – a month earlier than usual.

Education

Ms. Elaine Barber started by thanking Dr. Kathy Shingleton, UTMB for her leadership and guidance while serving on the Education Committee. Ms. Barber explained that the Education Committee met on Wednesday, March 21, 2012 and committee members reviewed the committee's work plan from prior years and discussed how to continue or expand efforts to support the Board's goal of an educated workforce in the region. Mike Webster briefly discussed the staff efforts to disseminate labor market information products and services developed from the committee's direction.

- Members reviewed the committee's work plan from prior years and discussed how to continue or expand efforts to support the Board's goal of an educated workforce in the region. Mike Webster briefly discussed the staff efforts to disseminate labor market information products and services developed from the committee's direction.
- Ann Stiles of Project GRAD and Sandra Wegman from the Center for Houston's Future made presentations to the members. Dr. Stiles described how Project GRAD works to increase high school graduation rates and postsecondary attainment. Ms. Wegman provided an overview of the Center's 2012 Community Indicator report.
- Vice Chair Barber and Ray Laughter presented a Greater Houston Partnership resolution asking the business community to recognize the value of the associate's degree. Members generally agreed that they supported this concept; however, they asked for additional research on how to frame their support in business terms. They also discussed the need for conversation between businesses and associate's degree granting institutions to ensure that the degrees reflect the business community's needs for skilled workers.

Staff is gathering information on developmental education for adults as well as the support for associate degree program.

Strategic Planning

Mr. Carl Bowles stated that the Strategic Planning Committee met on March 21, 2012 to review "how we are doing." Mr. Bowles explained that the economic recovery in the Gulf Coast Region began in 2010 and continued through 2011. The Board began 2011 with cautious optimism about our regional economy and the prospects for making progress toward the Board's results of competitive employers, an educated workforce, higher incomes and more jobs. By the end of 2011, most experts agreed the Gulf Coast Region has largely recovered from the recession. Job growth and economic activity are on the rise and Workforce Solutions met most of its production and performance goals in

2011 although the regional economy did not recover enough to reach expected targets. Many areas of the nation were not experiencing the same level of economic recovery we're seeing in Texas and Gulf Coast.

By the end of the year, the region had netted an additional 75,800 jobs, some 167,500 more than when the market bottomed out in January 2010 and 14,711 more than the peak employment in December 2008.

- About 8,200 jobs added in the professional and businesses services sector are highly-skilled scientific and technical support service jobs while another 12,000 are middle- and lower-skilled jobs.
- We see more oil rigs in operation compared to the previous year, and virtually all jobs related to oil and gas and petro-chemical manufacturing saw growth.
- Construction, on the other hand, remained down, and we saw continued job losses in transportation, warehousing and the information industries.

The number of initial unemployment claims for benefits has steadily declined with 17,037 claims filed in December that is 2,842 fewer than December 2010 and 3,100 fewer than November 2011. Continued claims also fell in December to 76,104, a decrease of 5,951 from November and 14,413 December 2010.

Approximately ten years ago, the Gulf Coast Workforce Board adopted a strategic plan that describes and quantifies results the Board expected the regional workforce system to achieve. It includes values, mission and vision statements that explain what its members value most, why they exist as a board, and where they want the regional workforce system to be in the future. In keeping with its key values: innovation, productivity, performance and results, the Board identified four results statements that describe the difference it intends to make in the Gulf Coast region.

- More competitive employers
- A better educated workforce
- More and better jobs
- Higher incomes

The Board's measures, developed from these statements, help determine progress towards achieving the results both for the region and for Workforce Solutions, our operating affiliate. 2011 was the third year of the five-year strategic planning period, 2009 – 2013. We used 10 strategic metrics to assess performance and progress towards annual targets and longer-term goals.

For the Regional Workforce System, we focused on total employment (a gauge of how well we create and keep jobs in the region) and education credentials of working-age residents (a gauge of the skill level of the region's workforce). In 2011, we missed three of four Regional Workforce System targets, one by only a narrow margin and an improvement from the previous year.

- Although we met only one Regional Workforce education target, our performance improved for all three measures. We also see some encouraging trends.
 - More people have an education credential than we've seen since the Board has been tracking this measure, and perhaps more importantly, more people hold a post-secondary credential.
 - More people are pursuing and earning education credentials. It is common to see increased enrollment in post-secondary institutions when the unemployment rate is up.
 - The percentage of people earning a post-secondary credential in a field that prepares them for work in a high-skill, high-growth occupation targeted by the Board increased by 1.3%, an increase of almost 3,000.

Note: Most of the most current data for the educational measures is from the 2009 – 2010 academic year when the region was still deeply feeling the effects of the recession.

For the part of the system we directly control, Workforce Solutions, we focused on outcomes for employment, education and earnings. We also looked at our contribution to employers - job creation, market share and customer loyalty. We exceeded four targets and missed two, an improvement from the previous year.

- Although we had about 1,100 fewer customers pursuing an education credential, we saw a healthy improvement in the credentialing rate of about 3.5%.
- When we measured regional employment, the region had added back another 50,000 jobs. Since then, we continued to create jobs, were back on level ground by October and hit a new high of 2.64 million employed by year end.
- Workforce Solutions exceeded its goal for the number of jobs it helped create and is back on target performing at pre-recession levels. Almost two-thirds of the new jobs were in our key industries, but many are still not in high-skill/high-growth occupations.
- Our ability to help people find jobs and increase their income slipped from last year.
 - Fewer found jobs quickly
 - Fewer of those who were unemployed when they came to us found jobs
 - Of those that did find jobs after working with us, fewer were still employed six months later.
- Our service to employers continued to improve with increases in the number of customers we work with, market share and customer loyalty rates. Almost 4,300 more employers came back for service. Equally encouraging is the continued gradual increase in the number of employers in the region, up about 2,000.

We use four measures as indicators of our success at adding jobs in our region, getting people employed in those jobs and increasing their incomes.

Regional Workforce System	Workforce Solutions
<p>— Total number of people employed</p> <p><i>Did not meet target, 2.55 million people were working</i></p> <p>The number of people working increased last year, reflecting recovery from the recession of the previous two years. We missed our target of 2.7 million employed by about 150,000.</p>	<p>— Number of new jobs created as a results of Workforce Solutions partnering with other business organizations</p> <p><i>Exceeded target at 2,236</i></p> <p>This year we hit our target of creating 2,000 new jobs.</p>
	<p>— Percentage of customers employed after leaving Workforce Solutions</p> <p><i>Did not meet target at 66.76%</i></p> <p>The percentage of customers employed after leaving Workforce Solutions slipped sharply from last year's 72.3%, missing our target of 79%.</p>
	<p>— Percentage of customers with earning gains of at least 20% after leaving Workforce Solutions</p> <p><i>Did not meet target at 25.5%</i></p> <p>The percentage of customers who saw earnings gains of at least 20% after leaving Workforce Solutions decreased from the previous year 28%. Our performance has slipped every year on this measure since a high of 38% in 2008. Our target of 40%.</p>

We use four measures as indicators of our success at improving the education level of the region's workforce.

Regional Workforce System	Workforce Solutions
<p>— Percent of the population with an education credential</p> <p><i>Met target at 80.4%</i></p> <p>The percentage of people holding an education credential (GED, high-school diploma, associate, bachelors or graduate degree) moved up almost 1% from last year. Our target was 80%.</p>	<p>— Percent of customers pursuing an education credential who earn one</p> <p><i>Exceeded target at 41%</i></p> <p>Performance improved from last year's 37% surpassing our target of 35%. We had about 250 fewer customers earning credentials than we did last year with about 1,200 fewer enrolled in school.</p>

<p>— Percent of the population with a post-secondary credential</p> <p><i>Did not meet target at 34%</i> The percentage of people holding a post-secondary credential moved up slightly from last year. Our target was 36%.</p>	
<p>— Percent of those pursuing an education credential who earned one</p> <p><i>Narrowly missed target at 19.7%</i> The percentage of people pursuing a credential who earned one increased slightly from last year. Our goal for 2011 was 20%. This measure is an aggregate of the number of people who attain a high school diploma, GED or post-secondary degree.</p>	

We use two measures as indicators of our system’s success at improving the competitive position of our region’s employers.

