Workforce Solutions

Gulf Coast Workforce Board
3555 Timmons Lane, Suite 120, Houston, Texas 77027
PO Box 22777 Houston, Texas 77227-2777
MAIN: 713.627.3200 FAX: 713.993.4578
www.wrksolutions.com

To: Gulf Coast Workforce Board members

From: Mike Temple
David Baggerly
Brenda Williams
Michelle Castrow

Date: July 31, 2018

Subject: Meeting Materials for Tuesday, August 7, 2018

Please join us on **Tuesday, August 7, 2018 at 10:00 a.m.** in **H-GAC's second floor conference rooms A/B/C**, 3555 Timmons Lane, Houston, Texas, for the next meeting of the Gulf Coast Workforce Board.

We have a full agenda for August. We'll begin as usual with the Chair's remarks and then follow with a report from the System Visibility Committee. This committee hasn't met for some time, and its first gathering set a framework for strategies to make the Board and Workforce Solutions more visible.

- Committee Chair Joe Garcia will update members on the Audit/Monitoring Committee's annual review of monitoring results and trends.

- Committee Vice Chair Bobbie Henderson will follow on with the Procurement Committee's recommendations for 2019 Workforce Solutions contracts. We've had an increase in our basic funding for next year, and as part of the recommendations, we have reserved a portion of funds to put out for new projects. Dr. Henderson will also bring a recommendation from the committee to fund two contracts for a demonstration project to train and place individuals with intellectual/developmental disabilities in jobs.

- Dr. Henderson will share information from the Early Education & Care Committee's meeting and offer a recommendation to increase the rates we pay our child care network vendors and a recommendation to further amend our financial aid wait list priorities.

Workforce Solutions

Gulf Coast Workforce Board
3555 Timmons Lane, Suite 120, Houston, Texas 77027
PO Box 22777 Houston, Texas 77227-2777
MAIN: 713.627.3200 FAX: 713.993.4578
www.wrksolutions.com

We will have an update on our performance and production – we're proposing a new format to you for this report – and our expenditures against budget to date. And this month we'll have two reports on jobs and the economy: our usual summary of jobs numbers and a special report on growth of the "gig" economy in Texas metro areas.

We'll end our meeting with a special recognition for Board staff member David Baggerly. After an outstanding 41-year career in workforce programs, David will be retiring in mid-August. We will all miss him, and we certainly wish him the best.

We look forward to seeing you on August 7. There is a lot of information in the packet – please let us know if you have questions or we may be of help.

Workforce Solutions

GULF COAST WORKFORCE BOARD

TENTATIVE AGENDA
10:00 A.M. TUESDAY, AUGUST 7, 2018

H-GAC Conference Rooms A/B/C
3555 Timmons Lane, Second Floor, Houston, TX 77027

1. Call to Order
2. Adopt Agenda
3. Hear Public Comment
4. Review June 2018 meeting minutes
5. Declare Conflicts of Interest
6. Consider Reports
    a. Chair's Remarks
    b. System Visibility. Report on the committee's July meeting
    c. Audit/Monitoring. Report on the annual summary of monitoring
7. Take Action
    a. Procurement. Consider committee recommendations to fund 2019 Workforce Solutions contracts in total not to exceed $271,496,000.
    b. Procurement. Consider committee recommendation to fund Education Programs Inspiring Communities up to $570,972 and University of Houston-Downtown up to $529,028 for a demonstration project serving individuals with developmental disabilities.
    c. Early Education. Consider committee recommendation to increase early education provider rates.
    d. Early Education. Consider committee recommendation to amend priority groups on the financial aid wait list.

8. Receive Information
    a. Performance and Production. Report on the system's performance and production.
    b. Expenditures. Report on the Board's budget and expenditures.
9. Look at the Economy. Report on current employment data and economic trends.
10. Take Up Other Business. Recognize David Baggerly upon his retirement.
11. Adjourn

Gulf Coast Workforce Board-Workforce Solutions
3555 Timmons Lane, Suite 120, Houston, Texas 77027
P.O. Box 22777 Houston, Texas 77227-2777
713.627.3200
1.888.469.5627 toll-free
www.wrksolutions.com

MINUTES OF
THE GULF COAST WORKFORCE BOARD
TUESDAY, JUNE 5, 2018

MEMBERS PRESENT:

Willie Alexander
Gerald Andrews
Peter Beard
Sara Bouse
Carl Bowles
Mary Helen Cavazos
Renea Dillon
Joe Garcia
Cheryl Guido
Mark Guthrie
Bobbie Allen Henderson
Guy Robert Jackson
Sarah Janes
Doug Karr
Paulette King
Jeff LaBroski
Scott Marshall
Allene Schmitt
Valerie Segovia
Connie Smith
Evelyn Timmins
Shunta Williams

H-GAC STAFF MEMBERS PRESENT

Mike Temple
David Baggerly
Ron Borski

Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, June 5, 2018, 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 and the agenda was adopted as presented.

PUBLIC COMMENT

Public comments were offered by Ms. Gladys House-El representing Freedman's Town. Ms. House-El introduced herself and stated that she looks forward to working with the Workforce Board to coordinate funding for youth services and other services in the fourth ward area of Houston.

MINUTES FROM APRIL 3, 2018 MEETING

Chair Guthrie asked for any additions or corrections to the minutes for the April 3, 2018 Board meeting and if none, 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 of interest. Chair Guthrie reminded the members that they were welcome to declare conflicts with items as they are considered.

CONSIDER REPORTS

Chair's Report

Chair Guthrie reported that the TANF reauthorization bill, called the Jobs For Success Act, had been introduced in the House of Representatives. This will help realign some of the work requirements with WIOA requirements which will make it easier on our staff and some of our contractors.

Chair Guthrie also shared that the House and Senate will be marking up the FY 2019 Labor, Health and Human Services bill this month. There are a lot of competing priorities for workforce-related funding. He reported that the National Associate of Workforce Boards (NAWB) is watching this very closely.

Chair Guthrie also reported that, on the national scene, no rescission was proposed for any workforce-related funding. A rescission is where the government takes back any funding that was appropriated to particular programs when the appropriated funds were not spent.

Chair Guthrie advised that the NAWB directors meeting will be in mid-July and he will provide a report on it at our August meeting.

Chair Guthrie said that he was honored to give a short keynote speech at the Greater Houston Business Leadership Network luncheon last week, which he attended along with Mike Temple. Both Chair Guthrie and Mr. Temple had an opportunity to address the group and discuss the Board's current efforts. Chair Guthrie said he mentioned to that group his list of the new technologies that will become more and more important to our regional economy as time goes on. The event was well attended with more than 50 employers represented.

Chair Guthrie reminded the Board that the Strategic Planning Committee will meet later this summer. The current Strategic Plan runs from 2014 through 2018. Chair Guthrie encouraged all Board members, whether or not serving on that committee, to make plans to attend the meeting.

Chair Guthrie also said the System Visibility Committee will be reestablished and begin meeting. He noted that the Board needs become more visible and encouraged attendance at that meeting as well when it is scheduled later this summer.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Committee Chair Joe Garcia reported that the Audit/Monitoring Committee met on Thursday, May 24, 2018 at the H-GAC offices. The meeting was attended by Committee Chair Joe Garcia, Committee Vice Chair Guy Jackson, members Doug Karr, Dale Pillow, Allene Schmitt, Evelyn Timmins, Gil Staley, Bobbie Henderson and John Josserand. Richard Shaw and Board Chair Mark Guthrie also attended. Chair Garcia reported the following:

Career Offices
The staff monitoring team completed six office reviews and one office-related unit review. All seven units rated as Solid Performance.

The team did not find any significant problems, though it continues to recommend updated and continuing training for career office staff on filling job postings, making good referrals to open jobs, outreach to youth and young adults, and documenting financial aid.

The monitors also recommended attention to customer service at the Lake Jackson, Baytown, Cypress Station, and Conroe offices.

The team commended the Tracking Unit at BakerRipley for a new procedure that helps assign tasks equitably and reviews staff productivity and timeliness – and asked the unit to share this procedure will all contractors.

Houston Center for Literacy
Financial monitors completed a review for the Houston Center for Literacy in March 2018. Findings from this review included:

- the cost allocation plan did not include all the required elements
- costs for indirect are overstated
- could not trace some payroll costs
- procurement information was not available
- financial policies needed to be updated

HCL is working on the issues found during monitoring, and we will resolve them before the end of the contract on June 30. HCL will not have a contract going forward, and our funds do not appear to be at risk.

Adult Education

In preparation for the Procurement Committee's consideration of adult education contracts, the Audit and Monitoring Committee presented summary findings for the monitoring reviews of current year adult education contractors.

The monitoring team conducts on-site visits and records reviews for these adult education contractors, just as it does for all other contractors. During on-site visits, the team interviews staff, management, and customers; observes operations; and checks various compliance items. The team's records reviews cover customer data, assessing accuracy, completeness, appropriateness, and compliance with guidelines, policies, procedures, and rules.

The monitoring team noted the following trends:

- Rankings for adult education providers have improved with three providers ranked as strong performance.
- We are on target to meet our enrollment targets except for Integrated EL Civics.
- Customers overall express satisfaction with the service we provide.

The monitoring team saw opportunities for improvement:

- Adult education providers can ensure they adequately document eligibility for 16, 17, 18-year-olds and those tagged as TANF.
- Providers can ensure data entered in the adult education data base accurately reflects the information on documents in the records.
- Providers can improve on completing career planning and goal setting.
- Providers can further ensure test administrators receive initial and ongoing training.
- Providers can ensure the inventory list is up to date and staff tags equipment.
- Region 6 can offer more opportunities for consortium partners to attend training on the Standards and Guidelines and the assessment policy.
- Region 6 can monitor earlier in the year to offer better resolution, follow up and technical assistance in supporting the partners.
- Providers must review and follow requirements for procurement.
- Providers can better track inventory.

Ratings for consortium partners show improvement with three contractors receiving ratings of **Strong Performance.**

Ratings

Adult Education	2016	2017	2018
Brazosport College	Acceptable	Solid Performance	**Strong Performance**
College of the Mainland	Acceptable	Solid Performance	Solid Performance
Harris County Department of Education	Acceptable	**Strong Performance**	**Strong Performance**
Houston Community College	Acceptable	Building Performance	Solid Performance

Lone Star College	Minimally Acceptable	Solid Performance	Solid Performance
San Jacinto College	Acceptable	Solid Performance	Solid Performance
Wharton County Junior College	Minimally Acceptable	Solid Performance	**Strong Performance**
Houston Center for Learning			Building Performance
Region 6 Education Service Center	Acceptable	Solid Performance	Solid Performance

Outside Reviews

Improper Payments
Staff received notice from the Texas Workforce Commission on May 17, 2018 about a recent review of improper payments. Workforce Commission reviewers found five customers with what they believe to be overpayments of child care financial aid. The total amount of overpayments for all five customers taken together is $108.41.

Upcoming Annual Review
The Texas Workforce Commission Monitoring Team will conduct its annual review beginning June 18, 2018. The review will also include federal Hurricane Harvey disaster recovery funding.

Chair Garcia concluded his report and no action was taken.

TAKE ACTION

a. *Procurement. The Committee Chair will ask members' consideration for proposed adult education contracts in amount of $15,771,195 for the period July 1, 2018 through June 30, 2019.*

Committee Chair Evelyn Timmins reported that the Procurement Committee met on Thursday, May 24, 2018 to consider contracts for the operation of the Gulf Coast Adult Education Consortium. The meeting was attended by Committee Chair Evelyn Timmins, Committee Vice Chair Bobbie Henderson, Board Chair Mark Guthrie and members Doug Karr, Joe Garcia, Guy Jackson, Richard Shaw, Allene Schmitt, John Josserand, Dale Pillow and Gil Staley. Chair Timmins provided the following report of that meeting:

Where Does the Money Come From?

The Adult Education and Family Literacy Act – which authorizes the activities for publicly funded adult education – is now part of the Workforce Innovation & Opportunity Act (Title II of the Act).

The rules for AEFLA/WIOA Title II dollars require the state to procure providers of adult education. As we have previously, the Workforce Board sent a proposal to the Workforce Commission as the lead for the Gulf Coast Adult Education Consortium. Our proposal included our partners and the potential contracts 2019.

The Commission has accepted our proposal and will fund the consortium beginning July 1, 2018. Estimated funding for the new year is slightly higher than last, at $16.6 million.

Who Are Our Partners?
For 2019, our consortium will include previous partners Brazosport College, College of the Mainland, Harris County Department of Education, Houston Community College, Lone Star College, Region 6 Education Service Center, San Jacinto College, and Wharton County Junior College.

- We propose adding direct contracts for three organizations who previously participated in the consortium as subrecipients to one of the other partners: Alliance for Multicultural Community Services, BakerRipley, and Chinese Community Center.

- Finally, we propose adding the Boys & Girls Club of Walker County as a new partner.

- These four providers were included in our proposal to the state.

The Houston Center for Literacy, which was a partner in the consortium this past year, is giving up its direct service role. The Center's board will return to its primary mission as the Mayor of Houston's Commission on Literacy. We propose continuing the Center's service through the Harris County Department of Education, the Alliance for Multicultural Community Services, BakerRipley, and the Chinese Community Center.

What Will We Do?
We propose continuing adult education and literacy instruction at more than 250 sites throughout the 13-county region. Service includes English language instruction, literacy classes, adult basic education, adult secondary education, GED preparation, and joint basic education-skills training classes.

We expect to serve about the same number of students in 2019 as we have in the current year.

During 2019 we will also:

- Increase the integration of adult education with our Employer Service. Already this spring we are responding to increasing demand from employers for on-site basic skills and English language instruction classes for their workers.

- Continue integrating adult education providers and and the Vocational Rehabilitation services with the career offices to make it easy for customers to access a full range of Workforce Solutions service no matter where they enter.

- Work with the state to introduce the concept of sector academies to our consortium offerings. A basic education sector academy structures language and literacy instruction, basic skills training, and GED preparation around the in-demand occupations for key industry sectors – leading to employment and career paths in those industries. This will be new for us, and we will provide more information as we develop the academies.

- Continue to work on improving outcomes.

Current Situation
The Texas Workforce Commission has accepted our proposal to lead a consortium of adult education and literacy providers in the Gulf Coast region. In our proposal, we listed those organizations we expect to contract as service providers.

The Commission will fund the consortium beginning July 1, 2018 at a little more than $16 million.

The Committee recommends contracting with 11 providers to deliver adult education and literacy instruction throughout the region and one organization to deliver technical assistance and professional development for the consortium.

Staff has attached consortium performance data from 2017 and 2018.

Staff has also conducted financial integrity reviews for the proposed new contract partners: the Alliance for Multicultural Community Services, BakerRipley, the Boys & Girls Club of Walker County, and the Chinese Community Center.

- Of the four proposed new contractors, all except the Chinese Community Center qualify as low-risk.

- The Chinese Community Center had two findings in its last audit regarding late submissions of reimbursement requests. Staff has found that all other financial integrity indicators are acceptable (organization financial position, financial policies and procedures, insurance, not debarred or suspended) and recommend accepting the Chinese Community Center as a contractor. Staff intends to conduct an early complete financial monitoring for this contractor.

Recommendations
The Committee proposes 2019 adult education funding for 12 contractors in amounts shown in the following chart. Contracts would run from July 1, 2018 through June 30, 2019 with options for renewal based on performance, the Board's approval, and continued funding from the state.

	2017 Contract Total	2018 Contract Total	2019 Recommended
Alliance for Multicultural Community Services			525,000
BakerRipley			525,000
Boys & Girls Club Walker County			450,000
Brazosport College	754,520	765,000	700,000
Chinese Community Center			200,000
College of the Mainland	876,297	1,040,000	1,116,000
Harris County Department of Education	4,025,264	4,200,000	4,550,000
Houston Center for Literacy		2,000,000	
Houston Community College	6,256,735	4,200,000	4,200,000
Lone Star College	1,041,100	1,250,000	1,250,000
Region 6 Education Service Center	672,800	673,000	855,195
San Jacinto College	531,780	675,000	650,000
Wharton County Junior College	652,900	665,000	750,000
Subtotal, Provider Contracts	**$ 14,811,396**	**$ 15,467,999**	**$ 15,771,195**
Reserve for Board	647,733	529,234	830,063
Total	**15,459,129**	**15,997,233**	**16,601,258**

1. We recommend funding for the Alliance, Baker Ripley, and the Chinese Community Center to deliver service previously provided through and Houston Center for Literacy and through a subcontract with Houston Community College.

2. We recommend funding for Boys & Girls Club of Walker County at a level to offer adequate service in Walker County.

3. We recommend increased funding for high performing providers College of the Mainland, Harris County Department of Education, and Wharton County Junior College. We have proposed substantial added funds for Harris County to recognize the increased work with employers and for Wharton County Junior College to recognize its performance and service area across multiple counties.

4. We recommend increased funding for Region 6 Education Service Center as it will be working with four new providers in the consortium and an expanding need for technical assistance and professional development.

5. We are proposing level funding for Houston Community College and Lone Star College.

6. We are recommending reduced funding for Brazosport College and San Jacinto College. Both providers have had difficulty spending funds during the current year.

7. We recommend increasing Board reserve to pay for required infrastructure costs across the system and additional financial monitoring services for added and new contractors.

We expect to serve at least 22,800 students in 2019 across all 13 counties.

A motion was made and seconded to approve the 2019 adult education contracts described above in amounts not to exceed those described above. Sara Bouse declared a conflict of interest with this action item and abstained from the vote. The motion carried.

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

b. *Early Education and Care. The Committee Chair will ask members' consideration for proposed changes to financial aid policies.*

Committee Chair Bobbie Henderson reported that the Procurement Committee met on Wednesday, May 23, 2018 at 1:30 p.m. in H-GAC's Conference Room 2D. Committee Chair Bobbie Henderson, Committee Vice Chair Doug Karr, Board Chair Mark Guthrie, and members John Josserand, Birgit Kamps and Allene Schmitt attended the meeting. Chair Henderson provided the following report of this meeting:

Updates

- In May 2018 we are supporting more than 28,000 children with financial aid to their parents for early education/child care. In February we were supporting 29,476 children per day.
  - ✓ Our wait list for child care financial aid continues to rise.
  - ✓ We have more than 10,930 families and 18,623 children waiting for access to financial aid.

- The Bipartisan Budget Act of 2018 increased the federal funding for child care. We are not certain when added funds will come to us or exactly how much we will receive. Without much of 2018 left, we expect that we will see funds closer to the federal fiscal year which begins in October. We understand that this round of funding will continue through September 2020.

  Texas will receive $229 million in added funds: at least $135 million for direct financial aid to parents, at least $18.4 million for quality improvement initiatives, and at least $6.9 million for infant/toddler quality improvement.

  We still project that a 20 to 30% increase in resources would place our total availability at about $183 million.

- Texas Rising Star. We have 268 TRS providers – an increase from the 255 total reported in February.
  - Two-star certified providers: 85 (101 reported in February)

- Three-star certified providers: 94 (78 reported in February)
- Four-star certified providers: 89 (76 reported in February)

Christina Triantaphyllis from the Collaborative for Children presented an online tool that the Collaborative for Children developed to recruit potential TRS providers and to quickly identify TRS providers who need technical assistance and training to maintain their quality certifications.

Financial Aid Policy Changes

Supporting Parents in Training

The Committee looked at broadening a continuing eligibility requirement for customers who are attending post-secondary education or training.

We support parents who are in school with financial aid for early education expenses. Parents attending school must be income eligible and meet additional core eligibility requirements.

Current: At redetermination of eligibility, parents must not have exceeded 65 semester hours unless one of the following applies:

- Parent is attending school or training supported by federal, state or Workforce Solutions funds; or
- Parent is working 25 hours/week in addition to attending school or training; or
- Parent has a spouse and together they are working 50 hours per week and at least one parent attends school.

A parent will continue to show progress at redetermination by showing us he or she is enrolled in the same course or degree program.

Proposed: At redetermination of eligibility, parents may continue to receive child care financial aid:

- For up to two years toward a certificate
- For up to four years toward an associate's degree
- For up to six years toward a bachelor's degree
- For up to four years toward a Master's degree

This proposed change in eligibility will remove excessive requirements that have limited parents' ability to receive our financial aid while they are attending school to earn a certificate or degree. Workforce Solutions sets time limits for degree attainment and helps ensure parents make progress toward degree completion.

Absences

All families must follow the absence policy. Right now, that policy allows up to 65 unexplained absences for each child. This policy – which was made by the Workforce Commission – does not count absences which involve court-ordered visitation, chronic illness or disability.

- Beginning July 1, 2018, the Commission will change the policy to allow only 40 unexplained absences. A family with a child who exceeds 40 unexplained absences will lose our financial aid for that child.
- Parents may reapply for that child 60 days after losing the financial aid.

Given our current long wait list, the Committee recommends adding a priority group for families who are on a "wait out" period because a child had more than 40 unexplained absences.

This priority would place a family reapplying for aid ahead of those applying for the first time.

If we have reinstated a family and the child again has more than 40 unexplained absences, the family could reapply again after 60 days but would not have a priority.

Current priority for child care financial aid wait list.

1. Applicants for Temporary Assistance for Needy Families cash payments;
2. TANF recipients who are participating with us in employment and training activities;
3. TANF employment and training participants who are transitioning off cash payments and into unsubsidized work;
4. Supplemental Nutrition Assistance (food stamp) recipients who are participating with us in employment and training activities;
5. Children in protective services;
6. Children of veterans or their spouses;
7. Children of a foster youth;
8. Children experiencing homelessness;
9. Children of active duty military personnel who are unable to enroll their children in military-funded child care assistance programs;
10. Children of teen parents;
11. Children with disabilities
12. Siblings in families already receiving our financial aid for one or more children
13. Families participating in Workforce Solutions career, employment or education activities that require the financial aid to successfully complete their service
14. All other eligible families

Proposed priority for child care financial aid wait list.

1. Applicants for Temporary Assistance for Needy Families cash payments;
2. TANF recipients who are participating with us in employment and training activities;
3. TANF employment and training participants who are transitioning off cash payments and into unsubsidized work;
4. Supplemental Nutrition Assistance (food stamp) recipients who are participating with us in employment and training activities;
5. Children in protective services;

6. Children of veterans or their spouses;
7. Children of a foster youth;
8. Children experiencing homelessness;
9. Children of active duty military personnel who are unable to enroll their children in military-funded child care assistance programs;
10. Children of teen parents;
11. Children with disabilities
12. Siblings in families already receiving our financial aid for one or more children
13. Families participating in Workforce Solutions career, employment or education activities that require the financial aid to successfully complete their service
14. **Families who have lost financial aid for a child exceeding 40 unexplained absence days and have reapplied for aid.**
15. All other eligible families

Chair Henderson made motions that the Board approved each of the following actions on behalf of the Early Education and Care Committee.

1. Extend the continuing eligibility requirement for customers who are attending post-secondary education so that a parent may continue to receive financial aid:
    - For up to two years toward a certificate
    - For up to four years toward an associate's degree
    - For up to six years toward a bachelor's degree
    - For up to four years toward a Master's degree

2. Include a priority on the child care wait list for families who have lost financial aid for a child who exceeded 40 unexplained absences as described above.

<u>The motion to approve the first action described above was seconded. The motion carried.</u>

<u>The motion to approve the second action described above was seconded. The motion carried.</u>

Mike Temple pointed out that the packet of materials handed out to the Board includes a handout containing information about opportunities to expand the number of certified quality programs in our network of childcare providers.

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

RECEIVE INFORMATION

a. *Performance and Production. Report on the system's performance and production.*

David Baggerly reviewed the Performance measures for October 2017 through April 2018, as follows:

Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan for the Board's operating affiliate, Workforce Solutions.

More Competitive Employers
Employers Receiving Services (Market Share)
We expect to provide services to 26,367 employers this year. We provided services to 20,154 employers in the period October 2017 through April 2018.

Employer Loyalty
Of a possible 17,784 employers, 10,799 returned to Workforce Solutions for additional services in the period October 2017 through April 2018.

More and Better Jobs
New jobs created
New jobs created in the region as a result of Workforce Solutions partnering with economic development organizations. This information is captured quarterly and reflects a two-year average through March 2018.

Customers employed by the 1st Qtr. after exit
210,191 customers exited from workforce service in the period October 2016 through June 2017. 159,876 of these customers were employed by the quarter after the exit quarter.

Higher Real Incomes
Earnings Gains of at least 20%
222,167 customers exited from workforce service in the period April 2016 through December 2016. 61,603 of these customers had earnings gains of at least 20%.

A Better Educated Workforce
Customers pursuing education diploma, degree or certificate who achieve one
393 of 535 customers, who pursued an education diploma, degree or certificate and exited from July 2017 through March 2018, attained a diploma, degree or certificate by the end of the quarter after exit.

Production
In addition to the Board's measures, Workforce Solutions works to meet Texas Workforce Commission expectations for production.

For the performance year that began October 1, 2017, we are meeting or exceeding the target for sixteen of nineteen state measures. These are the measures we are not achieving:

- Choices Full Work Rate: The target for this measure is 50.0%. Our performance for customers participating from October 2017 through March 2018 was 41.56%.
- Average Number of Children Served Per Day: The target for this measure is 24,179. Our average number of children served per day from October 2017 through March 2018 was 27,024.
- Credential Rate – Youth: The target for this measure is 51.5%. Our performance for customers who exited from January 2016 through September 2016 was 43.61%.

