

TENTATIVE AGENDA 10:00 a.m. Tuesday, February 5, 2008 H-GAC Conference Room A 3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. Call to Order and Determination of Quorum

- 2. Adoption of Agenda
- 3. Public Comments
- 4. Minutes from December, 2008 meeting
- 5. Declarations of Conflict of Interest

6. Chairman's and Committee Reports

a. Education

7. Action Items

- a. <u>Nominating Committee</u>: Consider nominations for the Board's 2008 officers
- b. Consider authorizing second-year contract with Gilbreath Communications in amount not to exceed \$925,000

8. Information

- a. System Performance
- b. Expenditures
- c. Recognition of T. W. Hudson

9. Labor Market Report

9. Adjourn

In compliance with the Americans with Disabilities Act, H-GAC will provide for reasonable accommodations for persons attending Workforce Board functions. Please call H-GAC at 713.627.3200 with requests at least 24-hours prior to the function.

MINUTES OF THE GULF COAST WORKFORCE DEVELOPMENT BOARD TUESDAY, DECEMBER4, 2007

MEMBERS PRESENT:

Gerald Andrews Barry Beasley Charles Cook Sal Esparza Mark Guthrie Guy Robert Jackson Raymond McNeel Linda O'Black Allene Schmitt Ed Smith Sarah Wrobleski Janell Baker Ron Bourbeau Bill Crouch Yvonne Estrada John Hebert Jeff Labroski Michael Nguyen Dale Pinson Richard Shaw Frank Thompson Elaine Barber Carl Bowles Mary Duran Joe Garcia Bobbie Henderson Steve Lufburrow Don Nigbor Janice Ruley Kathy Shingleton Evelyn Timmins

H-GAC STAFF MEMBERS PRESENT

Rodney Bradshaw Mike Temple David Baggerly Joel Wagher

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, December 4, 2007, 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. <u>A motion was made</u> and seconded to adopt the agenda. <u>The motion carried</u>.

PUBLIC COMMENT

No one signed up for public comments.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 2 of 11

MINUTES FROM OCTOBER 2, 2007

Mr. Thompson asked if there were any additions or corrections to the minutes for October 2, 2007. <u>A motion was made and seconded to approve the minutes as presented.</u> The motion carried.

DECLARATION OF CONFLICT OF INTEREST

No one declared a conflict of interest.

CHAIRMAN'S REPORT

Felix Fraga invited the Board to attend the Neighborhood Center Inc.'s 100th anniversary celebration.

Mr. Frank Thompson introduced new Board members – Mary Duran - TWC, Bill Crouch – Continental Airlines and Ed Smith – Macys.

Mr. Thompson explained that the FY2008 appropriations bill for Labor, Health and Human Services and Education (H.R. 3043) was vetoed and the override vote also failed 277-141.

Audit & Monitoring

Mr. Joe Garcia explained that staff has made 77 year-to-date visits with 9 year-to-date follow-ups. The Committee met on November 27, 2007 and several issues were addressed.

<u>Employer Services</u> –The Committee discussed the Work In Texas website and the need to improve the quality of job postings. This is an issue that will require ongoing attention by both employers and employee/applicant.

<u>Resident Services</u> – Several Career office contractors have had repeat findings during monitoring visits. Staff is waiting on responses from the contractors.

Education

Mr. Don Nigbor stated that the Committee met on November 6, 2007 and reviewed reports that staff had assembled from the Texas Education Agency. The reports summarized the performance of individual high schools and school districts against two key Board measures – the ratio of graduates to total enrollment in grades 9-12 and the ratio of 12th graders to 9th graders. The Committee requested that staff add data reflecting limited English proficiency students and economically disadvantaged students and use the class of 2004-2005 to track retentions and graduation over four years.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 3 of 11

The Committee also reviewed drafts of labor market materials for key Board occupations and industries. These materials were developed in response to the Committee's recognition that the Board is in a unique position to provide accurate regional labor market information to students, parents and school personnel. The committee suggested a few minor changes to the materials including linking the materials to the industry cluster classifications used by schools and publishing them in languages other than English.

The Committee discussed a variety of strategies that could be used to market the materials. Staff will work with Gilbreath to assess strategies and develop a marketing plan for rolling out the labor market materials to students, parents and school staff.