Market Share	Customer Loyalty
<p>— Percent of employers using Workforce Solutions</p> <p><i>Exceeded target at 32.9%</i> We increased the share of the region’s employers we served from last year’s 29.4%. In 2002, we had 7% market share — or about 7,500 employer customers. Last year we had more than 43,000 customers. Our target was 28%.</p>	<p>— Percent of employers who are repeat customers</p> <p><i>Exceeded target at 78.2%</i> We increased repeat business in 2011 to 26,805, up from 23,190 in 2010. In 2002, just 34% or 2,700 employers were repeat customers. Our target was 73%.</p>

The following are market penetration rates for the Board’s target industries. This information is a subset of the total market share shown above.

Targeted Industry Title	2008 Penetration Rate	2009 Penetration Rate	2010 Penetration Rate	2011 Penetration Rate
Oil and Gas Extraction	3.37%	9.7%	10.94%	18.86%
Support Activities for Mining	10%	19.3%	18.71%	26.23%
Petroleum and Coal Products Manufacturing	12.96%	25.7%	31.25%	33.33%
Building Equipment Contractors	18%	23.5%	27.01%	28.03%
Computer Systems Design & Related Services	4.38%	10.8%	10.65%	13.97%
Management, Scientific, & Technical Consulting Services	4.94%	9.7%	10.47%	15.43%
Elementary & Secondary Schools, Public/Private	42.22%	75.8%	69.17%	52%
Colleges, Universities, & Professional Schools. Public/Private	11.82%	62.9%	54.24%	47.9%
Offices of Physicians	17.3%	19.9%	28.29%	28.35%
General Medical & Surgical Hospitals, Public/Private	42.71%	100%	72.12%	28.16%

Targeted Industry Title	2011 Total Establishments	2011 Number Served	2011 Penetration Rate
Oil and Gas Extraction	1,039	196	18.86%
Support Activities for Mining	873	229	26.23%
Petroleum and Coal Products Manufacturing	99	33	33.33%
Building Equipment Contractors	2,683	752	28.03%
Computer Systems Design & Related Services	2,771	387	13.97%
Management, Scientific, & Technical Consulting Services	4,045	624	15.43%
Elementary & Secondary Schools, Public/Private	300	156	52%
Colleges, Universities, & Professional Schools. Public/Private	119	57	47.9%
Offices of Physicians	4,948	1,403	28.35%
General Medical & Surgical Hospitals, Public/Private	490	138	28.16%

The Strategic Planning Committee does not recommend any changes to the Board’s Strategic Plan, measures or targets. The Board’s current strategic plan will be ready for review in 2013.

Mr. Bowles stated that he was invited to attend a tour at the Alief School District’s Career and Technical Education & Early College High School. 81 percent of the students are economically disadvantaged and 67 percent are considered to be at-risk. Mr. Bowles was very impressed with how successful the programs are and invited any interested Board members to attend a similar tour on Friday, April 20, 2012.

Dr. Bobbie Henderson read an article by economist James Heckman that discussed how pre-school teaches our young the “soft-skills” they need to be get and keep jobs.

TAKE ACTION

- a. Procurement. Consider the committee’s recommendations to renew Training Youth for Jobs contracts for Gulf Coast Trades, SER Jobs for Progress and Goodwill in total amount not to exceed \$900,000.

Mr. Mark Guthrie explained that the committee met prior to the Board meeting at 9:00 a.m., to consider the renewal of our Training Young People for Jobs Contracts. At its February 2011 meeting the Gulf Coast Workforce Board authorized contracts with Goodwill Industries of Houston, Gulf Coast Trades Center, Inc., Houston Area Urban League and SER Jobs for Progress to train out-of-school youth for jobs. The Board authorized contract for one year terms, renewable up to three years depending upon performance, the availability of funds and Board approval.

The procurement committee heard a report from staff on performance related to each of the contractors.

- o All four of these contracts started slowly and most have not had a significant number of individuals leave or complete project activities.
- o Because the number of completers is small, the current impact on required production is also small.
- o Both the Houston Area Urban League and Goodwill struggled to start up projects and have had difficulty in executing planned service.

- Goodwill and SER have significant numbers of youth still participating in project activities that have already gone to work or earned credentials.

We recommend renewing three of the four contracts through September 2013 as follows:

Contractor	Previous Contract Amount	Proposed Contract Amount	Proposed Service Level	Service Area
Gulf Coast Trades Center	\$175,000	\$225,000	25 (5 carryover and 20 new)	Region
SER-Jobs for Progress	\$275,000	\$450,000	216 (96 carryover and 120 new)	Brazoria, Chambers, Galveston, Harris, Liberty, Montgomery, Walker counties
Goodwill	\$225,000	\$225,000	140 (90 carryover and 50 new)	Austin, Ft. Bend, Colorado, Matagorda, Waller, Wharton
Houston Area Urban League	\$325,000	-\$0-	NA	NA
TOTAL	\$1,000,000	\$900,000	381	

- We do not recommend renewing the Houston Area Urban League's contract because of performance issues.
- We recommend renewing Goodwill's contract. This project started later than the others and had difficulty finding youth. We believe the project is now on-track to support successful completions for its participants.
- We have recommended renewals for the two most successful projects at Gulf Coast Trades Center and SER-Jobs for Progress.
- SER-Jobs for Progress will provide services for any youth currently active in the Urban League project as SER assumes responsibility for the counties previously served through the Urban League.
- We are also recommending that the new contracts extend 17 months, through September 30, 2013. This would put these activities on the same schedule as the system contracts for the future.

A motion was made and seconded to authorize Workforce Board staff to negotiate renewals for Training Youth for Jobs contracts with Gulf Coast Trades Center, SER-Jobs for Progress and Good will for the terms and in the amounts noted. The motion carried. Sal Esparza opposed the vote.

Mr. Guthrie explained that the Board received a very prestigious national award from the National Association of Workforce Board at their annual conference in Washington, DC in March 2012. Gulf Coast was one of three Boards that won the award – which is recognition of dedication, leadership and innovation of our program operations. Mr. Guthrie stated that it is clear that Texas Boards in general and especially Gulf Coast is still way ahead of the nation.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the System Performance measures for October 2011 through February 2012. 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.

For Workforce Solutions

More Competitive Employers –

Employers Receiving Services (Market Share) – we expected to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. Through February, we provided services to 9,238 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 15,548 employers, 4,379 returned to The Workforce Solutions for additional services.

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 one quarter (October 10 – March 11), 133,632 of the 198,042 customers who exited from services were employed in the quarter after exit.

Higher Real Incomes –

Exiters with Earnings Gains of at least 20% - Reporting for two quarters (April 10 – September 10), 38,005 of the 227,328 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
Through February, 173 of the 2,458 customers pursuing an education diploma, degree or certificate achieved one.

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, 2011, we are meeting or exceeding the target for six of ten measures. The four measures we are not meeting are:

- Total Job Postings Filled. This is a new measure. The target for this measure is 32.2%. Our performance for two quarters (1/11-6/11) was 26.1%. This is an improvement from the first quarter performance 23.7%.
- Total Employer Success Rate. This is a new measure. The target for this measure is 49%. Our performance for two quarters (1/11-6/11) was 41.2%. This is an improvement from the first quarter performance 39.4%.
- Employer Workforce Assistance. The target for this measure is 16.2%. Our performance through February (10/11-2/12) was 6.9%.
- Youth Literacy/Numeracy Gains. The target for this measure is 35%. Our performance in the first two quarters (7/11-12/11) was 28.6%.