Adult education measures for the period July 2017 through April 2018 include:

1. Total enrollments - includes individuals who begin an adult education class.
2. 12+ hour enrollments - includes individuals who are in adult education classes 12 or more clock hours.
3. Transitions – includes individuals enrolled in adult education classes designed to lead to further post-secondary training.
4. Integrated Education and Training (IET) – includes individuals enrolled in Adult Education and Literacy classes concurrently and contextually with Workforce Preparation Activities and Workforce Training for specific in-demand or targeted occupations for educational and career advancement.
5. English Literacy and Civics (EL Civics) - includes English Language Learners receiving instruction to achieve competency in the English language and acquire the information and skills needed to function effectively as parents, workers, and citizens in the United States.
6. Integrated English Language (IET) and English Language (EL) Civics – includes individuals enrolled in English Literacy and Civics who are also enrolled in Integrated Education and Training.
7. Intensive Services – includes individuals who receive various college and career-focused adult education options including: workplace Adult Education and Literacy activities, services for internationally-trained English Language Learner professionals and transition assistance to offenders for re-entry and post-release services.

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

b. <u>Budget and Expenditures. Report on the Board's budget and expenditures.</u>

Mike Temple reviewed the Financial Status Report representing expenses for the four months ending in April 2018, and provided the following report:

At the present time we are looking good. As we normally do, we are running a little hot but, throughout the system, we are within our bounds. We always want to watch the money very carefully and make sure it is in the places where it can do the most good.

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

c. <u>Updates.</u>

Mike Temple provided a brief status update on summer jobs, hurricane recovery, new office locations and vocational rehabilitation services integration.

Workforce staff is participating with the City of Houston in Hire Houston Youth as a part of their summer jobs effort and are carrying that program throughout the entire region. All Workforce Solutions offices are sponsoring events designed to help young people look for work either through a private employer or through one of our subsidized efforts. We have retooled some of our seminars to work for young people and called it a Fast Pass. They can come to the office, participate in a class, and receive a Fast Pass to an employer who is looking for someone to work.

We continue to work on support and recovery efforts throughout the region related to Hurricane Harvey. At this moment we have 180 people who are in temporary jobs supporting recovery and approximately 752,000 people overall have come to us for some type of assistance.

We will be opening new office locations in Pearland and in Acres Home. We are also working on locations in Palm Center and Missouri City. The offices in Katy, Sealy, Lake Jackson and Huntsville will move to new locations. As a part of these moves, vocational relocation service counselors will be integrated into the new locations.

Chair Guthrie requested an update on the Summer Earn and Learn program for youth with disabilities. Mr. Temple reported that the Summer Earn and Learn program is in progress and asked Ms. Traci Nolen for an additional report. Ms. Nolen stated that approximately 400 youth with disabilities have registered to participate and employers are being recruited from across the region. Employers currently confirmed to participate include CVS with a commitment to place up to 4 youth in each of their locations. Employer breakfasts have provided good turnout from employers with interest in the program. Additional outreach efforts are being coordinated by Employer Services staff and a Hire Houston Youth workgroup which focuses on efforts to expand employer placements and integration when looking strategically at needs throughout the system. Additional employer breakfasts will be organized focusing on counties with high concentrations of youth who are in our system.

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

LOOK AT THE ECONOMY

Ron Borski presented a look at the current economy.

The local rate of unemployment is 4.2% which is slightly higher than state and national averages. All rates are on similar tracks and are doing well. Our region's labor force gained approximately 70,000 people over the year while the number of people who are unemployed went down by about 16,000 over the year. The pace of job growth in our region jumped up about half of a percentage point in April.

Job gains were widespread with strongest hiring in Other Services, up 2,900 jobs or 2.7 percent, Manufacturing, up 5,300 jobs or 2.4 percent, and Leisure and Hospitality, up 6,900 jobs or 2.2 percent. The only substantial April decline was in Information, down 500 jobs or 1.6 percent. Strongest job gains were in Professional and Business Services, up 29,800 jobs or 6.3 percent, Construction, up 12,200 jobs or 5.7 percent, and Manufacturing, up 10,100 jobs or 4.6 percent. Trade, Transportation, and Utilities was the second largest job-producing super sector, up 14,300 jobs, at a more moderate 2.3 percent pace of job growth.

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

OTHER BUSINESS

There was no other business to be brought before the Board.

ADJOURN

Chair Guthrie adjourned the meeting at approximately 11:00 a.m.

GULF COAST WORKFORCE BOARD

Board Member	02/06/18	04/03/18	06/05/18	08/07/18	10/02/18	12/05/18
Aguilar, Ray	✓					
Alexander, Willie	✓	✓	✓			
Allen, Karlos	✓					
Andrews, Gerald	✓		✓			
Baitland, Betty		✓				
Beard, Peter	✓	✓	✓			
Bhargava, Narayan	✓	✓				
Bouse, Sara	✓	✓	✓			
Bowles, Carl	✓	✓	✓			
Cavazos, Mary Helen			✓			
Dillon, Renea		✓	✓			
Garcia, Joe	✓	✓	✓			
Guido, Cheryl	✓		✓			
Guthrie, Mark	✓	✓	✓			
Henderson, Bobbie Allen	✓	✓	✓			
Heskamp, Alan	✓	✓				
Jackson, Guy Robert	✓	✓	✓			
Janes, Sarah		✓	✓			
Josserand, John	✓					
Kamps, Birgit	✓					
Karr, Doug		✓	✓			
King, Paulette	✓	✓	✓			
LaBroski, Jeff	✓		✓			
Marshall, Scott	✓		✓			
McCleskey, Kendrick						
Mechler, Steve		✓				
Nevlud, Jerry		✓				
Ruley, Janice		✓				
Scheiner, Danielle	✓	✓				
Schmitt, Allene	✓	✓	✓			
Segovia, Valerie		✓	✓			
Shaw, Richard	✓	✓				
Smith, Connie	✓	✓	✓			
Staley, Gil	✓					
Timmins, Evelyn	✓	✓	✓			
Violette, Kelly	✓	✓				
Williams, Shunta	✓	✓	✓			

GULF COAST WORKFORCE BOARD

AGUILAR, RAY
Classic Chevrolet Sugar Land
13115 Southwest Freeway
Sugar Land, TX 77478
281-491-9000
Category: Business
County: Fort Bend
rayfrank11@yahoo.com
Term: January 1, 2017 thru December 31, 2018

ALEXANDER, WILLIE
W J Alexander Associates P.C.
50 Briar Hollow Lane, Suite 320 East
Houston, TX 77027
(713) 802-0900, ext. 12
Fax: (713) 802-1188
Category: Business
County: City of Houston
walex@wjalexander.com
Term: January 1, 2017 thru December 31, 2018

ALLEN, KARLOS
TKG Advisors
8303 Southwest Fwy., Suite 218
Houston, TX 77074
(713) 778-1707
Category: Business
County: City of Houston
kallen@tkgadvisors.net
Term: January 1, 2016 thru December 31, 2017

ANDREWS, GERALD
Gallagher Victory Insurance
122 West Way, Suite 404
Lake Jackson, TX 77566
(979) 297-8604
Fax: (979) 297-7080
Category: Business
County: Brazoria
geraldandrews36@yahoo.com
Term: January 1, 2017 thru December 31, 2018

BAITLAND, BETTY
Achieve Fort Bend County
72 Crestwood Drive
Sugar Land, TX 77478
(713) 818-5639/(281)-242-2214
Category: CBO
County: Fort Bend
bbaitland@comcast.net
Term: January 1, 2017 thru December 31, 2018

BEARD, PETER
Greater Houston Partnership
701 Avenida de las Americas, Suite 900
Houston, TX 77010
(713) 844-3602 – office
(281) 906-1088 – cell
Fax: (713) 844-0200
Category: Business
County: City of Houston
pbeard@houston.org
Term: January 1, 2017 thru December 31, 2018

BHARGAVA, NARAYAN
The SDB Group
817 Southmore Ave, Suite 301
Houston, TX 77502
(713) 475-0048
Fax: (713) 475-0083
Category: Business
County: Harris
nbhargava@thesdbgroup.com
Term: January 1, 2017 thru December 31, 2018

BOUSE, SARA
Alvin Community College
3110 Mustang Road
Alvin, TX 77511
(281) 732-8389 – cell
(281) 756-3568 – office
Category: Education
County: Brazoria
sbouse@alvincollege.edu
Term: January 1, 2017 thru December 31, 2018

BOWLES, CARL
Bowles, Womack & Company, PC
24 Greenway Plaza, Suite 970
Houston, TX 77046
(713) 621-0050
Fax: (713) 621-0046
Category: Business
County: Harris
carl@bowleswomack.com
Term: January 1, 2017 thru December 31, 2018

CAVAZOS, MARY HELEN
M.H. Cavazos & Associates
1124 W. Clay Street
Houston, TX 77019
(713) 807-1115
Category: Business
County: Harris
mhcavazos@aol.com
Term: January 1, 2017 thru December 31, 2018

DILLON, RENEA
Goose Creek CISD
4544 I-10 East
Baytown, TX 77521
281-707-3361
Category: Education
County: Harris
carol.dillon@gccisd.net
Term: January 1, 2018 thru December 31, 2019

GARCIA, JOE
ICOTEX
3479 Pollock Drive
Conroe, TX 77303
(832) 699-4693
Category: Business
County: Waller
joe.garcia@ico-tex.com
Term: January 1, 2017 thru December 31, 2018

GUIDO, CHERYL
Department of Assistive and
Rehabilitation Services
427 W. 20^{th}, Suite 407
Houston, TX 77008
(713) 802-3101
Fax: (713) 802-3143
Category: State Agency
cheryl.guido@twc.state.tx.us
Term: January 1, 2018 thru December 31, 2019

GUTHRIE, MARK
Winstead PC
600 Travis Street, Suite 5200
Houston, TX 77002
(713) 650-2730
Fax: (713) 650-2400
Category: Business
County: City of Houston
mguthrie@winstead.com
Term: January 1, 2017 thru December 31, 2018

HENDERSON, BOBBIE ALLEN
Texas Southern University
4203 Charleston Street
Houston, TX 77021-1415
(713) 313-7588/(713) 748-6508(h)
Fax: (713) 741-6196
Category: Education
County: City of Houston
bobbie.henderson@att.net
Term: January 1, 2017 thru December 31, 2018

HESKAMP, ALAN
Heskamp & Associates LLC
311 Hoskins Broadway
El Campo, TX 77437
(979) 758-4521
Category: Business
County: Wharton
aheskamp@sbcglobal.net
Term: January 1, 2018 thru December 31, 2019

JACKSON, GUY ROBERT
Chambers County Abstract Co. Inc.
P.O. Box 640
Anahuac, TX 77514
(409) 267-6262, ext. 35
Fax: (409) 267-6355
Category: Business
County: Chambers
grj@ccac.net
Term: January 1, 2017 thru December 31, 2018

JANES, SARAH
San Jacinto College
8060 Spencer Highway
Pasadena, TX 77505
281-998-6100
Fax: (281) 479-8127
Category: Education
County: Harris
sarah.janes@sjcd.edu
Term: January 1, 2018 thru December 31, 2019

JOSSERAND, JOHN
Turner Industries Group, LLC
3850 Pasadena Blvd.
Pasadena, TX 77503
Category: Business
County: Harris
(713) 477-7440
Fax: (713) 477-4846
jjosser@yahoo.com
Term: January 1, 2017 thru December 31, 2018

KAMPS, BIRGIT
Hire Universe
5517 Aspen Street
Houston, TX 77081
713-822-7411
Category: Business
County: Harris
bk@hireuniverse.com
Term: January 1, 2017 thru December 31, 2018

KARR, DOUG
Pro Staff/Atterro
27 Canoe Birch Place
The Woodlands, TX 77382
832-967-7684
Category: Business
County: Montgomery
doug.karr@prostaff.com
Term: January 1, 2018 thru December 31, 2019

KING, PAULETTE
Health and Human Services
1332 E. 40th Street, Unit B1
Houston, TX 77022
(713) 696-8088 (direct)
(713) 767-3192 (secondary number)
Fax: (713) 695-4593
Category: Public Assistance
paulette.king@hhsc.state.tx.us
Term: January 1, 2017 thru December 31, 2018

LaBROSKI, JEFFREY
Plumbers Local Union No. 68
502 Link Road
P.O. Box 8746
Houston, TX 77249
(713) 869-3592
Fax: (713) 869-3671
Category: Labor
County: City of Houston
ski@plu68.com
Term: January 1, 2017 thru December 31, 2018

MARSHALL, SCOTT
Jacobs
5995 Rogerdale Road
Houston, TX 77072
(832) 351-6655
Category: Business
County: Harris
scott.marshall@jacobs.com
Term: January 1, 2018 thru December 31, 2019

McCLESKEY, KENDRICK
PricewaterhouseCoopers-
1903 Crockett St.
Houston, TX 77007
(281) 788-6046
Category: Business
County: City of Houston
klmccleskey@gmail.com
Term: January 1, 2017 thru December 31, 2018

MECHLER, STEVE
Balfour Beatty Construction
4321 Directors Row, Suite 101
Houston, TX 77092
(713) 824-6266
Category: Business
County: Harris
smechler@ticonstructors.com
Term: January 1, 2018 thru December 31, 2019

NEVLUD, JERRY
AGC Houston
3825 Dacoma Street
Houston, TX 77092
(713) 843-3700
Fax: (713) 843-3777
Category: Business
County: Harris
jerry.n@agchouston.org
Term: January 1, 2018 thru December 21, 2019

RULEY, JANICE
Houston Airport Systems
18600 Lee Road, Suite 130
Humble, TX 77338-4172
(281) 233-7853
Fax: (281)230-8020
Category: Labor
County: City of Houston
janice.ruley@houstontx.gov
Term: January 1, 2017 thru December 31, 2018

SCHEINER, DANIELLE
Conroe Economic Development Council
300 W Davis Street
Conroe, TX 77301
(936) 522-3529
Category: Economic Development
County: Montgomery
scheiner@gcedc.org
Term: January 1, 2018 thru December 31, 2019

SCHMITT, ALLENE
Blinn College - Sealy
3701 Outlet Center Drive, #250
Sealy, TX 77474
(979) 865-8461
Category: Education
County: Austin
allenes@live.com
Term: January 1, 2017 thru December 31, 2018

SEGOVIA, VALERIE GARCIA
Director of Outreach and Development
Nuclear Power Institute
101 Gateway Blvd, Suite A
College Station, TX 77845
979-240-5005
Category: CBO
County: Palacios
vsegovia@tamu.edu
valeriegsegovia@gmail.com
Term: September 5, 2017 thru December 31, 2018

SHAW, RICHARD
Harris County Labor Assembly,
AFL-CIO Council
1707 Prism Lane
Houston, TX 77043-3344
(713) 240-2472
Category: Labor
County: City of Houston
shawtrek@aol.com
Term: January 1, 2017 thru December 31, 2018

SMITH, CONNIE
Greensmith Marketing, LLC
8618 Royal Cape Ct.
Houston, TX 77095
(713) 681-9232
Fax: (713) 681-9242
Category: Business
County: City of Houston
mmpfb@msn.com
Term: January 1, 2016 thru December 31, 2017

STALEY, GIL
The Woodlands Area Economic Development Partnership
9320 Lakeside Blvd., Bldg. 2, Suite 200
The Woodlands, TX 77381
(281) 363-8130
Fax: (281) 298-6874
Category: Business
County: Montgomery
gil.staley@edpartnership.net
Term: January 1, 2018 thru December 31, 2019

TIMMINS, EVELYN
Houston Mayor's Committee for Employment of People with Disabilities
2120 Lundy Lane
Friendswood, TX 77546
(281) 388-1967
Category: CBO
County: City of Houston
evtimmins@aol.com
Term: January 1, 2017 thru December 31, 2018

VIOLETTE, KELLY
Tomball Economic Development Corporation
29201 Quinn Road, Unit B
Tomball, TX 77375
(281) 401-4086
Fax: (281) 351-7223
Category: Economic Development
County: Harris County
kviolette@tomballtxedc.org
Term: January 1, 2017 thru December 31, 2018

WILLIAMS, SHUNTA
Texas Workforce Commission
3555 Timmons Lane, Suite 120
Houston, TX 77027
(713) 993-2439
Fax: (832) 681-2534
Category: State Agency
shunta.williams@wrksolutions.com
Term: January 1, 2017 thru December 31, 2018

WORKFORCE BOARD KEY STAFF:

Mike Temple, Director
David Baggerly, Program Manager
Michelle Castrow, Program Manager
Brenda Williams, Quality Assurance Manager
Traci Nolen, Project Manager
Deborah Duke, Administrative Coordinator
Susan Dixon, Employer Services
Lucretia Hammond, Grants Management

Houston-Galveston Area Council
3555 Timmons Lane, Suite 120
P.O. Box 22777
Houston, TX 77227-2777
(713) 627-3200
Fax: (713) 993-4578
http://www.wrksolutions.org

GULF COAST WORKFORCE DEVELOPMENT BOARD COMMITTEES

Audit/Monitoring
- Joe Garcia – Chair
- Guy Robert Jackson – Vice Chair
- Ray Aguilar
- Karlos Allen
- Narayan Bhargava
- Sara Bouse
- Carl Bowles
- Helen Cavazos
- Cheryl Guido
- Doug Karr
- John Josserand
- Scott Marshall
- Kendrick McCleskey
- Allene Schmitt
- Evelyn Timmins

Budget
- Willie Alexander – Chair
- Gerald Andrews – Vice Chair
- Karlos Allen
- Narayan Bhargava
- Sarah Janes
- Jerry Nevlud

By-Laws
- – Chair
- – Vice Chair
- Betty Baitland

Career Office
- Karlos Allen - Chair
- – Vice Chair
- Carl Bowles
- Joe Garcia
- Cheryl Guido
- Birgit Kamps
- Shunta Williams

Early Education and Care
- Bobbie Henderson – Chair
- Doug Karr – Vice Chair
- Betty Baitland
- Sarah Janes
- John Josserand
- Birgit Kamps
- Scott Marshall
- Allene Schmitt

Employer Services
- Gerald Andrews – Chair
- Jeff LaBroski – Vice Chair
- Sara Bouse
- Helen Cavazos
- Joe Garcia
- Cheryl Guido
- Mark Guthrie
- Alan Heskamp
- Guy Robert Jackson
- Sarah Janes
- John Josserand
- Birgit Kamps
- Scott Marshall
- Steve Mechler
- Richard Shaw
- Connie Smith
- Gil Staley
- Evelyn Timmins

GULF COAST WORKFORCE DEVELOPMENT BOARD COMMITTEES

Government Relations
- Guy Robert Jackson – Chair
- – Vice Chair
- Ray Aguilar
- Gerald Andrews
- Narayan Bhargava
- Scott Marshall
- Jerry Nevlud
- Richard Shaw

Nominating
- Guy Robert Jackson – Chair
- Jeff LaBroski – Vice Chair
- Betty Baitland

Oversight Committee
- Gerald Andrews
- Bobbie Henderson

Procurement
- Evelyn Timmins – Chair
- Bobbie Henderson – Vice Chair
- Willie Alexander
- Karlos Allen
- Narayan Bhargava
- Sara Bouse
- Helen Cavazos
- Joe Garcia
- Cheryl Guido
- Mark Guthrie
- Alan Heskamp
- Doug Karr
- Jeff LaBroski
- Scott Marshall
- Allene Schmitt
- Richard Shaw
- Connie Smith
- Gil Staley

Report Card
- Richard Shaw – Chair
- – Vice Chair
- Narayan Bhargava

Strategic Planning
- Carl Bowles – Chair
- – Vice Chair
- Betty Baitland
- Narayan Bhargava
- Joe Garcia
- Sarah Janes
- Doug Karr
- Kendrick McCleskey
- Richard Shaw
- Evelyn Timmins

System Visibility
- Evelyn Timmins – Chair
- Gerald Andrews
- Carl Bowles
- Joe Garcia
- Bobbie Henderson
- Guy Robert Jackson
- Birgit Kamps
- Richard Shaw

Workforce Education
- Birgit Kamps – Chair
- Allene Schmitt – Vice Chair
- Karlos Allen
- Betty Baitland
- Sara Bouse
- Helen Cavazos
- Cheryl Guido
- Alan Heskamp
- Sarah Janes
- Jeff LaBroski
- Steve Mechler
- Scott Marshall
- Jerry Nevlud
- Valerie Segovia
- Richard Shaw

6

System Visibility Committee Update

Background

The System Visibility Committee's charge is to review and lay out strategy that ensures the Board and Workforce Solutions are recognized and visible to our elected officials and funders, our customers, and our communities.

The committee met on July 25, 2018 with Committee Chair Evelyn Timmins, Board Chair Mark Guthrie, Budget Committee Chair Willie Alexander, Employer Service Committee Chair Gerald Andrews, Strategic Planning Committee Chair Carl Bowles, and Early Education & Care Committee Chair Bobbie Henderson and Vice Chair Doug Karr attending.

Current Situation

The committee last met in 2010 to plan how Board members could provide information about the Board's vision, system and results to local elected officials, especially those who appoint members to the Board.

The committee used this meeting for a lively discussion of what "being visible" means for members and what strategies it might recommend to increase visibility.

Members agreed on outline of a vision for both the Board and Workforce Solutions – in which

- Our employers trust Workforce Solutions will help them;
- Our communities value Workforce Solutions and support us;
- Our funders and stakeholders know that investing in and relying on the Board and its system produces a positive return on investment for our region.

Next Steps

The committee will meet again in September to continue its work. Members expect to provide a more detailed briefing on visibility strategies for the October Board meeting.

Audit/Monitoring Committee
2018 Annual Summary and Trends

Background

We conduct quality assurance and financial monitoring for all contractors and units in Workforce Solutions to assess the system's operations, compliance with laws, rules, procedures and our success in meeting employers and people's needs.

The Regional Quality Assurance Team, with Board staff and representatives from our major contractors, carries out quality assurance monitoring throughout the year. We contract with outside audit firms to carry out financial monitoring and reviews.

2018 Summary

In our opinion, the system functions overall at a solid level.

- As job markets tighten, traffic in our offices has decreased – and the number of job openings employers post with us has increased.
- We are having difficulty filling open positions for Workforce Solutions staff. These shortages sometimes result in less than the best service in our local offices.
- We are meeting our goals for putting people to work. We need to do a better job of helping people find jobs with higher wages.
- Our system is also helping people complete courses of training and get education credentials.
- We have two measures that we have not met. A production requirement related to youth obtaining a credential and achieving the "work rate" numbers for the welfare recipients we help.

Trends

- Our local offices show solid performance. We noticed improved customer service across the offices; improved facility appearance; and successful integration of Vocational Rehabilitation Service staff in several sites.
- We're doing a better job preparing applications and resumes, and making good referrals, in WorkInTexas. We're also better at keeping the documentation we need for compliance.

- The Financial Aid Payment Office, the Financial Aid Support Center, and the adult education providers also show solid performance.

- Early education quality improvement activities have resulted in more providers with a Texas Rising Star certification and more provider staff accessing training.

- Changes we made last year to Employer Service have led to a significant jump in the number of employers we help.

What Can We Do Better?

We can always do a better job – and our monitoring activities show us opportunities to become better at what we do and how we do it.

- We see a need for the Board staff to help contractors do a better job with some financial compliance requirements for procurements and property.

- We can help more young people. Our local offices struggle to find and recruit youth.

- We can keep improving our core functions:
  - filling employers' open jobs and helping employers upskill their workforces;
  - matching and placing people who are looking for work in the right jobs; and
  - providing access and support for people who need and want to add to or improve their education and skills.

- We can also keep improving customer service – and make sure the staff respond to the needs and wants of customers.

Conclusions

Each year as a part of our monitoring process, we identify functions, contractors, and units that are at risk for compliance and performance problems. For 2019, in addition to our regular and usual monitoring, we will pay close attention to:

- Our Financial Aid Payment Office and Financial Aid Support Center and their processes and procedures. Both of these units are responsible for a significant amount of the dollars we spend – and their processes involve almost all other contractors and units and a large number of our customers.

- Our new office locations. We want to make sure the new locations function in line with the Workforce Solutions franchise standards in delivering quality customer service and representing us in their communities.

