

To: Gulf Coast Workforce Board Members

From: Rodney Bradshaw  
Mike Temple

Date: November 29, 2011

Subj: Board Meeting Materials for Tuesday, December 6, 2011

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, December 6, 2011**, in the second floor Conference Room A, 3555 Timmons, Houston.

**Chairman's and Committee Reports.** Audit /Monitoring Committee Chair Garcia will review the most recent committee report from the November meeting at the Willowbrook office. We received the report from last summer's state monitoring; a summary is in the committee's item of the Board packet. Employer Service Committee Chair Andrews will present recommendations on work search requirements and training vendor performance requirements. The first item relates to the minimum number of job search contacts an unemployment insurance recipient must make each week. The second relates to job placement and earnings requirements a vendor must meet to remain registered in our system. The committee also heard updates on our industry sector work and on new methods to track current job openings. We hope you have an opportunity to review the information included in the committee report.

**Information Items.** The System Performance Reports show year-end status toward meeting Board established goals. Our overall performance this year is slowly improving but still reflects relatively high unemployment. We are meeting only ten of fifteen state contracted measures. Of the five that are lagging, four are either changing or being eliminated by the state for the current year. In any case, we expect improving performance from an improved labor market and focus.

As always, we appreciate your time and effort in building a local workforce system that works for our employers and residents. We look forward to seeing you Tuesday.

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, December 6, 2011 at 10:00 a.m.**

H-GAC Conference Room A  
3555 Timmons Lane, Second Floor, Houston, Texas 77027

---

1. Call to Order and Determine Quorum
2. Adopt Agenda
3. Hear Public Comment
4. Review October 2011 meeting minutes
5. Declare Conflicts of Interest
6. Consider Committee Reports
  - a. *Audit/Monitoring.* The committee chair will present an update from the November 2011 meeting.
7. Take Action
  - a. *Employer Service.* The committee chair will present an update from the November 2011 meeting and ask the Board to consider recommendations on required work searches and training vendor performance requirements.
8. Receive Information
  - a. *System Performance.* Staff will summarize current performance against Board measures and grantor requirements.
  - b. *Expenditures.* Staff will report on current expenditures.
9. Look at the Economy

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



Workforce Solutions is an equal opportunity employer/program.

Auxiliary aids and services are available upon request to individuals with disabilities.

Please contact H-GAC at 713.627.3200 at least 48 hours in advance to request accommodations.

Texas Relay: 1.800.735.2989 (TDD) 1.800.735.2988 (Voice) or 711

**MINUTES OF  
THE GULF COAST WORKFORCE DEVELOPMENT BOARD  
TUESDAY, OCTOBER 4, 2011**

---

**MEMBERS PRESENT:**

Dula Abdu	Gerald Andrews	Betty Baitland
Elaine Barber	Sara Bouse	Carl Bowles
Scott Buchel	Bill Crouch	Stephanie Dees
Sophia Dubrevil-Berry	Sal Esparza	Joe Garcia
Mark Guthrie	John Hebert	Bobbie Henderson
Tracie Holub	Eduardo Honold	Guy Robert Jackson
Valeria Jackson-Forrest	David Joost	Birgit Kamps
Jeffrey Labroski	Ronald McKinley	Michael Nguyen
Linda O'Black	Janice Ruley	Allene Schmitt
Richard Shaw	Myles Shelton	Frank Thompson
Evelyn Timmins	Sarah Wroblewski	

**H-GAC STAFF MEMBERS PRESENT**

Rodney Bradshaw  
Mike Temple  
David Baggerly  
Ron Borski  
Barbara Murphy

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, October 4, 2011, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

**ADOPTION OF AGENDA**

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

**PUBLIC COMMENT**

No one signed up for public comments.

## **MINUTES FROM AUGUST 2, 2011**

Mr. Thompson asked if there were any additions or corrections to the minutes for the August 2, 2011 meeting. A motion was made and seconded to approve the minutes as presented. The motion carried.

## **DECLARE CONFLICTS OF INTEREST**

No one declared a conflict of interest.

## **CONSIDER COMMITTEE REPORTS**

### Audit/Monitoring

Mr. Joe Garcia explained that the committee met on Thursday, September 22, 2011. Mr. Garcia explained that The Regional Quality Assurance Team completed annual review at five career offices – Hobby, Bay City, Huntsville, Texas City and Liberty.

Reviews have begun on the four contractors associated with the Training for Youth projects. The team began work on the eligibility reviews and will begin other compliance item and service quality reviews in the near future. Results will be presented to the Board in December.

Mr. Garcia presented the following financial review issues.

*Neighborhood Centers, Inc.* Some items were charged to the indirect cost pool incorrectly. NCI had stale dated checks; bank statements not reconciled timely and excess cash. The cost allocation plan needs some work. We are working through NCI's response now.

*Collaborative for Children.* CFC had stale dated checks. Amounts reported for program income and expenditures did not agree with the general ledger. They also had procurement procedure errors

*Employment & Training Centers, Inc.* There were instances of actual payroll differing from calculated amounts without explanation. Their hiring practices were inconsistent with their internal policies. Some expenditures in the FY10 closeout exceeded some line items and did not always reconcile to the general ledger. This same problem is occurring in the current year contract. We questioned \$28,402 of the summer jobs contract. There was a related party transaction that did not follow established requirements. We are working through ETC's response.

*Houston Works.* We have resolved the issues with the billings review. The monitor is currently completing the annual review and we will have those results for the next meeting.



### Report Card

Mr. Richard Shaw explained that the Report Card Committee met on Monday, September 26, 2011 to review the draft of the 2011 Report Card and gave feedback to staff for revision.

Mr. Shaw stated that back in 2005, the Gulf Coast Workforce Board released the first annual Workforce Report Card comparing the state of its workforce system to that of other competitor Sunbelt cities. Since that time the Board has published reports in 2006, 2007 and an abbreviated version in 2010. The Board decided not to publish a full report for 2010 because the most recent data available was from 2008, one year before the recession impacted the Gulf Coast region. The 2011 Report Card provides an update on how the Gulf Coast and the six comparison regions fared during the recession on the following indicators: Industries and Employers; Labor Force and Knowledge Jobs; Market Alignment; Education, Income, Wealth, and Poverty; and Places to Live and Work.

The 2011 rankings were, generally speaking, relatively the same as the 2010 Update, the Gulf Coast is:

- At the top in terms of industries, jobs and labor market alignment;
- At the bottom when looking at the talent pipeline and the well-being of our people; and
- Somewhere in the middle on indicators of quality of place to live and work.

All regions lost ground in all categories of our Report. Gulf Coast continued to grow jobs and retain good jobs. However, unemployment increased and incomes and home values both decreased and homeowners spent less of their income housing costs while renters' spent more. Fewer people used public transportation or carpooled and commute times to work decreased slightly. For the first time in a long time, population growth in the Gulf Coast waned. But once again, the sore spot on the report for our region is education. Gulf Coast scored at or near the bottom on literally every measure.

Mr. Shaw stated that a presentation of the 2011 Report Card is planned for the December Board meeting.

### Career Office

Ms. Tracie Holub explained that Workforce Solutions' Honeycomb Service Excellence Awards recognize exemplary work by staff throughout the system. Twice a year, a committee composed of contractor and board staff selected the best of the best from nominations received in two categories: Innovation/Initiative and Teamwork. For Fall 2011, the committee received 12 nominations for Innovation/Initiative and 2 nominations for Teamwork.

The following people received the Innovation and Initiative awards: David Bethea, Angela Carrizales, Heather Garcia, Patricia Nunez, James Patterson, Wendy Ramos, Gerald Rodriguez, and Veronica Reyes.

Ms. Holub explained that what started as a tactic to attract skeptical employers became a platform where they now compete to attract the attention of our customers for well-paying jobs. The staff at the Aerospace Transition Center (ATC) leveraged the free resources on LinkedIn to create a portal where customers could access Workforce Solutions services without driving more traffic into the Career Offices.

Key performance results:

- ✓ Improved customer service by developing an online access point where employers can become acquainted with job seekers.
- ✓ Expanded market share by serving Johnson Space Center contractors that previously did not use Workforce Solutions services.
- ✓ Improved system's ability to help high-income customers return to work quickly and maintain earnings.
- ✓ Served the Board's vision to allow employers access to our system and use its services without leaving their place of business.

The staff at the ATC goes far beyond simply posting open jobs on LinkedIn. They initiate online conversations that connect employers and job candidates. And, by participating in those conversations, job seekers are able to demonstrate their knowledge and employers are able to gauge the candidate's expertise. Their innovation and initiative with social media tools has allowed the ATC staff to help employers fill jobs and help our region retain well-educated workers.

The following people received the Teamwork awards: Angela Bergalia (H-GAC), Lisa Bogany (ETC), Cally Graves (H-GAC), Jenny Jones (Interfaith), Claudia Magallan (Houston Works), Cheryl Sandifer (Interfaith) and Danny Zendejas (ETC)

The multi-contractor team provides practical advice to job seekers via the internet.

- ✓ Because the team represents different functions across the System, the blog exposes customers to both sides of the job search process -- the candidate and employer perspectives.
- ✓ Staff "auditioned" for their place on the team and do not receive additional compensation for their work on the blog.
- ✓ The team works together to ensure that weekly articles are relevant to our current customer needs.

## **TAKE ACTION**

- a. Strategic Planning. The committee chair will present information from last year's performance and progress in achieving the Board's desired results as well as presenting the minor change in the Board's Measures, Baselines, and Targets for consideration.

Mr. Carl Bowles explained that the Strategic Planning Committee met on Wednesday, September 28<sup>th</sup> to review the 2010 Report on Board's Results.

Ms. Barbara Murphy gave an overview of the report and explained that 2010 was a difficult year. Although the economic recession officially ended in June 2009, most of us are still feeling its effect. We continue to see large numbers of people without jobs, and many have stopped looking for work. Some have been out of work for so long they have fallen out of the unemployment rate calculation and are no longer considered part of our labor force and many of the jobs lost are not coming back.

In this region, total employment is up; we are adding jobs. However, firms continue to downsize and lay off workers and unemployment remains at historic highs.

Workforce Solutions met most of its performance and production targets. Although we touch a large number of people and businesses through Workforce Solutions, it remains a small piece of the overall regional market.

Nine years ago, the Gulf Coast Workforce Board adopted a strategic plan that described and quantified results the Board expected the regional workforce system to achieve. It includes values, mission and vision statements that explain what its members value most, why they exist as a board, and where they want the regional workforce system to be in the future. The plan continues to guide our efforts to help employers meet their human resource needs and individuals build careers. In keeping with its key values - innovation, productivity, performance and results — the Board identified four results statements that describe the difference it intends to make in the Gulf Coast region.

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

The Board's measures, developed from these statements, help determine progress towards achieving the results both for the region and for Workforce Solutions. 2010 was the second year of the five-year strategic planning period, 2009 – 2013. We used 10 strategic metrics to assess performance and progress towards annual targets and longer-term goals.

For the Regional Workforce System, we focused on total employment, a gauge of how well we create and keep jobs in the region and education credentials of working-age residents, a gauge of the skill level of the region's workforce. In 2010, we missed all four Regional Workforce System targets, two by only a narrow margin.

- Our performance slipped on all three Regional Workforce System education measures. We saw an interesting paradox — the *number* of people with education credentials increased by about 16,700 while the *percentage* of people with credentials decreased. We think this reflects the growing trend of young, low skilled people immigrating to the region from Central and South America.
- The number of people who have post-secondary degrees fell from last year by more than 7,000 people. We also see that almost 16,000 fewer people were enrolled in the region's educational systems, and some 5,000 fewer earned education credentials. Typically enrollment in post-secondary schools increases when the unemployment rate increases. This anomaly may reflect the severity of the economic crisis on families as people simply can't afford to go to school.

For the part of the system we directly control, Workforce Solutions, we focused on outcomes for individuals — employment, education and earnings. We also looked at our contribution to employers — job creation, market share and customer loyalty. We exceeded three targets, met one and missed two.

- Although regional employment was off by about 150,000, Workforce Solutions was on target with its contribution to creating new jobs in the region. Many of those new jobs, however, were not in our targeted industries or in high-skill/high-growth occupations.
  - We missed our goals for the percentage of jobs created in targeted industries by almost 13%, and in high-skill/high-growth occupations by almost 14%. However, we do see a substantial increase over last year in the number of jobs we helped create both in key industries and those that are high-skill/high-growth jobs.
- Our performance on helping people find jobs and increasing their incomes slipped from last year. It appears fewer customers found jobs quickly, and of those that did find jobs after working with us, fewer were still employed six months later.
- Service for employers continues to look good, reflected in our performance on market share and customer loyalty measures where we exceeded both targets in 2010. More importantly, the number of employers receiving service from Workforce Solutions increased from previous years to more than 38,000 businesses, and we saw some 3,000 more employers come back to us for service.

For Job Creation and Employment we use four measures as indicators of our success at adding jobs in our region, getting people employed in those jobs and increasing their incomes.

Regional Workforce System	Workforce Solutions
<p>— <b>Total number of people employed</b></p> <p><i>Did not meet target, 2.5 million people were working</i></p> <p>The number of people working slipped again last year, reflecting the continuing effect of the recession. We missed our target of 2.65 million employed by about 150,000.</p>	<p>— <b>Number of new jobs created as a results of Workforce Solutions partnering with other business organizations</b></p> <p><i>Met target at 2,000</i></p> <p>This year we hit our target of creating 2,000 new jobs.</p>
	<p>— <b>Percentage of customers employed after leaving Workforce Solutions</b></p> <p><i>Did not meet target at 72.3%</i></p> <p>The percentage of customers employed after leaving Workforce Solutions slipped from last year's 79%, missing our target of 78%.</p>
	<p>— <b>Percentage of customers with earning gains of at least 20% after leaving Workforce Solutions</b></p> <p><i>Did not meet target at 28.1%</i></p> <p>The percentage of customers who saw earnings gains of at least 20% after leaving Workforce Solutions increased from 31% in 2004 to a high of 38% in 2008. Performance slipped in 2009 to 36%, and dropped significantly again this year missing our target of 40%.</p>

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

Regional Workforce System	Workforce Solutions
<p>— <b>Percent of the population with an education credential</b></p> <p><i>Narrowly missed target at 79.5%</i>          The percentage of people holding an education credential (GED, high-school diploma, associate, bachelors or graduate degree) moved down .6% from last year. Our target was 80%.</p>	<p>— <b>Percent of customers pursuing an education credential who earn one</b></p> <p><i>Exceeded target at 37.2%</i>          Performance slipped from last year's 43%, although we surpassed our target of 35%. We had about 50% more customers earning credentials than we did last year. We had about 80% more than last year enrolled in school (some 2,900 customers).</p>
<p>— <b>Percent of the population with a post-secondary credential</b></p> <p><i>Did not meet target at 33.8%</i>          The percentage of people holding a post-secondary credential moved down .6% from last year. Our target was 36%.</p>	
<p>— <b>Percent of those pursuing an education credential who earned one</b></p> <p><i>Narrowly missed target at 19.6%</i>          The percentage of people pursuing a credential who earned one slipped slightly from last year, but stayed above 19%. Our goal for 2010 was 20%. This measure is an aggregate of the number of people who attain a high school diploma, GED or post-secondary degree.</p>	

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

Market Share	Customer Loyalty
<p>— <b>Percent of employers using Workforce Solutions</b></p> <p><i>Exceeded target at 29.4%</i>  We increased the share of the region’s employers we served from about 7,500 — or 7% in 2002 to more than 38,000 last year. Our target was 27%.</p>	<p>— <b>Percent of employers who are repeat customers</b></p> <p><i>Exceeded target at 77.2%</i>  We increased repeat business from 2,700 — or 34% in 2002 to just over 23,000 last year. Our target was 73%.</p>

Although we missed a number of annual targets for 2010, we do not recommend lowering any of them for the subsequent three years of the strategic plan. We think the economy is improving, and we’ll see an uptick in job creation and employment.

We do, however, recommend changing the definition of two of our measures — Market Share and Customer Loyalty. Currently when staff provides labor market information (LMI) to employers, we include or count it in the calculation of performance. We recommend eliminating LMI from the performance calculation to more accurately reflect the value-added service we provide employers. We will continue providing LMI as a service to employers when requested.

Based on this new definition, we recommend adjusting annual targets.

— **Percent of employers using Workforce Solutions (market share)**

- Adjust 2012 target to 16%
- Adjust 2013 target to 17%

— **Percent of employers who are repeat customers (customer loyalty)**

- Adjust 2012 target to 55%
- Adjust 2013 target to 58%

Several questions and comments were made by Board members and discussion followed.

A motion was made and seconded to adopt changes to the Board’s Measures, Baselines and Targets as noted above. The motion carried. Mr. Mark Guthrie and Dr. Myles Shelton voted no.

## **RECEIVE INFORMATION**

### **System Performance**

Mr. David Baggerly reviewed the System Performance measures for August 2011. These measures gauge progress toward meeting the results set out in the Board’s strategic plan.

There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions. The report is based on Workforce Solutions measures.

*For Workforce Solutions*  
*More Competitive Employers* –

Employers Receiving Services (Market Share) – we expected to provide services to 37,120 employers this year which is 28% of the 132,569 employers identified for the Gulf Coast area. Through August, we provided services to 42,430 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 33,980 employers, 26,649 returned to The Workforce Solutions for additional services.

*More and Better Jobs* –

New jobs created – This information is captured quarterly and reflects a two year average. We worked with employers who added 1,813 new jobs annually.

Customers employed by the 1<sup>st</sup> quarter after exit – Reporting for four quarters (October 09 – September 10), 291,309 of the 438,807 customers who exited from services were employed in the quarter after exit.

*Higher Real Incomes* –

Exiters with Earnings Gains of at least 20% - Reporting for four quarters (April 09 – March 10), 114,265 of the 448,799 who exited had earnings gains of at least 20%.