The state will implement a new participation rate measure that will focus on how well we help customers receiving TANF benefits become employed.

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

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for two months ending February 29, 2012 and stated that everything looks good – we are right about where we need to be with no issues.

LOOK AT THE ECONOMY

Mr. Ron Borski explained that the rate of unemployment in the MSA increased four-tenths of a percent to 7.6 % in January. A rise in the rate of unemployment is normal for January and is a result of seasonal declines across many industries.

The Texas Workforce Commission release the Bureau of Labor Statistics annual benchmark revisions to nonagricultural employment estimates this month. Overall job growth over 2011 remained basically unchanged at 3.0 percent for December 2011. There were, however, a number of significant changes in several different industries.

Favorable changes were found in:

- Financial Activities – where there were fewer jobs lost during the second half of 2010 than originally estimated and by December 2011 the super sector was reporting an additional 2,600 jobs.
- Education and Health Services – where growth was stronger over the second half of 2011 than originally estimated resulting in an additional 6,300 jobs by December.

Unfavorable changes were found in:

- Air Transportation – where layoffs tied to the Continental United merger were not caught and estimates were lowered significantly reporting 4,500 fewer jobs in December 2011, an 18.5% reduction
- Local Government – losses were deeper than thought and by December 2011 estimates show 6,900 fewer jobs in Local Government than originally estimated.
- Construction – losses since the beginning of the recession were deeper than originally estimated peaking at 45,600 jobs in January 2011 compared to the original estimated peak loss of 40,200 jobs. Employment in construction is still down 41,900 jobs since the beginning of the recession.

ADJOURN

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

Audit/Monitoring Committee

August 2012 Update

Recent Activity

- The regional team has just completed reviews of the Columbus (above average), Sealy (above average), Waller (average) and Cypress Station (average) career offices operated by Interfaith of The Woodlands.
- The team completed review of the Southwest (below average) office operated by HoustonWorks, USA and did a follow-up visit to their Pasadena office. The customer service at Pasadena has improved, but the applications and postings follow-up still need work.
- The team completed review of the Baytown (average) office operated by ResCare and did a follow-up on their Rosenberg office. Rosenberg has moved and reassigned staff to provide better customer service and production. We will follow-up again.
- The outstanding billing reviews from Interfaith, ResCare and Neighborhood Centers, Inc. have all responded and are all working on small, unresolved issues.
- HoustonWorks USA continues to have financial monitoring issues.
- The Texas Workforce Commission conducted its annual monitoring review in June. We do not have a report, but the exit interview went well, so we expect a good report.

Employer Service Committee
Education and Training Vendor Performance Requirements
Proposed 2012 Minimum Levels

Background

Workforce Solutions provides customers with financial assistance to purchase employment-related service that our offices do not directly provide. Typically, our customers need and want assistance to go to school and for work support such as transportation and child care expenses. We purchase these services on an individual basis from third-party organizations through a vendor relationship.

We maintain a network of vendors that provide education and training. Many of these vendors seek registration on the Workforce Commission's statewide training list.

Current Situation

The Texas Workforce Commission requires Boards to set a minimum level of performance for training vendors registered on the state's list. Vendors must meet these performance levels for each course of training they wish to register. Vendors must also maintain performance at these levels for courses to continue to be registered.

Boards may adopt the Commission's recommended performance or set higher levels. The state's recommended levels for this year are:

Measure	Performance Level
Student Completion Rate	60%
Completers Entered Employment Rate	60%
Average Hourly/Quarterly Wage at Placement	80%

In prior years, we have recommended the Board adopt the Commission's levels, and we are making that recommendation for this year as well.

Action

Adopt 2012 performance levels for vendors on the statewide Eligible Training Providers List as shown above.

Procurement Committee

2013 System Contract Recommendations

Background

The Gulf Coast Workforce Board solicited contracts for its Workforce Solutions operating affiliate in 2008. The five-year procurement cycle allows for an initial annual contract and up to four 1-year renewals based on performance and availability of funding. The 2013 contract year will begin on October 1, 2012 and is the final year of the five-year procurement cycle for system contracts.

Pending approval by the Board, we would plan to issue requests for proposals in February 2013 to put contracts in place for the year beginning October 1, 2013.

Performance and Production Update

Unemployment has dropped in our region, although we saw an increase in the unemployment rate from April to June of this year. The slowly improving economy is reflected in performance against the Board's measures which show improved rates of returning people to work, although still below target.

- Customers employed are currently at 69% -- above the 67% annual performance last year, but below the target of 79%.
- Customers with earnings gains are currently at 31% -- above the 26% performance from last year, and below the target of 41%.
- Career office traffic continues to decrease. Through June 2012, the offices have seen about 260,000 people. For the same period last year, the offices saw 330,000 customers.
- However, we see an *increase* in the number of job postings. We had an average of 4,800 new postings each month from October 2011 through March 2012 which has jumped to an average of 7,285 each month since March.

As we have reported at previous Board meetings, we are behind on production for two of 10 state indicators: total employer success rate and job postings fill rate.

Employer Service

Employment and Training Centers, Inc. operates Workforce Solutions' Employer Service which markets and provides a range of services to business. The 62 staff members are located in career offices and a central unit in Houston.

Employment and Training Centers also operates office for aerospace workers from the NASA Johnson Space Center. That office is planned to close in December 2012.

For 2013, ETC will work with more than 22,600 employers.

Career Offices

Three contractors employ a total of 468 staff to operate 25 offices, a central processing unit each and 4 itinerant sites called Information Centers.

Houston Works	8 offices: Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena, and Southwest Two financial aid processing units Two staffing specialist units One tracking unit
Interfaith of the Woodlands	9 offices: Columbus, Conroe, Cypress Station, Humble, Huntsville, Sealy, Waller, Westheimer, and Willowbrook One financial aid call center One staffing specialist unit One tracking unit Placement Team
ResCare Workforce Services	8 offices: Bay City, Baytown, Katy, Lake Jackson, Liberty, Rosenberg, Texas City and Wharton One financial aid call center

We anticipate that the offices will see 360,000 people and work an average of 7,000 new job postings each month.

Payment Office

Neighborhood Centers, Inc. employs 45 staff to operate our payment office and manage Workforce Solutions' vendor networks. This unit tracks, manages, and pays out financial aid to vendors on behalf of our customers.

For 2013, we expect that the financial aid office will pay out more than \$132 million in financial aid for scholarships; help with child care expenses and transportation costs; and other education, work and work search expenses. Currently, the office works with more than 2,900 vendors.

Early Education & Care Quality

Collaborative for Children, Inc. (CFC) employs 9 staff to provide quality resources to child care providers. CFC provides teachers and director training, equipment and material grants, intensive quality improvement services, support Texas Rising Star and National Accreditation, support for children with disabilities, support for infant/toddler care, child care resource and referral, resources for listed home providers, parenting support, and securing local match funds to match federal Child Care Development Block Grant funds.

2013 Proposed Contracts

We are making the following recommendations for the 2013 contracts, excluding the contract with Houston Works.

	2,011	2,012	Proposed 2013
Employment and Training Centers	6,205,705	5,545,954	5,490,494
Interfaith of the Woodlands	12,418,566	10,641,753	10,535,335
ResCare	9,192,000	8,174,701	8,092,954
Neighborhood Centers, Inc.	3,746,915	3,400,000	3,366,000
Collaborative for Children	3,000,000	1,119,547	1,800,000
Subtotal, Operations	34,563,186	28,881,955	29,284,784
Financial Aid	149,424,622	133,780,324	132,442,521
Total	183,987,808	162,662,279	161,727,305

- We are recommending initial 2013 contracts and financial aid at a 1% decrease from current year levels.
- We are projecting about \$183 million initially available for all 2013 system operations and Board activities.
- Collaborative for Children's proposed 2013 contract total is related to the availability to the Board of dedicated funds for early education quality improvement activities.