WORKFORCE SOLUTIONS 2018
CUSTOMER ACTIVITY

Contractor	Office	Office Traffic			WorkInTexas			Financial Aid			Expanded Service			Total Service		
		2018 Estimate	2017 Annual	2016 Annual	2018 Estimate	2017 Annual	2016 Annual	2018 Estimate	2017 Annual	2016 Annual	2018 Estimate	2017 Annual	2016 Annual	2018 Estimate	2017 Annual	2016 Annual
System Totals		**2,193,099**	**2,289,066**	**2,465,650**	**172,453**	**191,442**	**212,949**	**74,757**	**75,517**	**73,355**	**29,642**	**30,088**	**40,116**	**406,277**	**463,029**	**478,335**
Employer Service	DB Grant				26,882									28,521		
	ETC					19,903	23,591	526	548	505	1,113	1,320	1,875		21,771	25,971
	Total				**26,882**	**19,903**	**23,591**	**526**	**548**	**505**	**1,113**	**1,320**	**1,875**	**28,521**	**21,771**	**25,971**
Interfaith	Bay City	40,213	41,825	45,866	1,219	1,566	1,410	153	91	55	255	343	305	1,627	2,000	1,770
	Columbus	13,718	13,499	13,531	372	475	698	4	9	1	101	89	106	477	573	805
	Conroe	82,513	88,261	92,559	6,789	7,698	9,603	407	296	498	985	1,122	1,742	8,181	9,116	11,843
	Cypress Station	203,258	213,172	227,191	14,197	17,036	19,472	885	687	900	2,883	2,173	2,354	17,965	19,896	22,726
	Humble	119,685	95,108	130,086	6,467	7,691	8,492	495	416	503	849	1,025	1,355	7,811	9,132	10,350
	Huntsville	26,533	24,557	31,086	1,477	1,438	1,554	293	272	365	115	217	263	1,885	1,927	2,182
	Katy Mills	36,096	36,611	39,781	271	239	312	137	69	121	832	521	517	1,240	829	950
	Liberty	27,309	26,390	32,130	1,859	2,243	2,549	84	84	84	349	400	406	2,292	2,727	3,039
	Sealy	22,081	20,143	15,267	749	865	1,179	24	11	13	129	134	124	903	1,010	1,316
	Waller	20,342	18,983	17,500	4,045	4,408	5,698	11	10	49	373	225	339	4,429	4,643	6,086
	Wharton	33,366	36,066	40,772	895	1,124	1,529	45	44	67	169	240	249	1,109	1,408	1,845
	Willowbrook	81,395	80,833	79,689	8,644	9,957	12,564	276	157	155	1,896	700	604	10,816	10,814	13,323
	Total	**706,508**	**695,448**	**765,458**	**46,984**	**54,740**	**65,060**	**2,815**	**2,146**	**2,811**	**8,937**	**7,189**	**8,364**	**58,736**	**64,075**	**76,235**
BakerRipley	Astrodome	212,117	202,159	189,671	11,213	12,124	12,434	2,139	2,237	2,501	232	1,111	1,596	13,584	15,472	16,531
	Baytown	82,519	93,160	100,778	5,181	6,240	6,040	543	604	729	453	454	1,009	6,177	7,298	7,778
	Clear Lake															
	East End	97,096	114,239	123,311	4,564	5,459	5,772	1,361	1,433	1,578	76	205	563	6,001	7,097	7,913
	Lake Jackson	60,171	68,069	64,129	3,561	4,910	4,110	323	192	302	324	416	321	4,208	5,518	4,733
	Northeast	93,040	89,577	90,254	2,877	3,452	3,956	77	26	112	56	28	13	3,011	3,506	4,081
	Northline	198,207	206,977	240,090	10,332	13,162	13,324	2,404	2,517	2,939	776	1,994	2,677	13,512	17,673	18,940
	Northshore	96,672	107,737	119,954	4,771	5,984	6,652	659	695	789	627	686	974	6,056	7,365	8,415
	Rosenberg	59,122	58,255	63,528	14,579	16,882	19,729	104	146	228	579	546	800	15,261	17,574	20,757
	Southeast	126,470	146,630	156,752	13,252	15,163	16,088	1,065	1,320	1,533	997	1,208	1,565	15,315	17,691	19,186
	Southwest	209,753	217,150	250,986	9,807	11,853	13,323	1,376	1,475	1,706	741	995	1,493	11,924	14,323	16,522
	Texas City	147,093	145,115	151,715	9,421	10,957	11,030	1,324	1,416	1,381	251	479	841	10,996	12,852	13,252
	Total	**1,382,259**	**1,449,068**	**1,551,168**	**89,559**	**106,186**	**112,458**	**11,375**	**12,061**	**13,798**	**5,112**	**8,122**	**11,852**	**106,045**	**126,369**	**138,108**
Rescare	Acres Home															
	Missouri City															
	Palm Center															
	Pearland															
	Westheimer	104,332	144,550	149,024	9,028	10,613	11,840	725	744	929	1,623	1,735	1,791	11,376	13,092	14,560
	Total	**104,332**	**144,550**	**149,024**	**9,028**	**10,613**	**11,840**	**725**	**744**	**929**	**1,623**	**1,735**	**1,791**	**11,376**	**13,092**	**14,560**
Youth	CFC							15,340	15,382	11,133				**15,340**	**15,382**	**11,133**
	DESI							0	114	12	49	84	60	**49**	**198**	**72**
	SER							95	94	112	70	117	50	**164**	**211**	**162**
Adult Education								21,874	21,983	21,305				**21,874**	**21,983**	**21,305**
WorkInTexas Only														**129,425**	**165,982**	**151,915**
Families Receiving Child Care Financial								22,008	22,445	22,750				**22,008**	**22,445**	**22,750**
Navigator and Facilitators											12,738	11,521	16,124	**12,738**	**11,521**	**16,124**

LDI	Staff Training										768	890	884	**768**	**890**	**884**

WORKFORCE SOLUTIONS SYSTEM PERFORMANCE

PERFORMANCE		Board FY18 (as of June)	Board FY17	Board FY16	BakerRipley FY18 (as of June)	BakerRipley FY17	BakerRipley FY16	Interfaith FY18 (as of June)	Interfaith FY17	Interfaith FY16	ResCare FY18 (as of June)	ResCare FY17	ResCare FY16
Competitive Employers	Market Share	24,314	19,903	23,591									
	Customer Loyalty	65.6%	51.2%	56.0%									
Higher Income	Exiters with Earnings Gains of at least 20%	27.7%	28.4%	33.4%	28.6%	29.7%	34.4%	25.2%	26.6%	31.8%	29.4%		
	Exiters with Earnings Gains	35.9%	36.8%	43.7%	22.4%	38.2%	44.7%	33.1%	34.6%	41.7%	37.4%		
More and Better Jobs	New jobs created as a direct result of Workforce Solution's partnering with other business organizations	3,114	2,726	928									
	Customers employed by the 1st Qtr After Exit	76.1%	77.4%	80.3%	76.2%	77.6%	80.4%	75.2%	76.7%	79.8%	76.6%		
	Customers, unemployed at entrance, employed by the 1st Qtr After Exit	74.4%	75.7%	78.4%	74.7%	76.0%	78.6%	73.6%	75.0%	77.9%	74.8%		
	Number of customers employed in 2nd and 3rd Qtrs After Exit	79.7%	79.2%	80.7%	79.5%	79.2%	80.7%	80.3%	79.7%	81.3%	80.5%		
	Customers employed in the entrance quarter	67.4%	68.3%	71.3%	67.4%	68.5%	71.3%	68.1%	68.9%	71.9%	68.2%		
A Better Educated Workforce	Customers pursuing Education Credential that achieve one	75.1%	63.9%	74.2%	78.0%	66.6%	78.2%	74.1%	68.9%	78.0%	75.5%		
	Customers enrolled in post-secondary who earn certificate/degree	76.9%	71.5%	83.5%	80.2%	71.7%	83.9%	73.9%	73.3%	85.4%	74.0%		

PERFORMANCE		DESI FY18 (as of June)	DESI FY17	DESI FY16	SER FY18 (as of June)	SER FY17	SER FY16	CFC FY18 (as of June)	CFC FY17	CFC FY16	DB Grant FY18 (as of June)	DB Grant FY17	DB Grant FY16	ETC FY18 (as of June)	ETC FY17	ETC FY16
Competitive Employers	Market Share										24,314			24,314	19,903	23,591
	Customer Loyalty										65.6%			65.6%	51.2%	57.1%
Higher Income	Exiters with Earnings Gains of at least 20%	43.5%	40.0%	47.1%	45.4%	50.0%	48.6%							37.5%	35.3%	39.5%
	Exiters with Earnings Gains	53.2%	58.0%	47.1%	52.8%	58.1%	56.0%							44.2%	42.2%	48.5%
More and Better Jobs	New jobs created as a direct result of Workforce Solution's partnering with other business organizations										3,114				2,726	928
	Customers employed by the 1st Qtr After Exit	77.8%	78.5%	73.1%	91.2%	89.6%	86.5%							89.1%	88.4%	88.2%
	Customers, unemployed at entrance, employed by the 1st Qtr After Exit	75.9%	74.5%	68.2%	90.2%	85.9%	85.3%							88.2%	87.9%	87.7%
	Number of customers employed in 2nd and 3rd Qtrs After Exit	65.9%	84.4%	46.2%	83.6%	80.0%	72.7%							83.8%	80.8%	85.0%
	Customers employed in the entrance quarter	36.6%	66.4%	48.3%	78.2%	72.2%	54.2%							72.3%	71.3%	72.5%
A Better Educated Workforce	Customers pursuing Education Credential that achieve one	80.0%	78.6%	57.1%	48.1%	42.0%	56.6%									
	Customers enrolled in post-secondary who earn certificate/degree				50.0%	50.0%	61.6%									

		Board FY18 (as of June)	Board FY17	Board FY16	BakerRipley FY18 (as of June)	BakerRipley FY17	BakerRipley FY16	Interfaith FY18 (as of June)	Interfaith FY17	Interfaith FY16	ResCare FY18 (as of June)	ResCare FY17	ResCare FY16
PRODUCTION	Total Served	179,230	337,521	341,273	87,716	185,738	192,998	49,879	127,754	129,190	14,389		
	Customers directly placed	9,778	15,000	18,087	8,850	9,948	10,916	4,950	5,630	6,459	1,200		
	Total Job Openings Filled	16.9%	22.8%		17.6%	24.6%		15.8%	18.9%		10.9%		
	Total Job Postings Filled	19.2%	22.2%		20.1%	22.9%		22.8%	23.9%		15.0%		
	Employed/Enrolled Q2 Post Exit - All Customers	65.5%	65.8%	67.6%									
	Employed Q2 Post Exit - Adult	74.3%	73.4%	73.6%	73.6%	73.2%	73.2%	73.2%	73.2%	74.6%	70.4%		
	Employed Q2 Post Exit - DW	83.2%	78.7%	78.6%	78.1%	78.2%	80.0%	87.8%	79.6%	76.5%	77.0%		
	Employed/Enrolled Q2 Post Exit - Youth	69.9%	67.8%	64.5%	71.7%	67.9%	70.1%	72.5%	68.7%	58.1%	88.9%		
	Employed/Enrolled Q2-Q4 Post Exit - All Customers	82.0%	81.1%	81.9%									
	Employed Q4 Post Exit - Adult	71.5%	70.0%	71.1%	71.1%	69.4%	70.9%	70.6%	70.9%	71.9%	70.7%		
	Employed Q4 Post Exit - DW	82.0%	79.7%	78.8%	81.1%	82.5%	79.1%	82.6%	79.5%	81.3%	86.8%		
	Employed/Enrolled Q4 Post Exit - Youth	72.4%	68.2%	69.4%	75.3%	69.4%	67.9%	83.1%	72.1%	72.0%	96.3%		
	Median Earnings Q2 Post Exit - All Customers	$4,637.05	$4,490.96	$4,418.80									
	Median Earnings Q2 Post Exit - Adult	$4,475.10	$3,808.37	$3,696.81									
	Median Earnings Q2 Post Exit - DW	$7,184.51	$6,580.00	$6,690.43									
	Credential Rate - All Customers	61.1%	37.5%	29.0%									
	Credential Rate - Adult	64.8%	41.5%	33.9%	66.8%	41.8%	58.5%	63.2%	42.8%	58.9%	59.7%		
	Credential Rate - DW	71.6%	59.7%	53.1%	76.2%	66.9%	60.8%	66.2%	62.6%	57.2%	70.2%		
	Credential Rate - Youth	45.4%	48.9%	40.2%	55.2%	51.8%	44.8%	53.6%	40.8%	35.0%	62.5%		
	Placement of Registered Claimants Within 10 Weeks	64.4%	50.7%	46.1%	63.4%	50.9%	47.5%	59.3%	47.8%	42.5%	59.2%		
	Average Children Served Per Day - Discretionary At Risk	26,385	19,966	22,701				26,385	19,666	22,701			
	Full Work Rate	44.9%	46.9%	49.5%	44.2%	47.4%	48.1%	46.5%	45.9%	51.2%	41.7%		
	Secure local match agreements	$10,484,961	$10,484,961	$9,334,952									
	Number of providers receiving scholarships, equipment grants, training, etc.	11,505	15,416	11,134									
	Increase the number of Texas Rising Star Providers	269	247	208									

		DESI FY18 (as of June)	DESI FY17	DESI FY16	SER FY18 (as of June)	SER FY17	SER FY16	CFC FY18 (as of June)	CFC FY17	CFC FY16	DB Grant FY18 (as of June)	DB Grant FY17	DB Grant FY16	ETC FY18 (as of June)	ETC FY17	ETC FY16
PRODUCTION	Total Served	37	198	72	123	211	162									
	Customers directly placed															
	Total Job Openings Filled															
	Total Job Postings Filled															
	Employed/Enrolled Q2 Post Exit - All Customers															
	Employed Q2 Post Exit - Adult													79.8%		
	Employed Q2 Post Exit - DW													85.0%		
	Employed/Enrolled Q2 Post Exit - Youth	54.2%			84.9%									83.3%		
	Employed/Enrolled Q2-Q4 Post Exit - All Customers															
	Employed Q4 Post Exit - Adult													76.5%		
	Employed Q4 Post Exit - DW													81.4%		
	Employed/Enrolled Q4 Post Exit - Youth	73.3%			82.8%									77.1%		
	Median Earnings Q2 Post Exit - All Customers															
	Median Earnings Q2 Post Exit - Adult													N/A		
	Median Earnings Q2 Post Exit - DW													N/A		
	Credential Rate - All Customers															
	Credential Rate - Adult															
	Credential Rate - DW															
	Credential Rate - Youth				52.4%											
	Placement of Registered Claimants Within 10 Weeks															
	Average Children Served Per Day - Discretionary At Risk															
	Full Work Rate															
	Secure local match agreements							$10,444,657	$10,484,961	$9,334,952						
	Number of providers receiving scholarships, equipment grants, training, etc.							11,505	15,416	11,134						
	Increase the number of Texas Rising Star Providers							269	247	208						

	Board FY18 (thru June)	Board FY17	Board FY16	Brazosport FY18 (as of June)	Brazosport FY17	Brazosport FY16	CotM FY18 (as of June)	CotM FY17	CotM FY16	Harris FY18 (as of June)	Harris FY17	Harris FY16
Total Students (All Students)	21,874	23,590	26,674	1,007	1,037	1,051	1,260	1,417	1,547	7,724	7,863	8,882
Total Students (12 Hour Students)	19,761	21,971	24,007	851	970	962	1057	1,230	1,359	7,054	7,296	8,288
English Language (EL)/Civics	1,444			142			240			295		
Integrated EL/Civics	445	282		44	21		21	33		77	133	
Career Pathway		776	881		81	105		55	116		261	234
Career Pathway -Intensive	240						38			39		
Career Pathway - IET	900			43			82			350		
Transition	2,177	1,469	1,023	65	47	105	334	271	116	212	343	234

	HCC FY18 (as of June)	HCC FY17	HCC FY16	HCL FY18 (as of June)	HCL FY17	HCL FY16	Lone Star FY18 (as of June)	Lone Star FY17	Lone Star FY16	San Jacinto FY18 (as of June)	San Jacinto FY17	San Jacinto FY16	Wharton FY18 (as of June)	Wharton FY17	Wharton FY16
Total Students (All Students)	7,558	10,311	11,530	936			1,903	1,525	2,035	785	692	779	1,074	956	1,156
Total Students (12 Hour Students)	6,976	9,731	10,741	783			1,696	1,389	1,880	708	644	723	968	896	1,024
English Language (EL)/Civics	337			50			104			183			96		
Integrated EL/Civics	162	15		23			26	19		60	28		33	33	
Career Pathway		243	331					20	14		61	99		55	1
Career Pathway -Intensive				118									44		
Career Pathway - IET	151			111			42			83			40		
Transition	1096	423	331	157			81	100	14	176	240	99	58	45	1

Procurement Committee
The Workforce Solutions System
2019 Contract Renewals

Background

Last year we requested proposals and authorized contracts for Workforce Solutions operations – contracts which the Board may renew annually for up to four years. In September 2018 we will complete the first year under our current procurement.

Each year in the summer we review performance of these contractors, check our dollars for the upcoming year, and consider renewals for contracts.

The Procurement Committee met on July 25, 2018 with Committee Chair Evelyn Timmins and Vice Chair Bobbie Henderson, Board Chair Mark Guthrie, Audit Monitoring Committee Chair Joe Garcia and Vice Chair Guy Jackson, Budget Committee Chair Willie Alexander and Vice Chair Gerald Andrews, Strategic Planning Committee Chair Carl Bowles, Career Office Committee Chair Karlos Allen, and members Doug Karr, Helen Cavazos, and Alan Heskamp in attendance.

2018 Performance and Production

Our region's unemployment rate was at 4.6% in June, slightly higher than May 2018 but still considerably lower than last year.

- As job markets tighten, we have seen traffic in our offices decrease, the number of jobs employers post with us go up, and the people we help go to work.
    - We expect the average monthly traffic for 2018 to reach 182,700. In 2017, the average monthly traffic was 190,700.
    - The average number of monthly job postings through June 2018 was 12,208. In 2017, the average number of monthly job posting was 9,933.
    - Through June 2018, 76.1% of the individuals we helped were working in the first quarter after exiting from Workforce Solutions.
- The system is meeting or exceeding almost all the Board's performance expectations.
    - We see a notable improvement in the Market Share and Customer Loyalty metrics for employers from last year.

- For people, we continue to struggle in meeting targets for earnings gains of 20% or more, though, overall the system is achieving expected results for employment and education.

- Workforce Solutions production is also on track to hit requirements, with two exceptions.

  - Even though the people using our service is down, we are hitting the mark in production for getting customers back to work. Also, surprisingly, we're meeting the narrow production requirements for median earnings (calculated for small groups of our customers) while struggling with the broader performance expectation of earnings gains.

  - Unemployment compensation claimants going back to work within 10 weeks or receiving their benefits at 64% is a recent all-time high.

  - By the end of September, we will be supporting more than 18,000 families with financial aid for early education expenses – and paying for about 30,000 units of care per day.

  - We have taught more than 21,000 adult education students through more than 1,600 classes and 1.6 million contact hours at 204 locations.

  - We are short on two production requirements – one that measures our success in helping welfare recipients meet participation by working, and the other, achieving a target for educational credentialing just for youth eligible for WIOA funds.

2019 Revenue

We are projecting a large increase in the dollars we will have for 2019 operations – up to $288 million, a 20% jump from 2018.

- As you recall, our basic system revenue comes from multiple federal sources – all of which are allocated to us using the various formulas that bring those dollars to the state.

- For most of the funding streams, our 2019 allocations are higher than the 2018 dollars. The Child Care Development Block Grant, however, is notably higher – the result of the added child care funds to increase the quality of care and increase child care rates.

- We also will continue to receive funds for hurricane recovery efforts.

- As usual, we have included our best guess for carry-over – or unspent 2018 contract funds that will carry into 2019.

Investments

We are proposing the following investments for 2019:

	2018	2019 Proposed
Employers	**$ 15,749,991**	**$ 19,550,000**
Employer Service	*11,749,991*	*12,550,000*
Early Education Quality	*4,000,000*	*7,000,000*
People	**244,094,124**	**267,881,195**
Career office network	*48,035,125*	*48,900,000*
Financial Aid	*180,591,000*	*196,610,000*
Adult Education	*15,467,999*	*15,771,195*
New Investments		*6,600,000*
System	**836,000**	**936,000**
Total	**$ 260,680,115**	**$ 288,367,195**

With those investments, we recommend contracts for 2019 as follows.

Contractor	**2018**	**2019 Proposed**
Employment and Training Centers	$ 6,699,991	$ 6,700,000
Grant Associates	3,350,000	3,350,000
Collaborative for Children	4,000,000	7,000,000
Baker Ripley		
Career Offices	20,635,125	21,200,000
Payment Office Operations	3,200,000	3,450,000
Financial Aid	180,591,000	196,610,000
Interfaith of the Woodlands		
Career Offices	13,000,000	13,400,000
Support Center Operations	5,200,000	5,600,000
ResCare	6,200,000	6,200,000
SER-Jobs for Progress	1,000,000	1,200,000
Dynamic Education Systems	500,000	350,000
Adult Education*	15,467,999	15,771,195
Learning Designs	836,000	936,000
New Investments		6,600,000
Total	**$ 260,680,115**	**$ 288,367,195**

- Funding for Employer Service staff at Grant Associates and Employment and Training Centers stays level, and we recommend increasing dollars available for talent development investments with employers to $2.5 million. We place the talent development dollars at the Payment Office in the Financial Aid accounts. Talent development includes support to train employers' new and current workers and for apprenticeships.

- Increase dollars to Collaborative for Children for investment in our region's early education providers. Collaborative is a good partner for us, and we will work in 2019 to again increase the total number of Texas Rising Star providers and the number of TRS providers with the highest rating. We will also have about $2 million in funds for providers affected by Hurricane Harvey – to help them replace equipment, learning tools, books, etc.

- Increase career office funds to Interfaith of The Woodlands and BakerRipley by 3% for facility moves and upgrades and offer level funding for ResCare. All three career office contractors are performing acceptably. All have been responsive to meeting extraordinary service needs of customers affected by Hurricane Harvey. ResCare has been slow to start up. Should there be a need for added funds to ResCare to complete new locations, we will return to the Board for approval.

- Increase funds for direct financial aid for our customers. Correspondingly, we recommend increasing funding for our Financial Aid Payment Office and our Financial Aid Support Center. We will see a significant increase in the number of individuals who receive financial aid from Workforce Solutions.

    - As a part of financial aid, we are also recommending an increase in the funds available for work-based learning (part-time and summer jobs).

- Increase funding for SER Jobs for Progress, but reduce funding for Dynamic Education System. SER has been successful in reaching younger adults and is a leader in the region in partnering with private funders to leverage our dollars and expand service. DESI will not spend to the level we authorized for 2018, and we recommend a decrease for 2019.

- Provide funds for new investments. With our added resources this year, we recommend procuring additional contracts to further expand our service into the community – focusing especially on opportunity youth and community-based development efforts. We would come back to the Procurement Committee with details and recommendations for funding.

- The Board approved adult education contracts in June 2018.

- Increase funds to Learning Designs, Inc. for staff training and development. We are and will continue to experience an increase need for staff training. As we open more offices and fill vacant positions, the demand for staff training is increasing.

Results

With these recommendations, we plan to:

- Serve 27,367 employers and 425,000 individuals
- Ensure 62% of our employers return for service
- Assist in creating 3,300 new jobs
- Spend $15 million on scholarships for more than 4,000 individuals in high-skill, high-growth occupational training
- Support about 20,000 families and 40,000 children with early education
- Help more than 320,000 individuals go to work
- Raise the incomes of 110,000 by at least 20%
- Help 75% of individuals pursuing a post-secondary education attain a credential (certificate or degree)

Action

Recommend the Board approve 2019 contracts for the regional workforce system in total of $288,367,195 as shown above, including $6,600,000 to obtain additional services.

Procurement Committee
Demonstration Project

Background

After Hurricane Harvey in 2017, the Texas Workforce Commission received more than $30 million from the U.S. Department of Labor for storm recovery and rebuild. We have already received approximately $10 million for temporary jobs and training.

The Commission also received several smaller grants related to hurricane recovery, among them a grant from DOL's Office of Disability Employment Policy to help individuals with disabilities affected by the hurricane go to work or back to work.

We became aware of a potential project here in the region to help individuals with intellectual/development disabilities go to work. We consulted with the Commission and then with DOL on the possibility of using the funds to support this kind of project. After this consultation, we issued a request for proposals for a demonstration project.

The request asked for proposals to construct, conduct, and evaluate a training project that will help individuals with developmental disabilities affected by the hurricane: (1) earn recognized college credit and certification in work-and-life related skills, (2) take part in supported employment activities, and (3) enter stable employment.

We asked the any proposed project would have a comprehensive approach that uses its ability and existing service delivery models to help individuals with disabilities become members of the regional workforce. We noted we were especially interested in a joint effort between a community provider and a post-secondary institution, such as a four-year university or a community college that can:

- Find and recruit individuals with developmental disabilities affected or impacted in a measurable way by the hurricane who are interested in going to work
- Develop and deliver instruction in essential skills necessary to work and life skills such as financial literacy and provide college credit and certification for successful completers
- Develop and support work experiences (both in the public and private sectors) for individuals with developmental disabilities
- Keep in close contact with the project participants to anticipate and intervene when a life event may interfere with completion of training or work experience
- Plan for sustainability and replication of the project without grant funding
- Evaluate the project and its outcomes through a formal evaluation

Current Situation

We received one proposal – a joint offering from Education Programs Inspiring Communities (also known as The H.E.A.R.T. Program) and the University of Houston-Downtown. Together, these bidders have offered a project to help 80 individuals with intellectual/developmental disabilities go to work through a combination classroom and extended work experience project.

The proposed demonstration project would work with 40 individuals at a time beginning this fall. The first cohort of participants would attend classes at UH with support from H.E.A.R.T. staff through December 2018 and then work on the UH campus while completing classroom activities in the spring of 2019. This cohort then would go into work experience jobs in the private sector over the summer of 2019, returning in the fall to receive continuing education credit from UH for successful completion and help from H.E.A.R.T. and Workforce Solutions to enter unsubsidized jobs. The second cohort would begin in January 2019 and finish in December 2019.

As proposed, H.E.A.R.T. will handle overall project management, including intake and eligibility, case management for participants, job coaching, and private work experience placements. UH Downtown will develop curriculum, provide instruction, offer student mentors and on-campus work experience jobs, and upon successful completion, university continuing education credit and a credential.

The proposed project includes an outside evaluator to report on both process and outcomes.

- H.E.A.R.T. has a good track record in working with individuals with intellectual/development disabilities and in training individuals for work and placing them in work.

- UH Downtown has the faculty and expertise to refine and provide curriculum related to essential work skills for individuals with disabilities, an accessible campus, and the commitment to a project of this kind.