Early Education and Care

Dr. Bobbie Henderson explained that the Committee met on November 13, 2007 and discussed the State's mandated increase of maximum reimbursement rate for Texas Rising Star, Texas Early Education Model, and Texas School Ready Providers. Staff recommended a 1% rate increase with an effective date of January 1, 2008. Staff updated the Committee on the listing process for relative care providers. Timelines for relative care providers were established and discussed to minimize the disruption of financial aid to parents and children.

In last month's recently released Report Card, the region's lowest grade was in education. The Report Card Committee could not find an effective measure to capture the region's investment in quality early education or the availability of quality early learning environments.

ACTION ITEMS

a. <u>Early Education & Care: consider increasing financial aid for parents who choose</u> <u>Texas School Ready certified early education providers</u>

Dr. Henderson stated that in April 2007 the Board approved a 3% rate increase for state licensed and registered child care providers. Texas Workforce Commission has since required us to make an additional rate increase for certified providers through Texas Rising Star project, Texas Early Education Model and the Texas School Ready project. This increases the amount of financial aid for child care we provide a parent who chooses a provider with one of these certifications.

- Texas Rising Star (TRS) providers voluntarily meet the Texas Workforce Commission criterion that promotes quality child care in the licensed and regulated facilities by exceeding the State's minimum licensing requirement.
- Participation in the Texas Early Education Model (TEEM) promotes school readiness by preparing children to enter kindergarten on or above grade level and prepare to keep them on grade level in kindergarten and beyond. Texas School Ready is a program that certifies preschool education classrooms that

Gulf Coast Workforce Board Minutes December 4, 2007 Page 4 of 11

> effectively prepare students for kindergarten. The State Center for Early Childhood Development oversees TEEM and Texas School Ready project.

The WorkSource currently has 257 providers who are identified as either TEEM, TRS or Texas School Ready. Our projections show that our monthly costs may increase by \$12,000 per month if rates increase by 1%.

Dr. Henderson spoke about current research from the Center on the Developing Child at Harvard University and research report from Dr. James Heckman on how high quality early education impacts children.

A motion was made and seconded to increase maximum reimbursement rate for providers in the Texas Early Education model, Texas Rising Star and the Texas School Ready project up to 1% and thereby increase financial aid for child care parents who choose these providers. The motion carried.

b. Budget: consider Board's 2008 annual operating budget of \$189.9 million

Ms. Yvonne Estrada stated that the Committee met on November 28, 2007 to review the proposed 2008 budget. Each year the Board approves a budget showing how it uses the revenues received to achieve the results established by the Board's strategic plan. The proposed 2008 budget is \$189.9 million, approximately 7.6% less than the 2007 budget. A revenue drop was expected as revenues from hurricane projects are ending. Ms. Estrada reported on revenue streams coming in - General revenue dropped by 3.6%, special state revenue dropped by 54%, special federal revenue - aerospace project dropped by 92%. Ms. Estrada explained that with the revenues we do have, it is expect that we will still provide the same high level of service as in the past.

On the expenditure side of the budget, decreases are proposed across the system reflecting the decreases in revenue. Employer Services has a small drop, a smaller Residents Service budget with the largest decrease in financial aid, Research and Demonstration is approximately 20% less and a proposed operations budget decrease of slightly over 4% due to staff decrease.

Dr. Kathy Shingleton expressed concern over the decrease in staff and how it would impact services. Board staff assured her that the staff decrease was voluntary and it would not impact services.

<u>A motion was made and seconded to adopt a 2008 budget of \$189.9 million</u>. The motion carried.

c. <u>Employer Services: consider committee recommendation for setting</u> <u>unemployment compensation work search requirements</u>

Mr. Gerald Andrews reported that to receive unemployment insurance payments in Texas an individual must be ready, willing and able to work and actively seeking full

Gulf Coast Workforce Board Minutes December 4, 2007 Page 5 of 11

time work. Claimants are required to keep records of their work search and are required to make the state's minimum of three contacts per week. The Texas Workforce Commission asked Boards to review their work search requirements and determine if it wants to change the required number of weekly contacts. The Board surveyed employers in several key industries – healthcare, construction and energy and well as region wide retail business and a significant sized wholesaler. As of the Committee's meeting on November 28, 2007 we heard from 27 employers and staff that include local and corporate human resources manager, plant managers, corporate leadership and local owner/operators.