Houston Works

In 2010 and 2011, financial reviews of Houston Works resulted in findings in financial reporting, cost allocations, budget, accounting, personnel and payrolls, audit, inventory, procurement and subcontracts, and fund raising. We requested corrective action of Houston Works for these findings that included changes to or development of written procedures, financial system checks and balances, and repayment of disallowed costs.

- We resolved the 2010 findings and received a repayment of \$25,097.22 for disallowed costs.
- The 2011 findings included some of the same items as 2010, and resolution of those findings left 15 items open pending a review to check that Houston Works had made promised changes in procedures.

In June 2012, our financial monitoring firm conducted the annual review for Houston Works contract. The report had 38 separate findings, 23 of which the monitors identified as high risk. Monitors found that Houston Works did not make changes in procedures promised in resolution of the 2010 and 2011 reports. Findings included repeat problems in cost allocations, budget, accounting, personnel and payrolls, inventory, procurement and subcontracts. The financial monitors also identified instances of a lack of sufficient internal financial and accounting controls.

In reviewing the organization's financial position, the monitors noted that at June 30, 2012, Houston Works had

- \$629,823 in outstanding payables -- \$428,185 of which (68%) is past due.
Past due payables include:
 - \$15,336 in rent payments for the Northline office space (60+ days overdue)
 - \$65,895 in lease payments for Houston Works' corporate office space
- \$490,000 due to Wells Fargo to repay a line of credit by August 31; and
- \$665,000 due to H-GAC to repay an advance on the current year contract by September 30.

Other than revenue from H-GAC's contract for Workforce Solutions operations and a grant from the U.S. Department of Defense for work on science, technology, engineering and mathematics education (STEM), the monitors noted that Houston Works had only limited expected sources of additional revenue.

In our discussions with Houston Works corporate staff following the monitors' 2012 report, we asked for information on, and its plans to improve, the organization's financial position. In an outline for fundraising activities submitted to us on July 30, 2012, Houston Works identified steps it would take to begin actively seeking funds to support its operations. Houston Works plans to raise

- \$125,000 in contributions from October 2012 to September 2013
- \$150,000 from October 2014 to September 2015
- \$125,000 from October 2015 to September 2016

The plan did not identify amounts to be raised from October 2013 to September 2014.

Following this item is an analysis of Houston Works' audited financial statements from 2008, 2009, 2010, 2011 and an interim financial statement at June 30, 2012. The analysis shows:

- Falling indicators of financial strength/health
- Negative fund balances
- Continuing annual financial losses

With the organization's financial position and continued problems in its financial and accounting systems, we cannot recommend renewing Houston Works' contract for Workforce Solutions operations in 2013.

Next Steps

We believe the staff in the eight career offices and five units are providing good service for our customers. We want to work with them and the Houston Works corporate staff to:

- Keep all offices open and operating
- Ensure an orderly transition of staff and facilities to a different contractor or contractors
- Closeout the 2012 contract

We would plan to provide jobs for staff members involved in Houston Works career office operations who would like to continue working in Workforce Solutions.

To accomplish this, we are asking the Board for authorization to negotiate with one or more existing Board contractors to assume responsibility for the eight career offices and five service units. Should we be unable to negotiate acceptable terms with one or more contractors, we would propose hiring the staff and operating the offices from H-GAC until we could complete a procurement on an accelerated timeline.

To provide sufficient time for negotiations, we propose returning to the Procurement Committee and the Board by September 4 to make final recommendations.

Action

Recommend 2013 Workforce Solutions contracts in total amount not to exceed \$161,727,305 as shown above and authorize staff to negotiate with existing contractors to assume operations in the eight career offices and five service units currently operated by Houston Works.

Budget Committee

Proposed 2012 Board Budget Revision

Background

Periodically, we update the Board's budget mid-year to account for changes in revenue. For the 2012 mid-year revision we are also requesting authorization for additional spending for the Workforce Solutions electronic network.

Current Situation

The proposed revision to the 2012 budget places total available revenue at \$189 million, which results in a 13% drop from 2011. The additional revenue is largely financial aid dollars – direct assistance to customers to help them get a job, keep a job or get a better job.

- A change in the way federal Workforce Investment dollars are allocated brought us some additional core revenue.
- We also received slightly more Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program dollars than we originally projected.
- Our Child Care and Development Block Grant funds are higher than initially forecast.

Proposed 2012 system operations costs are in line with contracts the Board approved in August 2011 with additional resources added to the available financial aid pools for customers.

We are asking permission to add about \$217,000 to the System IT budget in order to upgrade the Workforce Solutions wide area network and the email system.

- Currently, our wide area network (which connects all the offices and system units to each other and the internet) operates on an out-of-date frame relay platform. Our communications carrier will not support the platform beginning in 2013. The least cost option for us is to upgrade the network to a standard our carrier supports. This will also provide faster and more stable connections for the network. Cost is \$130,000.
- At the same time, we want to upgrade the Microsoft Exchange software and hardware we use to support email for the 750 plus Workforce Solutions staff members. Cost for this is \$84,648.

There are no significant changes to the Board staff budget although total costs are about \$150,000 less than the original budget. We are proposing an operations budget for the Board staff of \$4.13 million. This represents 2.2% of the revised 2012 Board budget.

Action

Approve a revised 2012 Board budget in amount of \$189,571,000.

DRAFT

GULF COAST WORKFORCE BOARD				
PROPOSED 2012 BUDGET MID-YEAR REVISION				
SOURCE AND USE				
Source		Use		
General Revenue	181,405,000	Board Operations		4,129,929
Special Federal & State Revenue	8,166,000	System IT		752,035
Other	-	Service for Employers		5,670,954
		Service for People		179,018,083
		<i>Financial Aid</i>	<i>139,842,731</i>	
		<i>Office Operations</i>	<i>38,300,352</i>	
		<i>Special Projects</i>	<i>875,000</i>	
Total	\$189,571,000	Total		\$189,571,001

GULF COAST WORKFORCE BOARD				
PROPOSED 2012 BUDGET MID-YEAR REVISION				
REVENUE SUMMARY				
	2012 REV	2012	Dollar Change	% Change
General Revenue	181,405,000	164,236,975	17,168,025	10.5%
Employment Service	7,450,000	7,450,000		
Veterans Employment & Training	365,000	365,000		
Trade Act	750,000	750,000		
Workforce Investment	33,060,000	29,285,000	3,775,000	12.9%
Supplemental Nutrition Assistance	3,580,000	2,740,000	840,000	30.7%
Temporary Assistance for Needy Families	12,100,000	11,821,000	279,000	2.4%
Child Care & Development Block Grant	124,100,000	111,825,975	12,274,025	11.0%
Special Federal & State Revenue	8,166,000	7,922,000	244,000	3.1%
Disaster Recovery	-	-		
Back-to-Work	3,554,000	3,300,000	254,000	7.7%
Worker Transition Projects	2,875,000	2,875,000		
Disability Navigator Pilot	60,000	60,000		
Non-Custodial Parents	935,000	945,000	- 10,000	-1.1%
Recovery Act	717,000	717,000		
Awards	25,000	25,000		
Other	-	-	-	0.0%
	189,571,000	172,158,975	17,412,025	10.1%