- H.E.A.R.T. and UH Downtown will work with career offices and the Vocational Rehabilitation Service as well as other community providers in the intellectual/developmental disability network to recruit participants and support them through activities to employment.

- At the conclusion of the project, we expect to have curriculum and a program that can continue at UH Downtown as a tuition-based program and also be used by community organizations/university partnerships to help individuals with intellectual/developmental disabilities.

Recommendation

We believe this project will provide a sustainable and replicable model program that will help individuals with disabilities go to work. We anticipate after the project completes that we will be able to support tuition for additional cohorts through our regular scholarship funds.

We received a joint proposal from Education Programs Inspiring Communities (H.E.A.R.T.) and the University of Houston-Downtown. We believe that is in our interest, and the interest of the participants, to approve separate contracts – one for H.E.A.R.T. and one for UH Downtown.

- At its July 25 meeting, the committee adopted a recommendation to fund one contract with Education Programs Inspiring Communities up to $570,972 and one contract with the University of Houston-Downtown up to $529,028 to fund a demonstration project that will help individuals with intellectual/developmental disabilities affected by Hurricane Harvey enter employment. The project would begin in August 2018 and extend through December 2019.

Action

Authorize staff to negotiate a contract with Education Programs Inspiring Communities in amount up to $570,972 and a contract with the University of Houston-Downtown in amount up to $529,028 for a demonstration project serving individuals with intellectual/developmental disabilities.

Early Education & Care Committee Updates

More Money

Our 2019 Child Care Development Fund allocation gives us $174.8 million for the year. This is a 24.7% increase from 2018.

We are expecting, in addition, a distribution of about $2 million to help providers damaged in last year's hurricane replace equipment, books, and materials.

This provides us with almost $178 million for early education – more dollars than we have had in the Board's 20-year history.

- At its July 25 meeting, the Board's Procurement Committee considered recommendations for 2019 contracts that include large increases for direct financial aid and quality initiatives as well as smaller increases for financial aid system back-office support (the Support Center and Payment Office). We expect these contract recommendations will prudently invest the added early education dollars and help more of our customers and network providers.

- The Workforce Commission has unilaterally raised network provider reimbursement rates for every workforce board – and significantly increased the rates for Texas Rising Star certified providers. We have more information for you in another item for this meeting.

More Families

As of July 23, we are supporting about 14,000 families and 26,000 children per day with our financial aid. There are about 10,000 families waiting for our assistance.

By the end of September, we plan to be supporting 17,000 families and about 30,000 children per day – rising to more than 18,000 families and 32,000 to 34,000 children per day.

At the end of 2019 we expect to have helped 20,000 families and 40,000 children all-told with early education financial aid.

More Providers

At the May 2018 committee meeting, we heard a report noting that there were 4,205 early education providers in our 13-county region. 1,695 or 40% of these were in our network – 1,152 or 66% were eligible for Texas Rising Star – and, at the time, 268 or 24% had a Rising Star certification.

Added dollars for both direct financial aid and quality initiatives will allow to expand the network by adding providers; and increase the number of providers with a Rising Star certification.

Collaborative for Children developed an online interactive tool that will help us focus our marketing efforts to attract new providers into the network (especially those who are already eligible for Rising Star) and help current network providers become (and remain) Rising Star certified.

We will set audacious targets to increase our network to 50% of providers in the region and to double the number of network providers with Rising Star certifications to 540.

Early Education & Care Committee
Financial Aid: Vendor Rates

Background

With the significant increase in child care dollars coming to Texas this year, the Workforce Commission has asked that Boards take the opportunity to review and raise the reimbursement rates for early education providers. The Commission has taken the lead, suggesting rate increases for each workforce board in the state based on the individual board's current rates and the latest market data.

The Commission has also asked us to concur with its suggested rate increases.

Current Situation

The attachments to this item show our current rates and the Commission's proposed new rates by type of provider, age of a child, and full-time/part-time care. The charts are somewhat difficult to read, but they give a lot of information.

We have also included data from the most recent market survey, showing the mean and 75th percentile rates. This data comes from a survey of providers (annually conducted by the University of Texas) across the state. We use this data as a ruler to judge our rates against.

The federal Child Care and Development Block Grant legislation recommends (although it does not require) that reimbursement rates for providers paid with CCDBG funds be at or near the 75th percentile market rate.

The Commission's suggested rates:

- Propose an increase of approximately 2% for all providers (licensed centers, licensed homes, and registered homes) who are not Texas Rising Star.

- Propose successively higher rate increases for Texas Rising Star providers by level, with 4-star providers paid at the 75th percentile.

- Do not increase rates for relative providers.

The proposed rates for Texas Rising Star providers are significantly higher than those for non-TRS providers – and appear to us to offer tangible incentives for providers to seek and maintain the highest rating.

Our analysis suggests that, with the added dollars we've received, we will be able to afford the Commission's suggested rates and at the same time increase the number of families we help and the number of network providers achieving (and keeping) Texas Rising Star certification.

Action

Adopt the Workforce Commission's suggested early education provider rates for 2019.

Attachments

1. Current/Proposed Rates for Licensed Centers
2. Current/Proposed Rates for Licensed Homes
3. Current/Proposed Rates for Registered Homes
4. Current/Proposed Rates for Relative Providers
5. Market Survey Data: Mean Rates
6. Market Survey Data: 75th Percentile Rates

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended	
LICENSED CENTERS														
Licensed Center	Reg	$33.57	$25.57	$28.88	$23.87	$23.90	$16.55	$21.18	$13.99	$26.74	$24.60	$17.63	$15.04	New 8-2018
Licensed Center	Reg	$32.91	$25.06	$28.31	$23.40	$23.43	$16.22	$20.76	$13.71	$26.21	$24.12	$17.28	$14.74	End 7-2018
Licensed Center	Reg	$0.66	$0.51	$0.57	$0.47	$0.47	$0.33	$0.42	$0.28	$0.53	$0.48	$0.35	$0.30	Change
Licensed Center	**Reg**	**2.01%**	**2.04%**	**2.01%**	**2.01%**	**2.01%**	**2.03%**	**2.02%**	**2.04%**	**2.02%**	**1.99%**	**2.03%**	**2.04%**	**% Change**
Licensed Center	TRS2	$35.25	$26.85	$30.33	$25.07	$26.87	$18.65	$25.72	$17.78	$28.08	$25.84	$19.85	$18.94	New 8-2018
Licensed Center	TRS2	$34.56	$26.32	$29.73	$24.57	$24.61	$17.19	$21.80	$14.40	$27.53	$25.33	$18.28	$15.48	End 7-2018
Licensed Center	TRS2	$0.69	$0.53	$0.60	$0.50	$2.26	$1.46	$3.92	$3.38	$0.55	$0.51	$1.57	$3.46	Change
Licensed Center	**TRS2**	**2.00%**	**2.01%**	**2.02%**	**2.04%**	**9.18%**	**8.49%**	**17.98%**	**23.47%**	**2.00%**	**2.01%**	**8.59%**	**22.35%**	**% Change**
Licensed Center	TRS3	$35.93	$27.45	$31.47	$26.10	$29.86	$20.72	$28.58	$19.76	$28.69	$26.89	$22.06	$21.05	New 8-2018
Licensed Center	TRS3	$35.25	$26.84	$30.32	$25.06	$25.09	$17.53	$22.24	$14.69	$28.07	$25.83	$18.64	$15.79	End 7-2018
Licensed Center	TRS3	$0.68	$0.61	$1.15	$1.04	$4.77	$3.19	$6.34	$5.07	$0.62	$1.06	$3.42	$5.26	Change
Licensed Center	**TRS3**	**1.93%**	**2.27%**	**3.79%**	**4.15%**	**19.01%**	**18.20%**	**28.51%**	**34.51%**	**2.21%**	**4.10%**	**18.35%**	**33.31%**	**% Change**
Licensed Center	TRS4	$37.62	$30.50	$34.97	$29.00	$33.18	$23.02	$31.75	$21.96	$31.54	$29.87	$24.51	$23.39	New 8-2018
Licensed Center	TRS4	$35.97	$27.38	$30.94	$25.57	$25.60	$17.89	$22.69	$14.99	$28.64	$26.36	$19.02	$16.12	End 7-2018
Licensed Center	TRS4	$1.65	$3.12	$4.03	$3.43	$7.58	$5.13	$9.06	$6.97	$2.90	$3.51	$5.49	$7.27	Change
Licensed Center	**TRS4**	**4.59%**	**11.40%**	**13.03%**	**13.41%**	**29.61%**	**28.68%**	**39.93%**	**46.50%**	**10.13%**	**13.32%**	**28.86%**	**45.10%**	**% Change**
Licensed Center	TSR	$33.57	$25.57	$28.88	$23.87	$25.10	$17.38	$21.18	$13.99	$26.74	$24.60	$18.51	$15.04	New 8-2018
Licensed Center	TSR	$32.91	$25.06	$28.31	$23.40	$24.61	$17.19	$20.76	$13.71	$26.21	$24.12	$18.28	$14.74	End 7-2018
Licensed Center	TSR	$0.66	$0.51	$0.57	$0.47	$0.49	$0.19	$0.42	$0.28	$0.53	$0.48	$0.23	$0.30	Change
Licensed Center	**TSR**	**2.01%**	**2.04%**	**2.01%**	**2.01%**	**1.99%**	**1.11%**	**2.02%**	**2.04%**	**2.02%**	**1.99%**	**1.26%**	**2.04%**	**% Change**

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended	
LICENSED CHILD CARE HOMES														
Licensed Child Care Home	Reg	$26.66	$21.09	$25.41	$19.87	$18.92	$16.55	$15.99	$11.26	$21.91	$20.68	$16.90	$11.95	New 8-2018
Licensed Child Care Home	Reg	$26.13	$20.67	$24.91	$19.48	$18.54	$16.22	$15.67	$11.03	$21.47	$20.27	$16.56	$11.71	End 7-2018
Licensed Child Care Home	Reg	$0.53	$0.42	$0.50	$0.39	$0.38	$0.33	$0.32	$0.23	$0.44	$0.41	$0.34	$0.24	Change
Licensed Child Care Home	**Reg**	**2.03%**	**2.03%**	**2.01%**	**2.00%**	**2.05%**	**2.03%**	**2.04%**	**2.09%**	**2.05%**	**2.02%**	**2.05%**	**2.05%**	**% Change**
Licensed Child Care Home	TRS2	$28.00	$22.40	$26.69	$23.62	$24.80	$18.51	$21.19	$16.36	$23.22	$24.07	$19.43	$17.07	New 8-2018
Licensed Child Care Home	TRS2	$27.44	$21.71	$26.16	$20.46	$19.66	$17.21	$16.46	$11.59	$22.55	$21.29	$17.57	$12.30	End 7-2018
Licensed Child Care Home	TRS2	$0.56	$0.69	$0.53	$3.16	$5.14	$1.30	$4.73	$4.77	$0.67	$2.78	$1.86	$4.77	Change
Licensed Child Care Home	**TRS2**	**2.04%**	**3.18%**	**2.03%**	**15.44%**	**26.14%**	**7.55%**	**28.74%**	**41.16%**	**2.97%**	**13.06%**	**10.59%**	**38.78%**	**% Change**
Licensed Child Care Home	TRS3	$30.11	$24.89	$27.97	$26.24	$27.56	$20.57	$23.54	$18.18	$25.65	$26.49	$21.59	$18.96	New 8-2018
Licensed Child Care Home	TRS3	$27.99	$22.13	$26.68	$20.86	$20.05	$17.55	$16.78	$11.82	$22.99	$21.71	$17.92	$12.55	End 7-2018
Licensed Child Care Home	TRS3	$2.12	$2.76	$1.29	$5.38	$7.51	$3.02	$6.76	$6.36	$2.66	$4.78	$3.67	$6.41	Change
Licensed Child Care Home	**TRS3**	**7.57%**	**12.47%**	**4.84%**	**25.79%**	**37.46%**	**17.21%**	**40.29%**	**53.81%**	**11.57%**	**22.02%**	**20.48%**	**51.08%**	**% Change**
Licensed Child Care Home	TRS4	$33.46	$27.65	$31.08	$29.15	$30.62	$22.86	$26.15	$20.20	$28.50	$29.43	$24.00	$21.07	New 8-2018
Licensed Child Care Home	TRS4	$28.56	$22.59	$27.23	$21.29	$20.46	$17.92	$17.12	$12.06	$23.46	$22.16	$18.29	$12.80	End 7-2018
Licensed Child Care Home	TRS4	$4.90	$5.06	$3.85	$7.86	$10.16	$4.94	$9.03	$8.14	$5.04	$7.27	$5.71	$8.27	Change
Licensed Child Care Home	**TRS4**	**17.16%**	**22.40%**	**14.14%**	**36.92%**	**49.66%**	**27.57%**	**52.75%**	**67.50%**	**21.48%**	**32.81%**	**31.22%**	**64.61%**	**% Change**
Licensed Child Care Home	TSR	$26.66	$21.09	$25.41	$19.87	$19.87	$17.38	$15.99	$11.26	$21.91	$20.68	$17.74	$11.95	New 8-2018
Licensed Child Care Home	TSR	$26.13	$20.67	$24.91	$19.48	$19.47	$17.04	$15.67	$11.03	$21.47	$20.27	$17.40	$11.71	End 7-2018
Licensed Child Care Home	TSR	$0.53	$0.42	$0.50	$0.39	$0.40	$0.34	$0.32	$0.23	$0.44	$0.41	$0.34	$0.24	Change
Licensed Child Care Home	**TSR**	**2.03%**	**2.03%**	**2.01%**	**2.00%**	**2.05%**	**2.00%**	**2.04%**	**2.09%**	**2.05%**	**2.02%**	**1.95%**	**2.05%**	**% Change**

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended	
REGISTERED CHILD CARE HOME														
Registered Child Care Home	Reg	$26.28	$19.67	$24.65	$21.61	$17.87	$12.61	$14.79	$10.51	$20.64	$22.05	$13.38	$11.14	New 8-2018
Registered Child Care Home	Reg	$25.76	$19.28	$24.16	$21.18	$17.51	$12.36	$14.50	$10.30	$20.23	$21.62	$13.11	$10.91	End 7-2018
Registered Child Care Home	Reg	$0.52	$0.39	$0.49	$0.43	$0.36	$0.25	$0.29	$0.21	$0.41	$0.43	$0.27	$0.23	Change
Registered Child Care Home	**Reg**	**2.02%**	**2.02%**	**2.03%**	**2.03%**	**2.06%**	**2.02%**	**2.00%**	**2.04%**	**2.03%**	**1.99%**	**2.06%**	**2.11%**	**% Change**
Registered Child Care Home	TRS2	$27.60	$23.41	$25.89	$22.70	$23.51	$16.82	$19.67	$15.31	$24.02	$23.17	$17.80	$15.95	New 8-2018
Registered Child Care Home	TRS2	$27.05	$20.25	$25.37	$22.24	$18.57	$13.11	$15.23	$10.92	$21.25	$22.70	$13.91	$11.55	End 7-2018
Registered Child Care Home	TRS2	$0.55	$3.16	$0.52	$0.46	$4.94	$3.71	$4.44	$4.39	$2.77	$0.47	$3.89	$4.40	Change
Registered Child Care Home	**TRS2**	**2.03%**	**15.60%**	**2.05%**	**2.07%**	**26.60%**	**28.30%**	**29.15%**	**40.20%**	**13.04%**	**2.07%**	**27.97%**	**38.10%**	**% Change**
Registered Child Care Home	TRS3	$28.98	$26.01	$27.01	$24.22	$26.12	$18.69	$21.85	$17.01	$26.44	$24.63	$19.78	$17.72	New 8-2018
Registered Child Care Home	TRS3	$27.59	$20.64	$25.88	$22.68	$18.94	$13.37	$15.53	$11.14	$21.66	$23.15	$14.19	$11.78	End 7-2018
Registered Child Care Home	TRS3	$1.39	$5.37	$1.13	$1.54	$7.18	$5.32	$6.32	$5.87	$4.78	$1.48	$5.59	$5.94	Change
Registered Child Care Home	**TRS3**	**5.04%**	**26.02%**	**4.37%**	**6.79%**	**37.91%**	**39.79%**	**40.70%**	**52.69%**	**22.07%**	**6.39%**	**39.39%**	**50.42%**	**% Change**
Registered Child Care Home	TRS4	$32.20	$28.90	$30.01	$26.91	$29.02	$20.77	$24.28	$18.90	$29.38	$27.36	$21.98	$19.69	New 8-2018
Registered Child Care Home	TRS4	$28.15	$21.07	$26.40	$23.15	$19.33	$13.65	$15.86	$11.37	$22.11	$23.63	$14.48	$12.03	End 7-2018
Registered Child Care Home	TRS4	$4.05	$7.83	$3.61	$3.76	$9.69	$7.12	$8.42	$7.53	$7.27	$3.73	$7.50	$7.66	Change
Registered Child Care Home	**TRS4**	**14.39%**	**37.16%**	**13.67%**	**16.24%**	**50.13%**	**52.16%**	**53.09%**	**66.23%**	**32.88%**	**15.79%**	**51.80%**	**63.67%**	**% Change**

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended	
RELATIVE CARE														
Relative	None	$15.17	$15.17	$13.19	$11.48	$11.30	$8.48	$9.42	$6.59	$15.17	$11.73	$8.89	$7.00	New 8-2018
Relative	None	$15.17	$15.17	$13.19	$11.48	$11.30	$8.48	$9.42	$6.59	$15.17	$11.73	$8.89	$7.00	End 7-2018
Relative	None	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	Change
Relative	**None**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**% Change**

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended
MEAN MARKET RATE													
Licensed Center	NA	$32.71	$26.16	$30.26	$24.80	$28.62	$19.38	$27.31	$18.42	$27.12	$25.60	$20.73	$19.72
Licensed Child Care Home	NA	$28.88	$23.57	$26.70	$24.93	$26.28	$19.23	$22.21	$16.84	$24.35	$25.19	$20.26	$17.63
Registered Child Care Home	NA	$27.73	$24.70	$25.72	$22.90	$24.81	$17.35	$20.51	$15.68	$25.14	$23.31	$18.44	$16.39

RATE ADJUSTMENT COMPARISON - GULF COAST

Provider Type	Provider Rating	Infant FT	Infant PT	Toddler FT	Toddler PT	Preschool FT	Preschool PT	School-age FT	School-age PT	Infant Blended	Toddler Blended	Preschool Blended	School-age Blended
75th PERCENTILE													
Licensed Center	NA	$37.62	$30.50	$34.97	$29.00	$33.18	$23.02	$31.75	$21.96	$31.54	$29.87	$24.51	$23.39
Licensed Child Care Home	NA	$33.46	$27.65	$31.08	$29.15	$30.62	$22.86	$26.15	$20.20	$28.50	$29.43	$24.00	$21.07
Registered Child Care Home	NA	$32.20	$28.90	$30.01	$26.91	$29.02	$20.77	$24.28	$18.90	$29.38	$27.36	$21.98	$19.69

Early Education & Care Committee
Financial Aid: Priority

Background

As you remember, we set up priority for certain customers waiting in line for our financial aid. That means when we do not have enough funds available to give financial aid to every eligible applicant family, we order those waiting so that families with a priority receive help first.

There are 14 types of priority applicants -- at its June 2018 meeting, the Board affirmed the committee's recommendation to add families who have lost our aid for excessive absences as a 14^{th} priority.

Current Situation

We negotiate agreements with organizations throughout the region to find matching resources that draw down to us additional federal dollars for child care financial aid. Organizations may either <u>donate funds</u> or <u>certify expenditures</u>. "Donating funds" means our partner gives us dollars as match. "Certifying expenditures" means our partner certifies the expenditure of its own, non-federal dollars on allowable activities (i.e., principally delivering early education/child care).

We are proud that we found partners to give matching resources more than $10 million last year. Our match target for this year is again more than $10 million – which will in turn bring more than $19 million to us.

Fully 90% of our match partners are schools: independent school districts, community colleges, and universities. Most of the match we generate from our partners is certified expenditures – money these partners have spent themselves on early education/child care.

We have traditionally agreed with our partners to give them priority for their students or employees who apply for our financial aid.

We now want to officially add those partners as priority on the financial aid wait list.

The full list showing all priority groups, including our recommendation addition, follows.

Proposed priority for child care financial aid wait list.

1. Applicants for Temporary Assistance for Needy Families cash payments;
2. TANF recipients who are participating with us in employment and training activities;
3. TANF employment and training participants who are transitioning off cash payments and into unsubsidized work;
4. Supplemental Nutrition Assistance (food stamp) recipients who are participating with us in employment and training activities;
5. Children in protective services;
6. Children of veterans or their spouses;
7. Children of a foster youth;
8. Children experiencing homelessness;
9. Children of active duty military personnel who are unable to enroll their children in military-funded child care assistance programs;
10. Children of teen parents;
11. Children with disabilities
12. Siblings in families already receiving our financial aid for one or more children
13. **Eligible families referred by a match partner**
14. Families participating in Workforce Solutions career, employment or education activities that require the financial aid to successfully complete their service
15. Families who have lost financial aid for a child exceeding 40 unexplained absence days and have reapplied for aid.
16. All other eligible families

Action

Amend the child care financial aid wait list to include eligible families referred by a match partner as a priority group.

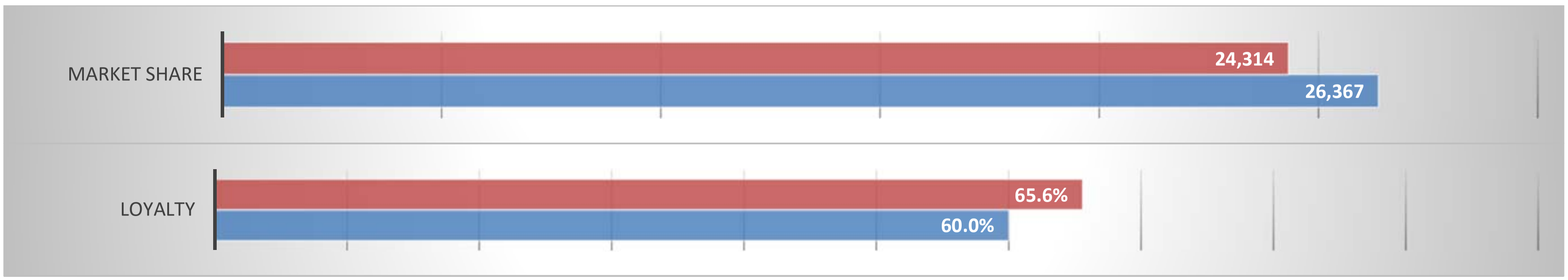
8

Gulf Coast Workforce Board
System Performance
October 2017 to June 2018

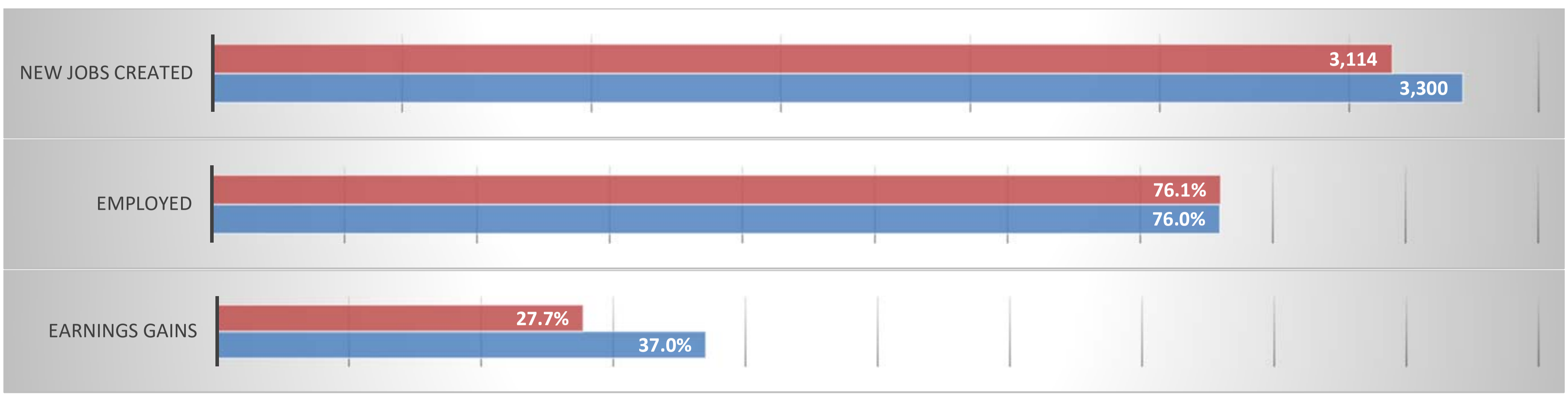
Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan for the Board's operating affiliate, Workforce Solutions.

More Competitive Employers



More and Better Jobs



A Better Educated Workforce

Production

In addition to the Board's measures, Workforce Solutions works to meet Texas Workforce Commission expectations for production.

For the performance year that began October 1, 2017, we are meeting or exceeding the target for twenty-two of twenty-five state measures. These are the measures we are not achieving:

- Choices Full Work Rate: The target for this measure is 50.0%. We have met the target monthly since February but our year to date average for customers participating from October 2017 through June 2018 is 45.34%.

- Credential Rate – Youth: The target for this measure is 51.5%. Our performance for customers who exited from January 2016 through December 2016 was 46.60%.