•Several employers suggested that claimants should upgrade their skills rather than fill out applications for jobs where they have little or no qualifications.

•Almost every employer we talked to suggested that claimants should focus on how to interview, fill out applications/resumes, and how to look for work effectively.

•All our respondents said they were more concerned about finding qualified applicants than increasing the volume of applications or requiring claimants to make a specified number of contacts.

•26 of the 27 respondents told us that three contacts per week was sufficient. One of the 26 also said that one contact per week was sufficient for professionals. One respondent told us that skilled craft workers should make five contacts per week.

•Many large employers indicated they didn't know if applicants were claimants because they don't screen for this criterion. These employers did say they usually see a large number of applicants who do not meet qualifications for their jobs.

•More than half of the employers we called fall into the large employer category in size, and these employers receive the bulk of the claimant contacts.

•In October 2007, we had an average of 68,000 continued claims and 13,000 new claims – which results in about 243,000 required contacts per week.

Committee members discussed in detail the feedback from employers on this topic. As a way to address employer concerns about qualified applicants and the quality of applicants, various suggestions were recommended for alternatives to required work search contacts for claimants. It was recommended that the three contacts per week continue at this time, with the Board addressing Texas Workforce Commission with some alternatives.

<u>A motion was made and seconded to set work search requirements for claimants in the</u> <u>Gulf Coast at three contacts per week and approach Workforce Commission with</u> <u>alternatives to required contact</u>. <u>The motion carried</u>.

d. <u>Employer Services: consider Committee recommendation for changes to</u> <u>targeted industry; high-skill, high-growth occupations; and Where the Jobs Are</u> <u>lists</u>

Mr. Andrews stated that the Employer Services Committee met on November 28, 2007. The Gulf Coast Workforce Board targets the resources it controls and influences those

Gulf Coast Workforce Board Minutes December 4, 2007 Page 6 of 11 controlled by its partners in the region?

controlled by its partners in the regional workforce system with its strategic plan and a series of three supporting lists: 1) Targeted Industries, 2) High-Skill, High-Growth Occupations, and 3) Where the Jobs Are, a list of occupations likely to provide the largest number of job opportunities in the region over the next ten years. These lists are used to guide the Board's strategic investment and to help residents build careers in industries and occupations with good prospects and higher wages. The High-Skill, High-Growth Occupations list is used to decide which occupations will be supported without education scholarship dollars.

Following is information about updates to each of the three lists.

TARGETED INDUSTRIES

Our current list of targeted industries is based on Standard Industrial Classification (SIC) codes which are now out-of-date. The new industry data classification system – known as the North American Industry Classification System (NAICS) – groups employers in different ways, and some of our adjustments to target industries is based on this change.

We began with labor market data. We used NAICS-level employment and wage data and projections for the 10-year period from 2004 to 2014 and looked for industries that fit the following criteria:

- 1. Industries with a projected employment growth of at least 8,000 new jobs from 2004-2014 (an average of 800 jobs per year)
- 2. Industries with projected employment growth rate equal to or greater than the average growth rate for all industries in the region for the period 2004 to 2014. (>23.0)
- 3. Industries with an average weekly wage of at least \$700 per week.

In addition to industries meeting the above criteria, we added a new sector to our targeted list: Oil and Natural Gas Extraction and Manufacturing. We have also had significant interest from a number of employers in this sector in the Board's assistance for current and projected skills shortages. We have been working for several years with the large oil and gas companies, oilfield service firms, refiners and petrochemical manufacturers on a variety of workforce needs.

The proposed updated list for the Board's Target Industries are included in the Board materials. The changes include:

- the addition of Management, Scientific, and Technical Consulting Services;
- the addition of Offices of Physicians;
- the addition of Specialty Hospitals to the Hospitals sector;
- the inclusion a variety of special trade contractors; and
- the deletion of telephone communications.