**GULF COAST WORKFORCE BOARD
PROPOSED 2012 BUDGET MID-YEAR REVISION
BUDGET SUMMARY**

	2012 REV	2012	% of Total 2012 Rev Budget	Dollar Variance from 2012	% Variance from 2012
Board Operations					
Personnel	2,607,167	2,714,252	1.4%	(107,085)	-3.9%
Indirect	296,826	309,018	0.2%	(12,192)	-3.9%
Consultants & Contract	630,000	660,000	0.3%	(30,000)	-4.5%
Travel	46,350	46,350	0.0%	-	0.0%
Rent	148,620	148,620	0.1%	-	0.0%
Capital Equipment	-	-	0.0%	NA	NA
Other	400,966	400,966	0.2%	-	0.0%
Subtotal, Board Operations	4,129,929	4,279,206	2.2%	(149,277)	-3.5%
System Operations					
System IT, TOTAL	752,035	537,387	0.4%	214,648	39.9%
<i>On-going operations</i>	<i>312,387</i>	<i>312,387</i>		-	
<i>Website upgrade</i>	<i>225,000</i>	<i>225,000</i>		-	
<i>WAN</i>	<i>130,000</i>	-		<i>130,000</i>	
<i>Email upgrade</i>	<i>84,648</i>	-		<i>84,648</i>	
Service for Employers	5,670,954	5,353,000	3.0%	317,954	5.9%
Service for People					
Financial Aid	139,842,731	123,982,874	73.8%	15,859,857	12.8%
Career Offices	38,300,352	36,594,121	20.2%	1,706,231	4.7%
Special Projects	875,000	875,000	0.5%	-	0.0%
Subtotal, System Operations	185,441,072	167,879,769	97.8%	17,561,303	10.5%
Total	189,571,001	172,158,975	100.0%	17,412,026	10.1%

GULF COAST WORKFORCE BOARD		
PROPOSED 2012 REVISED BUDGET		
BUDGET DETAIL		
	Board Operations	
	2012 REV	2012
Consultants & Contract	630,000	660,000
Legal Services	15,000	15,000
Audit	20,000	20,000
Financial Monitoring	200,000	175,000
Public Information & Outreach	395,000	450,000
Other	400,966	400,966
Supplies	18,000	18,000
Meeting Expenses	18,000	18,000
Outside Printing	2,500	2,500
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,000
Software	5,000	5,000
Licenses & Permits	1,000	1,000
Communications	75,000	75,000
Postage & Delivery	15,000	15,000
Subscriptions & Dues	10,500	10,500
Expendable Equipment	12,000	12,000
Legal Notices	17,500	17,500
Network Services	105,722	105,722
Personnel Services	59,966	59,966
Purchasing	17,582	17,582
Print Shop	36,196	36,196

Public Information

Appoint Public Information Officer

Background

State law and Workforce Commission directives require that the Board appoint a public information officer and backup staff to carry out requirements of the state's open meetings and public information laws.

Current Situation

H-GAC's Intergovernmental Relations Manager staffs the public information function for other departments as well as the Workforce Board. She/he responds officially to any requests under the public information laws and rules.

H-GAC's long-time Intergovernmental Relations Manager recently retired. **Rick Guerrero** has taken over this position and associated responsibilities.

Sue Cruver on the Workforce Board's staff at H-GAC will backup Mr. Guerrero.

Action

Appoint Rick Guerrero as Public Information Officer for the Gulf Coast Workforce Board and Sue Cruver as backup.

Gulf Coast Workforce Board
System Performance
October 2011 through June 2012

Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

We report on the Workforce Solutions measures at each Board meeting.

More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expect to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. Through April, we provided services to 16,604 employers.	16.2%	12.4%	11.7%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 16,340 employers, 7,746 returned to Workforce Solutions for additional services.	55%	47.4%	54.5%

More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average.	2,000	2,690	2,236
<u>Customers employed by the 1st Qtr after exit</u> Reporting for three quarters (October 10 – September 11), 275,876 of the 399,822 customers who exited from services were employed in the quarter after exit.	79%	69.0%	66.8%

Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for three quarters (April 10 – March 11), 131,443 of the 425,481 customers who exited had earnings gains of at least 20%.	41%	30.9%	25.5%

A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Through April, 662 of the 3,656 customers pursuing an education diploma, degree or certificate achieved one.	36%	18.1.0%	40.8%

Production

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we receive from the Texas Workforce Commission.

For the performance year that began October 1, 2011, we are meeting or exceeding the target for all of the ten current measures.

**GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
For the Six Months Ended June 30, 2012**

	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	172,158,975	86,516,988	95,805,971	(9,288,984)
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	4,279,205	2,139,603	1,949,518	190,085
SYSTEM IT	537,387	268,694	131,786	136,908
EMPLOYER SERVICES	5,353,000	2,676,500	2,310,065	366,435
RESIDENT SERVICES	161,989,383	81,432,192	91,414,602	(9,982,411)
OFFICE OPERATIONS	36,731,509	18,365,755	21,575,972	(3,210,218)
FINANCIAL AID	124,382,874	62,191,437	69,091,910	(6,900,473)
SPECIAL PROJECTS	875,000	875,000	746,720	128,280
<i>TOTAL WORKFORCE EXPENDITURES</i>	172,158,975	86,516,988	95,805,971	(9,288,984)

VARIANCE ANALYSIS

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

GULF COAST WORKFORCE DEVELOPMENT BOARD FINANCIAL STATUS REPORT For the Six Months Ended June 30, 2012	REVISED ANNUAL BUDGET	REVISED BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	189,571,001	95,223,001	95,805,971	(582,971)
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	4,129,929	2,064,965	1,949,518	115,447
SYSTEM IT	752,035	376,018	131,786	244,232
EMPLOYER SERVICES	5,670,954	2,835,477	2,310,065	525,412
RESIDENT SERVICES	179,018,083	89,946,542	91,414,602	(1,468,061)
OFFICE OPERATIONS	38,300,352	19,150,176	21,575,972	(2,425,796)
FINANCIAL AID	139,842,731	69,921,366	69,091,910	829,456
SPECIAL PROJECTS	875,000	875,000	746,720	128,280
<i>TOTAL WORKFORCE EXPENDITURES</i>	189,571,001	95,223,001	95,805,971	(582,971)