- Integrated English Language (IET) and English Language (EL) Civics – includes individuals enrolled in English Literacy and Civics who are also enrolled in Integrated Education and Training. Our performance for the year was 445 out of a target of 889.

Item 8b

GULF COAST WORKFORCE DEVELOPMENT BOARD

FINANCIAL STATUS REPORT **For the six months ended June 30, 2018**	**ANNUAL BUDGET**	**BUDGET YEAR TO DATE**	**ACTUAL YEAR TO DATE**	**DOLLAR VARIANCE**
WORKFORCE REVENUES				
WORKFORCE REVENUES	**246,306,870**	**123,153,435**	**127,634,551**	**(4,481,116)**
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	**6,527,512**	3,263,756	**2,780,552**	**483,204**
SYSTEM IT	**530,414**	265,207	**176,528**	**88,679**
EMPLOYER SERVICES	**9,850,000**	4,925,000	**4,567,907**	**357,093**
RESIDENT SERVICES	**229,398,944**	114,699,472	**120,109,565**	**(5,410,093)**
OFFICE OPERATIONS	46,814,946	23,407,473	22,681,896	725,577
FINANCIAL AID	161,107,000	80,553,500	85,308,882	(4,755,382)
ADULT EDUCATION	15,476,998	7,738,499	9,327,810	(1,589,311)
DISASTER RECOVERY	6,000,000	3,000,000	2,790,977	209,023
TOTAL WORKFORCE EXPENDITURES	**246,306,870**	**123,153,435**	**127,634,551**	**(4,481,116)**

Note: 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.

Workforce Solutions

Labor **M**arket **I**nformation
JUNE 2018 Employment Data

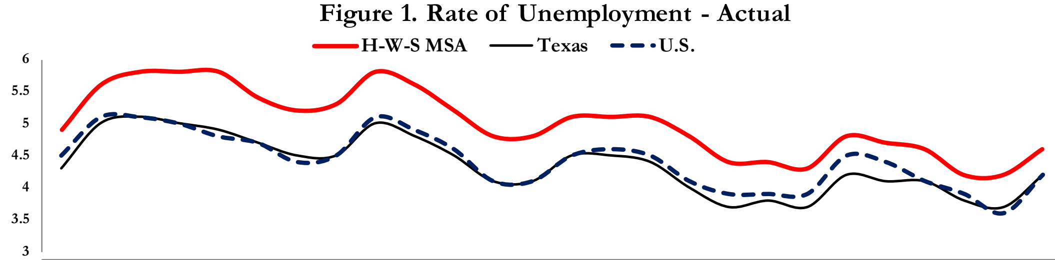
HOUSTON-THE WOODLANDS-SUGAR LAND METROPOLITAN STATISTICAL AREA Visit our website at www.wrksolutions.com

The rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) rose to 4.6 percent in June. An increase in the rate of unemployment is normal for the month of June as it includes a portion of school workers who are off for the summer as well as students entering the work force. The rate of unemployment in the H-W-S MS was down one-half of a percentage point from one year earlier with more than 13,000 fewer unemployed. The local rate of unemployment, while low, was slightly higher than 4.2 percent at the state and national level, see figure 1.

Unemployment Rate (Actual)

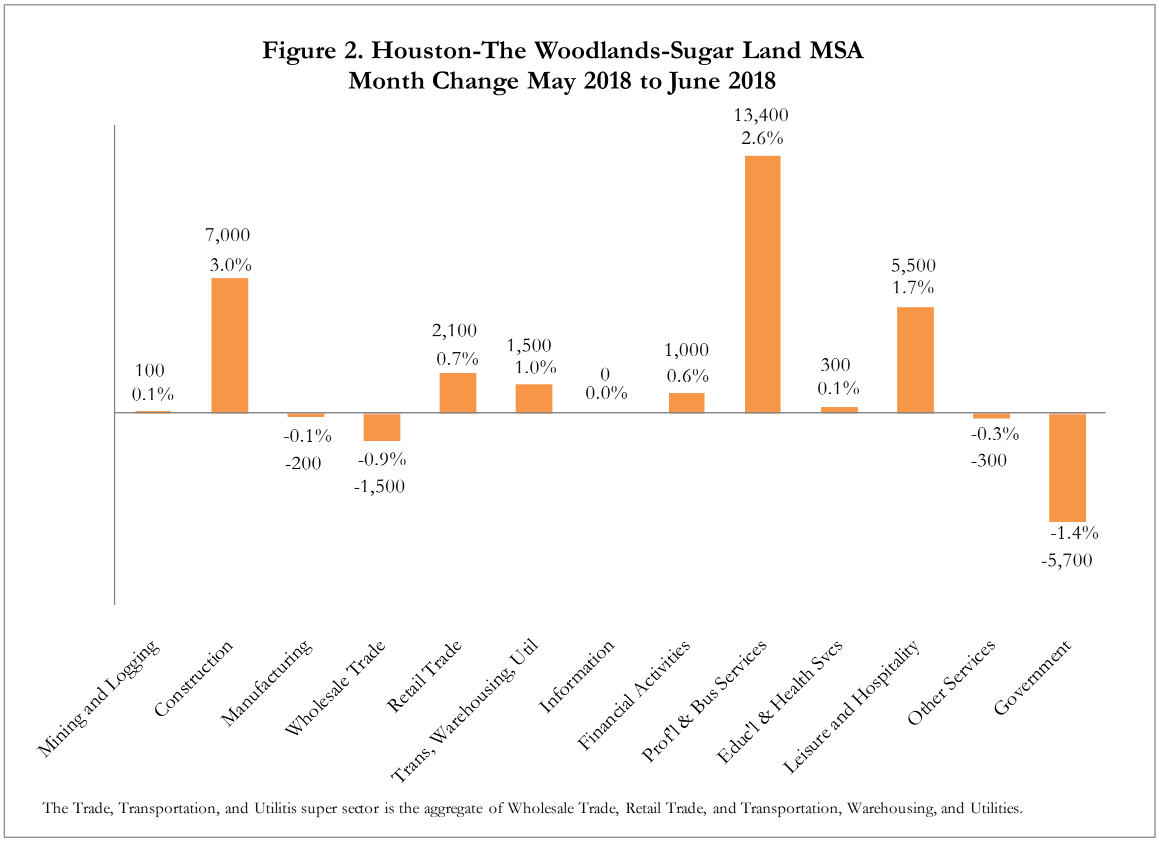
	JUN 2018	MAY 2018	JUN 2017
Civilian Labor Force	3,414,202	3,396,897	3,327,807
Total Employed	3,256,952	3,254,388	3,157,302
Unemployed	157,250	142,509	170,505
Unemployment Rate	4.6%	4.2%	5.1%

Figure 1. Rate of Unemployment - Actual



	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
H-W-S MSA	4.9	5.6	5.8	5.8	5.8	5.4	5.2	5.3	5.8	5.6	5.2	4.8	4.8	5.1	5.1	5.1	4.8	4.4	4.4	4.3	4.8	4.7	4.6	4.2	4.2	4.6
Texas	4.3	5	5.1	5	4.9	4.7	4.5	4.5	5.0	4.8	4.5	4.1	4.1	4.5	4.5	4.4	4.0	3.7	3.8	3.7	4.2	4.1	4.1	3.8	3.7	4.2
U.S.	4.5	5.1	5.1	5	4.8	4.7	4.4	4.5	5.1	4.9	4.6	4.1	4.1	4.5	4.6	4.5	4.1	3.9	3.9	3.9	4.5	4.4	4.1	3.9	3.6	4.2

Total Nonfarm Employment in the H-W-S MSA added 23,200 jobs in June. The 0.7 percent increase was the strongest on record for the month of June since 2007 when payrolls increased by 20,800 jobs or 0.8 percent. Nearly half of the increase was found in Professional and Business Services, up 13,400 job or 2.6 percent. Additional primary contributors to the increase include Construction, up 7,000 jobs or 3.0 percent, and Leisure & Hospitality, up 5,500 jobs or 1.7 percent. The only substantial private-sector decline for June was found in Wholesale Trade, down 1,500 jobs or 0.9 percent. In Government, payrolls were down 5,700 jobs or 1.4 percent as result of seasonal reductions at educational institutions for summer vacation. See figure 2.



Total Nonfarm Employment in the H-W-S MSA was up 94,600 jobs over the year. The annual pace of job growth rose to its strongest since March 2015, up 3.1 percent. The increase places the pace of job growth one and one-half percent faster than the nation's 1.6 percent, see figure 3. While job growth was widespread, the bulk of the gains were in Professional and Business Services, Construction, and Trade, Transportation & Utilities. Professional and Business Services was up 41,200 jobs or 8.5 percent over the year with most substantial increases found in Architectural, Engineering, and Related Services, Computer Systems Design and Related Services, Employment Services, and Services to Buildings and Dwellings. Construction was up 19,300 jobs or 8.9 percent where most of the growth was in Construction of Buildings, up 14,200 jobs or 25.3 percent. Trade, Transportation, & Utilities was up 15,300 jobs or 2.3 percent over the year with the bulk of the hiring in Retail Trade, up 9,100 jobs or 3.0 percent. Several other industry super sectors were instrumental to job growth including Manufacturing, up 6,700 jobs or 3.0 percent, Leisure and Hospitality, up 6,600 jobs or 2.0 percent, and Financial Activities, up 4,400 jobs or 2.8 percent. The Mining sector was up 1,300 jobs or 1.7 percent over the year resulting from gains in Support Activities for Mining. Educational & Health Services, historically an industry sector that maintains above average growth even during economic downturns, continued to report a pace of job growth near historic lows according to records dating back to 1991. The only industry super sectors to report losses were Information, down 1,300 jobs or 4.0 percent, and Other Services, down 1,000 jobs or 0.9 percent, see figure 4.

Additional information by super sector can be found beginning on page 5. Detailed data can be viewed on pages 11 & 12.

Figure 3. Current Employment Statistics
Actual Over-The-Year Increase/Decrease

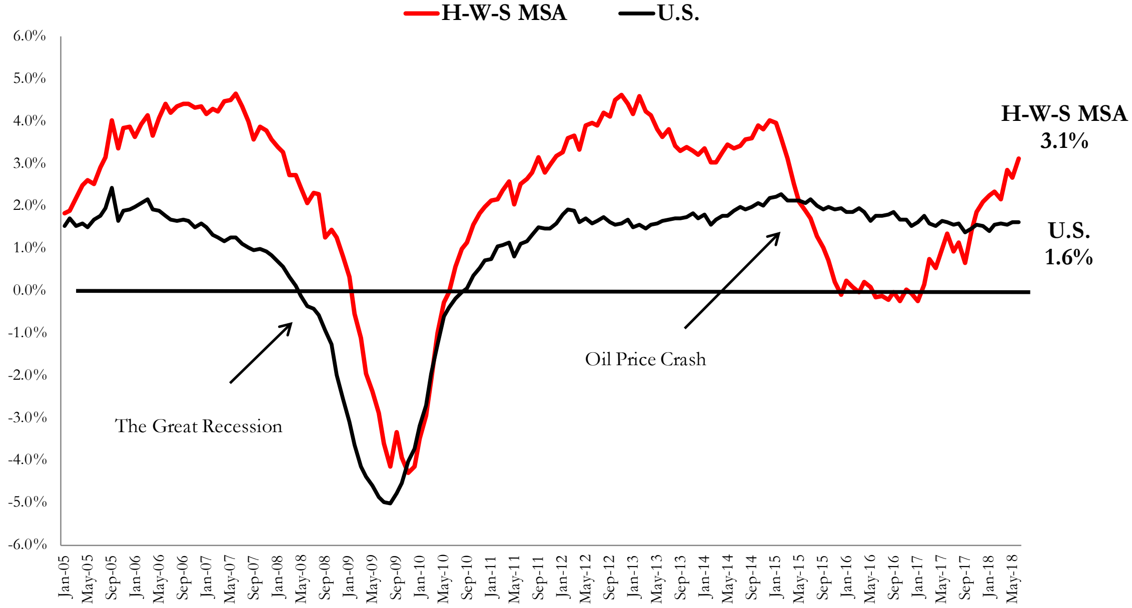
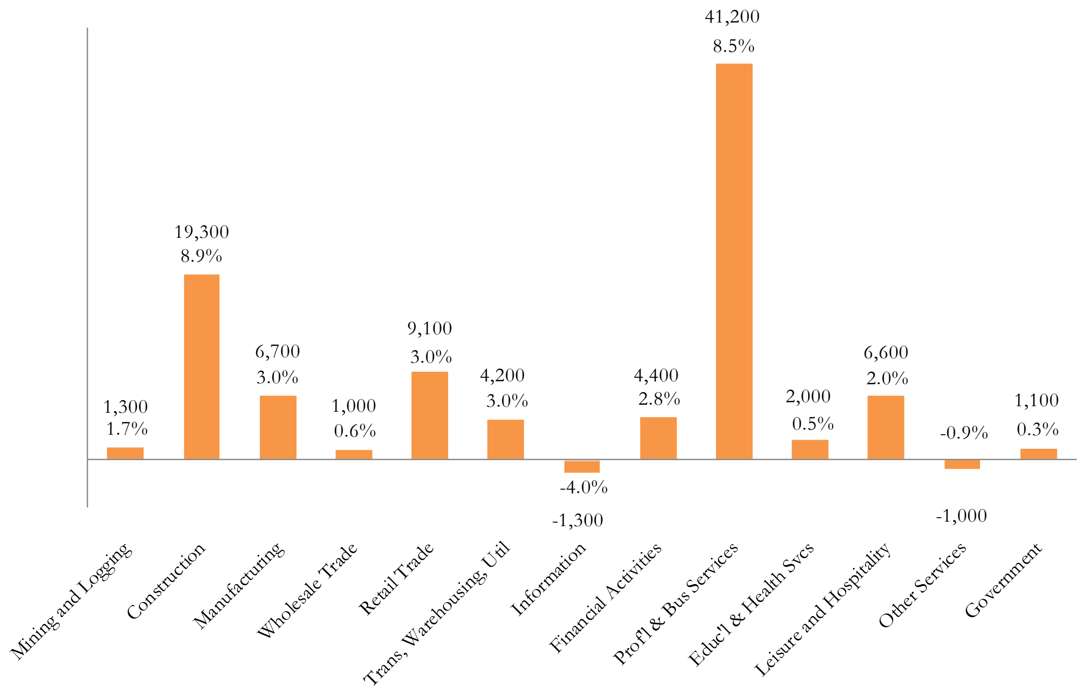


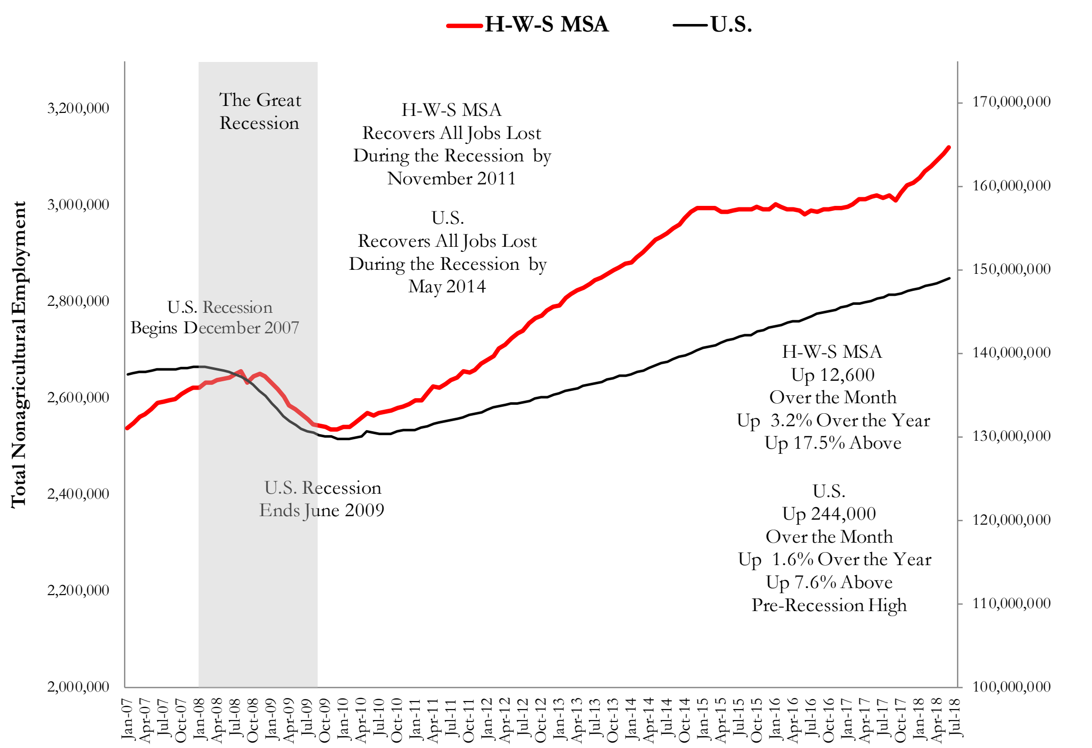
Figure 4. Houston-The Woodlands-Sugar Land MSA
Annual Change June 2017 to June 2018

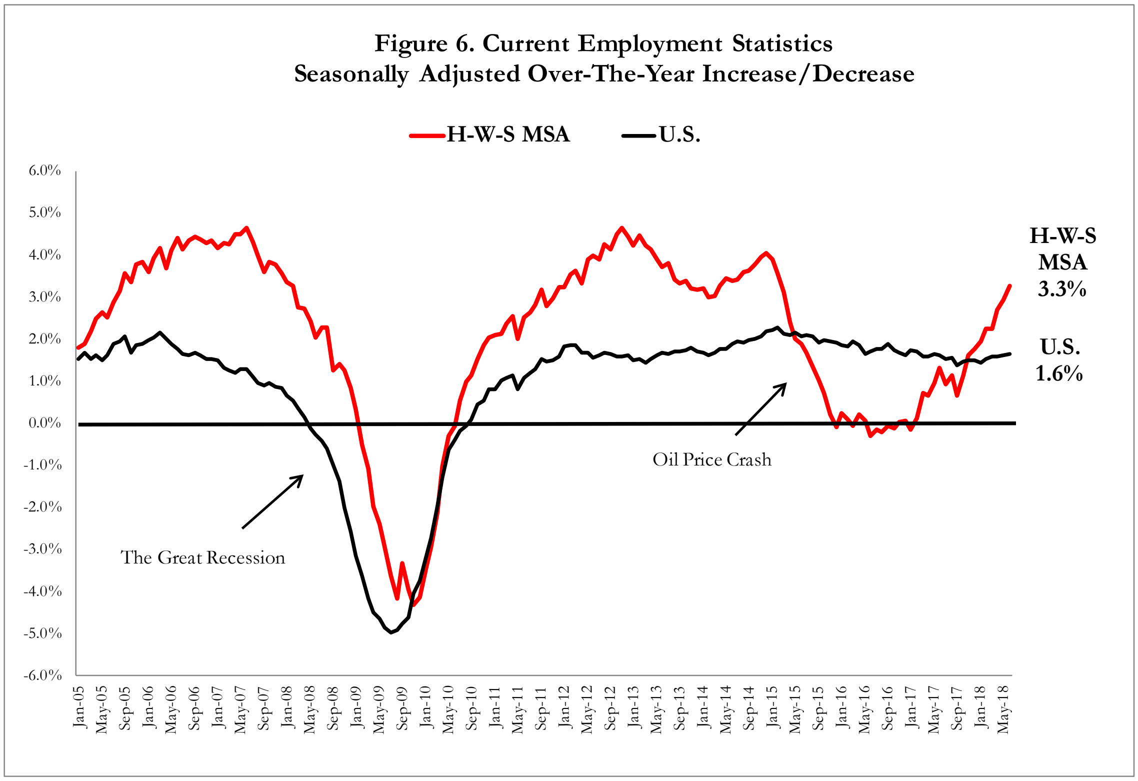


The Trade, Transportation, and Utilitis super sector is the aggregate of Wholesale Trade, Retail Trade, and Transportation, Warehousing, and Utilities.

Seasonally adjusted estimates for the H-W-S MSA and U.S. seen in figure 5 and 6 provide an additional view of growth-trends removing the erratic month-to-month seasonal patterns. On a seasonally adjusted basis, Total Nonfarm Employment was up 12,600 jobs in June and 99,100 jobs from one year earlier. The annual pace of job growth rose from 2.9 percent in May to 3.3 percent, more than more than twice the nation's 1.6 percent pace. Overall growth of Total Nonfarm Employment in the H-W-S MSA has also outperformed the nation over the long-term as well with payrolls up 17.5 percent above the prerecession high compared to the nation's 7.6 percent increase.

Figure 5. Total Non-farm Employment-Seasonally Adjusted





<u>DETAILS BY SUPER SECTOR</u>

Mining and Logging reported a slight increase of 100 jobs in June. An increase of 300 jobs in Support Activities for Mining was responsible. Mining and Logging has yet to recover many of the jobs lost during the most recent downturn, but payrolls have risen by 1,300 jobs or 1.7 percent over the year, see figure 7. Job gains have been primarily driven by hiring in Support Activities for Mining, where companies that perform most of the field services required in the physical extraction of oil and gas are found, up 3,100 jobs or 8.0 percent. Oil and Gas Extraction, where most engineering and office related services are performed to develop or operate oil and gas field properties, continues to report over-the-year losses, down 1,900 jobs or 5.0 percent, see figure 8.

The average U.S. rig count increased by 10 in June to 1,056, up 125 over the year and 647 (158.2) percent from May 2016 when the rig count bottomed out at 409. The average rig count has steadily risen but remains considerably lower than a peak of 1,930 in September 2014. The average Texas rig count accounted for all this month's increase rising by 10 to 534.

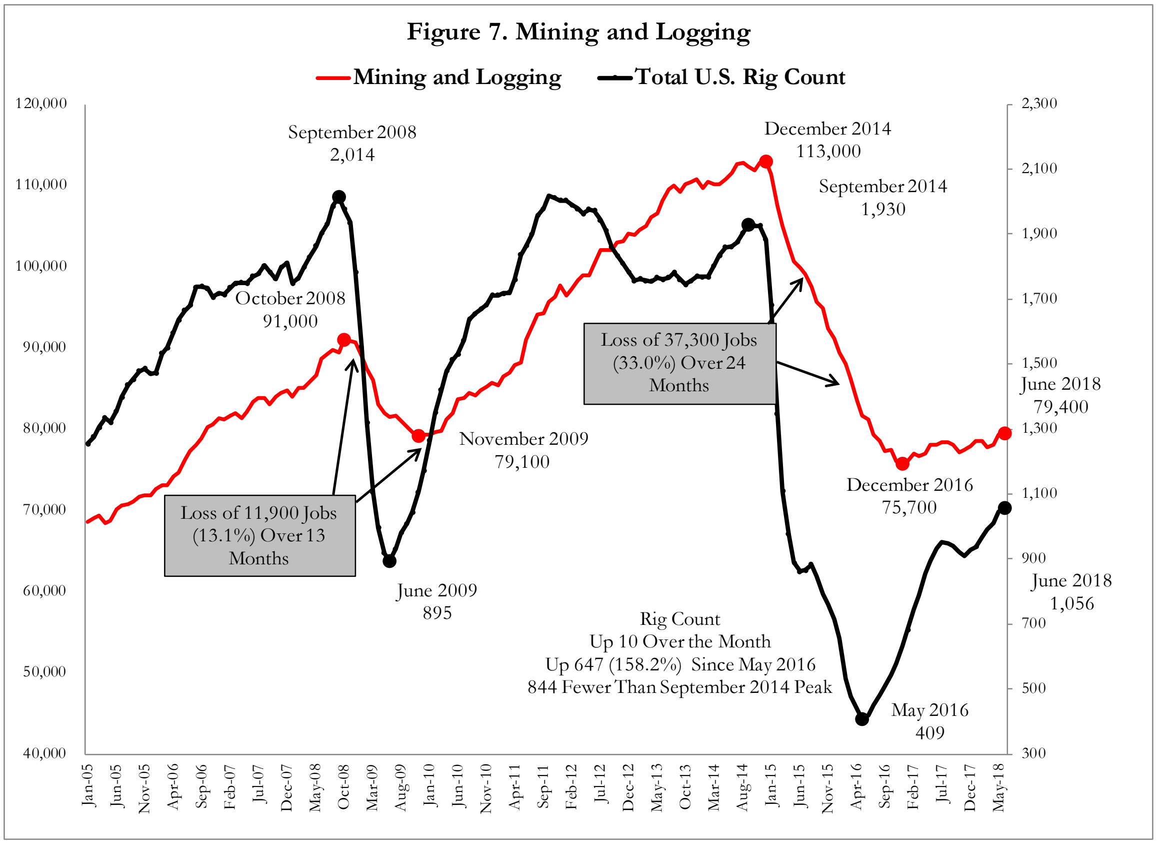


Figure 7. Mining and Logging
Mining and Logging
Total U.S. Rig Count
September 2008
2,014
October 2008
91,000
Loss of 11,900 Jobs (13.1%) Over 13 Months
June 2009
895
November 2009
79,100
December 2014
113,000
September 2014
1,930
Loss of 37,300 Jobs (33.0%) Over 24 Months
December 2016
75,700
June 2018
79,400
June 2018
1,056
May 2016
409
Rig Count
Up 10 Over the Month
Up 647 (158.2%) Since May 2016
844 Fewer Than September 2014 Peak