HIGH-SKILL, HIGH-GROWTH OCCUPATIONS

Gulf Coast Workforce Board Minutes December 4, 2007 Page 7 of 11 The High-Skill, High-Growth list is made up of larger, high-skill, well-paying occupations critical to the Gulf Coast region's economic future. They offer the best job opportunities to area residents now and will likely continue doing so over the next ten to 15 years.

Qualifying Criteria

Occupations meet the following criteria to be included on the high-skill, high-growth occupations list. They must have:

- projected employment for 2014 equal to or greater than the average for all occupations in the region (4,334)
- a projected employment growth rate equal to or greater than the average growth rate for all industries in the region (23.0 %)
- minimum education requirements of a post-secondary certificate or degree, longterm on-the-job training, or work experience in a related occupation
- median hourly wages equal to or greater than the median for all occupations in the region (\$14.18 per hour)

Scholarship Occupations

Students preparing for employment in occupations on the list that meet two of the following three criteria are eligible for — but not guaranteed — scholarships from The WorkSource or one of its partners. To qualify, two of the three following statements must be true. The occupation must be one:

- with chronic shortages of qualified workers to fill existing or projected job openings;
- where the number of workers expected to graduate from the requisite education or training programs falls significantly below the number of job openings;
- whose employment is over represented in the targeted industries relative to all industries in the region.

The Scholarship Occupations list is a subset of the High-Skill, High-Growth list. We've focused this list – the one we will use in our career offices to help guide staff in putting our dollars into scholarships – on those occupations for which we can provide about two years of support for a successful outcome. All of the Scholarship Occupations come from the High-Skill, High-Growth list and are those currently in demand in our target industries and range of others.

Modifying the List

An employer or group of employers with a demand for skilled workers can ask us at any time to modify our list. We will discuss with employers their shortage occupations, expected numbers of hires, wages and training requirements.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 8 of 11

We use the "Where the Jobs Are" list to identify those occupations that are growing. We don't use wage or other kinds of criteria to refine the list; it consists entirely of those jobs in which we expect to see openings over the next 10 years. Occupations on this list are those with projected annual average job openings equal to or greater than 170 per year.

A motion was made and seconded to adopt the updated Targeted Industries; High-Skill, High Growth Occupations; Occupations Supported by Scholarship; and Where the Jobs Are to better focus available workforce resources in the region – those controlled by the Board as well as those the Board influences. The motion carried.

Dr. Kathy Shingleton explained that the Board was recognized at the recent Workforce Commission Conference for its work with the Health Services Steering Committee. The Board received a trophy/award along with a \$50,000.00 check.

Mr. Terry Hudson stated he attended the National Workforce Association Conference and received an award for the Board. The award was for the vision, the policies and the implementation which has resulted in Excellence for the Gulf Coast Workforce Board in the Urban One-Stop System.

INFORMATION

System Performance

Mr. David Baggerly explained that he had two reports for the Board – end of year report and the current performance report.

System Performance measures for October 2006 – September 2007. The Board established measures for the Regional Workforce System and for The WorkSource. Regional Workforce System measures address how well our region is performing against our expectations. The WorkSource Measures address our immediate impact on our customers. Regional WorkSource System measures will be presented at the end of each calendar year.

For The WorkSource <u>More Competitive Employers</u> –

Employers Receiving Services (Market Share) – we expected to provide services to 24,300 employers this year which is 20% of the 121,343 employers identified for the Gulf Coast area. We provided services to 28,000 employers. We exceeded this measure.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 17,288 employers, 10,558 returned to The WorkSource for additional services.

<u>More and Better Jobs</u> –

New jobs created – we are exceeding planned new jobs created.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 9 of 11

Customers employed by the 1st quarter after exit – In this performance year, 293,201 of the 383,200 customers who exited from services were employed in the quarter after exit.

<u>Higher Real Incomes</u> –

Exiters with Earnings Gains of at least 10% - the percentage of exiters with earnings gains greater than 10% does not meet the target, but shows an increase over last year's performance. 154,183 of the 382,545 who exited had earnings gains of at least 10%.

Exiters with Earnings Gains of at Least 20% - 142,882 of the 382,545 who exited during the performance period had earnings gains of at least 20%.