*A Better Educated and Skilled Workforce* –

Customers pursuing education diploma, degree or certificate who achieve one – Through August, 2,101 of the 5,311 customers pursuing an education diploma, degree or certificate achieved one.

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

For the performance year that began October 1, 2010, we are meeting or exceeding the target for eleven of fifteen measures. The four measures we are not meeting are:

- Claimant Reemployment. The target for this measure is 59%. Our performance through August (10/09-9/10) was 50.9%.
- Average Choices Single Parent Participation Rate. The target for this measure is 40%. Our performance through August (10/10-8/11) was 34.5%.
- Average Choices Two Parent Participation Rate. The target for this measure is 55%. Our performance through August (10/10-8/11) was 48.7%.



- Project Rio Served. The target for June is 10,433. Our performance thru June (10/10-6/11) was 9,490.

The state will not contract two of these measures, Claimant Reemployment and Project Rio Served, for next year beginning October 2011. In addition, the state will implement a new participation rate measure that will focus on how well we help customers receiving TANF benefits become employed.

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

### Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for eight months ending August 31, 2011 and stated that expenditures are in line for the year. Mr. Bradshaw explained that we should soon see an increase in financial aid expenditures as we start to enroll customers back into training and education services.

### Update on System Operations

Mr. Mike Temple gave an update on the itinerant sites for Galveston, Downtown and Spring Branch. We are working with Chambers County on the Winnie location.

## **LOOK AT THE ECONOMY**

Mr. Ron Borski explained that the rate of unemployment dropped three-tenths of a percentage point to 8.6 percent in August. This month's decline brings the unemployment rate to the same level it was one year ago. The rate is slightly higher than the state's 8.5 percent, but lower than the nation's 9.1 percent rate. Seasonally adjusted data shows that the pace of growth both at the local and national level has recently slowed. Industry sectors with ties to oil and gas exploration continue to see healthy job gains and Mining and Logging reported the strongest job growth in the region with employment up 8,700 jobs or 10.6 percent over the year. Manufacturing was also reporting strong job gains, up 11,600 jobs or 5.3 percent over the year driven by strong drilling activity. Construction, the hardest hit industry sector over the past several years, has started to see some healthy job gains over recent months and is currently posting an increase of 10,400 jobs or 6.0% over the year. The only two private super sectors reporting an over-the-year loss were Information and Financial Activities.

Mr. Ron Rodriguez – Director of Operations and Facilities at HoustonWorks, USA spoke to the Board regarding the upcoming Bi-Annual Gala which will honor Mr. Rodney Bradshaw.

**ADJOURN**

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

## **Audit/Monitoring Committee**

---

### **November 2011 Monitoring Update**

#### **Recent Activity**

**Career Offices.** The Regional Quality Assurance Team completed annual reviews at five career offices, Northshore (average), Northline, (below average), Columbus (average), Sealy (average), Waller (average), Baytown (average) and Liberty (average).

**Training Youth for Jobs.** We have started quality assurance reviews for these contracts, looking only so far at eligibility. Goodwill, Houston Area Urban League, and SER have some eligibility issues, although none appear serious to us at the moment. We are continuing reviews with on-site visits and customer and staff interviews.

**Financial reviews.** We are in the process of resolving findings with Collaborative for Children, Employment and Training Centers, and Neighborhood Centers. There are several findings from our review related to procurement issues at Collaborative, similar to the finding from the state's review earlier this year. We are currently working with Houston Works on findings from our annual review of its financial systems.

#### **TWC Annual Review.**

Right before Thanksgiving we received the results of the state's annual review, performed mid July, 2010.

The state reviewed and recertified our local quality assurance/compliance monitoring system.

Findings from the report include:

- About \$7,100 in questioned costs
  - \$2,000 for a Texas Back to Work subsidy paid incorrectly
  - \$5,100 for child care financial aid provided to several families after eligibility for assistance expired
- State reviewers saw instances of confidential customer data "improperly secured" during walkthroughs of several offices
- Collaborative for Children failed to advertise a procurement as required
- One early education/care operator had possession of two of the parent's "swipe cards."

## Employer Service Committee 2012 Work Search Requirement

---

### Background

To receive unemployment insurance payments in Texas, an individual must be ready, willing and able to work and actively seeking full-time work. The Texas Workforce Commission requires claimants to keep records of their work search activities, and periodically state staff audits these records.

As in the past, the Commission allows Workforce Boards to adjust the required number of weekly job search contacts that claimants must make to demonstrate that they are actively seeking full-time work from the state's minimum of three contacts per week.

In 2010, upon recommendation of its Employer Services Committee, the Board approved the work search requirement for Gulf Coast claimants at three job contacts per week.

### Current Situation

The Commission asks that the Board annually review the work search requirements and determine if it wants to change the required number of weekly contacts.

This year we have analyzed the data from multiple sources including our outplacement activities, job postings and unemployment insurance data.

Following is a summary of that analysis:

- Companies in the region continue to lay off.
  - Over the past 12 months, we have received 110 requests for rapid response services. Aerospace, engineering, education, government, financial and manufacturing businesses were among the industries reporting losses.
- The BAE/Dan's Temps layoffs reported 1,000 skilled and semi-skilled workers would be laid off. Services were provided to 213 workers. The NASA/JSC contractors' layoffs were projected at over 4,000. We have seen half of that number with 1,400 UI recipients and approximately 600 retirements. Training has been provided for 203 workers.

- In the past twelve months, we received requests from 9,211 employers representing job postings:
  - 1.05% from Education
  - .71% from Government
  - .62% from Non-Profit Organizations
  - 97.6% from Private Industry, including about 5% from staffing agencies
- These percentages represent no significant changes over prior year.
- We've seen a steady increase in the number of job postings in the private sector during the same time period – up by 5,759 over prior year.

In September 2011, we had 89,941 continued claims (weekly claims) filed and 20,203 new claims (initial claims). Using the current requirement for job searches results in a required total of more than 269,823 contacts per month to the region's employers from unemployed individuals.

As in previous years, we continue to point out that our region's employers have said they prefer to see fewer, higher quality candidates from us. Our employers have also said they would prefer that we do a better job of matching candidates to their specifications and make sure our candidates know how to interview well for the job on which we've sent them. Our employers would prefer to see better matching rather than a higher volume of applicants for their open jobs. Board staff monitors referrals and applications to meet this employer request.

For these reasons, we continue to recommend that the committee set the required number of job searches at three per week.

## Action

Recommend that the Board require unemployment compensation claimants make at least three job contacts per week in order to continue their eligibility for benefits.

<b>Oct 1, 2008 - Sept 30, 2011</b>	<b>Total Employers in WIT</b>					
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>	<b># of Jobs/Emp.</b>
Education	222	86	27.92%	308	1.05%	31.86
Government	164	74	31.09%	238	0.81%	46.17
Not For Profit	180	59	24.69%	239	0.82%	5.00
Private / Staffing	19559	8885	31.24%	28444	97.31%	8.55
Grand Total	20125	9104	31.15%	29229	100.00%	9.08
<b>Oct 1, 2010 - Sept 30, 2011</b>	<b>Total Employers in WIT</b>					
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>	<b># of Jobs/Emp.</b>
Education	81	16	16.49%	97	1.05%	38.16
Government	53	12	18.46%	65	0.71%	34.85
Not For Profit	45	12	21.05%	57	0.62%	6.51
Private / Staffing	6849	2143	23.83%	8992	97.62%	9.52
Grand Total	7028	2183	23.70%	9211	100.00%	9.99
<b>Oct 1, 2009 - Sept 30, 2010</b>	<b>Total Employers in WIT</b>					
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>	<b># of Jobs/Emp.</b>
Education	66	32	32.65%	98	1.02%	35.90
Government	48	21	30.43%	69	0.72%	53.68
Not For Profit	74	23	23.71%	97	1.01%	4.30
Private / Staffing	6289	3032	32.53%	9321	97.25%	8.43
Grand Total	6477	3108	32.43%	9585	100.00%	9.00
<b>Oct 1, 2008 - Sept 30, 2009</b>	<b>Total Employers in WIT</b>					
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>	<b># of Jobs/Emp.</b>
Education	75	38	33.63%	113	1.08%	22.94
Government	63	41	39.42%	104	1.00%	48.26
Not For Profit	61	24	28.24%	85	0.81%	4.80
Private / Staffing	6421	3710	36.62%	10131	97.11%	7.80
Grand Total	6620	3813	36.55%	10433	100.00%	8.35

<b>Oct 1, 2008 - Sept 30, 2011</b>	<b>Positions Opened in WIT</b>				
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>
Education	7246	2566	26.15%	9812	3.70%
Government	6146	4842	44.07%	10988	4.14%
Not For Profit	844	352	29.43%	1196	0.45%
Private / Staffing	135208	108069	44.42%	243277	91.71%
Grand Total	149444	115829	43.66%	265273	100.00%
<b>Oct 1, 2010 - Sept 30, 2011</b>	<b>Positions Opened in WIT</b>				
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>
Education	3370	332	8.97%	3702	4.02%
Government	2015	250	11.04%	2265	2.46%
Not For Profit	301	70	18.87%	371	0.40%
Private / Staffing	60816	24829	28.99%	85645	93.11%
Grand Total	66502	25481	27.70%	91983	100.00%
<b>Oct 1, 2009 - Sept 30, 2010</b>	<b>Positions Opened in WIT</b>				
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>
Education	2345	1173	33.34%	3518	4.08%
Government	1784	1920	51.84%	3704	4.30%
Not For Profit	289	128	30.70%	417	0.48%
Private / Staffing	41442	37143	47.26%	78585	91.14%
Grand Total	45860	40364	46.81%	86224	100.00%
<b>Oct 1, 2008 - Sept 30, 2009</b>	<b>Positions Opened in WIT</b>				
<b>Employer Type</b>	<b>Not Filled</b>	<b>Filled</b>	<b>% of Total</b>	<b>Total</b>	<b>% of GT</b>
Education	1531	1061	40.93%	2592	2.98%
Government	2347	2672	53.24%	5019	5.76%
Not For Profit	254	154	37.75%	408	0.47%
Private / Staffing	32950	46097	58.32%	79047	90.79%
Grand Total	37082	49984	57.41%	87066	100.00%

Employer Service Committee

---

**Education and Training Vendor Performance Requirements**  
**Proposed 2011- 2012 Minimum Levels**

## Background

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

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

## Current Situation

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

Boards may adopt the Commission's recommended performance or set higher levels and did so earlier this year. The state has asked the Board to re-certify this level of performance. The state's recommended levels for this year are:

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

As we have in previous years, staff recommends the Board adopt the state-recommended performance levels.



## **Employer Service**

---

# **Industry Initiatives and Outlook**

### **Aerospace**

Major layoffs as a result of the retirement of the Shuttle program and the cancellation of the Constellation program were completed in 2011. Over 1400 people were placed on unemployment and an estimated 1000 retired from the workforce.

Continued small scale layoffs are projected for 2012 across the NASA/JSC contractor companies as contracts and budgets are reduced or aligned with new objectives. The HR Principals team—which supports the Joint Leadership Team (NASA and its contractors)—is beginning to report higher than normal attrition across the contractor companies. The team plans to focus on this topic in 2012.

**ATC Hiring Events.** The Aerospace Transition Center hosted multiple events across the year. Major energy companies participated in September/October hiring events where an average of 500 applicants interviewed each day. Shell, Halliburton, Baker Hughes, and Dow all report successful hiring from the events. In addition, aerospace companies like Boeing, SAIC and SpaceX are also actively hiring for locations across Texas.

**New Business.** Most contractor companies continue to explore new avenues and applications for expansion of their technical teams. The Joint Leadership Team (its contractors) is focusing on developing new partnerships, both traditional and non-traditional.

#### Traditional

- International Space Station Control Center continues to be staffed by a combination of NASA and contractors. SpaceX is accelerating plans due to the failed Russian missions.
- Orion Crew Exploration Vehicle is focusing on an Apollo-like capsule. Lockheed Martin, Boeing and The Aerospace Corporation are engaged locally, performing engineering tasks. Next generation contracts (i.e. space suits) have been awarded to Oceaneering and Cimarron.
- Privately developed launch and payload delivery systems are underway with several contractors.

#### Non-Traditional

- New contracts between NASA and non-aerospace companies have been signed which cover a range of opportunities to use the current facilities, technology, share intellectual property, etc.

- As reported in the Houston Chronicle, the neutral buoyancy lab (astronaut training pool) is under contract with an oil and gas training company.

**Bay Tech**

- BayTech is a new, not-for-profit consortium established to create innovative partnerships between JSC, diverse industries, government and academia. Houston Technology Center and Gulf Coast Workforce Board staff is supporting the creation by guiding industry and academia to collaborate and build new partnerships.
- The new JSC “Innovation Ecosystem” also includes setting up the JSC Acceleration Center to enable the growth of emerging technologies. Innovation Center/Park is envisioned to be home for BayTech, labs, workshops, etc. in the future.

## **Energy/Construction**

**BCPC.** Board staff completed the Brazoria County Petrochemical Council (BCPC) Workforce Demand survey for 2015 with 73% of council members participating. This is a refinement of the survey that was started in 2008.

Based on this survey, the BCPC members indicated that they need to add/replace 947 jobs requiring certifications or degrees between 2012 and 2015.

Companies represented by the BCPC include: BASF, Dow Chemical, ConocoPhillips, Chevron Phillips, Huntsman, Nalco, SI Group, Shintech, Inc., Freeport LNG and several smaller petrochemical plants.

**EHCMA.** Board staff is in the process of completing a similar survey for the East Harris County Manufacturers Association (EHCMA). The EHCMA Board plans to use the survey as a cornerstone for 2012 planning toward more sustainable and strategic objectives.

**Hiring Outlook.** As reported above, energy companies have been actively hiring the engineers and project managers from the aerospace industry. Most of the companies have reported that they plan to actively hire in mid-late 2012 as retirements continue.

Hiring news from the global petrochemical companies in our region is not as rosy. Contractor layoffs began a month early this year and shutdown/turnaround activities are not projected to begin until late spring 2012. Main issue cited by employers is balancing annual budgets to account for European operations, which are struggling.

**Coming Together.** The Energy Collaborative and Engineers2Energy (E2E) committees are joining forces in 2012. This new group will also incorporate the local and national American Petroleum Institute Workforce Taskforce objectives and members.

Board staff helped support the Greater Houston Partnership in bringing these separate workforce related efforts in the region together. The primary objectives for the collaboration is to identify best practices and local communities of practice/expertise and to support sustainable activities that develop the future workforce in key energy industry occupations.

## Education

While the reduction in state spending on public education approved by the 82<sup>nd</sup> Texas legislature made a difficult school year for the education sector, the continued need to attract high caliber talent to classrooms still exists in the areas of math, science, foreign language and bilingual education. Additionally, school districts continue to experience difficulty in attracting a skilled labor force to oversee and maintain facilities and infrastructure such as HVAC technicians and general mechanical repairers.

The Education Industry Committee – composed of representatives from 12 area districts and chaired by the Board’s Vice Chair Mark Guthrie – is focusing on the following:

- Improving the quality of teacher applicants;
- Developing processes to identify top instructional talent;
- Improving quality and quantity of applicant pool for skilled trades;
- Addressing the need for HVAC technicians, Electricians, and Food Service workers, in addition to Foreign Language and Secondary Math and Science teachers.

During 2011, the committee has

- Developed a “teacher quality profile” that districts have agreed to use in identifying new hires;
- Researched pay and other issues surrounding the chronic need for skilled trades workers;
- Focused Workforce Solutions’ efforts to recruit new workers for participating districts;
- Helped arrange outplacement services for multiple districts earlier in the year; and
- Analyzed and compared alternative certification programs for teachers.

In 2012, the workgroup plans to:

- Develop resources and training, including applicant screening tools and recruitment materials, for area school districts to use;
- Publish outcome data for alternative certification programs and regionally-accepted criteria for acceptable ACP performance;
- Discuss (1) how to improve teacher effectiveness and improve retention, (2) area school districts’ vision for new teacher development, and (3) performance of the region’s teacher preparation programs.
- Explore transitioning aerospace workers into math and science teaching positions.

# Healthcare

## **Gulf Coast Health Services Steering Committee**

### **2010-11 Accomplishments**

- Implemented faculty development program through Texas Woman's University to improve skills and confidence of nurse educators in using clinical simulation as a teaching tool.
- Developed recommendations to narrow gaps between the competencies contained in nursing curricula approved by the Texas Board of Nursing and those of actual new nurses identified by The Advisory Board.
- Surveyed professionals newly recruited to Houston to create a portal on the Greater Houston Partnership website supporting relocations to this area.
- Collaborated with Team Texas to implement the Institute of Medicine report on The Future of Nursing.
- Collaborated with the Texas Health Information Workforce project led by Texas State University.

### **2011-2012 Plans**

- Develop regional "transition-to-practice" program for newly graduated Registered Nurses;
- Inventory the number of work school programs in the Gulf Coast Region;
- Increase transition of veterans with health care experience into related civilian careers;
- Create tracking systems indentifying healthcare employment status of new RNs in cooperation with the Texas Center for Nursing Workforce Studies;
- Implement strategies increasing the number of Associate Degree RNs continuing to BSN degrees.