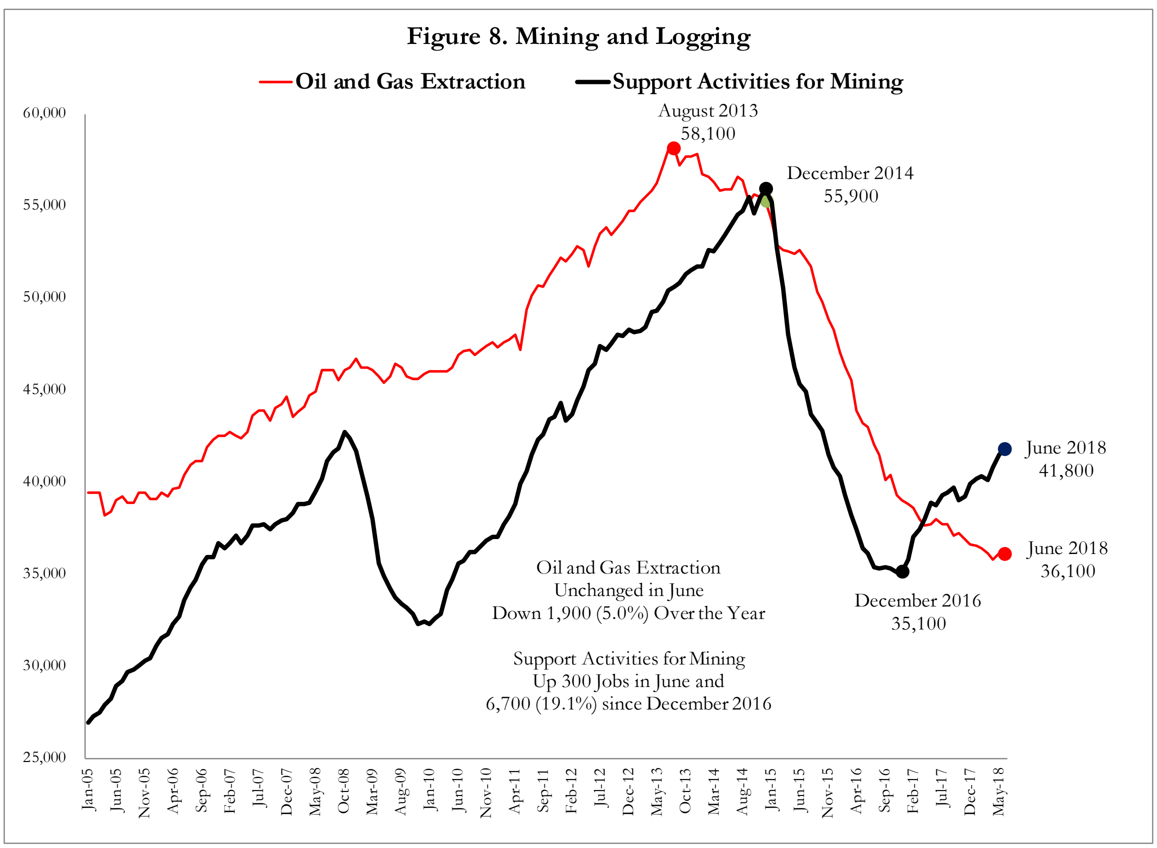
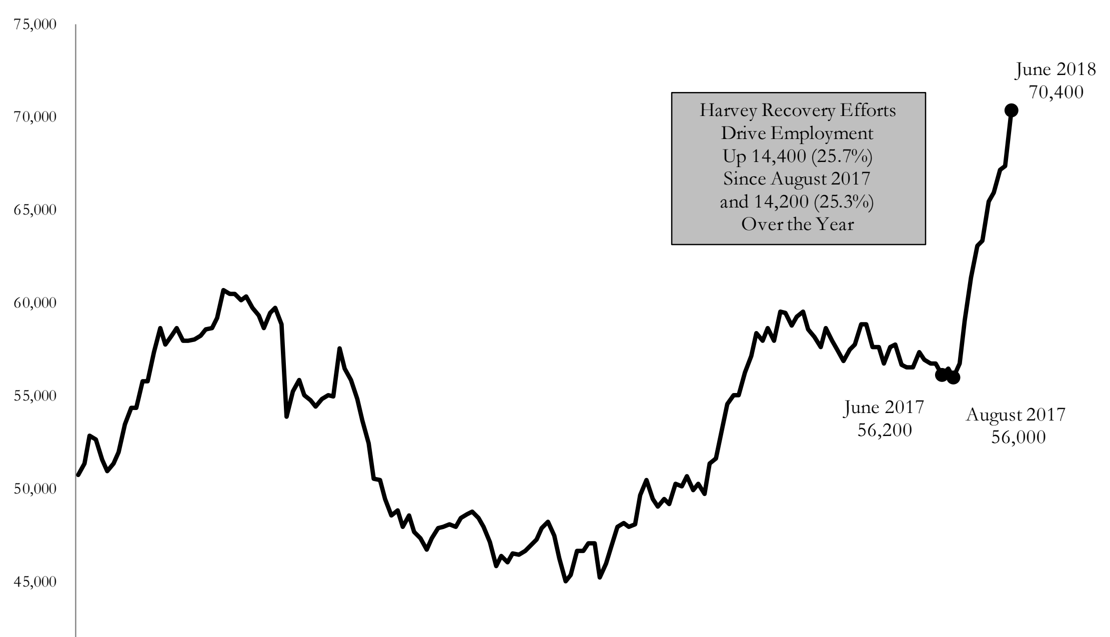


Figure 8. Mining and Logging
Oil and Gas Extraction
Support Activities for Mining
August 2013
58,100
December 2014
55,900
June 2018
41,800
June 2018
36,100
December 2016
35,100
Oil and Gas Extraction
Unchanged in June
Down 1,900 (5.0%) Over the Year
Support Activities for Mining
Up 300 Jobs in June and
6,700 (19.1%) since December 2016

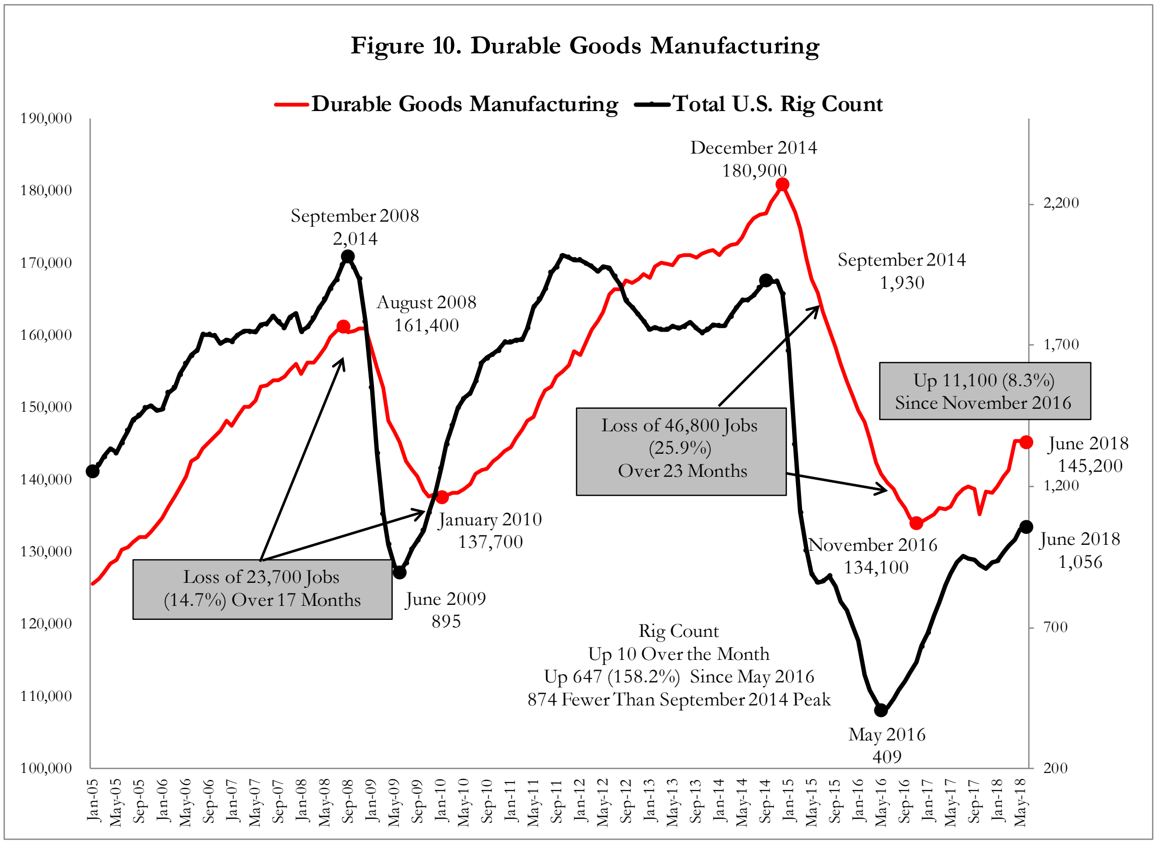
Construction was the second largest contributor to June job gains adding 7,000 jobs over the month, up 3.0 percent. The strong increase was driven, at least in part, by continued Hurricane Harvey recovery efforts. Job gains were found in Construction of Buildings, up 3,000 jobs or 4.5 percent, and Specialty Trade Contractors, up 4,000 jobs or 3.5 percent. Employment levels in Heavy and Civil Engineering Construction held steady at 48,500 for the third consecutive month. Construction took the lead as the fastest growing super sector in the H-W-S MSA in June with payrolls up 19,300 jobs or 8.9 percent over the year. Job gains in Construction have been primarily driven by increases in Construction of Buildings, up 14,200 jobs or 25.3 percent, see figure 9. Specialty Trade Contractors was up a respectable 3,900 jobs over the year, 3.4 percent, with much of the increase in support of Hurricane Harvey recovery efforts. Heavy and Civil Engineering has added 1,200 jobs over the year, up 2.5 percent.

Figure 9. Construction of Buildings



Manufacturing employment levels fell slightly overall in June, down 200 jobs. All the decline was in Durable Goods Manufacturing, down 300 jobs, despite a strong increase in Machinery Manufacturing of 1,000 jobs, up 2.3 percent. The overall pace of job growth for Manufacturing fell slightly to 3.0 percent, up 6,700 jobs. The increase was found at durable goods manufacturers where Fabricated Metal Product Manufacturing was up 3,200 jobs or 6.6 percent and Agriculture, Construction, and Mining Machinery Manufacturing was up 3,200 jobs or 11.7 percent. Job growth in the durable goods sector have been driven by increased drilling activity supported by higher oil prices.

Overall, Durable Goods Manufacturing has recovered some 11,300 jobs of 46,800 jobs lost during the last downturn, see figure 10. Non-durable Goods Manufacturing reported a slight loss of 600 jobs over the year, down 0.7 percent. Expansion in Manufacturing is expected to continue over the next quarter but at a slightly slower pace with the Houston Purchasing Managers Index declining 3.3 points in June to 55.5. The Houston PMI indicates likely shifts in production three or four months in advance. Readings over 50 generally indicate production expansion over the near term, while readings below 50 show coming contraction.



Trade Transportation, Warehousing & Utilities saw payrolls rise by 2,100 jobs in June. The increase was driven by gains in Retail Trade, up 2,100 jobs or 0.7 percent, and Transportation, Warehousing, and Utilities, up 1,500 jobs or 1.0 percent. Wholesale Trade was down 1,000 jobs in June. The super sector added 14,300 jobs over the year with the pace of job growth falling slightly to 2.3 percent, up 14,300 jobs over the year. The largest contributor to the increase was Retail Trade where growth has been particularly strong along the Grand Parkway in support of population growth with payrolls up 9,100 jobs or 3.0 percent. Building Material and Garden Equipment and Supplies Dealers was the fastest growing retail sector with payrolls up 1,100 jobs or 4.9 percent over the year. Several retail sectors were reporting declines including Motor Vehicle and Parts Dealers, down 400 jobs, Health and Personal Care Stores, down 300 jobs, Clothing and Clothing Accessories Stores, down 400 jobs, and General Merchandise Stores, down 700 jobs. Wholesale Trade was up 1,000 jobs or 0.6 percent over the year in support of demand for durable goods being produced in the manufacturing super sector. Transportation, Warehousing, and Utilities also benefit from a healthy energy sector and overall improvements in the local economy adding

4,200 jobs over the year, up 3.0 percent. While much of the employment in this sector is not published, Truck Transportation reported the most substantial growth, up 400 jobs or 1.6 percent. Both Air and Pipeline Transportation suffered slight declines, down 400 jobs and 100 jobs respectively.

Information payrolls were down 1,300 jobs or 4.0 percent over the year. About half of the MSA's employment in Information resides in Telecommunications where payrolls were down 500 jobs or 3.6 percent over the year. The remainder of the declines were in areas such as newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services. The Information super sector continues to suffer from declines over the long term due to several issues including, but not limited to, automation, growth in wireless communications, and changes in customers demand and access to media.

Financial Activities reported an increase for the fifth consecutive month, up 1,000 jobs, resulting from gains in Finance and Insurance. The pace of job growth in Financial Activities stood at 2.8 percent, up 4,400 jobs over the year. Real Estate and Rental and Leasing was responsible for most of the increase with payrolls up 4,100 jobs or 7.0 percent driven by strong home sales, the completion of a large number of multi-housing projects, and increased rental and leasing activity. Depository Credit Intermediation, where banking, savings institutions, and credit unions are found, reported a substantial decline of 500 jobs, down 1.7 percent.

Professional and Business Services was the single largest contributor to over-the-month gains adding 13,400 jobs in June. The 2.6 percent increase was the strongest increase ever according to records dating back to 1990. The largest contributor to the increase was Services to Buildings and Dwellings where payrolls were up 4,200 jobs or 7.9 percent as landscaping companies, carpet cleaning companies, and various other service companies boosted staff for the busy summer season. Two other areas reporting strong June increases were Architectural, Engineering, and Related Services, up 2,100 jobs or 3.1 percent, and Computer Systems Design and Related Services, up 800 jobs or 2.4 percent. Employment Services, the fastest growing sub-sector in Professional and Business Services, reported its first decline since January, down 2,100 jobs or 2.2 percent. The Professional and Business Services super sector has reported record breaking job growth in recent months contributing the largest number of new jobs in the H-W-S MSA over the last year, up 41,200 jobs or 8.5 percent. Job gains were widespread but the strongest growth has been in Administrative and Support Services where Employment Services was up 12,800 jobs or 15.6 percent and Services to Buildings and Dwellings was up 5,900 jobs or 11.5 percent. Businesses within Professional, Scientific, and Technical Services accounted for much of the remaining increase with payrolls up 16,400 jobs or 7.5 percent over the year. Within this sector we find Architectural, Engineering, and Related Services up 3,600 jobs or 5.5 percent and Computer Systems Design and Related Services up 2,400 jobs or 7.6 percent. The only area showing weakness was Accounting, Tax Preparation, Bookkeeping, and Payroll Services where payrolls were down 500 jobs or 2.0 percent.

Education and Health Services managed a net increase of 300 jobs in June. Job gains in Health Care and Social Assistance, up 1,700 jobs or 0.5 percent, were offset by a seasonal decline of 1,400 jobs, 2.3 percent, in Educational Services. Education and Health Services added 2,000 jobs over the year. The pace of job growth in the super sector, up 0.5 percent over the year, has fallen to near all-time lows in recent months according to records dating back to 1990. While Educational Services reported an over-the-year pace of 1.5 percent, up 900 jobs, Health Care and Social Assistance was only up 0.3 percent or 1,100 jobs. Strongest job growth has been in Ambulatory Health Care Services where health care related establishments other than hospitals are found with payrolls up 3,600 jobs or 2.3 percent. Hospitals reported a slight loss of 300 jobs over the year.

Leisure and Hospitality added 5,500 jobs in June as businesses boosted payrolls for the busy summer season, up 1.7 percent. The Leisure and Hospitality super sector added 6,600 jobs over the year with the pace of job growth rising to 2.0 percent. Most of the new jobs were in Food Services and Drinking Places in response to rapid population growth, up 5,700 jobs or 2.2 percent. Strongest job gains were in Accommodation, up 1,100 jobs or 4.0 percent.

Other Services reported a slight loss of 300 jobs in June with payrolls down 1,000 jobs or 0.9 percent over the year. Other Services is comprised of personal care services, dry cleaning and laundry services, various repair service companies (industrial equipment, mining machinery and equipment), as well as the previously mentioned religious and social advocacy organizations and others.

Government saw payrolls decline 5,700 jobs in June as educational institutions made reductions for the summer. Most of the decline was in Local Government Educational Services, down 5,400 jobs or 2.6 percent, with additional declines in State Government Educational Services, down 1,000 jobs or 1.9 percent. The pace of job growth in Government continued to be weak with payrolls up 1,100 jobs or 0.3 percent over the year. State Government reported the largest increase with payrolls up 800 jobs or 0.9 percent. Local Government was reporting a net increase of only 300 jobs over the year despite an increase of 1,600 jobs in Local Government Educational Services suggesting that areas of local government not related to education suffered a combined loss of 1,300 jobs.

NONAGRICULTURAL EMPLOYMENT		Month Change		Year Change	
Houston-The Woodlands-Sugar Land MSA	**JUN 2018**	**Net**	**Percent**	**Net**	**Percent**
Total Nonfarm	3,133,400	23,200	0.7%	94,600	3.1%
.Total Private	2,723,900	28,900	1.1%	93,500	3.6%
.Goods Producing	543,400	6,900	1.3%	27,300	5.3%
..Mining, Logging, and Construction	316,000	7,100	2.3%	20,600	7.0%
...Mining and Logging	79,400	100	0.1%	1,300	1.7%
.....Oil and Gas Extraction	36,100	0	0.0%	-1,900	-5.0%
.....Support Activities for Mining	41,800	300	0.7%	3,100	8.0%
...Construction	236,600	7,000	3.0%	19,300	8.9%
.....Construction of Buildings	70,400	3,000	4.5%	14,200	25.3%
.....Heavy and Civil Engineering Construction	48,500	0	0.0%	1,200	2.5%
.....Specialty Trade Contractors	117,700	4,000	3.5%	3,900	3.4%
..Manufacturing	227,400	-200	-0.1%	6,700	3.0%
...Durable Goods	145,200	-300	-0.2%	7,300	5.3%
....Fabricated Metal Product Manufacturing	51,700	500	1.0%	3,200	6.6%
....Machinery Manufacturing	44,800	1,000	2.3%	3,200	7.7%
.....Agriculture, Construction, and Mining Machinery Manufacturing	30,600	800	2.7%	3,200	11.7%
....Computer and Electronic Product Manufacturing	13,600	100	0.7%	-700	-4.9%
...Non-Durable Goods	82,200	100	0.1%	-600	-0.7%
....Petroleum and Coal Products Manufacturing	10,100	0	0.0%	-100	-1.0%
....Chemical Manufacturing	39,200	400	1.0%	400	1.0%
.Service Providing	2,590,000	16,300	0.6%	67,300	2.7%
.Private Service Providing	2,180,500	22,000	1.0%	66,200	3.1%
..Trade, Transportation, and Utilities	629,800	2,100	0.3%	14,300	2.3%
...Wholesale Trade	168,100	-1,500	-0.9%	1,000	0.6%
....Merchant Wholesalers, Durable Goods	98,000	200	0.2%	2,000	2.1%
.....Professional and Commercial Equipment and Supplies Merchant Wholesaler	14,500	0	0.0%	0	0.0%
....Merchant Wholesalers, Nondurable Goods	47,600	300	0.6%	800	1.7%
...Retail Trade	316,700	2,100	0.7%	9,100	3.0%
....Motor Vehicle and Parts Dealers	41,600	0	0.0%	-400	-1.0%
....Building Material and Garden Equipment and Supplies Dealers	23,400	-700	-2.9%	1,100	4.9%
....Food and Beverage Stores	69,200	600	0.9%	1,100	1.6%
....Health and Personal Care Stores	19,100	100	0.5%	-300	-1.5%
....Clothing and Clothing Accessories Stores	30,200	100	0.3%	-400	-1.3%
....General Merchandise Stores	58,200	-100	-0.2%	-700	-1.2%
.....Department Stores	18,300	-100	-0.5%	-1,000	-5.2%
.....Other General Merchandise Stores	39,900	0	0.0%	300	0.8%
...Transportation, Warehousing, and Utilities	145,000	1,500	1.0%	4,200	3.0%
....Utilities	16,500	100	0.6%	0	0.0%
.....Air Transportation	21,000	-100	-0.5%	-400	-1.9%
.....Truck Transportation	25,700	200	0.8%	400	1.6%
.....Pipeline Transportation	11,500	100	0.9%	-100	-0.9%
..Information	31,300	0	0.0%	-1,300	-4.0%
....Telecommunications	13,200	-100	-0.8%	-500	-3.6%
..Financial Activities	163,900	1,000	0.6%	4,400	2.8%
...Finance and Insurance	101,300	1,000	1.0%	300	0.3%
....Credit Intermediation and Related Activities	44,900	500	1.1%	-100	-0.2%
.....Depository Credit Intermediation	28,700	200	0.7%	-500	-1.7%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	21,100	300	1.4%	400	1.9%
....Insurance Carriers and Related Activities	35,300	200	0.6%	0	0.0%
...Real Estate and Rental and Leasing	62,600	0	0.0%	4,100	7.0%

NONAGRICULTURAL EMPLOYMENT		Month Change		Year Change	
Houston-The Woodlands-Sugar Land MSA	**JUN 2018**	**Net**	**Percent**	**Net**	**Percent**
..Professional and Business Services	523,700	13,400	2.6%	41,200	8.5%
...Professional, Scientific, and Technical Services	235,800	4,300	1.9%	16,400	7.5%
....Legal Services	26,200	500	1.9%	600	2.3%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	25,100	-400	-1.6%	-500	-2.0%
....Architectural, Engineering, and Related Services	68,800	2,100	3.1%	3,600	5.5%
....Computer Systems Design and Related Services	33,800	800	2.4%	2,400	7.6%
...Management of Companies and Enterprises	43,300	600	1.4%	100	0.2%
...Administrative and Support and Waste Management and Remediation Services	244,600	8,500	3.6%	24,700	11.2%
....Administrative and Support Services	232,100	7,800	3.5%	24,500	11.8%
.....Employment Services	95,100	-2,100	-2.2%	12,800	15.6%
.....Services to Buildings and Dwellings	57,300	4,200	7.9%	5,900	11.5%
..Educational and Health Services	387,500	300	0.1%	2,000	0.5%
...Educational Services	59,100	-1,400	-2.3%	900	1.5%
...Health Care and Social Assistance	328,400	1,700	0.5%	1,100	0.3%
....Ambulatory Health Care Services	160,700	1,500	0.9%	3,600	2.3%
....Hospitals	85,300	200	0.2%	-300	-0.4%
..Leisure and Hospitality	332,800	5,500	1.7%	6,600	2.0%
...Arts, Entertainment, and Recreation	37,800	1,600	4.4%	-200	-0.5%
...Accommodation and Food Services	295,000	3,900	1.3%	6,800	2.4%
....Accommodation	28,500	600	2.2%	1,100	4.0%
....Food Services and Drinking Places	266,500	3,300	1.3%	5,700	2.2%
..Other Services	111,500	-300	-0.3%	-1,000	-0.9%
Government	409,500	-5,700	-1.4%	1,100	0.3%
.Federal Government	28,800	0	0.0%	0	0.0%
.State Government	86,100	-800	-0.9%	800	0.9%
..State Government Educational Services	50,500	-1,000	-1.9%	-300	-0.6%
.Local Government	294,600	-4,900	-1.6%	300	0.1%
..Local Government Educational Services	205,900	-5,400	-2.6%	1,600	0.8%

UNEMPLOYMENT RATE	JUN 2018	MAY 2018	JUN 2017
H-W-S MSA	4.6	4.2	5.1
Texas (Actual)	4.2	3.7	4.5
United States (Actual)	4.2	3.6	4.5

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, and The Federal Reserve Bank of Dallas.

Industry Special Report:

Growth of the "Gig Economy" Among Texas Metropolitan Areas

Workforce Solutions is an affiliate of the Gulf Coast Workforce Board, which manages a regional 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.

Introduction

With the advent of the Internet, virtually every facet of society has been transformed, from online commerce increasingly replacing traditional retail, to social media providing a platform for sharing information ad infinitum, to the capability of work to be performed from remote locations thereby leveraging disparate time zones. Another outgrowth of these trends is peer-to-peer commerce, connecting individuals with unmet needs for transportation and lodging with individuals in possession of "excess" quantities of these resources. These types of services, typified by ride-sharing platforms like Uber and Lyft and virtual hospitality platforms like Airbnb and VRBO have disrupted traditional taxi and hotel business models and have become symbols of the emerging "gig economy." Noted for its use of short-term contingent work arrangements, the gig economy has shown its potential to provide a level of flexibility not found among traditional employer-employee relationships yet it may accelerate the "casualization of labor" resulting in ever-more precarious livelihoods for those unable to participate in the regular economy.[i]

While the merits of the gig economy are unlikely to be settled in the near future, more basic questions remain such as whether the gig economy is as large as perceived and whether it's growth is accelerating. This special report expands on a 2016 Brookings Institute study analyzing the gig economy by examining more recent data, and furthermore addresses the conclusion of a recent report from the Bureau of Labor Statistics that suggests the share of workers participating in the gig economy has actually *fallen* between 2005 and 2017.