<u>A Better Educated and Skilled Workforce</u> –

Customers pursuing education diploma, degree or certificate who achieve one - Current performance fell shy of the target. Last year, 3,687 of the 22,000 customers pursing an education diploma, degree or certificate achieved one.

Mr. Baggerly explained that in addition to the Board established measures there are sixteen measures contracted to the Board by the State. There is one measure where we are not meeting the target.

• Job Openings Filled – The target for this measure is 38.5%. Our performance was 29%. This is an improvement over last year's performance which was 23.6%.

System Performance – October 2007

For The WorkSource <u>More Competitive Employers</u> –

Employers Receiving Services (Market Share) – we expected to provide services to 29,000 employers this year which is 23% of the 126,000 employers identified for the Gulf Coast area. In October, we provided services to almost 3,000 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 2,309 employers, 1,763 returned to The WorkSource for additional services.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 10 of 11 New jobs created – This information is captured quarterly. We will report at the February 2008 meeting.

Customers employed by the 1^{st} quarter after exit – In first quarter of the measure period 65,907 of the 84,122 customers who exited from services were employed in the quarter after exit.

<u>Higher Real Incomes</u> –

Exiters with Earnings Gains of at least 10% - the percentage of exiters with earnings gains greater than 10% does not meet the target, but shows an increase over last year's performance. 42,891 of the 102,752 who exited had earnings gains of at least 10%.

Exiters with Earnings Gains of at Least 20% - The percent of exiters with earnings gains greater than 20% does not meet the target but shows an increase over last year's performance. 39,659 of the 102,752 who exited during the performance period had earnings gains of at least 20%.

<u>A Better Educated and Skilled Workforce</u> –

Customers pursuing education diploma, degree or certificate who achieve one - Current performance is shy of the target. This is not a concern at this time since outcomes do not usually occur in October. 137 of the 2,597 customers pursuing an education diploma, degree or certificate achieved one.

Mr. Baggerly explained that in addition to the Board established measures there are sixteen measures contracted to the Board by the State. There are five measures where we are not meeting the target.

- Staff Assisted Job Openings Filled The target for this measure is 50%. Our performance for October was 46.7%.
- Attainment of Degree or Certificate This is a youth measure. The target is 50%. Our performance for the first quarter was 44.9%.
- Literacy and Numeric Gains This is a youth measure. The target is 30%. Our performance for the first quarter is 14.3%.
- All Families Participation Rate The target for this measure is about 55%. Our performance for October was 47.7%.
- Two-Parent Families Participation Rate The target for this measure is 74%. Our performance for October was 69.7%.

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for ten months ended October 31, 2007. Mr. Bradshaw explained that everything was on target and expenditures looked good, but he wanted to explained why the Employer Services line

item appeared out-of-line. The budget number was reported wrong – there is approximately \$1 million in financial aid that should have been reported in Employer Services. The next report will be corrected.

Gulf Coast Workforce Board Minutes December 4, 2007 Page 11 of 11

Economic Outlook

Mr. Joel Wagher presented The Short-Term Outlook for the Gulf Coast Region prepared by The Perryman Group for November 2007. Mr. Wagher explained the overview, outlook – key indicators and conclusion.

LABOR MARKET REPORT

Mr. Joel Wagher explained Gulf Coast's region's over-the-year job growth for October was 2.1 percent or 52,900 jobs. The unemployment rate is the lowest since the early 1980's. Jobs in Research and Development in Biotechnology are expanding with Professional & Business Services also adding jobs. The thirteen county region's unemployment rate was 3.8%, down from 4.3% in October 2006.

ADJOURN

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

Education Committee Report

The Education Committee will meet on February 5, 2008 at 9 a.m. before the Board Meeting in the Houston-Galveston Area Council's Conference Room B. Conference Room B is located next to the room in which the full Board meets. All Board members are welcome to attend. The Agenda for the meeting is as follows:

- 1. Call to order and introductions
- 2. Report on Economic Development Coordination Opportunities
- 3. Report on School and School District Visits
- 4. Marketing the Committee's Work
- 5. Adjourn

Second Year Contract Gilbreath Communications, Inc.