---

# Wanted Analytics

---

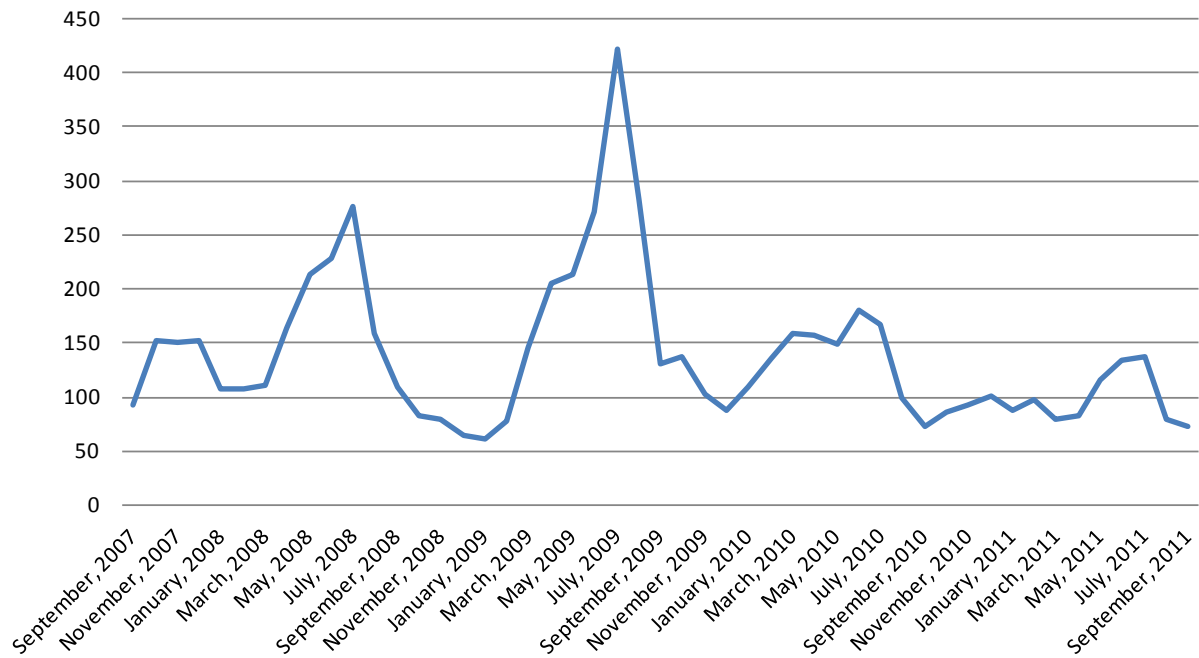
Targeted Industry Snapshot

---

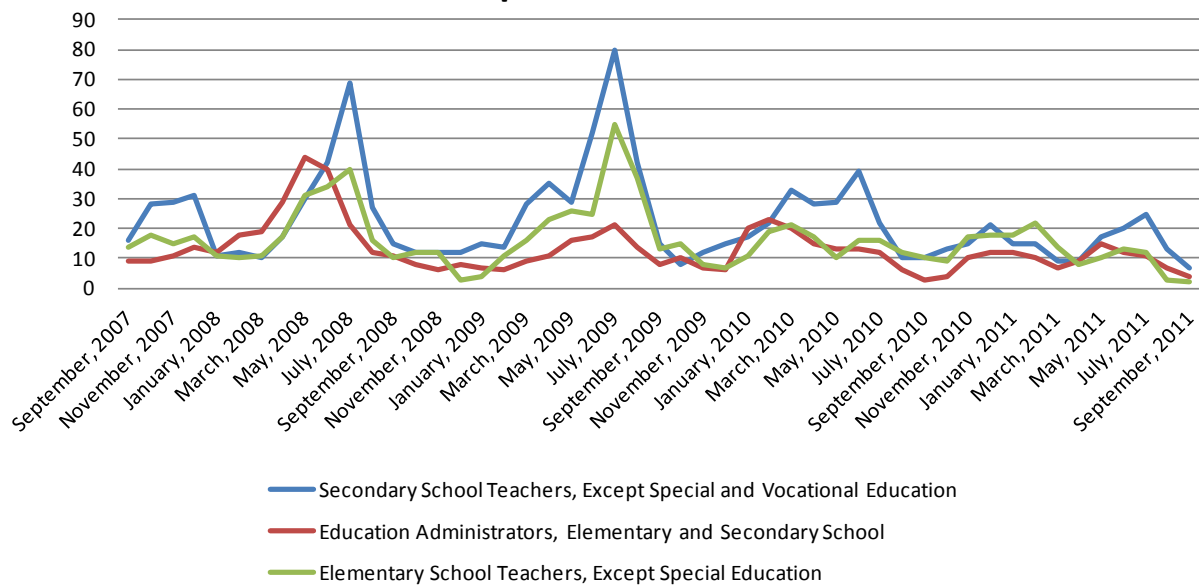
November 2011

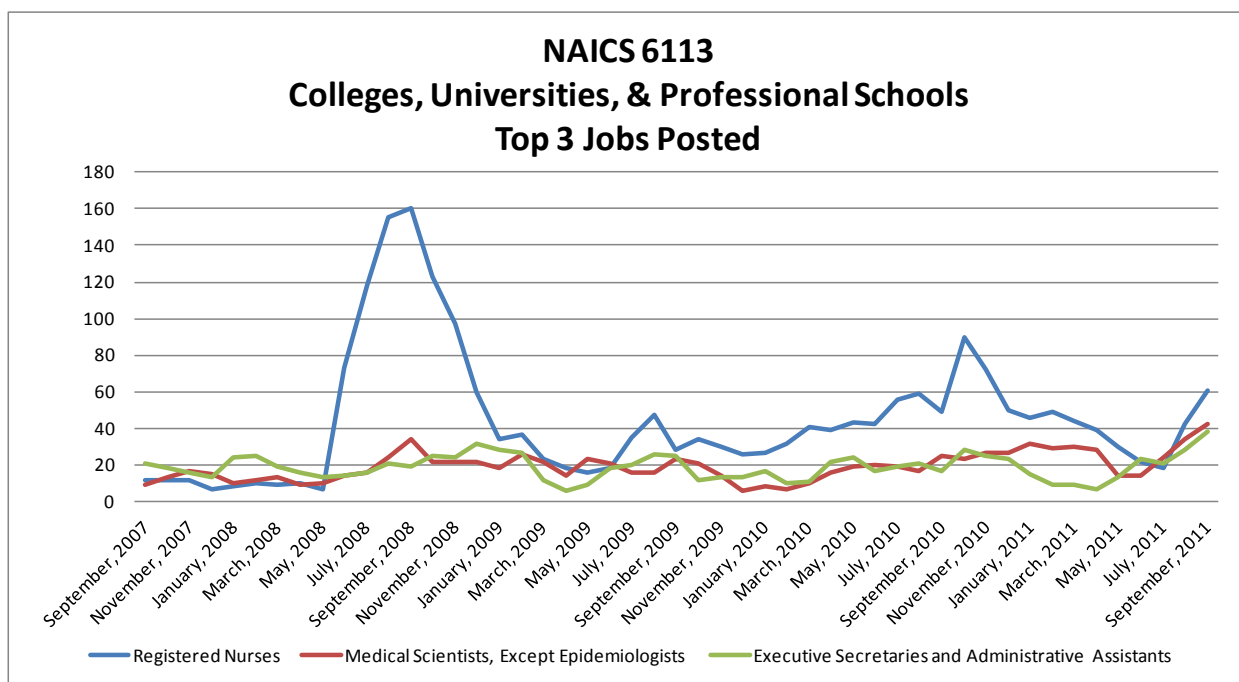
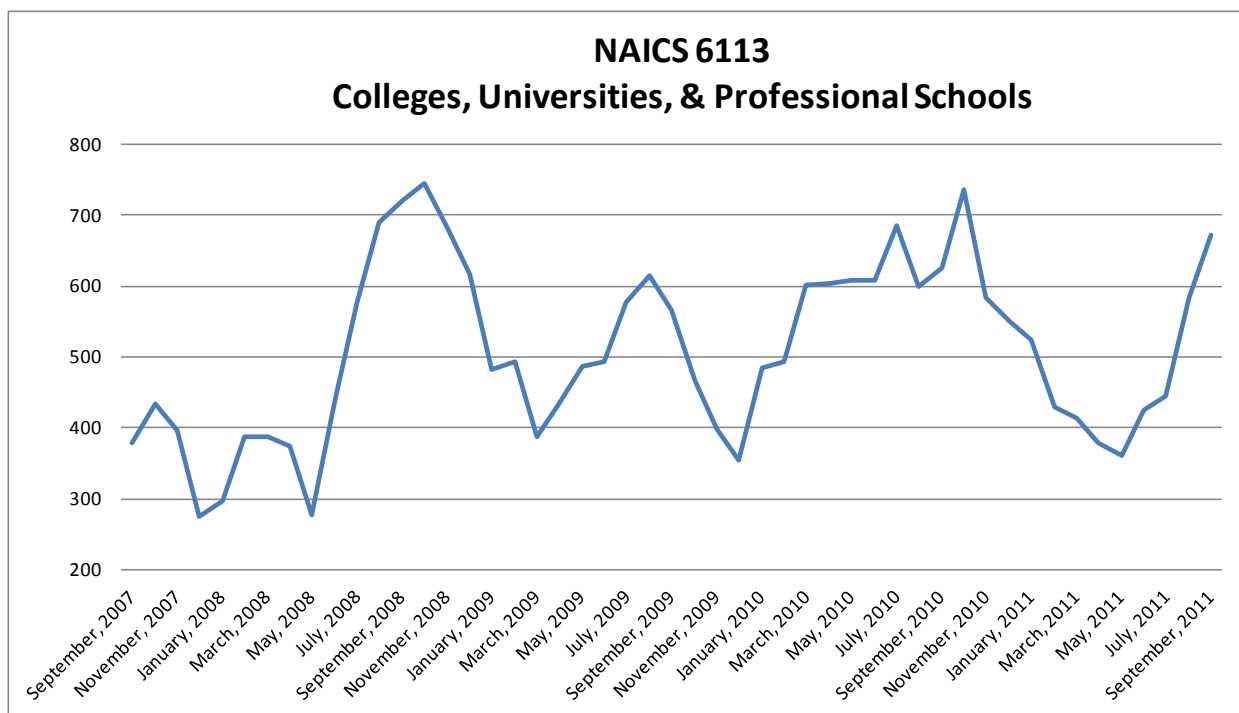
---

## NAICS 6111 Elementary & Secondary Schools



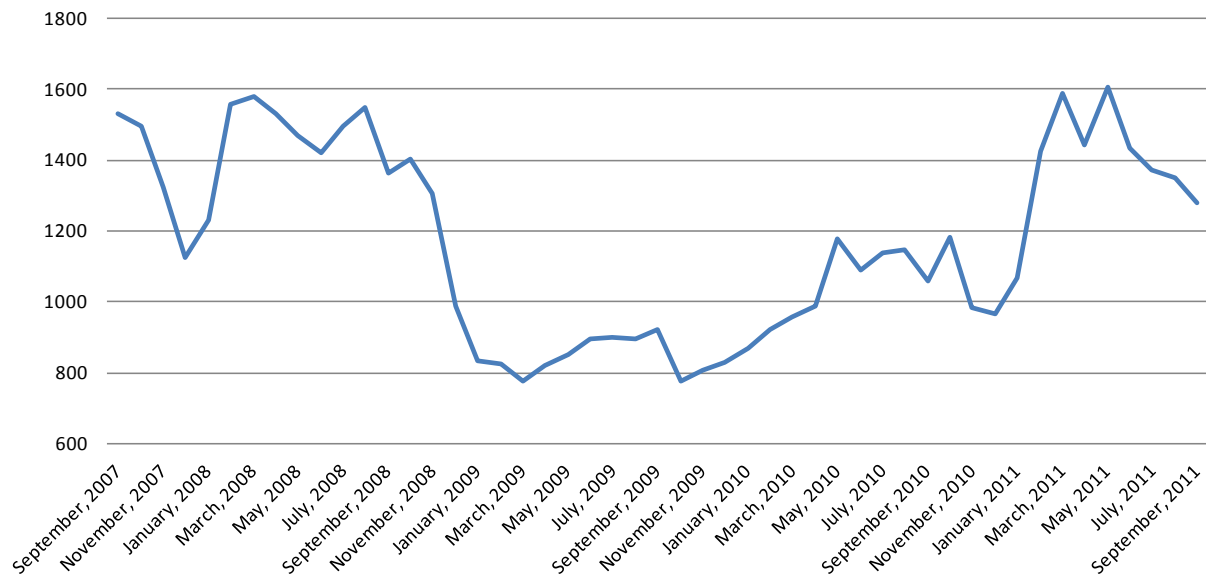
## NAICS 6111 Elementary & Secondary Schools Top 3 Jobs Posted



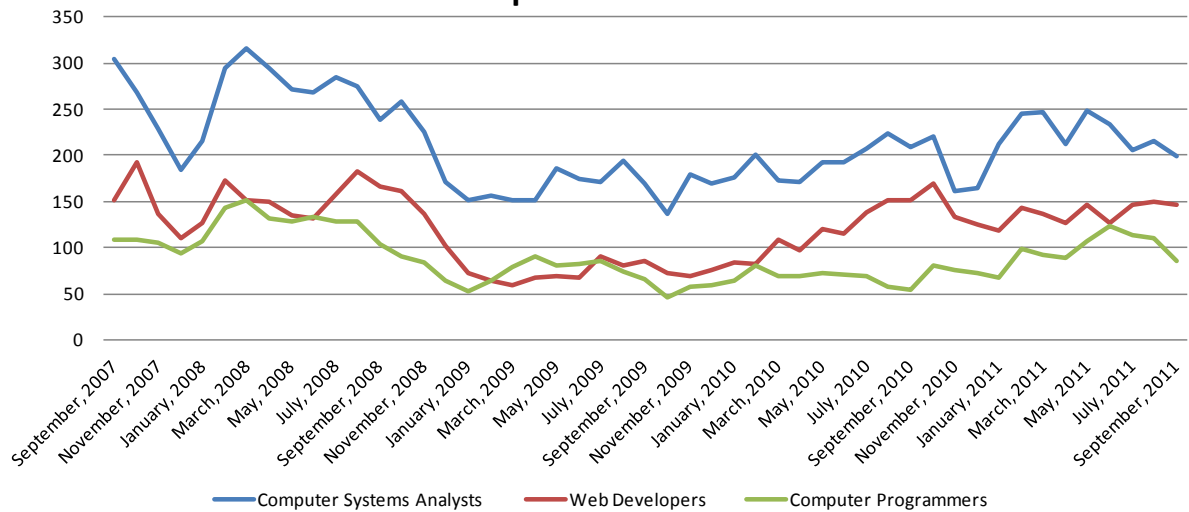


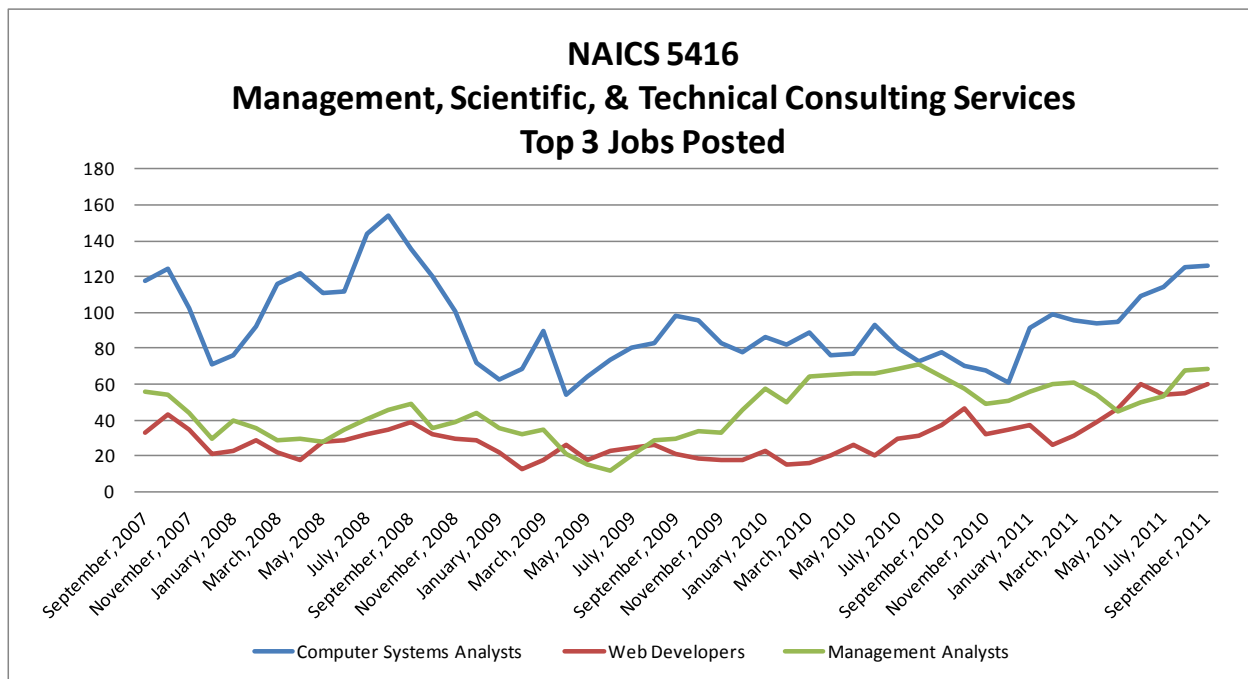
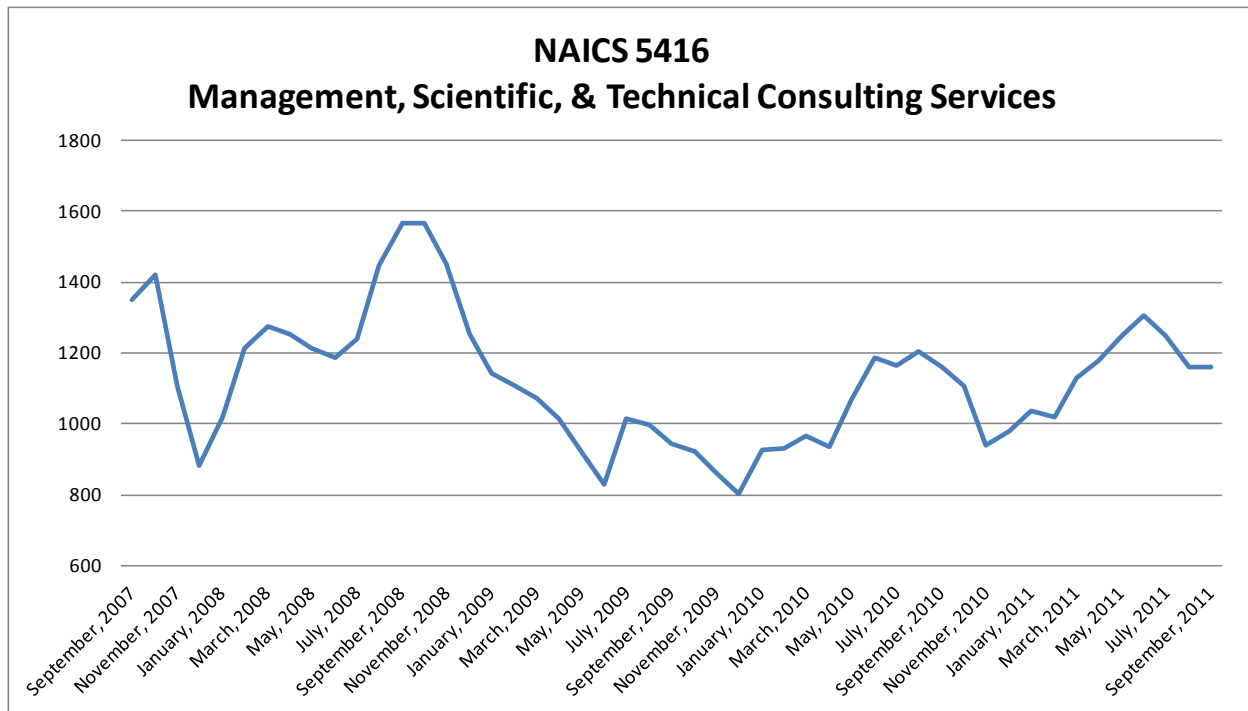