Background

As authors Ian Hathaway and Mark Muro noted in their 2016 Brookings report "Tracking the gig economy: New numbers," determining the size and scope of the sector remains difficult given its atomized and ephemeral nature.[ii] This in turn presents challenges to government surveys' ability to comprehensively capture trends, surveys which remain the de facto standard for a wide range of social and economic data. With that said, some parts of the gig economy are easier to track than others and therefore can serve as proxies for this emerging sector. The Brookings authors highlight the Census Bureau's "non-employer" data set that provides a critical starting point for measuring the impact of two of the gig economy's most visible segments, ride-sharing such as Uber and Lyft on one hand and room-sharing platforms Airbnb and VRBO on the other. Defined as a "business…that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries) and is subject to federal income taxes…[most of which] are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income…[and]…may operate from its owner's home address or from a separate physical location." In addition, non-employer firms, particularly those with the legal form of an "Individual proprietorship" provide a reasonable approximation of gig economy workers. Giving the non-employer firm data set additional credibility is the fact that it is primarily derived from the annual or quarterly business income tax returns filed with the Internal Revenue Service (IRS), which should in theory provide a more accurate count than a conventional sample-based survey. Unfortunately, other platforms like TaskRabbit, Amazon Mechanical

Turk, and Fiverr that permit the distribution of short-term piecemeal work continue to defy easy classification from a government survey perspective and as a result could not be analyzed for either the Brookings report or the current one.

Non-employer Firm Employment versus Total Covered Employment 2012 to 2016

The first year that we can begin to reliably measure the size and growth of one-half of the gig economy as represented by ride-sharing platforms remains 2012 based on the presence of Uber and Lyft in a majority of the largest metropolitan areas across the country. As of that year, there were 23 million non-employer firms across all industries nationwide compared to total payroll employment of 132 million as measured by the Quarterly Census of Employment and Wages (QCEW). This translated to a ratio of payroll to non-employer firm employment of 5.8. By 2016 the number of non-employer firms had increased to 25 million for a nine-percent increase. Combined with the slightly slower eight-percent increase in traditional payroll employment, the ratio of payroll employment to non-employer firms fell to 5.7. This suggests that in the aggregate, the gig economy saw modest rise in relative importance compared to the traditional economy. Closer to home, the Houston MSA saw an increase from 514,000 to 563,000 non-employer firms for an increase of 49,000 or 10 percent compared to a nine-percent increase in overall employment. The ratio of total payroll employment to non-employer firms in the Houston area saw little change, falling from 5.14 to 5.11. These measures reflected slower growth compared to other Texas cities led by Austin with 23-percent non-employer growth versus 17-percent total employment growth followed by Dallas-Fort Worth-Arlington (16 and 14 percent) and San Antonio-New Braunfels (16 and 13 percent). Of the 50 largest metropolitan areas in the country, Las Vegas saw the fastest non-employer growth up 25 percent between 2012 and 2016. While it's clear that non-employer firm growth has been on the rise and increasing in importance, these aggregate comparisons obscure faster growth in the segments of the gig economy enabled by the rise of peer-to-peer sharing platforms as will be seen shortly. (see Tables 1 and 2.)

Table 1. Ratio of QCEW Total Covered Payroll Employment to Non-employer Firms, Selected Texas MSAs and the U.S. 2012 and 2016

Industry Title	2012	2016
United States	**5.79**	**5.72**
Austin-Round Rock, TX MSA	5.32	5.07
Dallas-Fort Worth-Arlington, TX MSA	5.32	5.23
Houston-The Woodlands-Sugar Land, TX MSA	5.15	5.12
San Antonio-New Braunfels, TX MSA	5.58	5.44

Source(s): Census Bureau Non-employer Statistics and Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

Table 2. Non-employer Firm and QCEW Total Covered Employment Net and Percent Change 2012-2016

Industry Title	Non-employer Firm Net Change 2012-2016	Non-employer Firm Percent Change 2012-2016	QCEW Total Covered Employment Net Change 2012-2016	QCEW Total Covered Employment Percent Change 2012-2016
United States	**2,077,133**	**9%**	**10,173,688**	**8%**
Austin-Round Rock, TX MSA	35,479	23%	140,919	17%
Dallas-Fort Worth-Arlington, TX MSA	87,558	16%	410,298	14%
Houston-The Woodlands-Sugar Land, TX MSA	49,225	10%	236,375	9%
San Antonio-New Braunfels, TX MSA	25,294	16%	115,154	13%

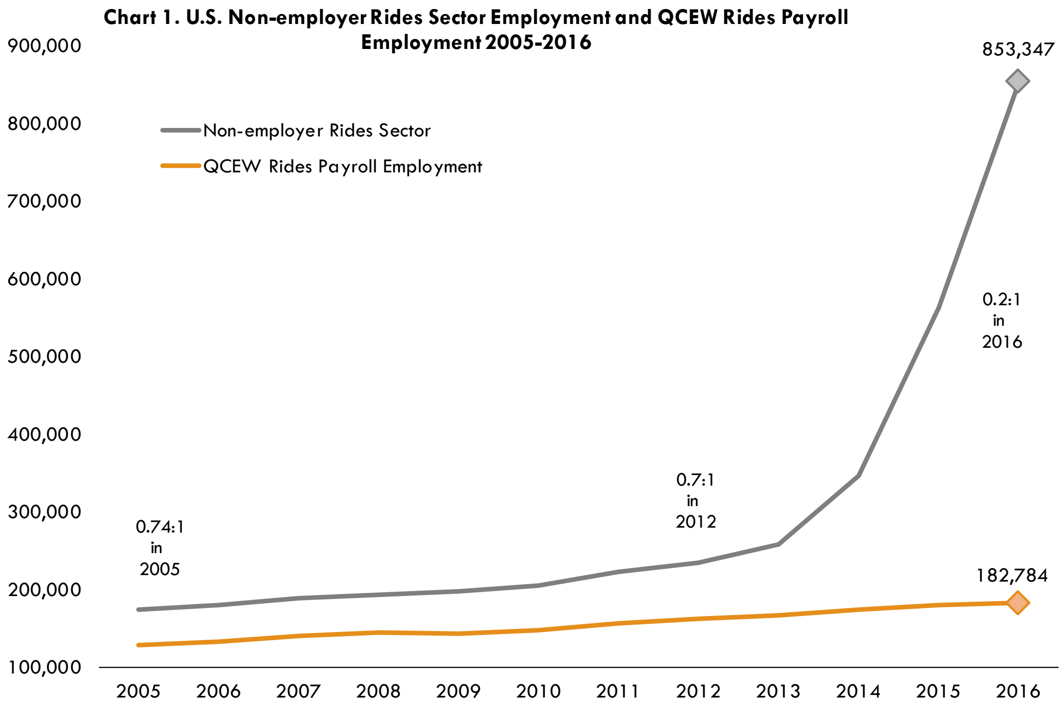
Source(s): Census Bureau Non-employer Statistics and Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW)

Non-employer Transportation and Lodging Trends 2012 to 2016

As noted, it remains challenging to comprehensively define and measure the gig economy using existing government survey data. Brookings report authors Hathaway and Muro sought address this issue in part by using non-employer transportation and lodging statistics produced by the Census Bureau to represent the gig economy. Specifically, the authors identified four, four-digit NAICS industries as proxies for the gig economy: *4853 Taxi and Limousine Service* and *4859 Other Transit and Ground Passenger Transportation*, which they refer to as the "rides" sector, and *7211 Traveler Accommodation* and *7213 Rooming and Boarding Houses*, which they refer to as the "rooms" sector. In keeping with the Brookings report, analysis from this point onward will utilize the same definitions.

U.S. Non-Employer "Rides Sector" Growth

We first begin by looking at the rides sector typified by ride-sharing platforms Uber and Lyft. At the national level, the number of non-employer firm in this sector grew an astonishing 264 percent between 2012 and 2016 rising from 234,000 to 853,000 firms. The Brookings authors noted that "after 2010, independent contractor growth in the ground transportation industry suddenly takes off—and then explodes in 2014 (a trend that is likely to have continued in 2015 and 2016)." At the time of writing, the authors only possessed non-employer firm data through 2014 however their supposition regarding 2015 and 2016 has now been proven correct given the availability of figures for these two additional years. Recent data shows that of the 619,000 new non-employer firms created between 2012 and 2016, 82 percent came into existence in just 2015 and 2016. In contrast, an examination of QCEW employment growth in the rides sector revealed a mere 12-percent increase over the four-year period in question, increasing from 163,000 jobs to 183,000 jobs. Additionally, less than half (40 percent) of the 20,000 rides sector payroll jobs were added in the final two years. Lastly, as further evidence of the growing importance of non-employer rides sector firms to payroll employment, this ratio fell from 0.74 in 2005 to 0.7 in 2012 followed by a sharp drop to 0.21 in 2016. (see Chart 1.)



Source(s): Census Bureau Non-employer Statistics and JobsEQ and BLS QCEW estimates
*Ratios represent payroll employees to non-employer firms.

Texas Metropolitan Areas Non-Employer "Rides Sector" Growth

Austin

The exponential growth in the non-employer rides sector seen across the U.S. was also observed among the four major metropolitan areas in Texas. Between 2012 and 2016, the number of non-employer rides firms in Austin rose from 1,029 to 6,839 for a 565-percent increase, which dwarfed the19-percent increase in payroll employment for this sector. This former percentage was the largest increase of the Texas cities. It should be noted that there was little growth in rides sector non-employer firms in Austin between 2015 and 2016. In May 2016, Uber and Lyft suspended operations after local voters rejected a measure that would have shielded ride-sharing drivers from more stringent background checks.[iii] Smaller ride-sharing start-up companies emerged to fill some of the gap in service, which explains the marginal increase over the two-year period of only two percent compared the previous year's 175-percent increase. In May of 2017, statewide legislation regulating ride-sharing companies was passed paving the way for Uber and Lyft to resume operations.[iv] Based on the growth trajectory up to 2015, there is a strong likelihood that the number of non-employer ride-sharing firms in Austin would have continued to increase unabated in the absence of regulatory restrictions. Even though the two largest players in the ride-sharing space temporarily exited the Austin market, the ratio of rides sector payroll employment to non-employer firms saw the steepest drop of the major metro areas in Texas, from 0.78 in 2005 to 0.52 in 2012 to just 0.09 in 2016.

Dallas-Fort Worth-Arlington

The Dallas-Fort Worth-Arlington area has had ride-sharing services since 2012 with no meaningful interruptions found to date. This coupled with the fact that Dallas is the fourth-largest metropolitan area in the country is likely the reason that DFW has consistently had the largest absolute number of non-employer rides firms of the four major cities in Texas with 3,671 in 2012 rising to 20,077 in 2016. The growth rate over this timeframe came in at 447 percent, the second-fastest in the state after Austin, which like other areas in Texas and around the country was orders of magnitude larger than the growth in payroll employment which for Dallas was 20 percent. The net effect of these trends was a sharp drop in the number of payroll jobs relative to non-employer firms of 0.41 to 0.09 over the four-year period, again a reflection of the growing importance of unincorporated individual proprietorships offering ride-sharing services. [v] [vi]

Houston-The Woodlands-Sugar Land

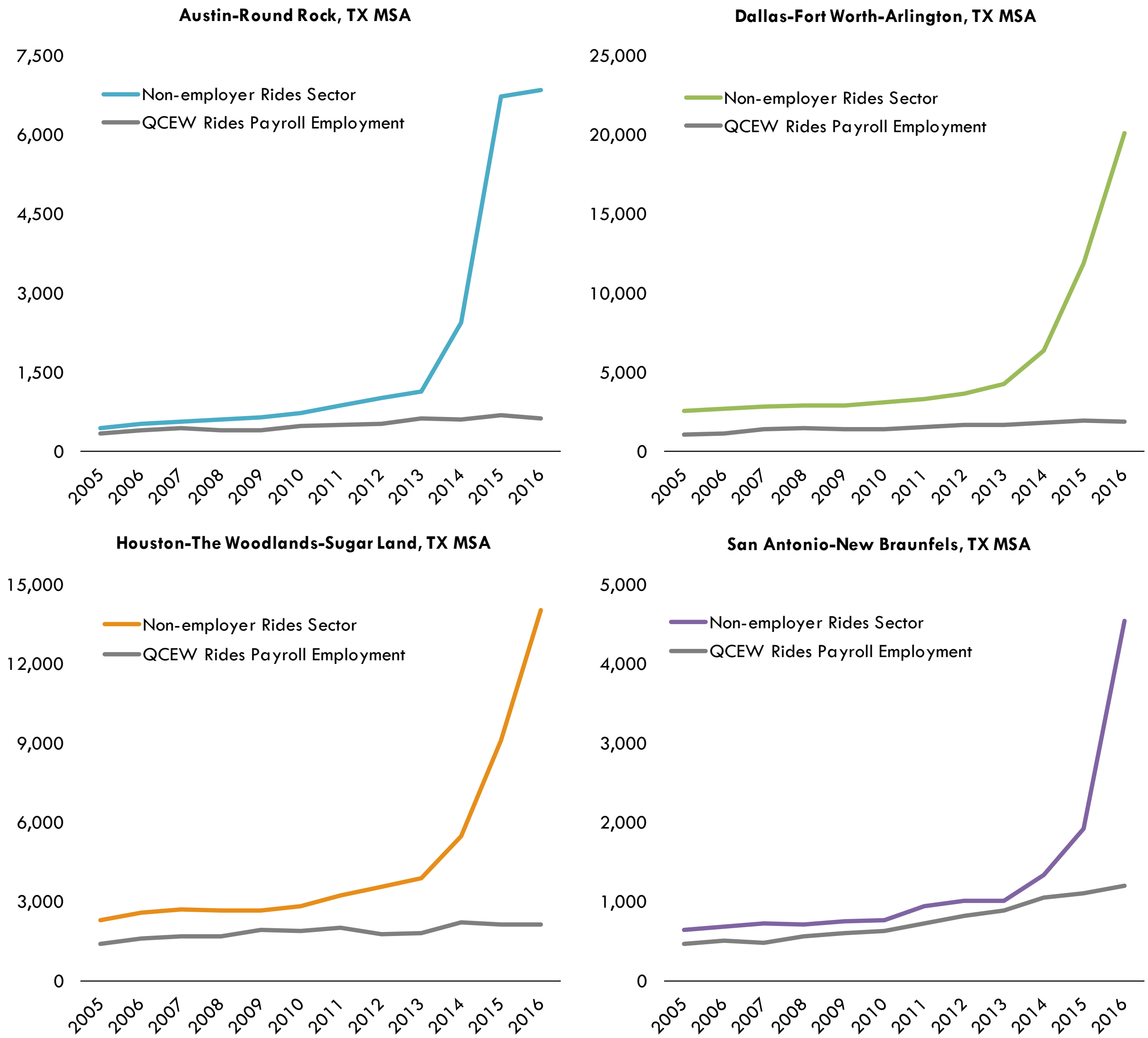
Ride-sharing services entered the Houston market in early 2014, which explains the limited growth in non-employer rides firms in 2012 and 2013.[vii] Nonetheless in keeping with analysis of the 2012 to 2016 timeframe, the number of firms over this period increased from 3,559 to 14,058 for a gain of 295-percent, the lowest growth rate of the major cities in Texas, yet this was well in excess of the 20 percent increase in payroll rides sector employment. In this case, the ratio of payroll jobs to non-employer firms fell from 0.6 to 0.15.

It should be noted that the Houston area experienced an economic downturn between 2014 and 2016 related to the fall in oil prices and incidentally coinciding with the arrival of ride-sharing services. This period was marked by layoffs in the oil and gas industry of approximately 75,000 to 85,000 jobs. A question worth investigating is whether ride-sharing platforms like Uber and Lyft provide highly flexible stop-gap employment opportunities to laid-off workers in general, but in the case of Houston, to those previously employed in oil and gas and related industries. Evidence of this phenomenon, if significant, would manifest itself at a bare minimum in the form of increasing year-over-year growth in non-employer rides firms and ideally faster than some benchmark such as the U.S. or other Texas cities. A look at growth rates between 2014-2015 and 2015-2016 revealed increases of 66 percent and 54 percent, respectively, indicating a mild slowing of the creation of non-employer rides firms. In fact, a look at the top-50 largest metropolitan areas in the country revealed that the slowing growth observed in Houston was typical of 40 other metropolitan areas as well as the U.S. As a result, it does not appear that the number of ride-sharing service providers increased beyond what might have been expected. If laid-off oil and gas workers did in fact turn to platforms like Uber and Lyft in significant numbers to secure temporary employment, this phenomenon was obscured by the broader trend of slowing year-over-year growth for the non-employer rides sector as a whole.

San Antonio-New Braunfels

For the remaining major metropolitan area in Texas, San Antonio, the 2014 to 2015 timeframe was marked by periodic provision and suspension of ride-sharing services that naturally altered the growth trajectory of non-employer rides firms between 2012 to 2016.[viii] [ix] [x] While the increase over the four-year period was 348 percent, the third-fastest of the major metro areas in Texas, the overwhelming majority of that growth occurred between 2015 and 2016 once local regulatory disputes were finally resolved. Unlike the other three major cities in Texas, San Antonio continued to see faster year-over-year growth in non-employer rides firms through 2016 owing to the delayed adoption of ride-sharing services. One possible side-effect, and potential benefit, was payroll growth in the rides sector saw significant growth between 2012 and 2016 as evidenced by a 47-percent increase, much faster than the other major Texas metropolitan areas. Assuming a cause-and-effect relationship where gains in non-employer rides employment comes as the expense of payroll employment, one would expect a moderation of the payroll growth seen in recent years as non-employer firm growth accelerates and matures. (see Charts 2-4. and Table 3.)

Chart 2. Selected Texas Metropolitan Areas - Non-employer Rides Sector Employment and QCEW Rides Payroll Employment 2005-2016



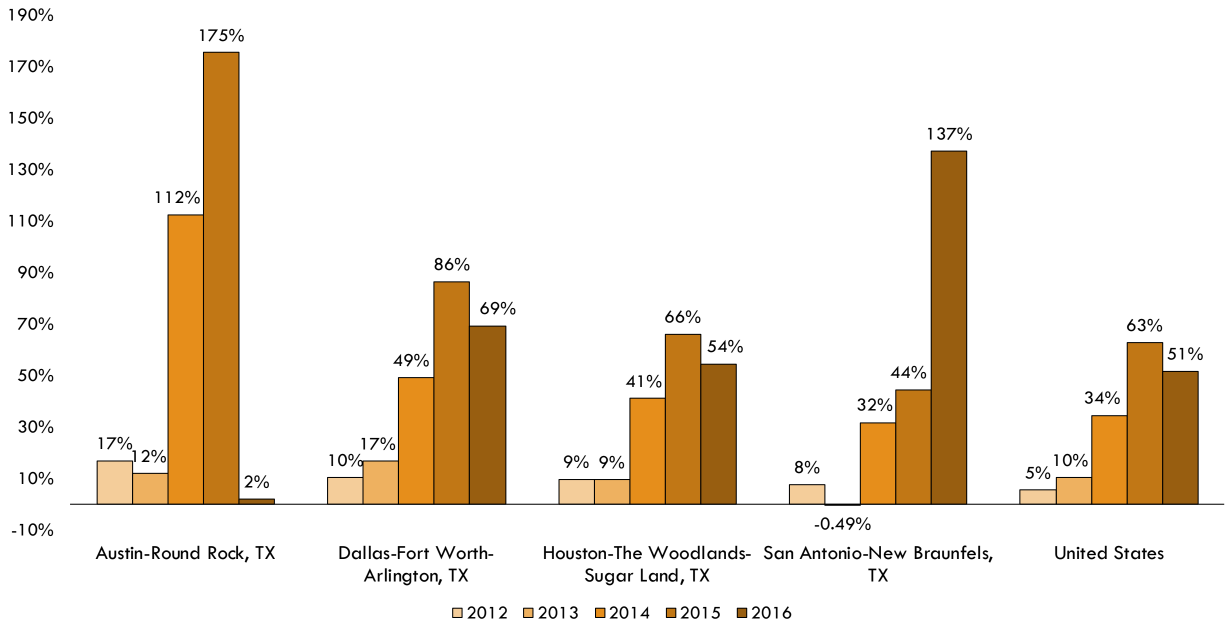
Source(s): Census Bureau Non-employer Statistics and JobsEQ QCEW estimates

Table 3. Ratio of Rides Sector Payroll Employment to Rides Sector Non-employer Firms, Selected Texas MSAs and the U.S. 2005, 2012 and 2016

Industry Title	2005	2012	2016
United States	**0.74**	**0.70**	**0.21**
Austin-Round Rock, TX MSA	0.78	0.52	0.09
Dallas-Fort Worth-Arlington, TX MSA	0.41	0.46	0.09
Houston-The Woodlands-Sugar Land, TX MSA	0.60	0.50	0.15
San Antonio-New Braunfels, TX MSA	0.72	0.81	0.27

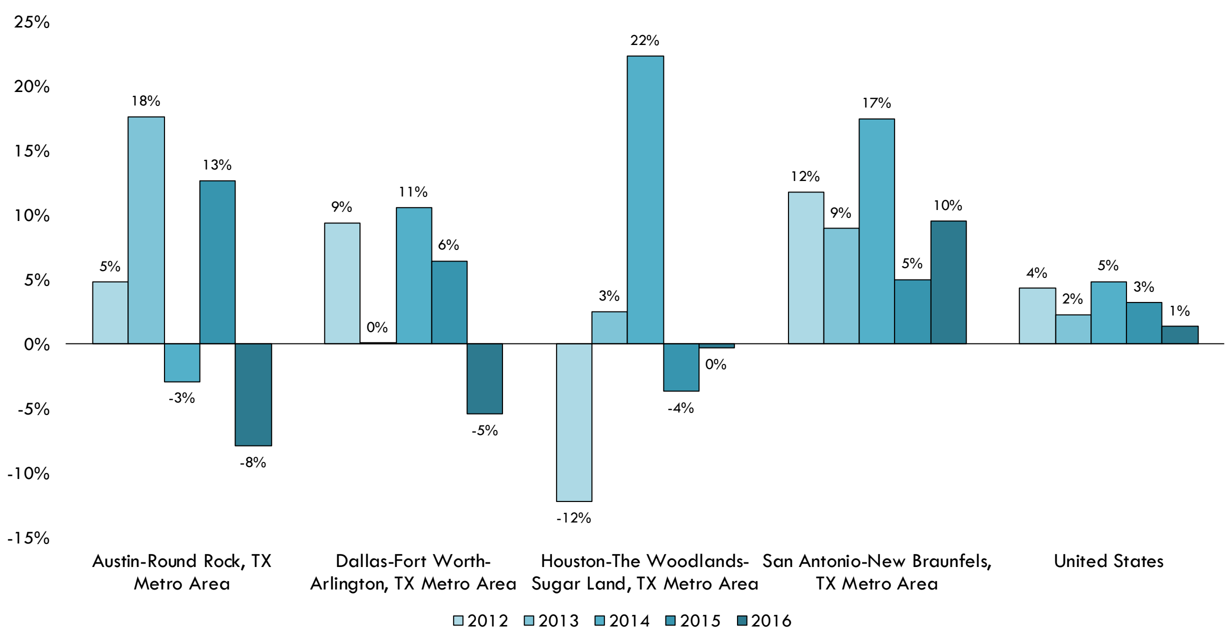
Source(s): Census Bureau Non-employer Statistics and Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) and JobsEQ

Chart 3. Non-employer Rides Sector Year-over-Year Percent Change 2012 to 2016



Source: Census Bureau Non-employer Statistics

Chart 4. QCEW Payroll Rides Sector Year-over-Year Percent Change 2012 to 2016

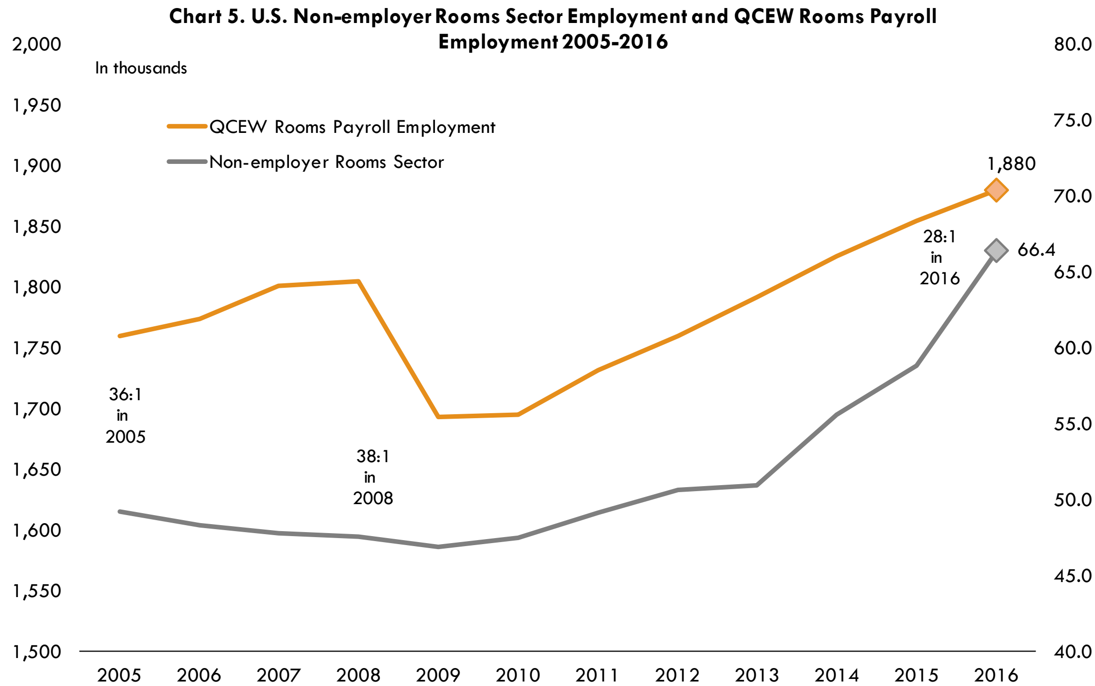


Source: JobsEQ QCEW estimates

U.S. Non-Employer "Rooms Sector" Growth

The rooms sector demonstrated similar trends to the ride-sharing portion of the gig economy previously described however the scale in terms of non-employer firms compared to payroll employment proved drastically different. As of 2016, there were nearly a combined 1.9 million payroll jobs in *7211 Traveler Accommodation* and *7213 Rooming and Boarding Houses* compared to 66,000 non-employer firms in these same industries. As Hathaway and Muro point out, non-employer rooms firms are more likely to "contract out support functions like cleaning services, meals, and entertainment," which would reduce the apparent size of such firms. They are also likely to be "undercounted in the data, because of tax reporting requirements—which…are not mandatory until a room-sharing host exceeds $20,000 in receipts or 200 transactions each year." Nonetheless, the firms that were captured in the non-employer rooms sector demonstrate a clear trend of rapid growth from 2008 onward, prior to which the sector was on a modest decline. Not coincidentally, 2008 remains a pivotal year for the non-employer rooms sector given the launch of the best-known platform for providing such services, Airbnb.[xi]

Using 2008 as our starting year for analysis of the non-employer rooms sector, we find that nationally by 2016 the number of firms had risen from 48,000 to 66,000 for a 40-percent increase. Roughly 57 percent of the eight-year increase occurred in just 2015 and 2016, illustrating that much of the acceleration in room-sharing offerings across the country occurred relatively recently despite pre-dating the ride-sharing sector by two to four years depending on the timing of entry into some markets. In contrast, payroll employment in the rooms sector rose a mere 4 percent driven an increase from 1.8 million to 1.9 million jobs over the eight-year period. In this case, the ratio of payroll jobs to non-employer firms saw a brief increase from 2005 to 2008 (36 to 38) but then fell by 2016 to just 28. (see Chart 5.)