Background

During the past year, marketing activities and events provided visibility for the Board and The WorkSource system with both employers and residents throughout the region. Following is a brief summary of the products and services Gilbreath Communications, Inc. delivered during the first year of its 2007-2009 marketing services contract.

- Media & Advertising. To maintain brand awareness at a low cost throughout the year, GCI used outdoor advertising and kiosk advertising in suburban malls. GCI also created and placed a variety of ads in business and industry-specific publications. GCI made a match with The WorkSource and the Houston Chronicle's educational foundation to develop and produce a career education guide for students. This branded guide will be made available to high school teachers and counselors for classroom use. Each classroom set will also include one box of Occupations in Demand cards as well as the Nursing Career Map.
- **Creative & Collateral.** Gilbreath produced materials for both employer and resident customer use. In addition, GCI also updated and produced materials for the Board, including the annual Report Card and the newsletter.
- Public Relations & Events. GCI directed The WorkSource in hosting its first webinar broadcast on "Disaster Preparedness for HR" in August 2007. More than 150 human resource executives and business executives participated in the hour-long seminar. GCI also facilitated a partnership meeting with the HR and Public Affairs personnel at the Port of Houston Authority and The WorkSource team. In October 2007, Gilbreath Communications and The WorkSource planned and coordinated the first Port of Houston-wide Job Fair.
- Market Research. GCI facilitated a variety of surveys for The WorkSource, including an online survey of resident customer satisfaction, online survey of priority employer customer satisfaction, and mystery shopping for career offices.

Current Situation

For the next year, we are proposing a larger contract budget because of the need to change the name of our operating system. We will continue most of our regular and usual marketing activities, although we propose to limit our advertising to keep costs down as much as possible.

Gilbreath Communications, Inc. has developed a brand transition plan and has begun graphic design changes for the Texas Workforce Commission-require name change from The

WorkSource to Workforce Solutions. Changes include re-design of collateral and marketing materials, special planned advertising, and a public relations campaign to educate target markets of the name change. The plan implementation timeline is designed to meet the required deadline of July 1, 2008.

We propose a budget and work plan for the second year that is \$160,000 more than the first year budget of \$765,000. The second year plan includes:

Creative Production and Materials	Electronic, print and outdoor production; translations; Web automated translation program and update; concept design & layout development; collateral: direct mail, newsletters, operational and transitional materials	\$	248,000
Research	Online Resident Survey, quarterly Priority Employer Evaluation and Mystery Shopping research.	\$ 5	52,000
Media & Advertising, Public Relations	Radio, outdoor, print, Web advertising; mall advertising; transitional advertising; directories, including yellow pages; direct mail postage, media tracking	\$	275,000
Special Events	Go for the Gold, Port of Houston-wide Job Fair, Virtual Job Fair, Web Broadcasts	\$	175,000
Account Service, Management and Media Buying		\$	85,000
Printing	Revised materials with the new logo and name	\$	90,000
	Total Proposed Second Year Contract	\$	925,000

Action

Authorize a second year contract with Gilbreath Communications, Inc. in an amount not to exceed \$925,000.

GULF COAST WORKFORCE BOARD SYSTEM PERFORMANCE October 2007 - DECEMBER 2007

BOARD MEASURES

The Board established measures for the Regional Workforce System and for The WorkSource. Regional Workforce System measures address how well our region is performing on a broad economic level. Regional Workforce System measures include Regional Gross Product, Regional Education performance, Net New Jobs, Regional Employment. The WorkSource measures address our immediate impact on our customers.

Performance on The WorkSource measures are presented below.

BOARD GOAL: More Competitive Employers

MEASURE		CURRENT PERFORMANCE	PERFORMANCE LAST YEAR	
For The WorkSource				
Employers Receiving Services (Market Share) We expect to provide services to 29,000 employers this year which is 23% of the 126,000 employers identified for the Gulf Coast area. Through December, we provided services to 5,800 employers.	23%	18.5%	23.1%	
Employer Loyalty Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 4,353 employers, 3,255 returned to The WorkSource for additional services.	65%	74.8%	61.1%	