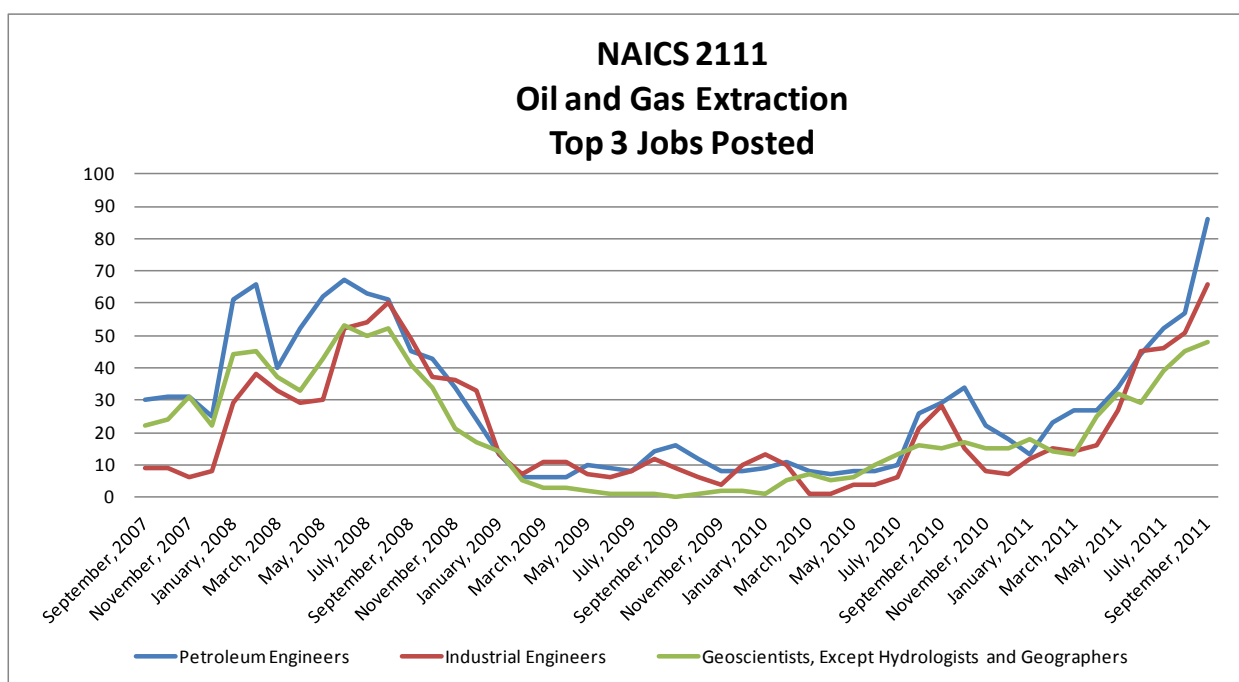
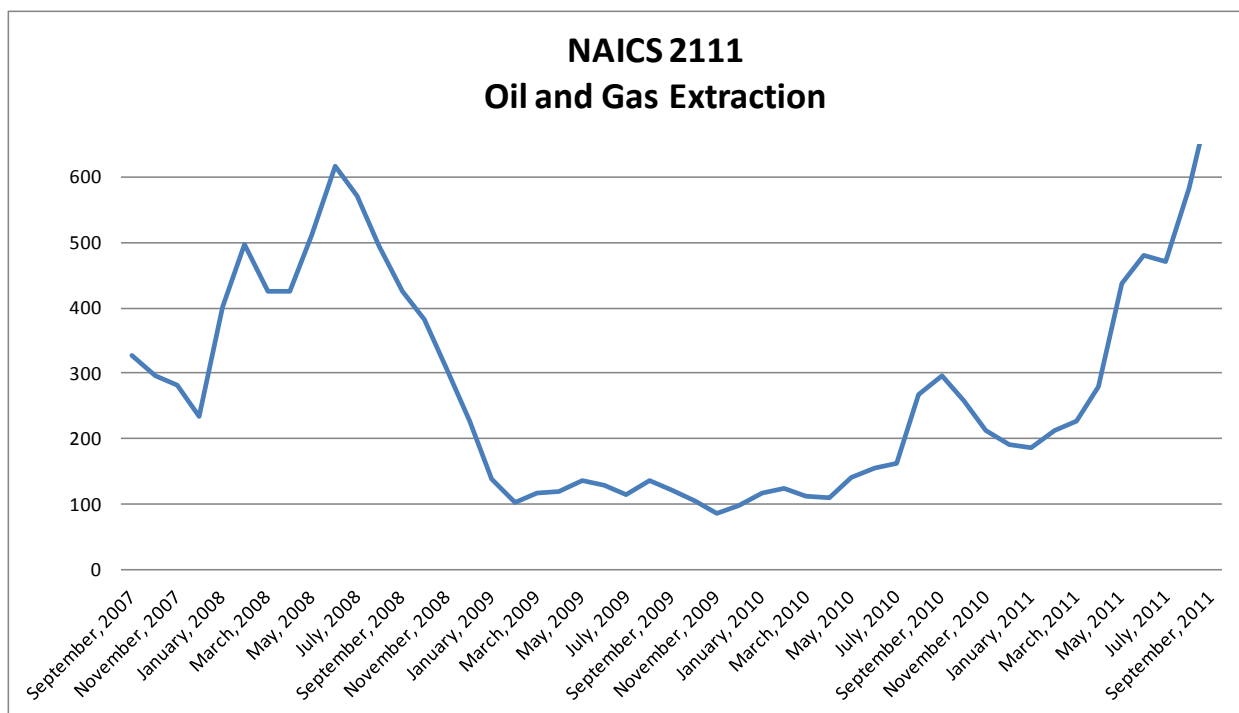
## NAICS 5415 Computer Systems Design & Related Services



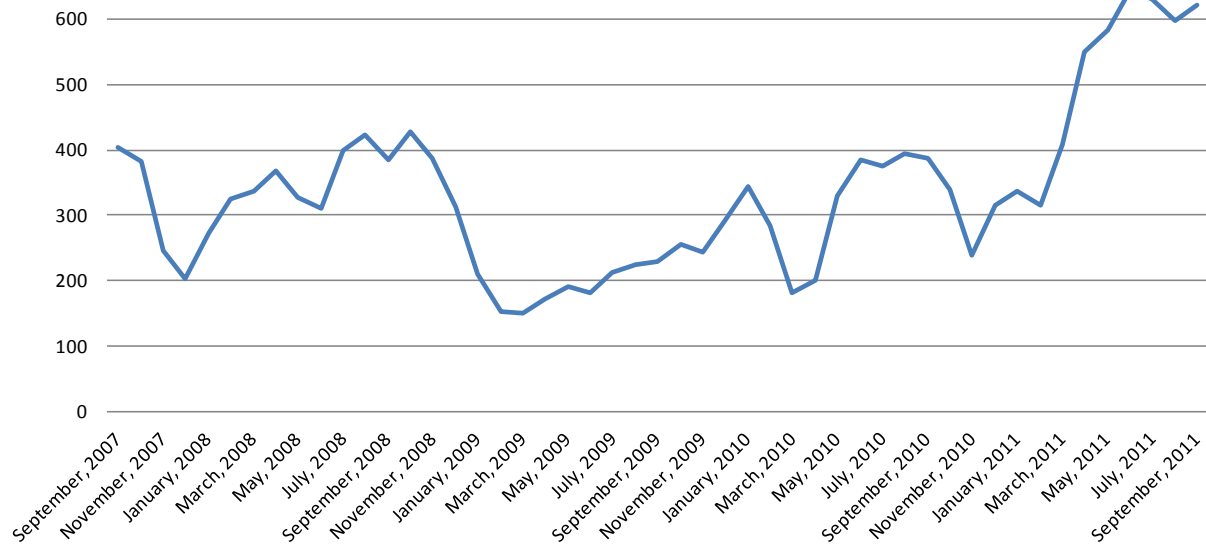
## NAICS 5415 Computer Systems Designs & Related Services Top 3 Jobs Posted



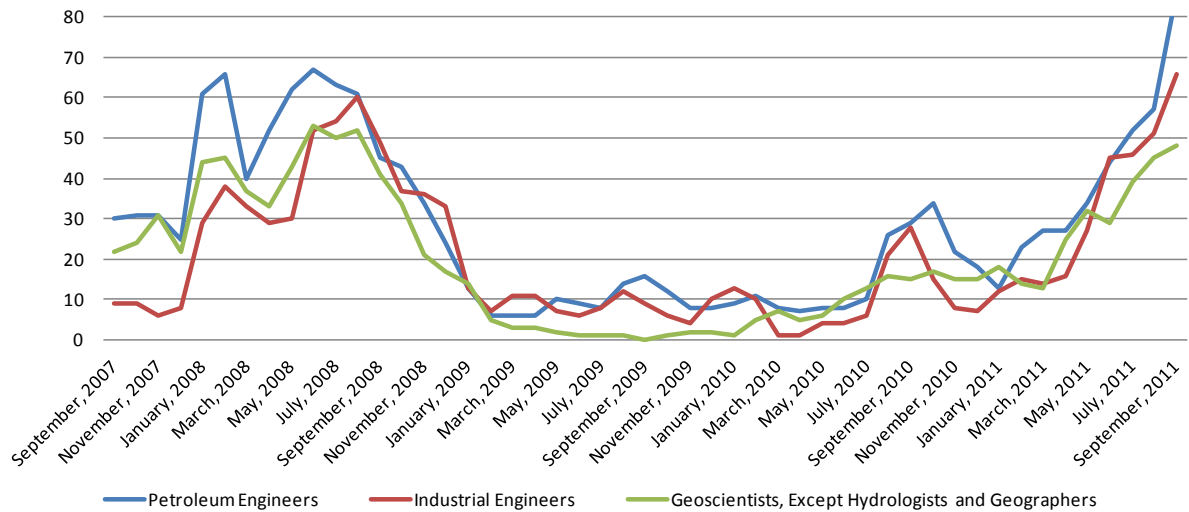




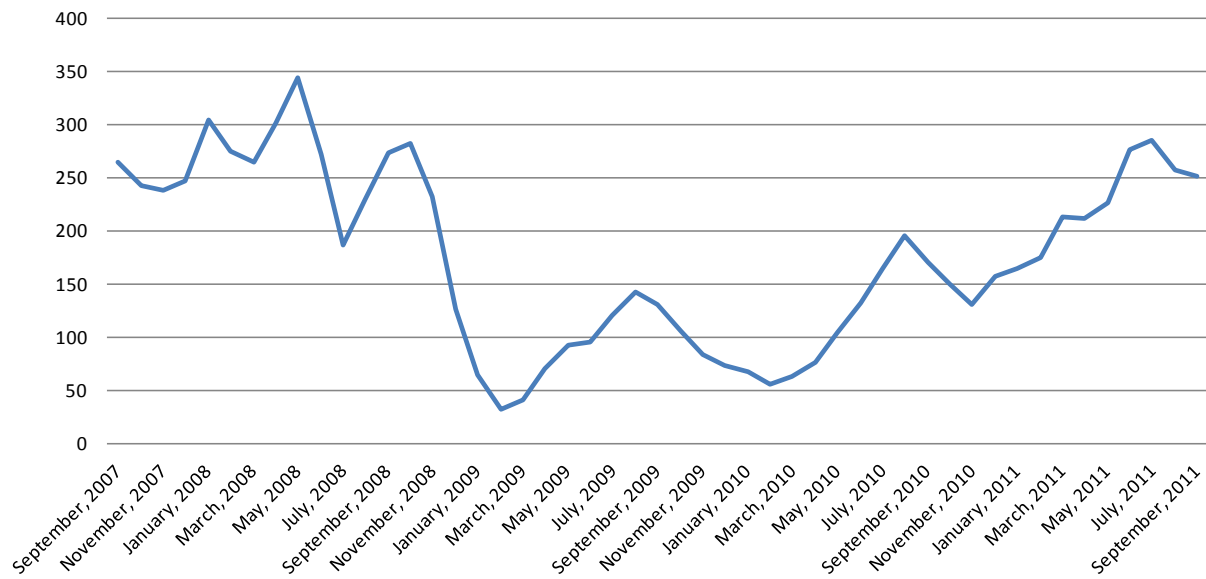
## NAICS 2131 Support Activities for Mining



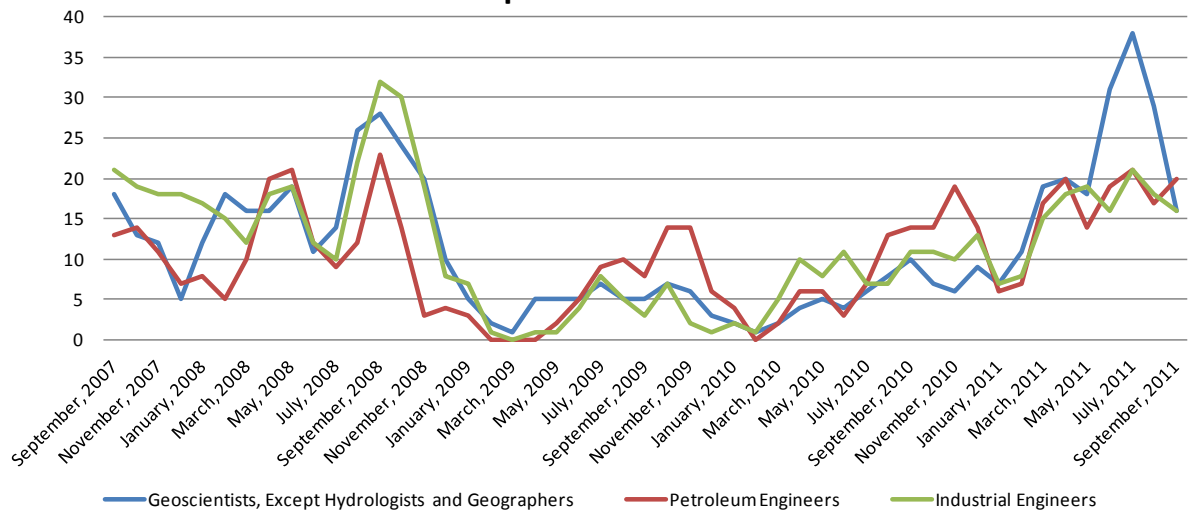
## NAICS 2131 Support Activities for Mining Top 3 Jobs Posted



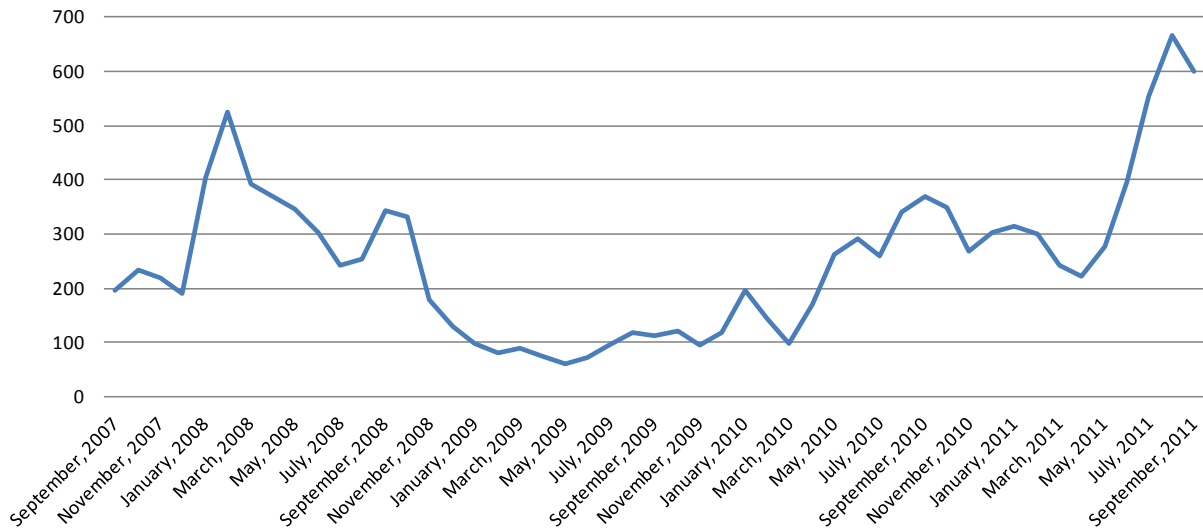
## NAICS 3241 Petroleum and Coal Products Manufacturing