VARIANCE ANALYSIS

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

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

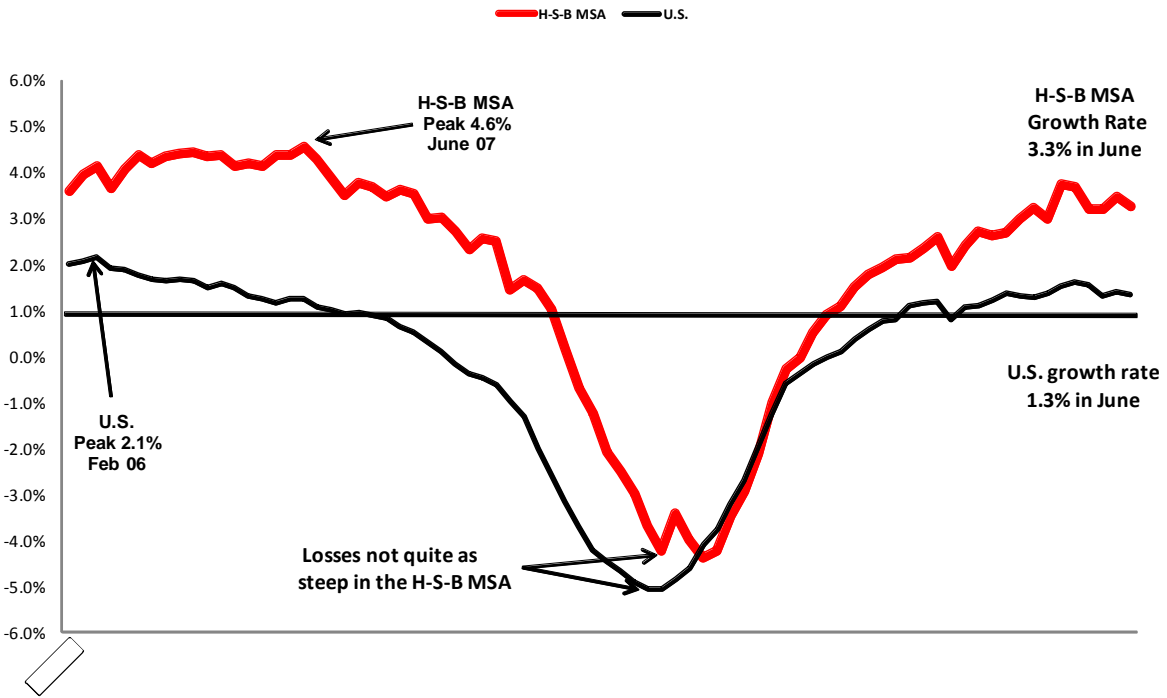
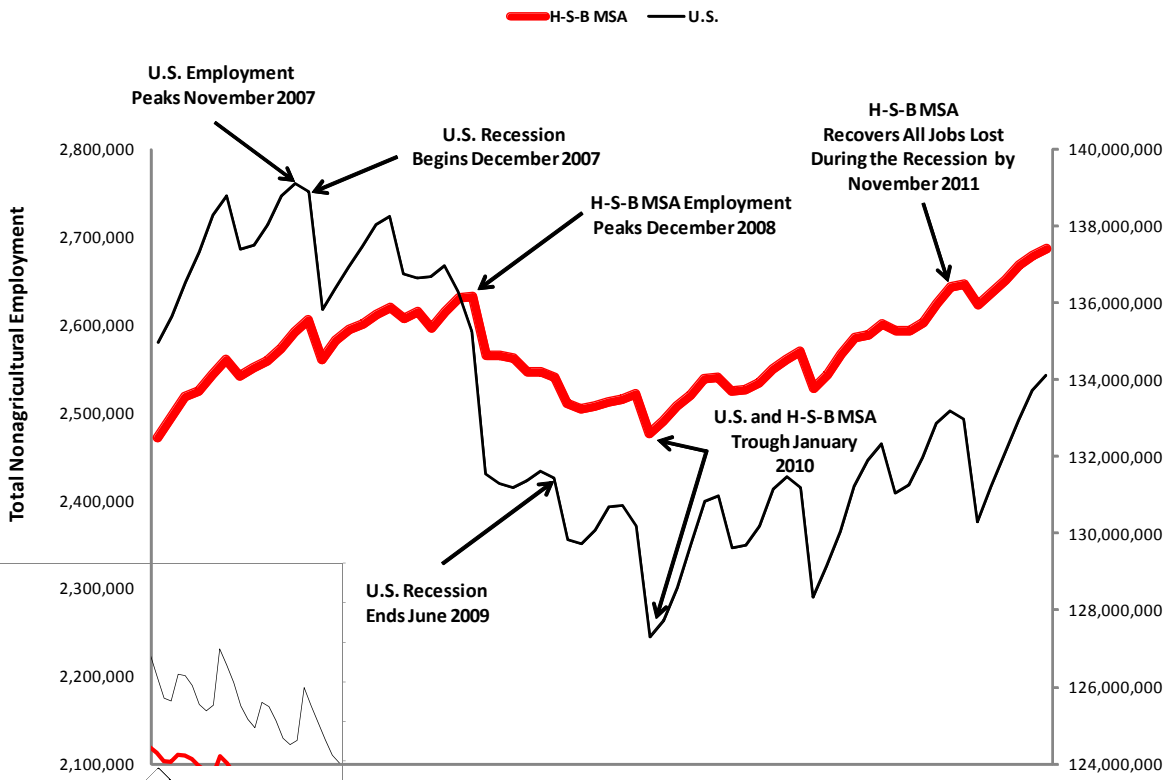
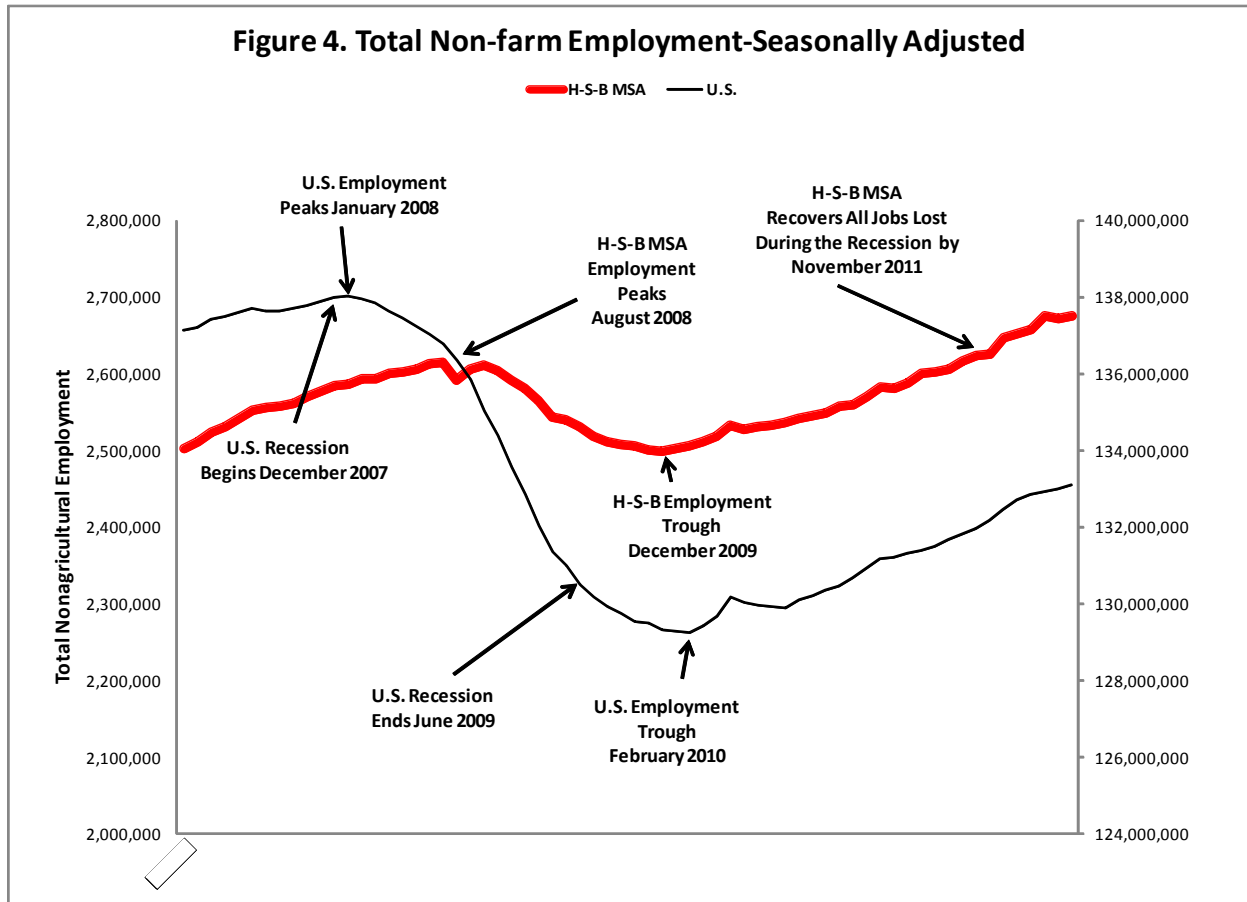


Figure 3. Total Non-farm Employment-Actual



Seasonally adjusted data for the H-S-B MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. Note that the H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. The U.S. still needs to recover 4,935,000 jobs to reach pre-recession levels.