Source(s): Census Bureau Non-employer Statistics and JobsEQ and BLS QCEW estimates
*Ratios represent payroll employees to non-employer firms.

Texas Metropolitan Areas Non-Employer "Rooms Sector" Growth

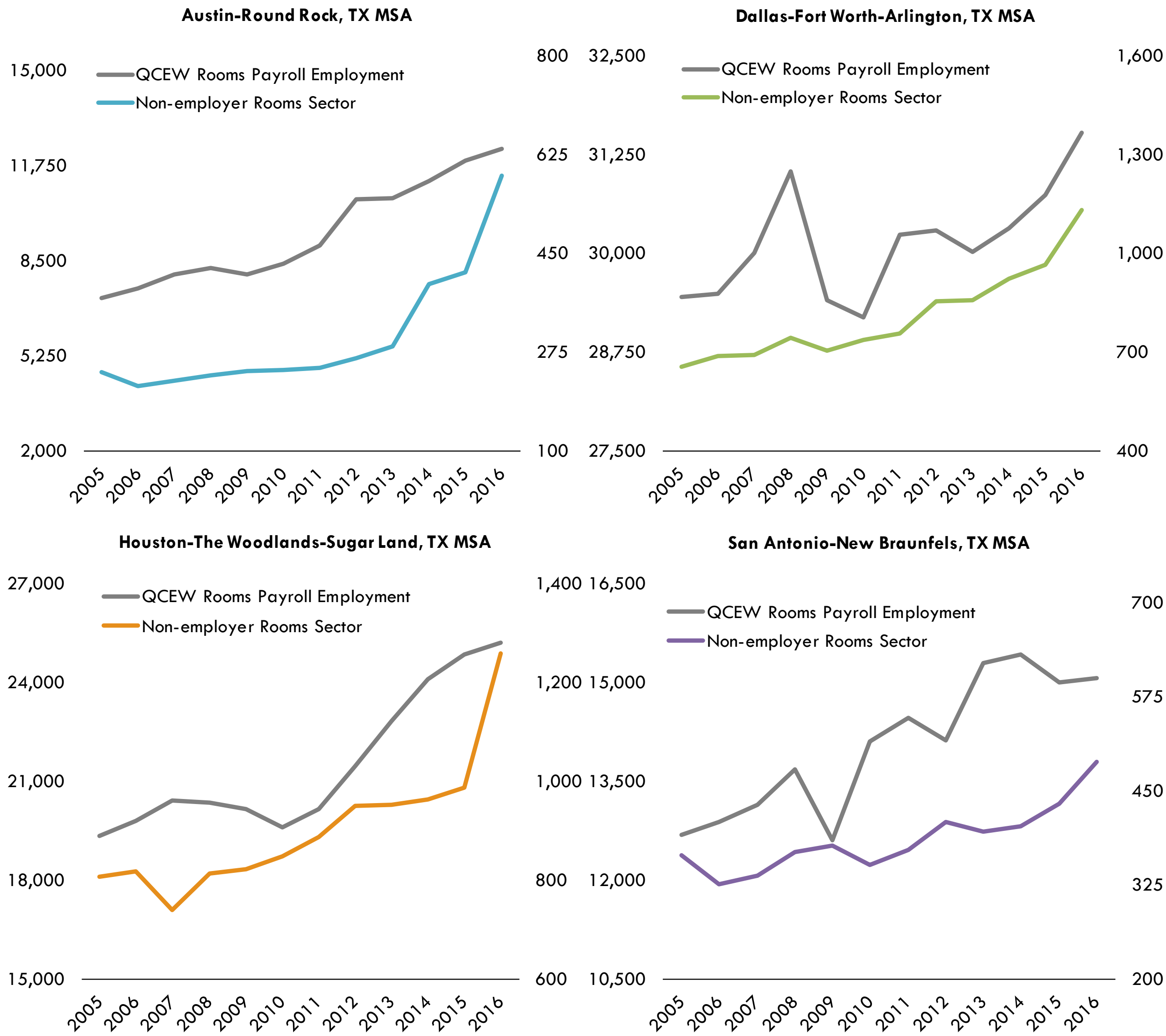
When it came to room-sharing trends among the major metropolitan areas of Texas, Austin once again saw the fastest growth between 2008 and 2016, rising from 234 non-employer rooms sector firms to 587 for a 151-percent increase although payroll employment growth posted a respectable 49-percent increase over the period. The net effect of these changes was a moderate shrinking of the ratio of payroll employees to non-employer firms from 30 to 21 over the eight-year period punctuated by a sharp but temporary rise to 40 in 2012. Dallas saw the third-fastest growth of non-employer firms, up 52 percent whereas payroll employment only rose 2 percent. While not apparent from the chart below due to the different scales, the ratio of payroll employment to non-employer firms across the Dallas-Fort Worth area saw a significant drop over the eight-year period, falling from 42 to 28, and likely a result of the low rate of rooms payroll growth noted previously. Houston added 445 new non-employer room sector firms for a growth rate of 55 percent, about twice as fast payroll employment growth of 24 percent. As result, the ratio of non-employer firms to payroll employment experienced a modest decline, falling from 25 to 20. Lastly, San Antonio registered a 32-percent increase in room-sharing non-employer firms compared to a 10-percent increase in payroll employment resulting in a falling payroll to non-employer ratio of 35 to 31. Again, due to vastly different absolute levels of non-employer and payroll employment found within the rooms sector, there is little chance that the former will surpass the latter in the near future. Nevertheless, the declines in non-employer to payroll ratios nationally and across the four Texas metro areas suggest that while demonstrating smaller increases relative to the ride sector, non-employer rooms firms continue to gain in relative importance. (See Chart 6. and Table 4.)

Table 4. Ratio of Rooms Sector Payroll Employment to Room Sector Non-employer Firms, Selected Texas MSAs and the U.S. 2005, 2008 and 2016

Industry Title	2005	2008	2016
United States	**36**	**38**	**28**
Austin-Round Rock, TX MSA	30	35	21
Dallas-Fort Worth-Arlington, TX MSA	45	42	28
Houston-The Woodlands-Sugar Land, TX MSA	24	25	20
San Antonio-New Braunfels, TX MSA	35	37	31

Source(s): Census Bureau Non-employer Statistics and Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) and JobsEQ

Chart 6. Selected Texas Metropolitan Areas - Non-employer Rooms Sector Employment and QCEW Rooms Payroll Employment 2005-2016



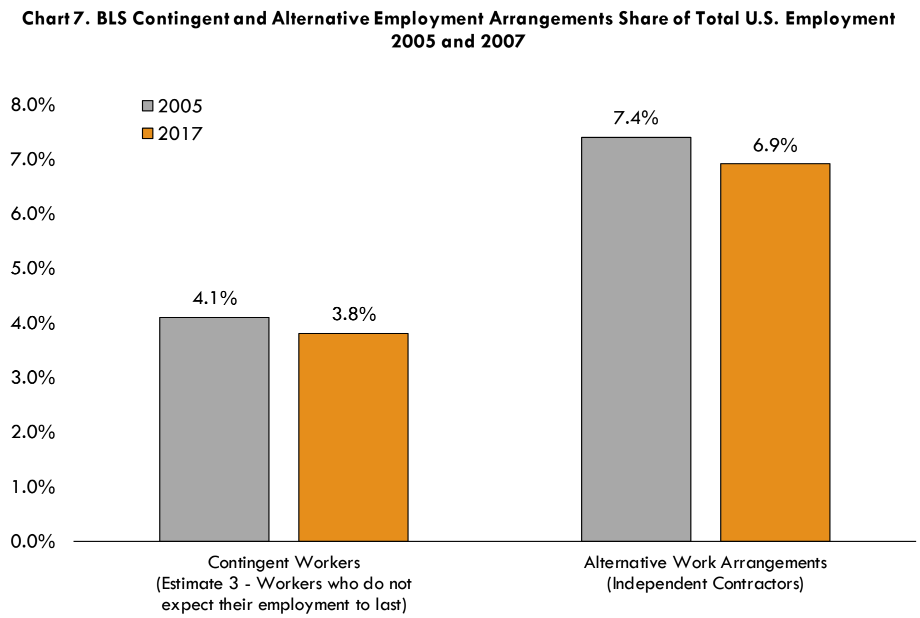
Source(s): Census Bureau Non-employer Statistics and JobsEQ QCEW estimates

Bureau of Labor Statistics Recent Reports of a Shrinking Gig Economy

In June 2018, the Bureau of Labor Statistics released special report titled "Contingent and Alternative Employment Arrangements – May 2017" based on data collected through a supplement to the May 2017 Current Population Survey (CPS). This survey, conducted on behalf of BLS by the Census Bureau, includes roughly 60,000 households, and is the same survey used to generate monthly unemployment statistics, estimates of earnings, and various demographic measures of the labor force, primarily at the national level. The supplement, last conducted in 2005, seeks to make two major determinations about the work status of an individual. First, whether an individual qualifies as a contingent worker, which is someone who does not have an explicit or implicit contract for continuing employment but if self-employed and/or an independent contractor and expects to perform the same duties for more than one year does not meet this standard. The second determination is whether an individual had an alternative employment arrangement, such as working as an independent contractor who must obtain customers on their own to provide a product or service, an on-call worker, or someone employed through a temporary help agencies or contract firm. [xii] [xiii] Note that there may be overlap between individuals in alternative employment arrangements and contingent workers however the categories are reported separately and are conceptually distinct. BLS does not use the term "gig economy" at any point in the publication, yet the two work status determinations that the supplement seeks to measure are commonly understood facets of emerging non-traditional work arrangements. Therefore, it is not unreasonable to interpret the report's findings as a measure of the gig economy as exemplified by articles written from The Washington Post, Bloomberg, and Quartz.[xiv] [xv] [xvi]

Given that the BLS report should capture at least some aspects of the gig economy, one would expect the data, although sporadically produced, to reflect at least a flat if not a small increase in the share of non-traditional employment. Surprisingly, the report indicates that the share of contingent workers, using the broadest definition, *fell* from 4.1 percent to 3.8 percent between 2005 and 2017. Individuals working in alternative arrangements as independent contractors also declined from 7.4 percent to 6.9 percent over this same period. There is little reason to doubt that the data may be accurate based on the questions and *how* they were asked. Furthermore, there is no reason to question BLS's rigorous standards of ensuring statistical validity of the data that *was* collected. At the same token, the supplement as currently designed may simply not be sufficiently nuanced to detect relatively small but rapidly growing segments of the labor market. For instance, the Current Population Survey mainly focuses on an individual's primary job meaning that occasional work, like driving for Uber or Lyft, might not be captured. Furthermore, the limited size of the survey, again only 60,000 households, prevents the examination of regional trends could reflect the trends described throughout this report that otherwise are obscured by aggregate figures. [xvii] (see Chart 7.)

In all fairness, the technical documentation included with the BLS special report clearly states that "four new questions were added to the May 2017 supplement. These questions were designed to identify individuals who found short tasks or jobs through <u>a mobile app or website and were paid through the same app or website. Data from these new questions are not included in this news release</u>." The results of the new questions will be released in a BLS Monthly Labor Review article later this fall and it is encouraging that BLS recognizes the shortcomings of the supplement and has taken measures to compensate for them. The issue going forward is that since these will be new questions, there will be no past data with which to compare them directly. As a result, there are questions surrounding the usefulness of the findings although BLS could choose to repeat the supplement more frequently to overcome this limitation sooner rather than later.



Conclusion

This report examines two of the most prominent segments of the gig economy, ride-sharing and room-sharing, concepts that were first elucidated through rich research conducted at the Brookings Institute. A look at more recent data reveals that trends that previously could only be measured through 2014 have continued and in fact have accelerated, signaling that the gig economy continues to grow in importance. Thus far, there is little evidence to suggest that peer-to-peer service-sharing platforms are causing steep drops in analogous traditional payroll employment yet policymakers should remain vigilant to these disruptive forces as we remain in the early stages of adoption of these technologies. Given that most municipalities, states, etc. do not appear willing to engage in outright bans on ride-sharing and room-sharing services, it may be necessary to expand training and re-training opportunities for individuals that find themselves displaced by the changes detailed throughout this report.

Appendix: Ride-sharing and Room-Sharing Non-employer Firms and Payroll Employment by Metropolitan Area (2012-2016) and (2008-2016)

MSA ID	MSA	Rides Sector						Rooms Sector					
		Non-employer Firms			Payroll Employment			Non-employer Firms			Payroll Employment		
		2012	2016	2012-2016 Pct	2012	2016	2012-2016 Pct	2008	2016	2008-2016 Pct	2008	2016	2008-2016 Pct
-	United States	234,195	853,347	264%	162,830	182,784	12%	47,548	66,370	40%	1,804,871	1,879,803	4%
12060	Atlanta-Sandy Springs-Roswell, GA	4,564	21,845	379%	1,773	2,019	14%	665	1,069	61%	23,760	23,742	0%
12420	**Austin-Round Rock, TX**	**1,029**	**6,839**	**565%**	**540**	**640**	**19%**	**234**	**587**	**151%**	**8,246**	**12,314**	**49%**
12580	Baltimore-Columbia-Towson, MD	2,307	10,075	337%	2,910	2,254	-23%	304	391	29%	9,564	8,947	-6%
14460	Boston-Cambridge-Newton, MA-NH	6,646	28,249	325%	5,571	6,762	21%	692	1,122	62%	24,345	24,676	1%
15380	Buffalo-Cheektowaga-Niagara Falls, NY	450	869	93%	1,582	1,337	-15%	122	130	7%	3,909	4,651	19%
16740	Charlotte-Concord-Gastonia, NC-SC	1,149	5,443	374%	370	685	85%	148	324	119%	8,273	10,086	22%
16980	Chicago-Naperville-Elgin, IL-IN-WI	17,601	59,257	237%	6,727	7,100	6%	875	1,341	53%	39,216	40,001	2%
17140	Cincinnati, OH-KY-IN	702	3,447	391%	1,113	1,296	16%	166	250	51%	6,438	6,229	-3%
17460	Cleveland-Elyria, OH	695	4,038	481%	1,324	1,579	19%	173	288	66%	6,545	7,140	9%
18140	Columbus, OH	1,029	5,040	390%	542	553	2%	156	292	87%	7,563	7,498	-1%
19100	**Dallas-Fort Worth-Arlington, TX**	**3,671**	**20,077**	**447%**	**1,676**	**1,868**	**11%**	**744**	**1,132**	**52%**	**31,034**	**31,518**	**2%**
19740	Denver-Aurora-Lakewood, CO	2,492	13,545	444%	1,172	1,592	36%	327	623	91%	15,156	16,769	11%
19820	Detroit-Warren-Dearborn, MI	2,288	7,570	231%	1,687	2,259	34%	428	493	15%	9,835	17,722	80%
25540	Hartford-West Hartford-East Hartford, CT	382	1,904	398%	1,015	988	-3%	111	158	42%	4,089	3,755	-8%
26420	**Houston-The Woodlands-Sugar Land, TX**	**3,559**	**14,058**	**295%**	**1,781**	**2,145**	**20%**	**813**	**1,258**	**55%**	**20,346**	**25,198**	**24%**
26900	Indianapolis-Carmel-Anderson, IN	888	4,042	355%	675	712	6%	142	235	65%	8,175	8,504	4%
27260	Jacksonville, FL	515	2,538	393%	329	799	143%	178	262	47%	9,525	10,136	6%
28140	Kansas City, MO-KS	967	3,381	250%	1,028	1,179	15%	189	235	24%	9,787	9,220	-6%
29820	Las Vegas-Henderson-Paradise, NV	834	11,375	1264%	11,221	10,765	-4%	255	420	65%	174,854	166,858	-5%
31080	Los Angeles-Long Beach-Anaheim, CA	9,960	71,212	615%	8,334	8,047	-3%	1,822	3,251	78%	63,945	71,634	12%
31140	Louisville/Jefferson County, KY-IN	498	1,894	280%	509	396	-22%	97	157	62%	5,153	5,002	-3%
32820	Memphis, TN-MS-AR	305	1,465	380%	892	1,048	18%	148	215	45%	17,018	10,940	-36%
33100	Miami-Fort Lauderdale-West Palm Beach, FL	6,661	33,368	401%	3,198	3,321	4%	1,221	1,904	56%	48,685	58,854	21%
33340	Milwaukee-Waukesha-West Allis, WI	630	2,942	367%	622	1,004	61%	125	180	44%	5,801	6,045	4%
33460	Minneapolis-St. Paul-Bloomington, MN-WI	3,091	9,601	211%	1,695	1,890	12%	361	500	39%	13,953	12,816	-8%
34980	Nashville-Davidson--Murfreesboro--Franklin, TN	1,032	7,010	579%	503	608	21%	180	465	158%	12,140	12,430	2%
35380	New Orleans-Metairie, LA	1,990	6,642	234%	663	709	7%	196	356	82%	10,828	14,587	35%
35620	New York-Newark-Jersey City, NY-NJ-PA	73,874	142,953	94%	22,853	22,894	0%	2,107	3,612	71%	70,588	81,047	15%
36420	Oklahoma City, OK	332	1,700	412%	178	229	29%	107	168	57%	4,670	5,343	14%
36740	Orlando-Kissimmee-Sanford, FL	2,995	11,141	272%	1,494	1,781	19%	368	549	49%	49,369	58,042	18%
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,658	20,826	347%	4,531	4,465	-1%	523	853	63%	17,040	18,147	7%
38060	Phoenix-Mesa-Scottsdale, AZ	2,581	14,362	456%	2,064	3,160	53%	395	690	75%	28,844	26,219	-9%
38300	Pittsburgh, PA	658	4,684	612%	1,322	1,254	-5%	193	280	45%	7,964	8,983	13%
38900	Portland-Vancouver-Hillsboro, OR-WA	1,239	7,481	504%	868	1,203	39%	350	903	158%	9,085	9,848	8%
39300	Providence-Warwick, RI-MA	599	3,457	477%	817	855	5%	206	295	43%	4,997	5,826	17%
39580	Raleigh, NC	807	3,573	343%	269	468	74%	115	174	51%	3,560	4,559	28%
40060	Richmond, VA	553	2,604	371%	648	706	9%	143	184	29%	5,390	5,770	7%
40140	Riverside-San Bernardino-Ontario, CA	1,149	8,706	658%	1,191	1,237	4%	509	828	63%	19,163	23,269	21%
40380	Rochester, NY	305	400	31%	795	1,027	29%	156	226	45%	3,193	3,038	-5%
40900	Sacramento--Roseville--Arden-Arcade, CA	782	7,793	897%	1,249	1,336	7%	320	435	36%	9,886	10,355	5%
41180	St. Louis, MO-IL	1,175	3,526	200%	1,216	1,169	-4%	278	330	19%	10,032	12,121	21%
41620	Salt Lake City, UT	384	2,441	536%	271	286	6%	148	195	32%	7,350	7,710	5%
41700	**San Antonio-New Braunfels, TX**	**1,016**	**4,550**	**348%**	**819**	**1,206**	**47%**	**369**	**488**	**32%**	**13,679**	**15,067**	**10%**
41740	San Diego-Carlsbad, CA	2,617	16,758	540%	1,304	1,319	1%	512	951	86%	31,515	36,067	14%
41860	San Francisco-Oakland-Hayward, CA	6,973	37,486	438%	3,602	6,466	80%	774	1,660	114%	32,908	31,506	-4%
41940	San Jose-Sunnyvale-Santa Clara, CA	1,232	9,348	659%	889	976	10%	209	460	120%	8,300	8,993	8%
42660	Seattle-Tacoma-Bellevue, WA	3,193	14,108	342%	2,326	2,392	3%	555	1,172	111%	16,064	16,381	2%
45300	Tampa-St. Petersburg-Clearwater, FL	1,443	8,155	465%	706	942	33%	477	524	10%	14,550	18,650	28%
47260	Virginia Beach-Norfolk-Newport News, VA-NC	639	3,339	423%	673	697	4%	165	201	22%	13,394	11,150	-17%
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	13,154	45,546	246%	4,670	5,673	21%	741	1,160	57%	40,451	41,349	2%

Source(s): Census Bureau Non-employer Statistics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW), and JobsEQ

[i] Digital labour and development: impacts of global digital labour platforms and the gig economy on worker livelihoods - Mark Graham
Oxford Internet Institute, University of Oxford, UK http://journals.sagepub.com/doi/pdf/10.1177/1024258916687250

[ii] Tracking the gig economy: New numbers - Ian Hathaway and Mark Muro https://www.brookings.edu/research/tracking-the-gig-economy-new-numbers/

[iii] Uber and Lyft to suspend Austin operations after vote on background checks - T.C. Sottek https://www.theverge.com/2016/5/8/11634630/uber-and-lyft-threaten-to-leave-austin-after-vote-on-background-checks

[iv] Lyft and Uber will return to Austin on Monday – Andrew Liptak https://www.theverge.com/2017/5/27/15705060/lyft-uber-returning-austin-texas-fingerprinting-requirements

[v] Uber Launches in Dallas! - Bradley Joyce http://launchdfw.com/2012/08/16/uber-launches-in-dallas/

[vi] Uber, Lyft cleared to pick up fares at DFW Airport - Gordon Dickson https://www.star-telegram.com/news/traffic/your-commute/article30501399.html

[vii] Ridesharing service Uber jumps into Houston market - Dug Begley and Cindy George https://www.chron.com/news/houston-texas/houston/article/Ridesharing-service-Uber-jumps-into-Houston-market-5253892.php

[viii] Saddle Up, San Antonio, Your uberX Has Arrived! – Nicole (via Uber blog) https://archive.is/pfMwp

[ix] Lyft and Uber Still Illegal, Still Operating in San Antonio - Iris Dimmick https://therivardreport.com/lyft-and-uber-still-illegal-san-antonio/

---

[x] Uber returning to San Antonio immediately - Josh Baugh https://www.mysanantonio.com/news/local/article/Uber-returning-to-San-Antonio-immediately-6568842.php

[xi] Airbnb launched in 2008 however the first significant wave of growth in terms of listings did not occur until 2009 onward. Research of the availability of Airbnb in various markets from that time to present did not yield a conclusive timeline. However, it does appear that proliferation of the platform occurred across many domestic and international markets much more quickly relative to ride-sharing, given that the latter involves the operation of motor vehicles, which entails a public-safety aspect not inherent to lodging rental arrangements.

[xii] Contingent and Alternative Employment Arrangements - May 2017 Bureau of Labor Statistics https://www.bls.gov/news.release/pdf/conemp.pdf

[xiii] Bureau of Labor Statistics – Current Population Survey FAQ https://www.bls.gov/cps/#faq

[xiv] America's gig economy is smaller now than before Uber existed, official data show - Danielle Paquette and Heather Long https://www.washingtonpost.com/news/wonk/wp/2018/06/07/there-are-fewer-workers-in-the-gig-economy-today-than-before-uber-existed-official-data-show/

[xv] The Triumph of the Gig Economy Is Postponed Yet Again - Justin Fox https://www.bloomberg.com/view/articles/2018-06-08/today-s-job-market-isn-t-dominated-by-uber-or-the-gig-economy

[xvi] The gig economy is bigger than US government data makes it look - Mike Boro https://work.qz.com/1324292/gig-economy-data-why-the-us-department-of-labor-numbers-are-misleading/

[xvii] Contingent and Alternative Employment Arrangements - February 2005 Bureau of Labor Statistics https://www.bls.gov/news.release/archives/conemp_07272005.pdf