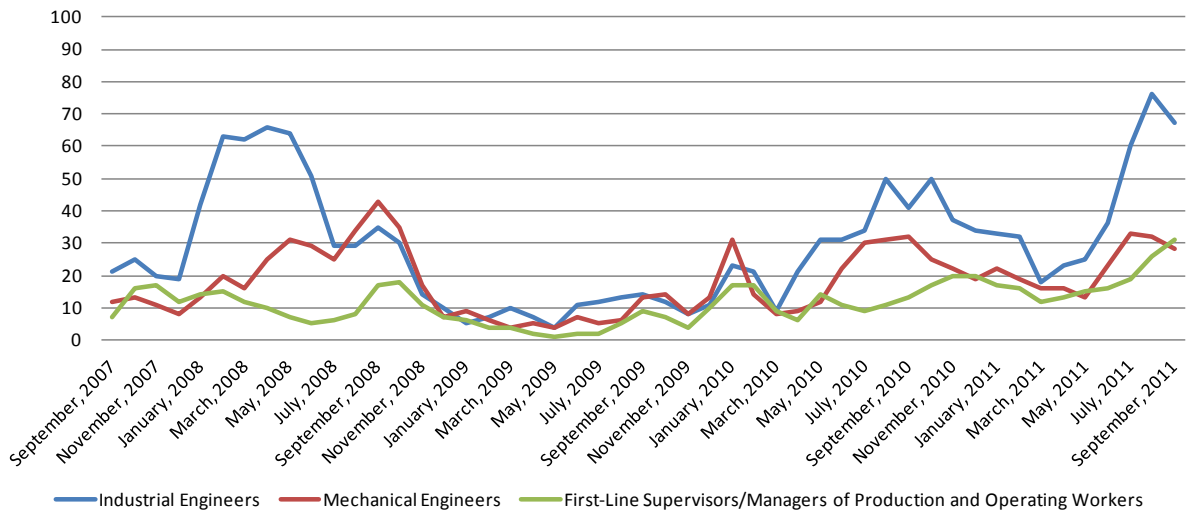
## NAICS 3241 Petroleum and Coal Products Manufacturing Top 3 Jobs Posted

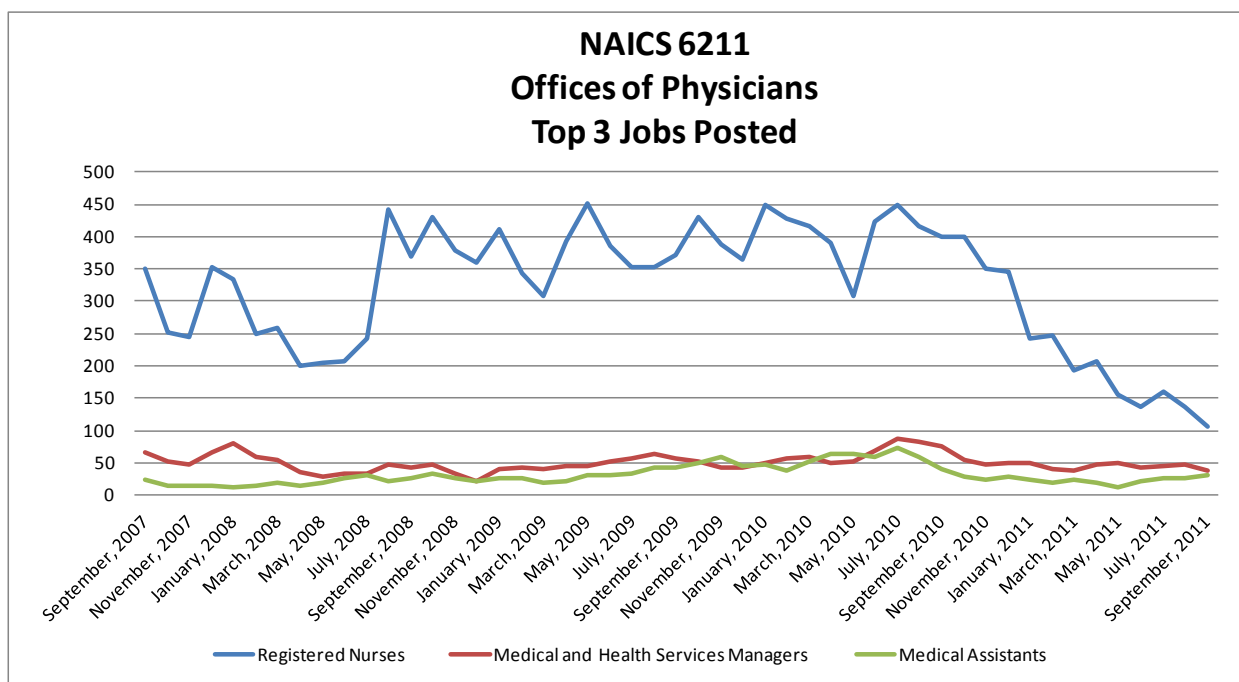
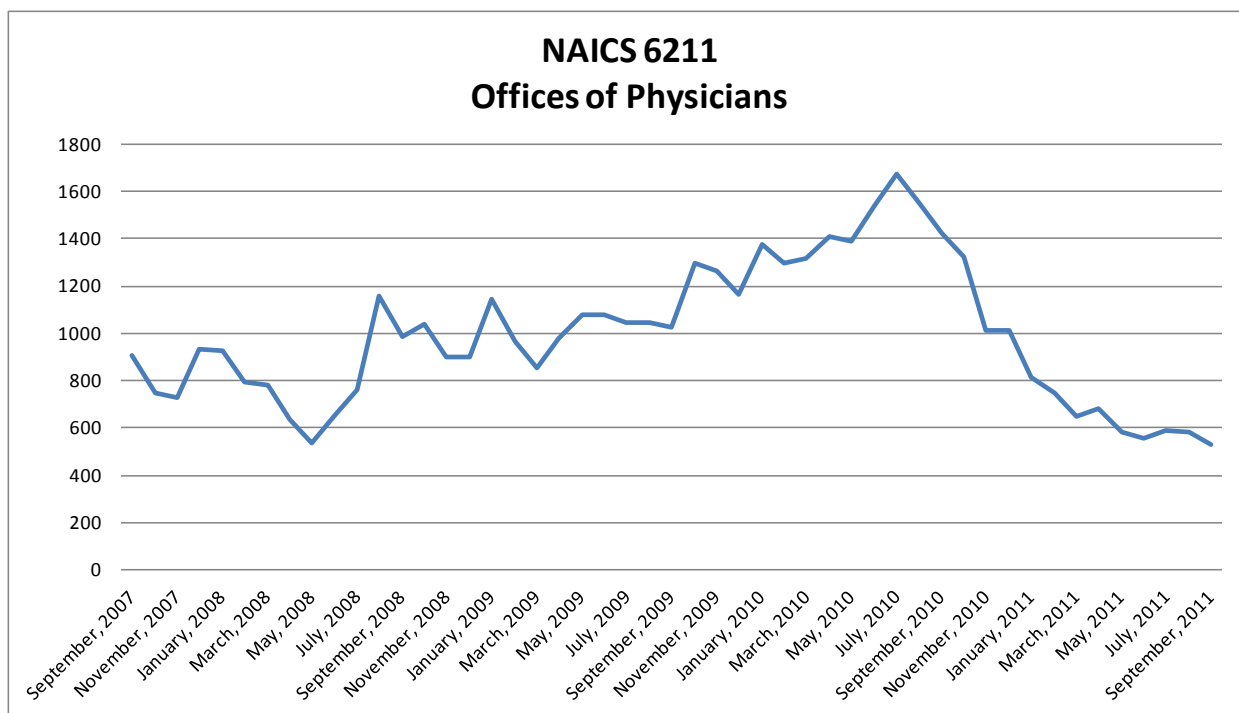


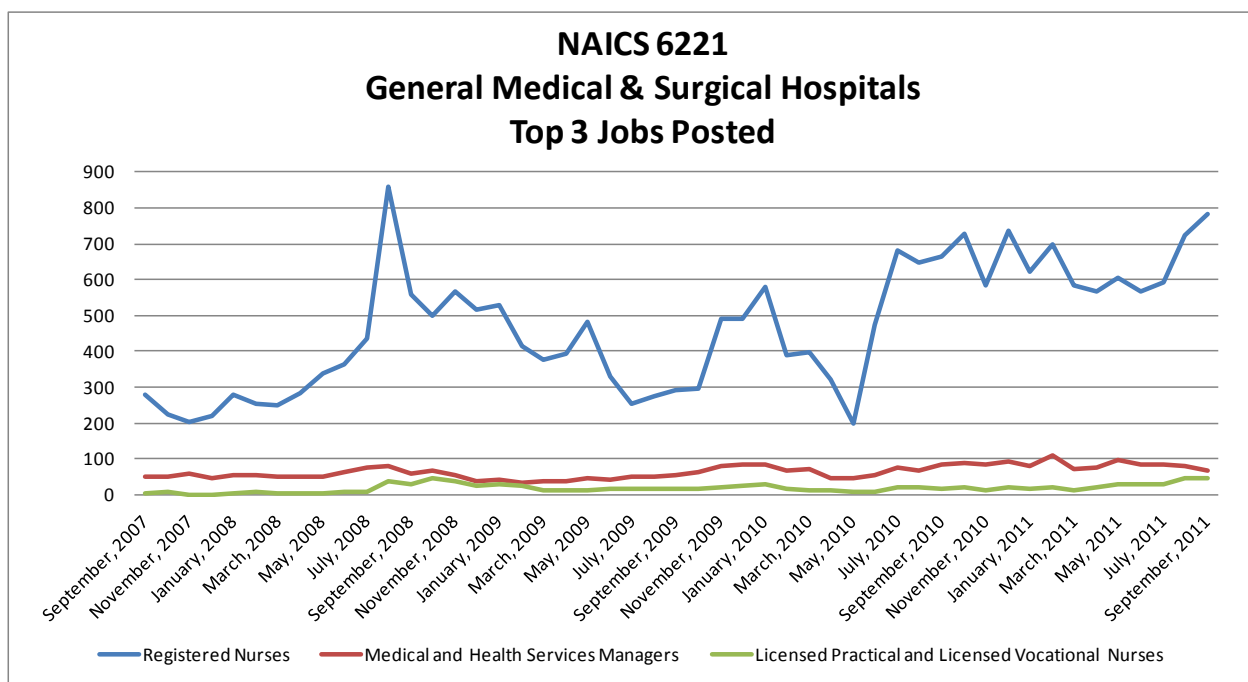
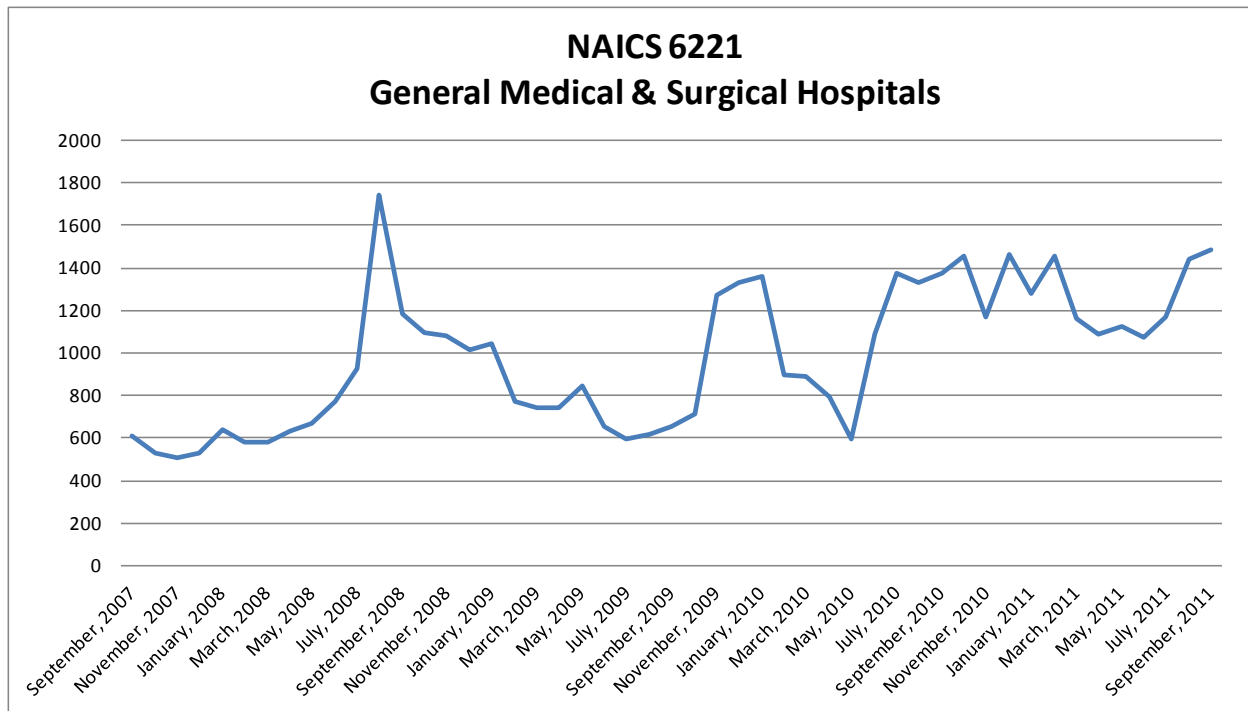
# **NAICS 3331** **Agriculture, Construction, and Mining Machinery** **Manufacturing**



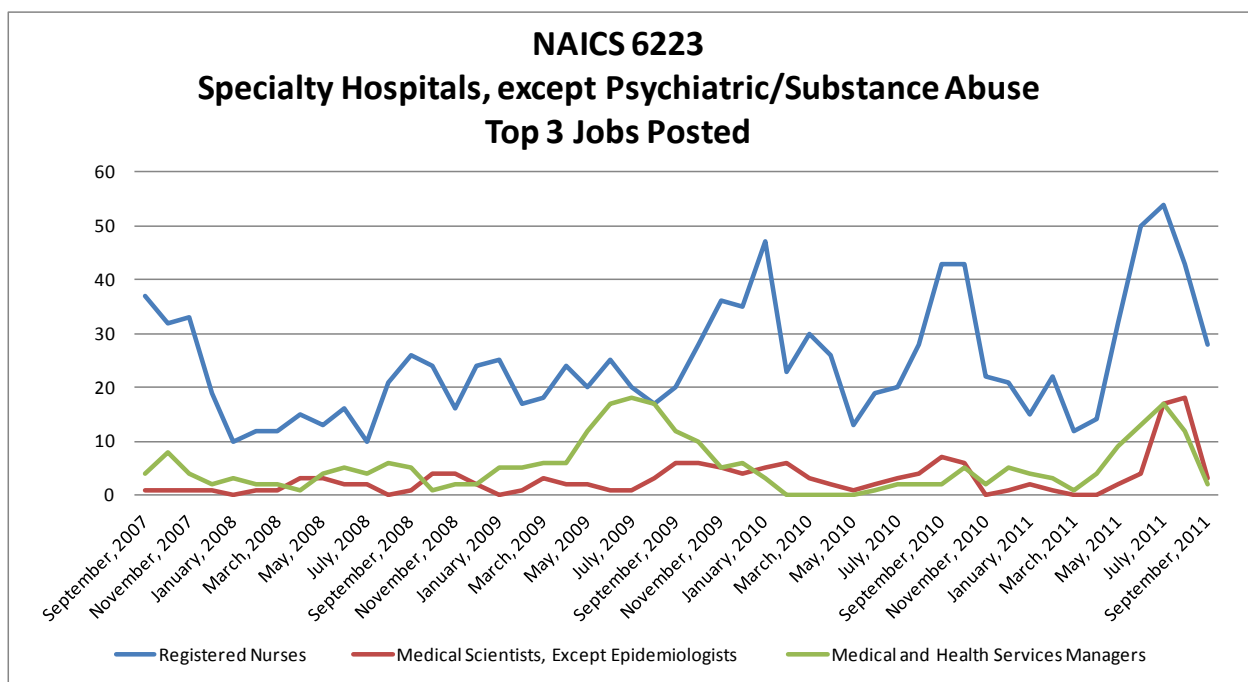
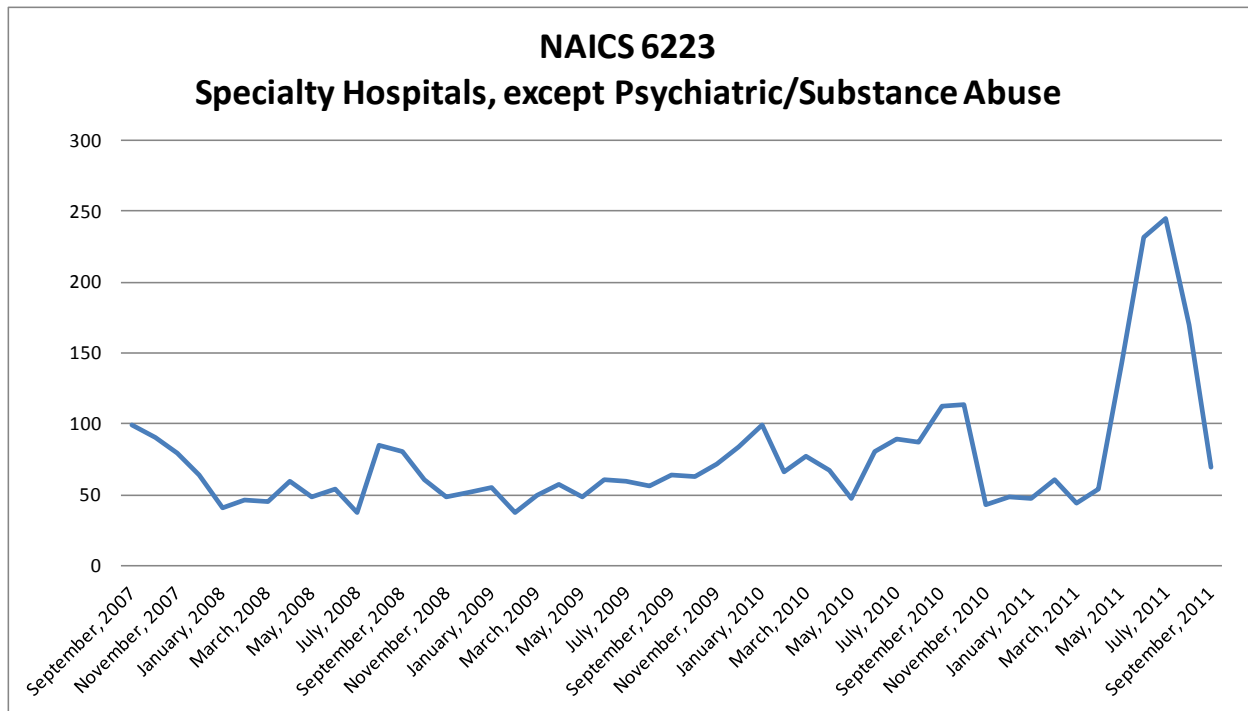
## **NAICS 3331** **Agriculture, Construction, and Mining Machinery Manufacturing** **Top 3 Jobs Posted**