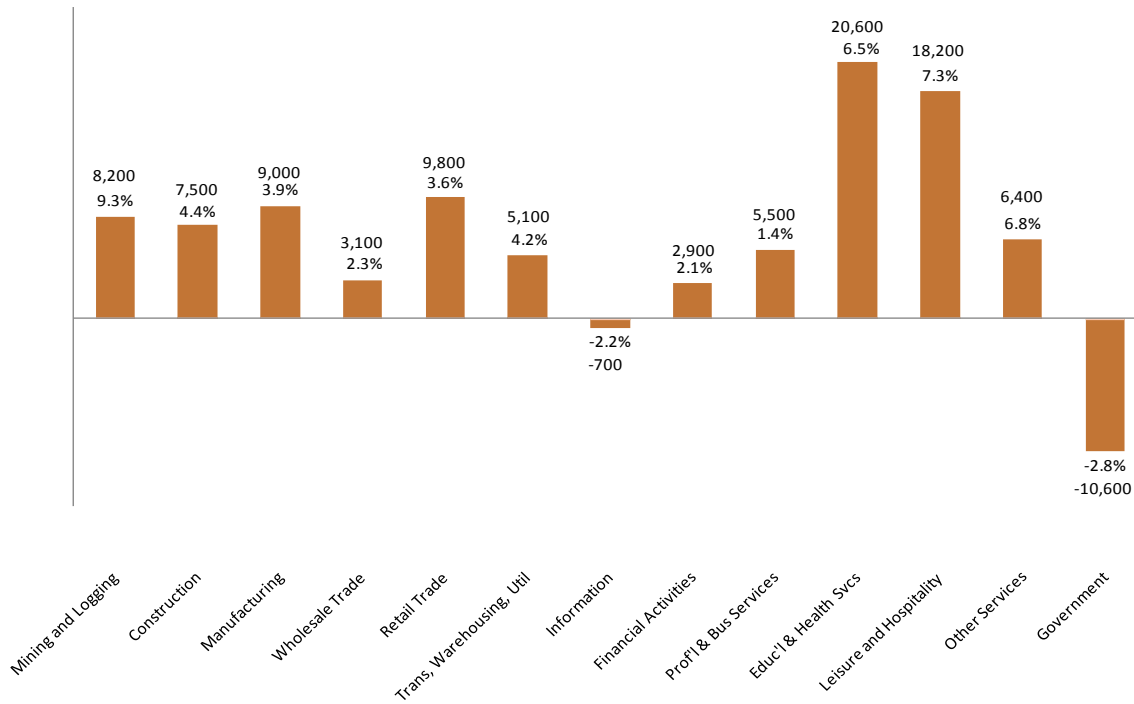
Additional details by super sector provided below.



Mining and Logging added 1,400 jobs in June with payrolls up 8,200 jobs or 9.3 percent over the year, see figure 5. Support Activities for Mining was up 2,200 jobs or 5.7 percent over the year and Oil and Gas Extraction was up 4,000 jobs or 8.2 percent over the year. The average weekly U.S. rig count fell slightly but remained at a high level in June at 1,970. With increasingly weak natural gas prices oil drilling continues to displace gas drilling with 73 percent of rigs now seeking oil. The Eagle Ford Shale boom continues to be a major source of activity. Skilled labor shortages continue to be a concern for the industry.

Construction experienced an unprecedented addition of 7,900 jobs in June, up 4.6 percent. This was the largest one-month increase in Construction according to records dating back to 1990. Job gains were across the board but the largest contribution to June's increase was in Specialty Trade Contractors, up 5,100 jobs or 6.1 percent. June's increase placed Construction in the same arena as other private industry sectors experiencing healthy job growth with payrolls up 7,500 jobs or 4.4 percent over the year. Strongest job growth was in Heavy and Civil Engineering Construction, up 2,900 jobs or 7.2 percent. Construction of Buildings and Specialty Trade Contractors are also reporting healthy job gains with payrolls up 1,500 jobs and 3,100 jobs respectively over the year.

**Figure 5. Houston-Sugar Land-Baytown MSA
Annual Change June 2011 to June 2012**



Manufacturing increased payrolls by 1,400 jobs in June with most of the gain found at manufacturers of durable goods where those supporting the mining industry continue to benefit from a high level of drilling activity. The super sector was up 9,000 jobs or 3.9 percent over the year, see figure 5. All of the increase was at manufacturers of durable goods with the largest gain found in Fabricated Metal Product Fabricating where many companies that support the energy sector are found, up 5,000 jobs or 10.0 percent. Employment in Nondurable Goods Manufacturing suffered a slight loss of 300 jobs over the year. Demand for oil field and gas equipment continues to be strong. The recent shale boom and its resulting cheap gas prices should be a big boost to the Gulf Coast with several petrochemical companies making plans for new plants or expansions in the region. The Houston Purchasing Managers Index remains positive but fell slightly to 59.2 in June. Any index over 50 indicates production gains over the near term.

Trade Transportation & Utilities added 6,800 jobs to payrolls in June. Retailer's added staff at a higher pace than normal following what was an uncharacteristic loss of 1,400 jobs in May, up 4,400 jobs or 1.6 percent. Transportation, Warehousing, and Utilities also contributed to this month's increase with payrolls up 2,100 jobs or 1.7 percent. The rate of over-the-year job growth in Trade Transportation & Utilities improved rising to 3.4 percent, an increase of 18,000 jobs. Retail Trade accounted for half of the increase, up 9,800 jobs or 3.6 percent over the year. Transportation, Warehousing and Utilities was up 5,100 jobs or 4.2 percent over the year.

Information is reporting a loss of 700 jobs over the year, down 2.2 percent, see figure 5. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Employment in **Financial Activities** has been through a series of ups and downs since the beginning of 2012 and June was no different with the super sector reporting a loss of 1,200 jobs, down 0.8 percent. Standardized procedures in the employment estimating process by the Bureau of Labor Statistics have resulted in more volatile estimates and it is unclear whether or not the large monthly shifts in employment are actually taking place. The super sector continues to report an over-the-year increase of 2,900 jobs, up 2.1 percent, see figure 5. Most of the increase was in Finance and Insurance, up 2,000 jobs or 2.3 percent. Real Estate and Rental and Leasing added 900 jobs over the year, up 1.9 percent. Commercial real estate continues to boom in particular in the area of office space benefitting from energy related activity. Regional and community banks noted improvement in commercial and industrial real estate lending. Consumer lending appeared to be steady, with strong mortgage demand and a healthy backlog of loans in the pipeline.

Growth in **Professional and Business Services** stumbled in June experiencing a loss of 400 jobs over the month. The pace of job growth for the first half of the year in Professional and Business Services has been well below what it was in 2011 with the rate of over-the-year growth falling to 1.4 percent in June, an increase of 5,500 jobs, see figure 5. This was the smallest over-the-year increase for the super sector since June 2010. Most areas within the super sector continue to report over-the-year increases but by far the strongest gain was in Employment Services, up 7,600 jobs or 11.0 percent. Administrative and Support Services, where all types of miscellaneous supportive services are found, is now reporting a decline of 2,800 jobs over the year, down 1.6 percent. Outlooks in the super sector were generally positive but slightly more cautious than earlier in the year.

Education and Health Services experienced a loss of 1,700 jobs in June. While a June decline is not uncommon this month's was larger than in previous years. The pace of job growth in Education and Health Services has slowed in recent months but the super sector is still reporting a strong 6.5 percent increase of 20,600 jobs over the year, see figure 5. Most of the increase was in Ambulatory Healthcare Services where employment in all types of medical offices is found, up 14,000 jobs or 11.0 percent. Educational Services is reporting much more modest growth, up 500 jobs or 1.2 percent over the year. An aging population and a population growth rate that more than doubles that of the nation is responsible for growth in the super sector.