BOARD GOAL: More and Better Jobs

System Measure	Annual Target	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>New jobs created</u> This information is captured quarterly. Information is not available at this time.	1,500		1,923
Customers employed by the 1st Qtr after exit In first quarter, 65,936 of the 84,125 customers who exited from services were employed in the quarter after exit.	77%	78.4%	76.5%

BOARD GOAL: Higher Real Incomes

System Measure		CURRENT PERFORMANCE	PERFORMANCE LAST YEAR	
For The WorkSource				
 <u>Exiters with Earnings Gains of at least 10%</u> The percent of exiters with earnings gains greater than 10% does not meet the target but shows an increase over last year's performance. 42,910 of the 102,757 who exited in the first quarter had earnings gains of at least 10%. 	45%	41.8 %	40.3%	
 <u>Exiters with Earnings Gains of at least 20%</u> The percent of exiters with earnings gains greater than 20% does not meet the target but shows an increase over last year's performance. 39,659 of the 102,757 who exited in the first quarter had earnings gains of at least 20%. 	40%	38.6%	37.4%	

BOARD GOAL: A Better Educated and Skilled Workforce

System Measure		CURRENT PERFORMANCE	PERFORMANCE LAST YEAR	
For The WorkSource				
Customers pursuing education diploma, degree or certificate who achieve one Current performance is shy of the target. 231 of the 3,538 customers pursuing an education diploma, degree or certificate achieved one.	20%	6.5%	16.8%	

CONTRACTED MEASURES

In addition to the Board established measures, there are sixteen measures contracted to the Board by the state. Of these sixteen measures we are not meeting the target for five measures.

- <u>Market Share</u>. The target for this measure is 23%. Our performance for the first quarter was 18.5%.
- <u>Attainment of Degree or Certificate.</u> This is a youth measure. The target is 50%. Our performance is 47%.
- <u>Literacy and Numeracy Gains.</u> This is a youth measure. The target is 30%. Our performance is 11.1%.
- <u>All Families Participation Rate.</u> The target for this measure is about 55%. Our performance through December was 44%
- <u>Two-Parent Families Participation Rate</u>. The target for this measure is 74%. Our performance through December was 64.7%

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

GULF COAST WORKFORCE DEVELOPMENT BOARD FINANCIAL STATUS REPORT	ANNUAL	BUDGET		DOLLAR
For the Twelve Months Ended December 31, 2007	BUDGET	YEAR TO DATE	YEAR TO DATE	VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	217,977,039	217,977,039	209,897,876	8,079,163
WORKFORCE EXPENDITURES				
BOARD ADMINSTRATION	4,942,218	4,942,218	4,473,551	468,667
EMPLOYER SERVICES	8,492,475	8,492,475	8,181,461	311,014
RESIDENT SERVICES	202,842,346	202,842,346	195,869,465	6,972,881
OFFICE OPERATIONS	68,342,346	68,342,346	66,035,375	2,306,971
FINANCIAL AID	134,500,000	134,500,000	129,834,090	4,665,910
RESEARCH & DEMONSTRATION	1,700,000	1,700,000	1,373,399	326,601
TOTAL WORKFORCE EXPENDITURES	217,977,039	217,977,039	209,897,876	8,079,163

VARIANCE ANALYSIS

<u>Note</u>: "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.

The WorkSource Resident Service Terry Hudson

Terry Hudson has led Houston Works since its inception in 1985. On January 1, he stepped aside as the day-to-day leader for the organization, although he will continue to work in a part-time capacity with Houston Works' board and staff.

Charles McBride is serving as the organization's interim executive director while the board makes a decision about a permanent leader. Russell Tomlin continues to lead Houston Works' efforts in managing The WorkSource offices. We appreciate both of these individuals and are pleased to continue working with them to make our system the best that it can be.

Last year, those eight offices saw 193,859 individual customers and counted just short of 1 million customer visits. Houston Works was the only one of our career office operators that met all 26 of its contracted performance measures and production targets in 2007.

We would like to recognize Terry for his contributions to the region's workforce system and to thank him for his leadership at Houston Works and in our community.