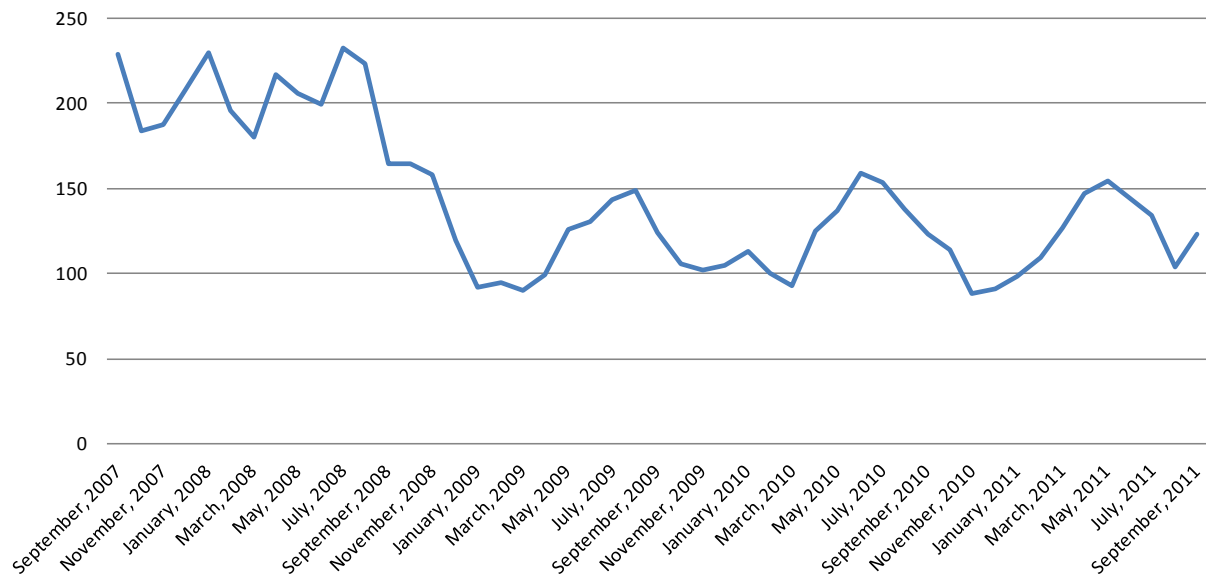




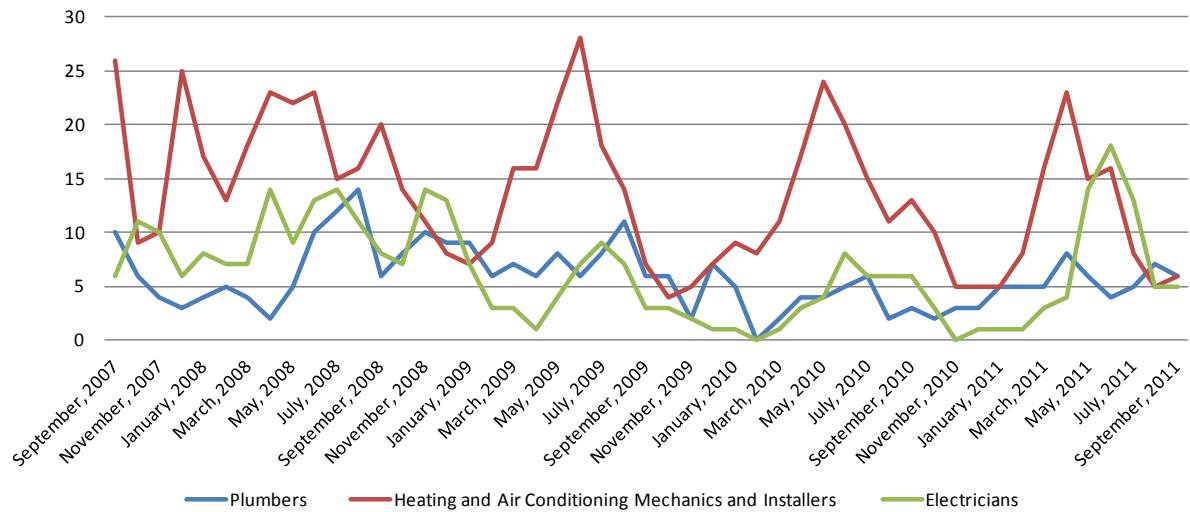




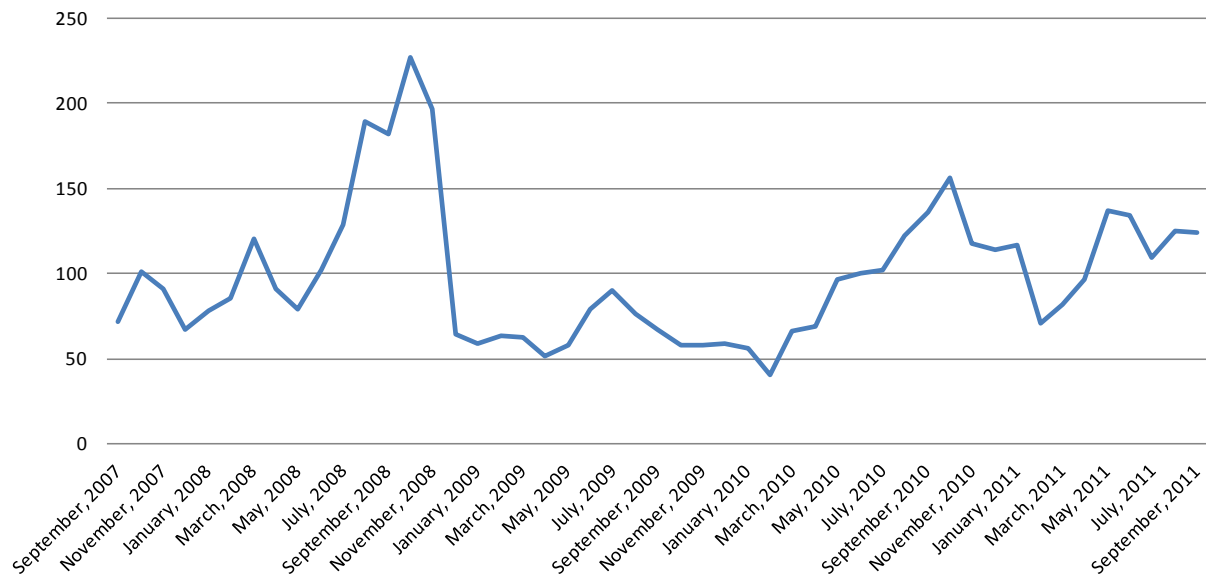
## NAICS 2382 Building Equipment Contractors



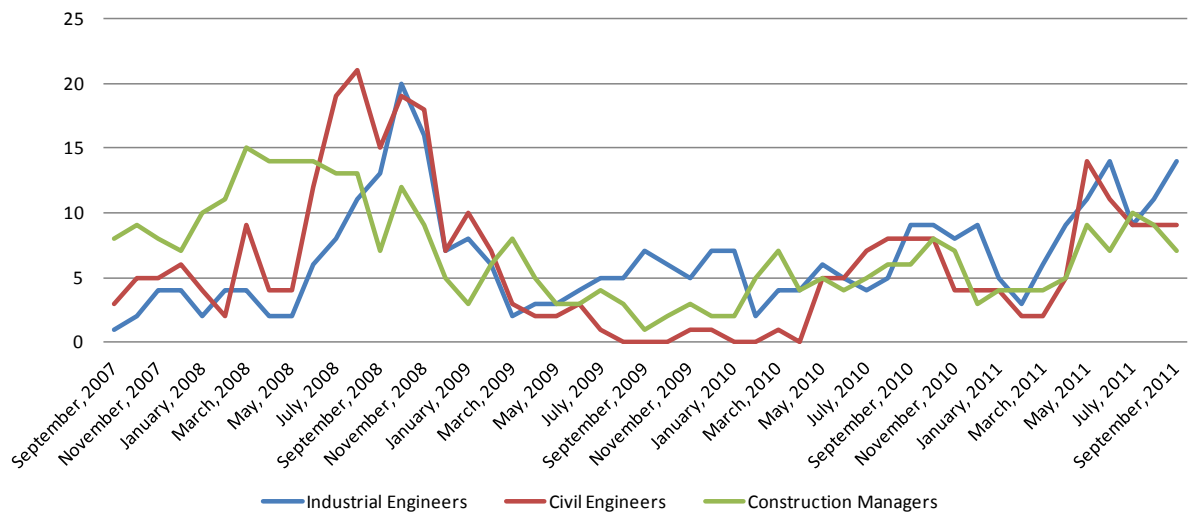
## NAICS 2382 Building Equipment Contractors Top 3 Jobs Posted



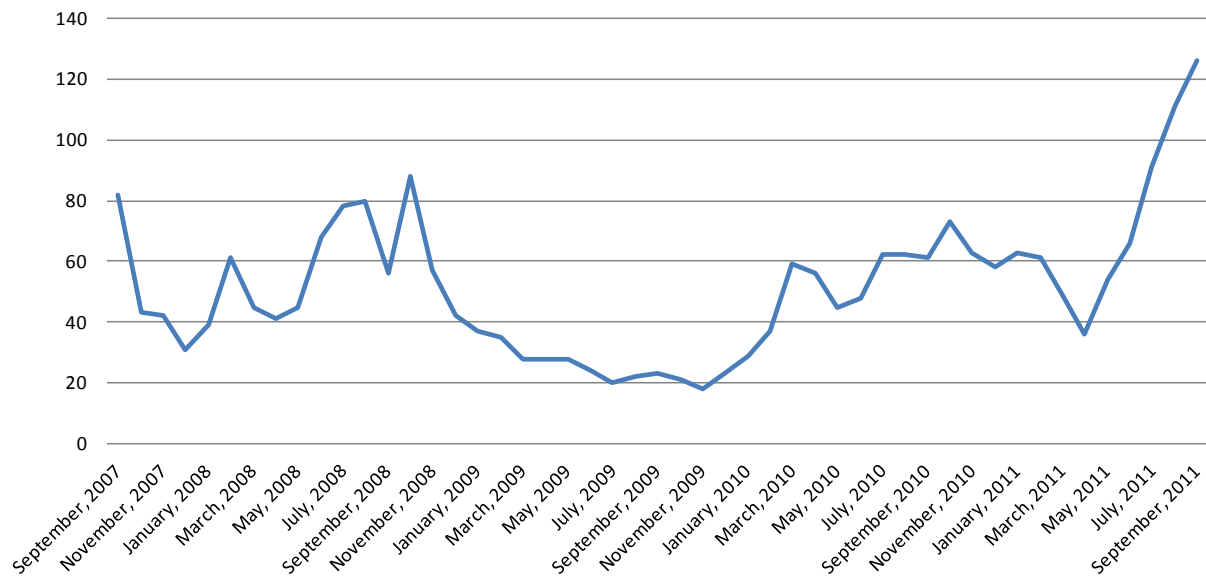
## NAICS 2362 Nonresidential Building Construction



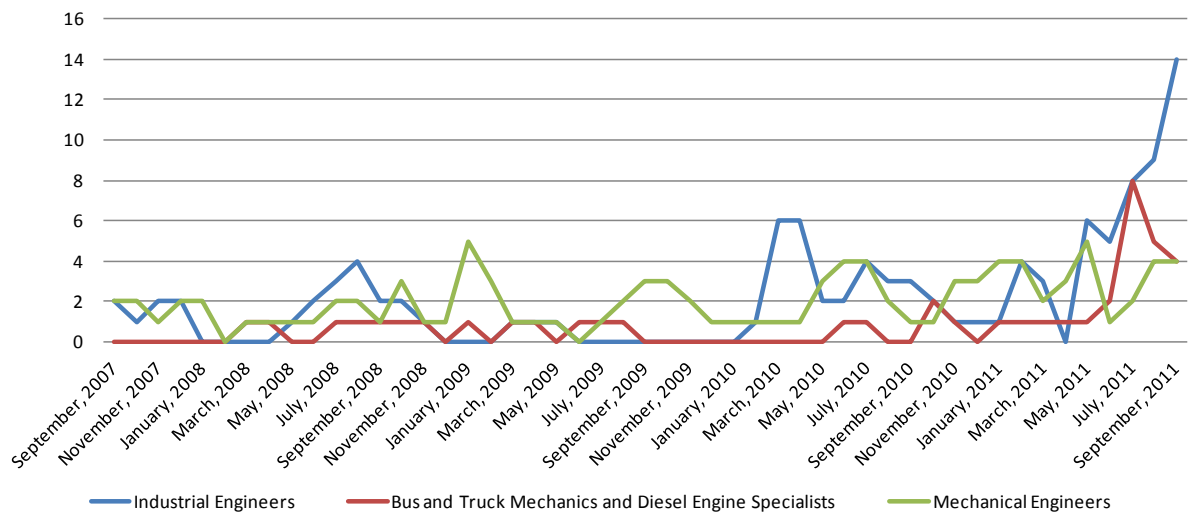
## NAICS 2362 Nonresidential Building Construction Top 3 Jobs Posted



## NAICS 2371 Utility System Construction



## NAICS 2371 Utility System Construction Top 3 Jobs Posted



**Gulf Coast Workforce Board**  
**System Performance**  
October 2011

## Board Measures

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

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

## More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expected to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. In October, we provided services to 4,345 employers.	16.2%	3.2%	11.7%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 15,548 employers, 3,754 returned to Workforce Solutions for additional services.	55%	24%	54.5%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average. The first quarter's results will be available for the February meeting.	2,000	Not Available	2,236
<u>Customers employed by the 1st Qtr after exit</u> Reporting for one quarter (Oct 10 – December 10), 65,108 of the 97,838 customers who exited from services were employed in the quarter after exit.	79%	62.5%	66.8%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for one quarter (April 10 – June 10), 32,829 of the 109,405 customers who exited had earnings gains of at least 20%.	41%	30%	25.5%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> In October, 14 of the 1,802 customers pursuing an education diploma, degree or certificate achieved one.	36%	1%	40.8%

## Production

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

For the performance year that began October 1, 2011, we are meeting or exceeding the target for six of twelve measures. The five measures we are not meeting are:

- Total Job Postings Filled. This is a new measure. The target for this measure is 32.2%. Our performance in the first quarter (4/11-6/11) was 17.8%.
- Total Employer Success Rate. This is a new measure. The target for this measure is 49%. Our performance in the first quarter (4/11-6/11) was 30.9%.
- Average Choices Single Parent Participation Rate. The target for this measure is 40%. Our performance for October was 34.9%.
- Average Choices Two Parent Participation Rate. The target for this measure is 55%. Our performance for October was 46%.
- Youth Literacy/Numeracy Gains. The target for this measure is 35%. Our performance in the first quarter (7/11 – 9/11) was 23.3%.

We do not have performance information for Average Number of Children Served per Day (Child Care).

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

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

# Gulf Coast Workforce Board

## System Performance

### Year End Report

October 2010 to September 2011

## Board Measures

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

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

## More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expected to provide services to 37,120 employers this year which is 28% of the 132,569 employers identified for the Gulf Coast area. For the year, we provided services to 43,289 employers.	28%	32.7%	22.5%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 34,293 employers, 26,805 returned to Workforce Solutions for additional services.	74%	78.2%	85.0%



## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average. We worked with employers who added 2,236 new jobs.	2,000	2,236	2,037
<u>Customers employed by the 1st Qtr after exit</u> Reporting for four quarters (Oct 09 – September 10), 292,993 of the 438,847 customers who exited from services were employed in the quarter after exit.	79%	66.8%	73.8%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for four quarters (April 09 – March - 10), 114,298 of the 448,839 customers who exited had earnings gains of at least 20%.	41%	25.5%	29.9%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Through August, 2,242 of the 5,495 customers pursuing an education diploma, degree or certificate achieved one.	35%	40.8%	28.5%

## Production

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

For the performance year that began October 1, 2010, we met or exceeded the target for ten of fifteen measures. The five measures we did not meet are:

- Claimant Reemployment. The target for this measure is 59%. Our performance (10/09-9/10) was 50.9%.
- Average Choices Single Parent Participation Rate. The target for this measure is 40%. Our performance (10/10-9/11) was 34.9%.
- Average Choices Two Parent Participation Rate. The target for this measure is 55%. Our performance (10/10-8/11) was 49.5%.
- Project RIO Served. The target was 10,433. Our performance (10/10-9/11) was 11,568.
- Average Number of Children Served per Day. We experience unexpectedly low enrollment of children in care in September. The target was 25,564. Our performance (10/10-9/11) was 24,101.