Leisure and Hospitality continued to add jobs at a brisk pace for the fourth straight month, up 4,000 jobs or 1.5 percent. This was the largest June increase for the super sector since 2007. Job growth in the super sector rose to an annual rate of 7.3 percent, an increase of 18,200 jobs from June 2011. The 7.3 percent growth rate is the highest rate of expansion the super sector has seen according to records going back to 1991. Most of the expansion has been in Food Services and Drinking Places, up 16,700 jobs or 8.4 percent. Accommodation was reporting an increase of 700 jobs over the year, up 3.3 percent, and Arts, Entertainment, and Recreation was up 800 jobs or 2.7 percent over the year. Like many other industries in the H-S-B MSA, population growth continues to be the driving factor to job gains in the super sector.

Other Services experienced a strong increase of 2,400 jobs in June, up 2.5 percent, and was up 6,400 jobs or 6.8 percent over the year, see figure 5. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government experienced a loss of 12,900 jobs over the month, down 3.4 percent. While most of June's decline followed typical seasonal patterns those in Local Government were much deeper than previous years, down 10,700 jobs or 3.9 percent compared to an average of 6,840 over the past five years. Government continues to struggle with budget constraints with over-the-year declines climbing to 2.8 percent in June, down 10,600 jobs, see figure 5.

NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	JUN 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,686,000	7,600	0.3%	85,000	3.3%
Total Private	2,324,200	20,500	0.9%	95,600	4.3%
Goods Producing	513,900	10,700	2.1%	24,700	5.0%
.Mining and Logging	96,800	1,400	1.5%	8,200	9.3%
...Oil and Gas Extraction	53,000	900	1.7%	4,000	8.2%
...Support Activities for Mining	40,700	400	1.0%	2,200	5.7%
.Construction	179,900	7,900	4.6%	7,500	4.4%
..Construction of Buildings	48,500	1,800	3.9%	1,500	3.2%
..Heavy and Civil Engineering Construction	43,000	1,000	2.4%	2,900	7.2%
..Specialty Trade Contractors	88,400	5,100	6.1%	3,100	3.6%
.Manufacturing	237,200	1,400	0.6%	9,000	3.9%
..Durable Goods	160,100	1,200	0.8%	9,300	6.2%
...Fabricated Metal Product Manufacturing	54,900	400	0.7%	5,000	10.0%
...Machinery Manufacturing	51,600	500	1.0%	4,500	9.6%
....Agriculture, Construction, and Mining Machinery Manufacturing	37,500	500	1.4%	2,700	7.8%
...Computer and Electronic Product Manufacturing	19,600	100	0.5%	100	0.5%
..Non-Durable Goods	77,100	200	0.3%	-300	-0.4%
...Petroleum and Coal Products Manufacturing	12,100	-100	-0.8%	0	0.0%
...Chemical Manufacturing	34,800	300	0.9%	500	1.5%
Service Providing	2,172,100	-3,100	-0.1%	60,300	2.9%
.Private Service Providing	1,810,300	9,800	0.5%	70,900	4.1%
..Trade, Transportation, and Utilities	545,800	6,800	1.3%	18,000	3.4%
...Wholesale Trade	139,600	300	0.2%	3,100	2.3%
....Merchant Wholesalers, Durable Goods	82,500	300	0.4%	2,600	3.3%
.....Professional and Commercial Equipment and Supplies Merchant	10,200	0	0.0%	-200	-1.9%
....Merchant Wholesalers, Nondurable Goods	39,300	100	0.3%	200	0.5%
...Retail Trade	279,600	4,400	1.6%	9,800	3.6%
....Motor Vehicle and Parts Dealers	33,300	200	0.6%	500	1.5%
....Building Material and Garden Equipment and Supplies Dealers	19,600	-300	-1.5%	0	0.0%
....Food and Beverage Stores	57,700	400	0.7%	1,700	3.0%
....Health and Personal Care Stores	17,400	300	1.8%	0	0.0%
....Clothing and Clothing Accessories Stores	30,700	500	1.7%	1,300	4.4%
....General Merchandise Stores	59,300	0	0.0%	-1,200	-2.0%
.....Department Stores	22,200	-200	-0.9%	-1,300	-5.5%
.....Other General Merchandise Stores	37,100	200	0.5%	100	0.3%
...Transportation, Warehousing, and Utilities	126,600	2,100	1.7%	5,100	4.2%
...Utilities	17,300	200	1.2%	1,200	7.5%
....Air Transportation	19,600	0	0.0%	-200	-1.0%
....Truck Transportation	23,200	200	0.9%	1,200	5.5%
....Pipeline Transportation	10,400	-100	-1.0%	0	0.0%
..Information	31,200	-100	-0.3%	-700	-2.2%
...Telecommunications	15,400	-100	-0.6%	-600	-3.8%
..Financial Activities	140,000	-1,200	-0.8%	2,900	2.1%
...Finance and Insurance	90,500	-1,300	-1.4%	2,000	2.3%
....Credit Intermediation and Related Activities	42,600	-100	-0.2%	600	1.4%
.....Depository Credit Intermediation	29,300	-100	-0.3%	700	2.4%
.....Securities, Commodity Contracts, and Other Financial Investment	13,500	-100	-0.7%	500	3.8%
....Insurance Carriers and Related Activities	30,100	-100	-0.3%	400	1.3%
...Real Estate and Rental and Leasing	49,500	100	0.2%	900	1.9%

NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA

	JUN 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	389,400	-400	-0.1%	5,500	1.4%
...Professional, Scientific, and Technical Services	185,600	-100	-0.1%	4,300	2.4%
....Legal Services	23,600	500	2.2%	300	1.3%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	17,300	-100	-0.6%	100	0.6%
....Architectural, Engineering, and Related Services	62,000	600	1.0%	1,500	2.5%
....Computer Systems Design and Related Services	26,600	200	0.8%	1,400	5.6%
....Management of Companies and Enterprises	21,300	200	0.9%	600	2.9%
....Administrative and Support and Waste Management and Remediation Services	182,500	-500	-0.3%	600	0.3%
....Administrative and Support Services	171,000	-1,500	-0.9%	-2,800	-1.6%
.....Employment Services	76,800	-400	-0.5%	7,600	11.0%
.....Services to Buildings and Dwellings	43,100	800	1.9%	300	0.7%
..Educational and Health Services	335,300	-1,700	-0.5%	20,600	6.5%
...Educational Services	42,900	-1,000	-2.3%	500	1.2%
...Health Care and Social Assistance	292,400	-700	-0.2%	20,100	7.4%
....Ambulatory Health Care Services	141,400	-800	-0.6%	14,000	11.0%
....Hospitals	76,500	100	0.1%	3,300	4.5%
..Leisure and Hospitality	268,600	4,000	1.5%	18,200	7.3%
...Arts, Entertainment, and Recreation	30,500	1,700	5.9%	800	2.7%
...Accommodation and Food Services	238,100	2,300	1.0%	17,400	7.9%
....Accommodation	21,800	300	1.4%	700	3.3%
....Food Services and Drinking Places	216,300	2,000	0.9%	16,700	8.4%
..Other Services	100,000	2,400	2.5%	6,400	6.8%
Government	361,800	-12,900	-3.4%	-10,600	-2.8%
.Federal Government	27,200	0	0.0%	-500	-1.8%
.State Government	70,300	-2,200	-3.0%	500	0.7%
..State Government Educational Services	37,500	-2,000	-5.1%	0	0.0%
.Local Government	264,300	-10,700	-3.9%	-10,600	-3.9%
..Local Government Educational Services	184,000	-9,900	-5.1%	-6,800	-3.6%

UNEMPLOYMENT RATE

	JUN 2012	APR 2012	JUN 2011
H-S-B MSA	7.5	6.9	8.8
Texas (Actual)	7.6	6.9	8.6
United States (Actual)	8.4	7.9	9.3

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

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