<u>Gulf Coast Region Employment Trends</u> <u>February 2008</u> December 2007 Data

Job growth continues to slow over the year. The Gulf Coast Region's¹ over-the-year job growth for December was 2.4 percent, or 59,800 jobs. This was less than the over-the-year increase for December 2006, when the rate was 4.0 percent, or 95,900 jobs. Current monthly estimates show peak growth in October 2006 at 4.8 percent. The over-the-year job growth has been slowing ever since (Chart). December growth rates for the state and nation were 2.2 percent and 0.9 percent respectively.

Unemployment rate above the year ago level. For the first time since December 2003, the current month's unemployment rate was above the year ago number. In December 2007, there were 114,539 unemployed job seekers, for an unemployment rate of 4.2 percent, up from the 4.0 percent in December 2006 when there were 109,226 unemployed job seekers. The labor force has increased by 16,810 over the year with an additional 5,313 added to the unemployed rolls.

Initial Claims for unemployment benefits up six months in a row. There were 3,305 fewer claims filed in the first half of 2007 compared to the first half of 2006, but the last six months have seen initial claims for benefits increase by 3,595 compared to the last six months of 2006. With the increase of initial claims over the past six months, continued claims were on the rise also in December. The 68,464 continued claims filed in December created the first over-the-year increase in continued claims since December 2003.

Reports on the characteristics of the insured unemployed reveal that the sectors with the largest increases of unemployed workers over the year are construction, manufacturing, and finance.

Professional & Business Services adding jobs. The data on the next page, Table 1, shows the levels of employment for the current month, month ago, and year ago for the Gulf Coast Region. Professional & Business Services and Construction, both up 11,900 jobs from December 2006, are the two major job producers in the region. Last year at this time, Professional & Business Services was up 16,100 jobs, peaking in June 2006 with an over-the-year increase of 23,600 jobs. Health Care & Social Assistance added 9,900 jobs from December 2006. Information was the only supersector to lose jobs over the year, down 900 jobs from December 2006

The thirteen county region's unemployment rate was 4.2%, up from 4.0% in December 2006.

¹ The Houston- Sugar Land-Baytown MSA is the only geographic area with monthly job count data in the Gulf Coast Region. Houston-Sugar Land- Baytown MSA includes the following counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller

Source - U. S. Department of Labor, BLS and Texas Workforce Commission

Table 1

Houston-Sugar Land-Baytown MSA				NET CHANGE FROM		% Chg.
				Nov-07	Dec-06	Dec-06
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Industry	Dec-07	Nov-07	Dec-06	Dec-07	Dec-07	Dec-07
Total Nonfarm	2,568,500	2,558,900	2,508,700	9,600	59,800	2.4%
NATURAL RESOURCES & MINING	86,600	86,400	79,900	200	6,700	8.4%
CONSTRUCTION	197,400	195,700	185,500	1,700	11,900	6.4%
MANUFACTURING	228,500	228,300	227,100	200	1,400	0.6%
DURABLE GOODS	146,800	146,900	144,600	-100	2,200	1.5%
NONDURABLE GOODS	81,700	81,400	82,500	300	-800	-1.0%
TRADE, TRANSP., & UTILITIES	524,100	517,200	522,200	6,900	1,900	0.4%
WHOLESALE TRADE	132,300	131,900	132,100	400	200	0.2%
RETAIL TRADE	268,300	262,100	267,600	6,200	700	0.3%
TRANSP, WAREHOUSING, & UTIL	123,500	123,200	122,500	300	1,000	0.8%
INFORMATION	35,100	35,200	36,000	-100	-900	-2.5%
FINANCIAL ACTIVITIES	144,800	144,300	141,500	500	3,300	2.3%
PROFESSIONAL & BUSINESS SERV.	376,200	376,700	364,300	-500	11,900	3.3%
EDUCATION & HEALTH SERV.	286,400	286,100	277,100	300	9,300	3.4%
LEISURE & HOSPITALITY	226,500	226,300	220,600	200	5,900	2.7%
OTHER SERV.	99,500	99,100	96,800	400	2,700	2.8%
TOTAL GOVERNMENT	363,400	363,600	357,700	-200	5,700	1.6%
FEDERAL	28,500	28,500	28,400	0	100	0.4%
STATE	69,900	69,900	71,200	0	-1,300	-1.8%
LOCAL	265,000	265,200	258,100	-200	6,900	2.7%

<u>Chart</u>