The state did not contract two of these measures, Claimant Reemployment and Project RIO Served, for the performance year that began October 2011. In addition, we expect the state to implement a new participation rate measure that will focus on how well we help customers receiving TANF benefits become employed.

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD**  
**FINANCIAL STATUS REPORT**  
For the Ten Months Ended October 31, 2011

	<b>ANNUAL BUDGET**</b>	<b>BUDGET YEAR TO DATE</b>	<b>ACTUAL YEAR TO DATE</b>	<b>DOLLAR VARIANCE</b>
<b>WORKFORCE REVENUES</b>				
WORKFORCE REVENUES	215,211,357	179,831,473	163,189,885	16,641,588
<b>WORKFORCE EXPENDITURES</b>				
BOARD ADMINISTRATION	4,159,613	3,466,344	3,009,405	456,939
SYSTEM IT	322,833	269,028	151,755	117,273
EMPLOYER SERVICES	7,276,996	6,064,163	5,030,864	1,033,299
RESIDENT SERVICES	203,451,915	170,031,938	154,997,861	15,034,077
OFFICE OPERATIONS	51,469,068	42,890,890	39,411,193	3,479,697
FINANCIAL AID	148,235,847	123,529,873	112,152,860	11,377,013
RECOVERY PROJECTS*	3,747,000	3,611,175	3,433,808	177,367
<b>TOTAL WORKFORCE EXPENDITURES</b>	<b>215,211,357</b>	<b>179,831,473</b>	<b>163,189,885</b>	<b>16,641,588</b>

\* With the exception of Recovery Act NEG OJT, all Recovery Act Projects were to be completed by June 30, 2011.

\*\* The original Workforce Board Budget did not include approximately \$5.3 million in additional revenues for Texas Back to Work and Trade Act funds received after the original budget was approved.

**VARIANCE ANALYSIS**

Note: With the exception of the Recovery Act Projects budget component, the "Budget Year to Date" column reflects a straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year. The Recovery Act Projects budget component is a weighted straight-line estimate. For all Recovery Act projects other than Recovery Act NEG OJT, the straight line estimate is for six months, January to June 2011, while for the Recovery Act NEG OJT the straight line estimate is for 12 months, January to December 2011.



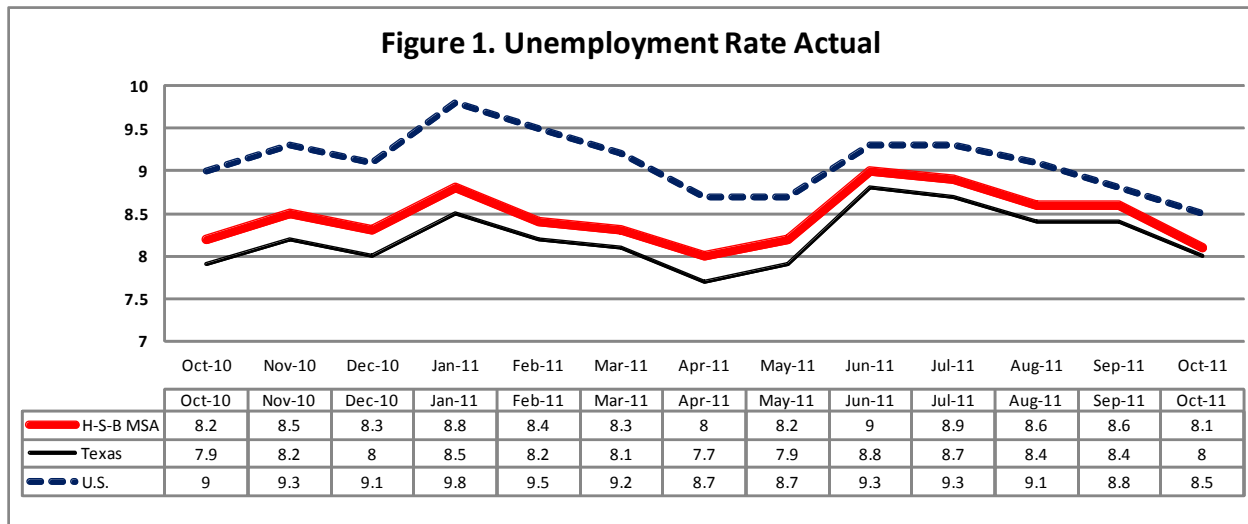
## Labor Market Information

### OCTOBER 2011 Employment Data

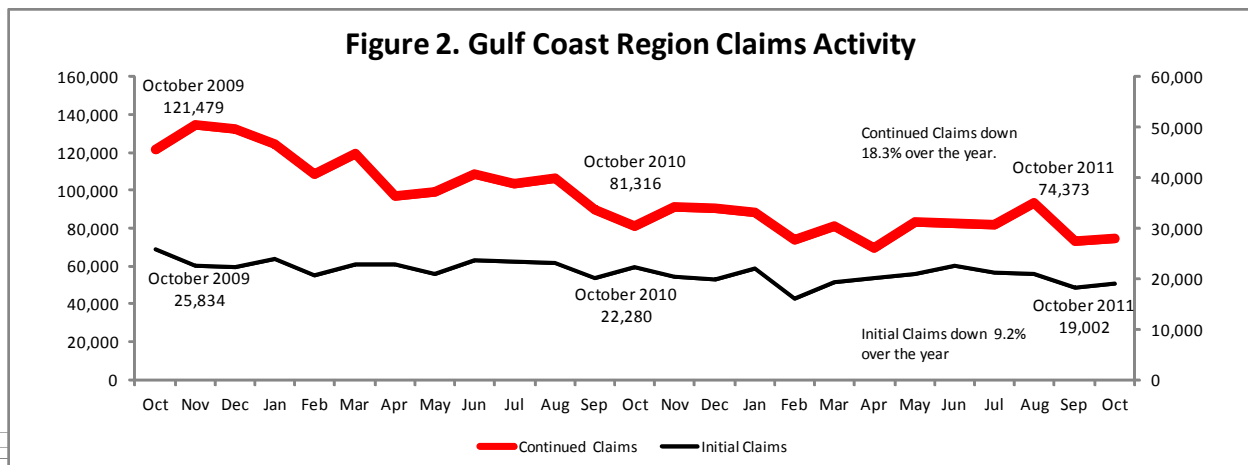
#### HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

Visit our website at [www.wrksolutions.com](http://www.wrksolutions.com)

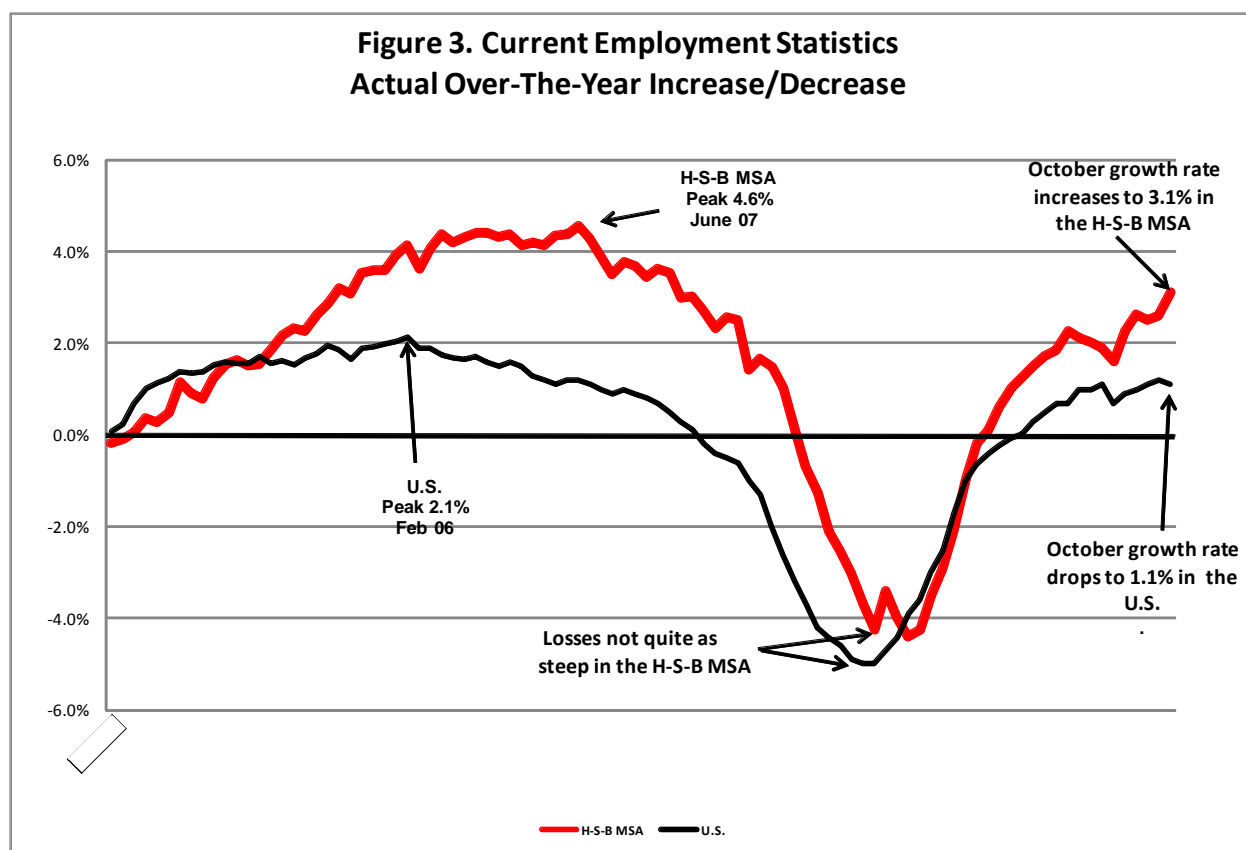
THE RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN-METROPOLITAN STATISTICAL AREA (H-S-B MSA) DECLINED ONE-HALF OF A PERCENTAGE POINT IN OCTOBER TO 8.1 PERCENT, ONE-TENTH OF A PERCENTAGE POINT LOWER THAN IT WAS ONE YEAR AGO. Unemployment at the state level dropped four-tenths of a percentage point to 8.0 percent and the national level dropped three-tenths of a percentage point to 8.5 percent, see figure 1.



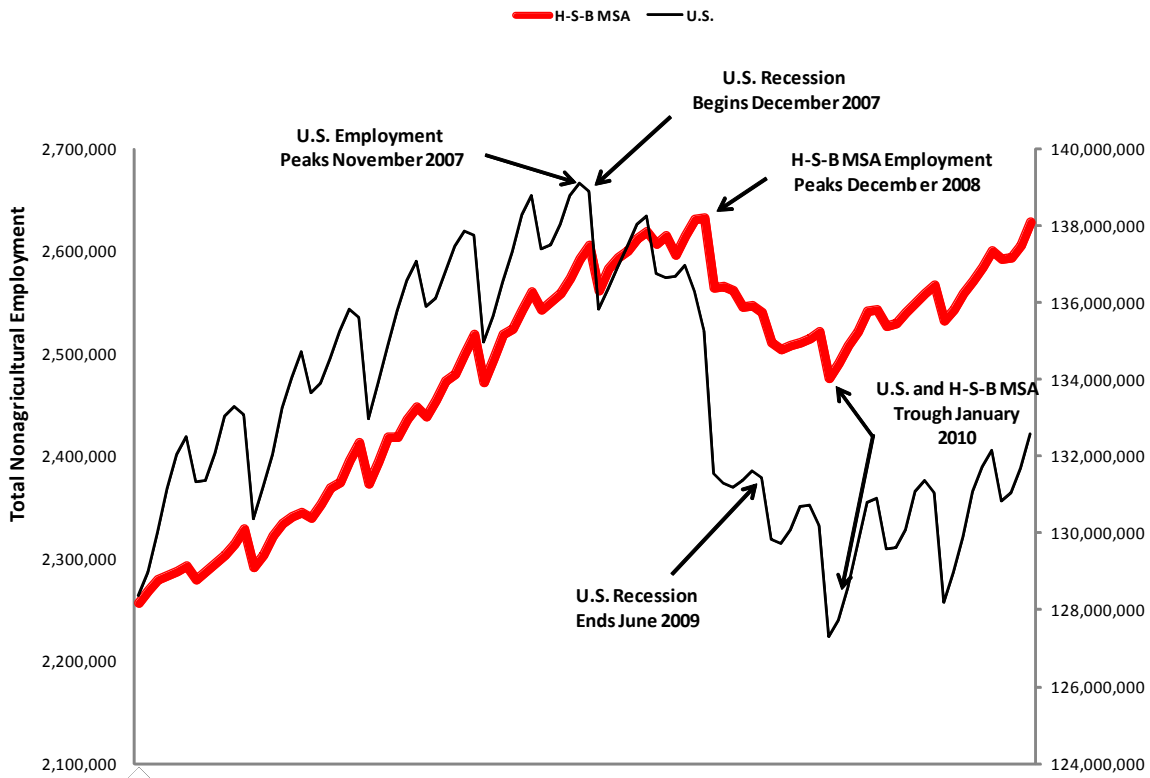
UNEMPLOYMENT CLAIMS ACTIVITY IN THE REGION INCREASED SLIGHTLY OVER THE MONTH. The number of Initial Claims for unemployment benefits increased in October by 659 (3.6 percent) to 19,002, down 3,278 (14.7 percent) from one year ago, see figure 2. The number of Continued Claims for unemployment benefits increased slightly in October by 866 (1.1 percent) to 74,373, down 6,943 (8.5 percent) from one year ago. The number of insured unemployed receiving benefits for 15 weeks or longer rose by 78 (0.5 percent) in October, down 2,555 (17.5 percent) over the year.



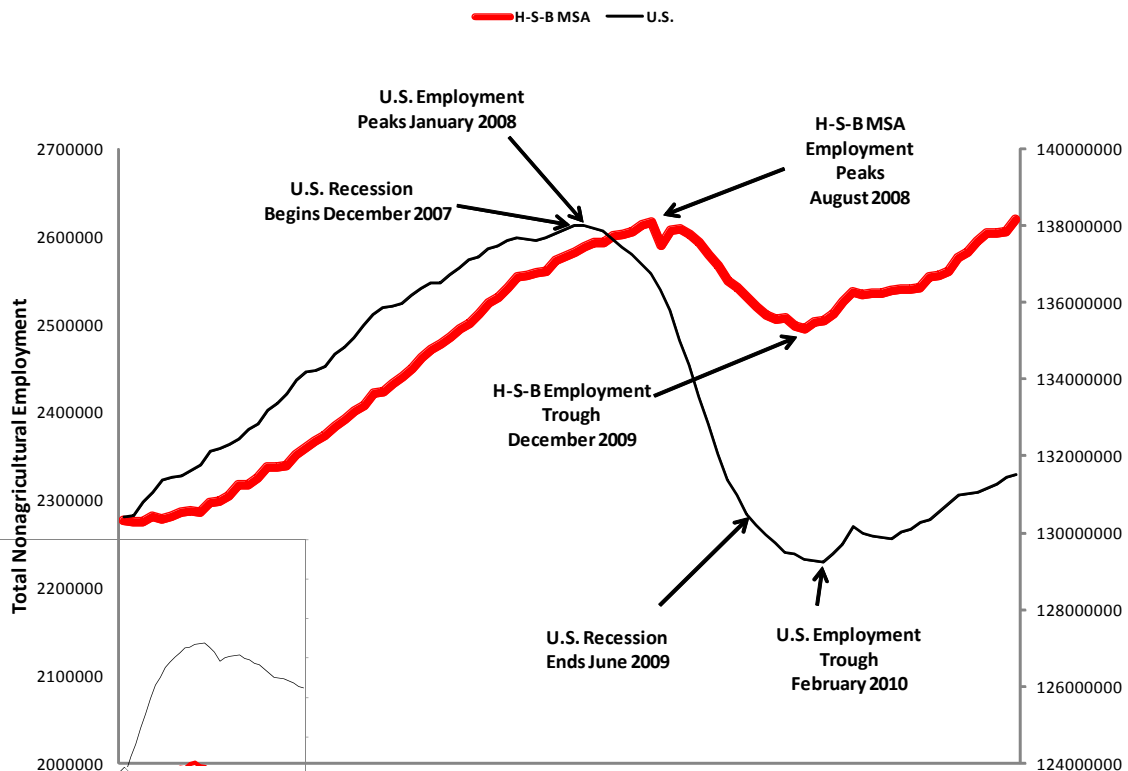
THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 23,300 JOBS TO PAYROLLS IN OCTOBER AND 79,500 JOBS OVER THE PAST YEAR REPRESENTING A 3.1 PERCENT ANNUAL RATE OF JOB GROWTH. Job growth for the H-S-B MSA continues to be better than that of the nation, see figure 3. October's job gains were the highest on record since 1996. Next month's revisions for October estimates will likely reflect an increase in the rate of job growth from September's 2.6 percent but at a slightly slower rate than the current estimate of 3.1 percent. Preliminary estimates have been more volatile requiring larger revisions since the Bureau of Labor Statistics took over the estimating process from the Texas Workforce Commission earlier this year. The private sector added 15,300 jobs, the largest October increase since 2008. Many private industry sectors continue to see healthy job gains, especially those with ties to oil and gas exploration. Job growth over the past year has been strongest in Mining and Logging, Manufacturing, Professional and Business Services, and Healthcare and Social Assistance. The public sector continues to struggle with budget constraints and has reported over-the-year losses for the last six months. Seasonally adjusted data seen in figure 5 provides an additional view of employment removing the erratic seasonal movement. According to the Federal Reserve Bank of Dallas, Houston Branch, the Houston Business-Cycle Index indicates economic activity in the H-S-B MSA grew at an annualized rate of 5.4 percent in September, trending upward, but international headwinds are of grave concern and uncertainty surrounding fiscal and regulatory policies persists. The Houston Purchasing Managers Index (PMI) increased to 61.3 in October, the fifth month this year to be above 60. Any index over 50 indicates production gains over the near term. The outlook for the H-S-B MSA remains cautiously optimistic for the rest of the year. Additional details by super sector follow beginning on page 4.



**Figure 4. Total Non-farm Employment-Actual**



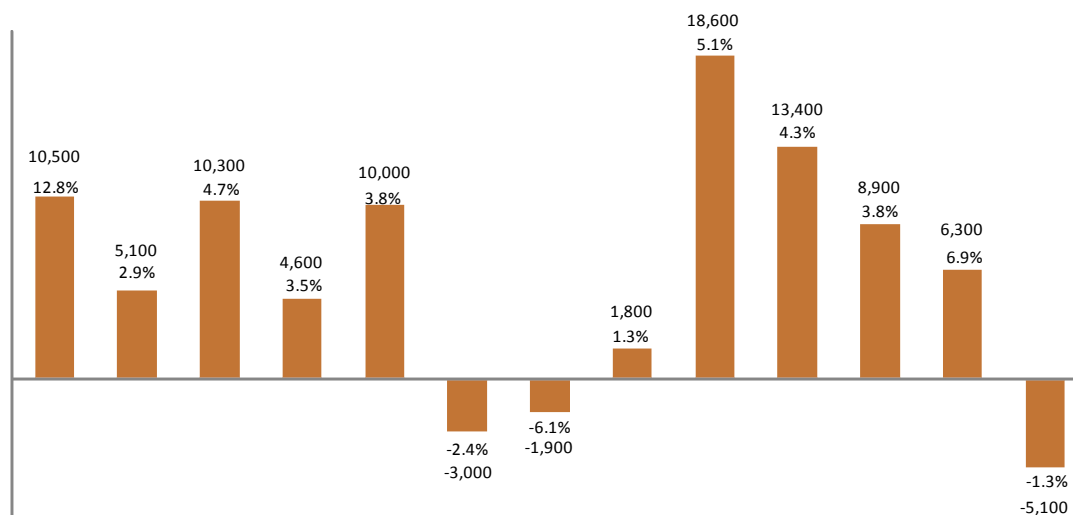
**Figure 5. Total Non-farm Employment-Seasonally Adjusted**



**Mining and Logging** is the fastest growing super sector in the H-S-B MSA and continues to report strong growth adding 1,000 jobs in October with payrolls up 10,500 jobs or 12.8 percent over the year. Employment in Mining and Logging has recently been at their highest levels since 1984. Support Activities for Mining was responsible for nearly half of the increase, up 4,900 jobs, 14.1 percent, over the year. Oil and Gas Extraction was up 3,100 jobs or 6.7 percent over the year. Total U.S. rig count numbered 2,017 in October, up 39 from 1,978 in September. Eagle Ford and other shale regions continue to be major sources of activity. Government offshore drilling permits were up in October with 13 deepwater wells approved including 10 new ones that were not already in progress before last year's drilling ban. Oil and gas producers and their supporting oilfield services companies continue to be a major driving force of job growth in the H-S-B MSA.

**Construction** activity fell sharply in October resulting in a loss of 3,700 jobs over the month, down 2.0 percent. Most of the loss was with Specialty Trade Contractors, down 3,900 jobs or 4.4 percent. The super sector continues to report job gains over the year, up 5,100 jobs or 2.9 percent, see figure 6. Heavy and Civil Engineering Construction reported the strongest increase over the year, up 4,200 jobs or 10.6 percent. Construction of Buildings was up 1,800 jobs or 3.7 percent over the year. October losses in Specialty Trade Contractors resulted in a loss of 900 jobs over the year, down 1.0 percent. Construction activity remains considerably lower than its most recent peak with 29,300 fewer jobs than there were in October 2008. Single-family home sales, both new and existing homes, were up 9.1 percent from October 2010 when sales were depressed from the expiration of the home buyer tax credit. Recent increases in activity are partially due to relocation activity from buyers working in the oil and gas industry.

**Figure 6. Houston-Sugar Land-Baytown MSA  
Annual Change October 2010 to October 2011**



**Manufacturing** added 400 jobs to payrolls in October as a result of gains in Durable Goods Manufacturing. Non-Durable Goods Manufacturing incurred a loss of 200 jobs over the month. The super sector added 10,300 jobs over the year, up 4.7 percent, with most of the increase in Durable Goods Manufacturing. Largest gains were in Machinery Manufacturing, up 3,800 jobs or 8.8 percent, and Fabricated Metal Product Manufacturing, up 3,000 jobs or 6.5 percent. Strong drilling activity continues to drive demand for mining machinery and other equipment tied to oil and gas extraction with many manufacturers backlogged and lead times growing. The Houston Purchasing Managers Index (PMI) rose to 61.3 in October, the fifth month this year for it to be above 60. Any index over 50 indicates production gains over the near term. Employment in Nondurable Goods Manufacturing was up 1,900 jobs or 2.5 percent from one year ago despite a loss this month. Exports of petrochemicals were recently hurt by a contraction in demand and a strengthening dollar.

**Trade Transportation & Utilities** was up 4,400 jobs or 0.8 percent in October. The increase was driven by seasonal hiring at retail establishments who added 5,200 to payrolls in preparation for the holiday season, an unprecedented 2.0 percent gain over the month. If the preliminary estimate for Retail Trade holds true and is not revised it will have been the largest October increase ever reported. Transportation, Warehousing, and Utilities posted a loss of 1,000 jobs over the month, down 0.8 percent. The super sector was up 11,600 jobs or 2.2 percent over the year with Retail Trade accounting for the largest number of jobs added in the super sector, up 10,000 jobs or 3.8 percent. Overall expectations by retail establishments have been for modest improvements in 2011 over 2010 although concerns remain regarding elevated levels of unemployment. Wholesale Trade also continues to report healthy job gains in October, up 4,600 jobs or 3.5 percent over the year. Transportation, Warehousing, and Utilities reported its third consecutive over-the-year loss in October, down 3,000 jobs or 2.4 percent. Despite the net loss in Transportation, Warehousing, and Utilities, gains continue to be reported in Utilities, Air Transportation, Truck Transportation, and Pipeline Transportation. Most Transportation service firms have recently reported that demand held steady or rose but many noted weakened outlooks.

**Information** was the only private super sector to report an over-the-year loss in October, down 1,900 jobs or 6.1 percent. Many industries within Information have been on the decline for years due to rapid technological changes and as many move away from wired telecommunication carriers. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

**Financial Activities** added 1,200 jobs in October according to preliminary estimates, up 0.9 percent. This was the largest increase on record since 1998, a time that the economy was booming. Recently estimates in Financial Activities have seen considerable revisions in the following month and this month's data may see a revision with the release of November estimates. Financial Activities reported an over-the-year increase for the second consecutive month, up 1,800 jobs or 1.3 percent from October 2010. Most of the increase was in Finance and Insurance, up 1,600 jobs or 1.8 percent. Most financial firms are reporting flat loan demand and that improvements in lending conditions have stalled due to both a modest level of demand and more caution in supplying loans to anyone but the most creditworthy of borrowers. Real Estate and Rental and Leasing posted its first over-the-year increase since September 2008, up 200 jobs or 0.4 percent. Apartment demand continues to be strong. Leasing activity for office and industrial space continued at a moderate pace with strong demand due in part to energy activity.



**Professional and Business Services** reported a gain of 4,000 jobs in October, up 1.1 percent. The increase was shared by gains in Administrative and Support Service, up 2,000 jobs or 1.2 percent, and Professional, Scientific, and Technical Services, up 2,100 jobs or 1.2 percent. The super sector added 18,600 jobs over the year, up 5.1 percent. Most areas within the super sector experienced increases with the largest in Employment Services, up 2,800 jobs or 4.6 percent, where staffing firms are reporting demand held steady at high levels. Architectural, Engineering, and Related Services was the only area to report an over-the-year loss, 300 jobs from October 2010.

**Education and Health Services** experienced a strong increase for the fourth consecutive month, up 3,300 jobs or 1.0 percent in October. An aging population and a population growth rate that more than doubles that of the nation has been responsible for growth in the super sector. The number of jobs added over the last four months is more than twice that of the strongest year on record over the past twenty years. If the estimates are correct and not revised during the benchmark process in March 2012, this will be a considerable boost to the Education and Health Services super sector. Education and Health Services was up 13,400 jobs or 4.3 percent over the year. Most of the increase was in Ambulatory Health Care Services where services are provided directly or indirectly to patients and do not usually require inpatient services, up 10,600 jobs or 8.6 percent. Hospitals, which generally experience steady job growth during difficult economic times, posted an over-the-year loss for the sixth consecutive month, currently down 400 jobs or 0.6 percent over the year. Weak job growth in hospitals is a combined result of a smaller number of people insured by employers, fewer elective surgeries, and changes to third-party reimbursements. Educational Services reported an increase of 900 jobs over the year, up 2.1 percent.

**Leisure and Hospitality** reported its first October increase on record that goes back to 2000, up 3,100 jobs or 1.3 percent. The increase goes against seasonal trends and as with many other employment estimates the increase could very well see a revision next month or in the benchmarking process released in March 2012. October's increase helped to more than triple the rate of job-growth in Leisure and Hospitality from 1.1 percent in September to 3.8 percent in October, a gain of 8,900 jobs over the year. Most of the increase was due to gains in Food Services and Drinking Places, up 8,400 jobs or 4.5 percent. Accommodation also managed an increase of 600 jobs from last October, up 3.0 percent. Employment in Arts, Entertainment, and Recreation experienced a slight loss of 100 jobs over the year.

**Other Services** added 1,800 jobs in October and 6,300 jobs over the year, up 6.9 percent. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** posted a seasonal increase of 8,000 jobs in October, up 2.1 percent, primarily due to staffing increases at educational institutions for the current school year. Government lost 5,100 jobs over the year, down 1.3 percent. Federal Government was down 400 jobs or 1.4 percent over the year and State Government was down 1,700 jobs or 2.3 percent over the year. While Local Government reported a net loss of 3,000 jobs over the year, down 1.1 percent, Local Government Educational Services was responsible for the decline posting a loss of 4,900 jobs or 2.5 percent. The public sector continues to struggle with budget constraints and has reported over-the-year losses for the last five months.

# NONAGRICULTURAL EMPLOYMENT

## Houston-Sugar Land-Baytown MSA

	OCT 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,628,500	23,300	0.9%	79,500	3.1%
Total Private	2,248,000	15,300	0.7%	84,600	3.9%
Goods Producing	501,400	-2,300	-0.5%	25,900	5.4%
..Mining and Logging	92,700	1,000	1.1%	10,500	12.8%
...Oil and Gas Extraction	49,400	400	0.8%	3,100	6.7%
...Support Activities for Mining	39,700	400	1.0%	4,900	14.1%
..Construction	179,400	-3,700	-2.0%	5,100	2.9%
..Construction of Buildings	50,800	-200	-0.4%	1,800	3.7%
..Heavy and Civil Engineering Construction	43,700	400	0.9%	4,200	10.6%
..Specialty Trade Contractors	84,900	-3,900	-4.4%	-900	-1.0%
..Manufacturing	229,300	400	0.2%	10,300	4.7%
..Durable Goods	150,100	600	0.4%	8,400	5.9%
...Fabricated Metal Product Manufacturing	49,100	300	0.6%	3,000	6.5%
...Machinery Manufacturing	47,100	400	0.9%	3,800	8.8%
....Agriculture, Construction, and Mining Machinery Manufacturing	34,500	400	1.2%	2,600	8.2%
...Computer and Electronic Product Manufacturing	18,800	-100	-0.5%	300	1.6%
..Non-Durable Goods	79,200	-200	-0.3%	1,900	2.5%
...Petroleum and Coal Products Manufacturing	12,600	-100	-0.8%	200	1.6%
...Chemical Manufacturing	34,500	-100	-0.3%	-100	-0.3%
Service Providing	2,127,100	25,600	1.2%	53,600	2.6%
..Private Service Providing	1,746,600	17,600	1.0%	58,700	3.5%
..Trade, Transportation, and Utilities	529,700	4,400	0.8%	11,600	2.2%
...Wholesale Trade	137,100	200	0.1%	4,600	3.5%
....Merchant Wholesalers, Durable Goods	81,500	100	0.1%	3,300	4.2%
.....Professional and Commercial Equipment and Supplies Merchant	10,300	0	0.0%	-100	-1.0%
....Merchant Wholesalers, Nondurable Goods	37,600	100	0.3%	0	0.0%
...Retail Trade	271,400	5,200	2.0%	10,000	3.8%
....Motor Vehicle and Parts Dealers	32,500	-300	-0.9%	500	1.6%
....Building Material and Garden Equipment and Supplies Dealers	19,400	0	0.0%	1,000	5.4%
....Food and Beverage Stores	55,800	0	0.0%	800	1.5%
....Health and Personal Care Stores	17,200	200	1.2%	300	1.8%
....Clothing and Clothing Accessories Stores	29,700	900	3.1%	1,300	4.6%
....General Merchandise Stores	58,000	700	1.2%	600	1.0%
.....Department Stores	22,800	400	1.8%	200	0.9%
.....Other General Merchandise Stores	35,200	300	0.9%	400	1.1%
...Transportation, Warehousing, and Utilities	121,200	-1,000	-0.8%	-3,000	-2.4%
...Utilities	16,900	100	0.6%	700	4.3%
....Air Transportation	24,200	200	0.8%	700	3.0%
....Truck Transportation	21,500	0	0.0%	700	3.4%
....Pipeline Transportation	10,400	0	0.0%	200	2.0%
..Information	29,400	-200	-0.7%	-1,900	-6.1%
...Telecommunications	15,000	-100	-0.7%	-1,100	-6.8%
..Financial Activities	136,700	1,200	0.9%	1,800	1.3%
...Finance and Insurance	88,300	800	0.9%	1,600	1.8%
....Credit Intermediation and Related Activities	41,700	300	0.7%	400	1.0%
.....Depository Credit Intermediation	28,900	300	1.0%	600	2.1%
....Securities, Commodity Contracts, and Other Financial Investment	13,000	200	1.6%	400	3.2%
....Insurance Carriers and Related Activities	29,000	200	0.7%	0	0.0%
...Real Estate and Rental and Leasing	48,400	400	0.8%	200	0.4%

## NONAGRICULTURAL EMPLOYMENT

### Houston-Sugar Land-Baytown MSA

	OCT 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	385,000	4,000	1.0%	18,600	5.1%
...Professional, Scientific, and Technical Services	181,200	2,100	1.2%	4,700	2.7%
....Legal Services	23,000	200	0.9%	100	0.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	17,500	300	1.7%	200	1.2%
....Architectural, Engineering, and Related Services	59,100	200	0.3%	-300	-0.5%
....Computer Systems Design and Related Services	26,300	400	1.5%	1,200	4.8%
....Administrative and Support and Waste Management and Remediation Services	185,100	1,800	1.0%	14,700	8.6%
.....Administrative and Support Services	172,900	2,000	1.2%	10,800	6.7%
.....Employment Services	63,600	900	1.4%	2,800	4.6%
.....Services to Buildings and Dwellings	40,600	-1,000	-2.4%	400	1.0%
..Educational and Health Services	325,200	3,300	1.0%	13,400	4.3%
...Educational Services	44,500	400	0.9%	900	2.1%
...Health Care and Social Assistance	280,700	2,900	1.0%	12,500	4.7%
....Ambulatory Health Care Services	134,100	2,800	2.1%	10,600	8.6%
....Hospitals	72,200	-100	-0.1%	-400	-0.6%
..Leisure and Hospitality	242,500	3,100	1.3%	8,900	3.8%
...Arts, Entertainment, and Recreation	26,100	-500	-1.9%	-100	-0.4%
...Accommodation and Food Services	216,400	3,600	1.7%	9,000	4.3%
....Accommodation	20,600	200	1.0%	600	3.0%
....Food Services and Drinking Places	195,800	3,400	1.8%	8,400	4.5%
..Other Services	98,100	1,800	1.9%	6,300	6.9%
Government	380,500	8,000	2.1%	-5,100	-1.3%
.Federal Government	27,600	200	0.7%	-400	-1.4%
.State Government	71,300	1,300	1.9%	-1,700	-2.3%
..State Government Educational Services	37,400	500	1.4%	-1,300	-3.4%
.Local Government	281,600	6,500	2.4%	-3,000	-1.1%
..Local Government Educational Services	193,900	6,700	3.6%	-4,900	-2.5%

### UNEMPLOYMENT RATE

	OCT 2011	SEP 2011	OCT 2010
H-S-B MSA	8.1	8.6	8.2
Texas (Actual)	8.0	8.4	7.9
United States (Actual)	8.5	8.8	9.0

**Houston-Sugar Land-Baytown MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. Houston-Baytown-Sugar Land MSA CES data series are benchmarked to March 2010 levels. Estimated by the Texas Workforce Commission in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. All Data Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas (which covers Texas, northern Louisiana and southern New Mexico).