

To: Gulf Coast Workforce Board Members

From: Rodney Bradshaw  
Mike Temple

Date: January 29, 2013

Subj: Board Meeting Materials for Tuesday, February 5, 2013

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, February 5, 2013**, in the second floor Conference Room A, 3555 Timmons, Houston.

**Chairman's and Committee Reports.** Audit/Monitoring Committee Chair Garcia will present committee findings on the office review and financial reviews of three contracts. The committee is also following implementation of the child care automated attendance system and related issues for parents and vendors.

**Action Items.** Early Education and Care Committee Chair Henderson will bring recommendations regarding proposed new rules impacting parents and child care vendors. The State requires Boards to penalize parents and vendors that misuse swipe cards used to track attendance. The committee will propose rules for Board consideration to balance the need for compliance with reasonable and swift implementation.

Budget Committee Member Andrews will present a recommended Board budget on behalf of Chair Estrada. The recommended budget is 8% less than the recent completed year, with reductions in a number of program areas. The proposed Board operations portion of the budget represents 2.9% of the total, comparable to prior years. The parts of the Board budget with increases are due to a new higher coast lease, depreciation associated with build out and for the system website and network upgrades.

Nominating Committee Chair Hebert will bring officer nominations from the committee for Board consideration before a vote.

**Information Items.** Included is information on current performance and expenditures. The good news is our local economy is recovering nicely. More available jobs will offer

our Board the opportunity to help more people find work. The expanding economy requires us to refocus on employers and learn what they need today and tomorrow.

We look forward to seeing you Tuesday.

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, February 5, 2013 at 10:00 a.m.**

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

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1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review December 2012 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
  - a. *Audit/Monitoring.* The committee chair will present an update from the January 2013 meeting.
7. **Take Action**
  - a. *Early Education & Care.* The committee chair will present an update from the January 2013 meeting and bring recommended changes to Workforce Solutions financial aid procedures for Board consideration.
  - b. *Budget.* The Budget Committee will present a proposed 2013 Board budget of \$174,555,600 million for consideration.
  - c. *Nominating.* The committee chair will present nominations for Board officers in 2013.
8. **Receive Information**
  - a. *System Performance.* Staff will summarize current performance against Board measures and grantor requirements.
  - b. *Expenditures.* Staff will report on current expenditures.
9. **Look at the Economy**

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



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**MINUTES OF  
THE GULF COAST WORKFORCE DEVELOPMENT BOARD  
TUESDAY, DECEMBER 4, 2012**

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**MEMBERS PRESENT:**

Gerald Andrews	Willie Alexander	Betty Baitland
Ganesh Betababhatla	Sara Bouse	Carl Bowles
Scott Buchel	Stephanie Dees	Sal Esparza
Joe Garcia	Mark Guthrie	John Hebert
Bobbie Henderson	Tracie Holub	Eduardo Honold
Guy Robert Jackson	Tony Jones	Sara Janes
David Joost	Birgit Kamps	Jeffrey Labroski
Ray Laughter	Ramona Malone	Linda O'Black
Allene Schmitt	Richard Shaw	Connie Smith
Gil Staley	Joe Swinbank	Frank Thompson
Evelyn Timmins	Bill Weaver	Sarah Wrobleski

**H-GAC STAFF MEMBERS PRESENT**

Rodney Bradshaw  
Mike Temple  
David Baggerly  
Ron Borski

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, December 4, 2012, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

**ADOPTION OF AGENDA**

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

**PUBLIC COMMENT**

Mr. Joe Shaldnagle signed up to speak with the Board regarding his positive experience with Texas Workforce Commission over ten years ago. Mr. Shaldnagle (who is blind) explained that he was laid off in 1994 and went to TWC where he took a training course and landed the best job he has ever had.

## **MINUTES FROM SEPTEMBER 11, 2012**

Mr. Thompson asked if there were any additions or corrections to the minutes for the September 7, 2012 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.

Mr. Thompson introduced our newest Board member – Ganesh Betanabhatla.

## **CONSIDER COMMITTEE REPORTS**

### **Career Office**

Ms. Tracie Holub explained that twice a year the Workforce Solutions' Honeycomb Service Excellence Awards recognize exemplary work by staff throughout the system. A committee composed of contractor and Board staff select from nominations received in two categories: Innovation/Initiative and Teamwork.

*Innovation/Initiative* awards recognize individual staff who go beyond prescribed job duties to implement new ideas and make Workforce Solutions a better place in which customers get the help they want and need more efficiently.

*Teamwork* awards recognize cooperation among contractors representing at least two of the three parts of our system to improve service for our customers.

For fall 2012, the committee received nine nominations for Innovation/Initiative, but none for Teamwork. We are presenting two Honeycomb Awards for Innovation and Initiative.

### **❖ Loretta Jones** (Neighborhood Centers, Inc.)

Customers working with the Personal Service Representatives (PSRs) in our career offices face many challenges as they pursue new or better jobs. These customers often have simple questions that if not answered can delay their progress. Most customers work in environments where they must limit phone calls to specific times of the day.

To improve customer service, Loretta Jones devised a process to ensure that customers speak to a live person at any time during the business day. As a result, customers are less frustrated because they get immediate answers and know how to proceed. Both customers and staff enjoy the streamlined efficiency the process provides.

❖ **Jessica Smith**  
(ResCare)

The twelve local initiative contracts between the Gulf Coast Workforce Board and area colleges and school districts allow Workforce Solutions to provide child care financial assistance to over 1,500 customers. Each contract is unique and requires special attention for each customer along with expanded reporting for contract partners. Jessica Smith took ownership of the challenge and developed a process to ensure both quality customer service and open communications with contract partners.

Because of Jessica's efforts, contract partners now receive real-time electronic updates on the status of financial aid requests from their current students.

Audit/Monitoring

Mr. Joe Garcia explained that the committee met on Tuesday, November 27, 2012 to review recent activity.

- The regional team has completed reviews of the Astrodome (above average), East End, Hobby and Northshore (average) career offices operated by NCI/Houston Works.
- For ResCare the team reviewed Bay City, Liberty, Texas City and Wharton (average.) We also reviewed Lake Jackson and Winnie (below average.) Lake Jackson has been placed on a performance improvement plan and Baytown will improve their oversight of the Winnie office's work. ResCare has recently changed office managers in some of their offices.
- The Interfaith of The Woodlands offices we reviewed are Huntsville, Westheimer and Willowbrook, all average.
- The outstanding billing reviews from Interfaith, ResCare and Neighborhood Centers, Inc. have all responded. Interfaith and ResCare provided information that lowered the questioned costs and have provided reimbursement. NCI had no questioned costs and has responded to their findings.
- ResCare's annual financial review found minor miscoding and procurement issues that have all been corrected.
- We received The Texas Workforce Commission annual report from their June visit. We were reporting some costs on the wrong line items (this is a common finding across the state), some of the child care vendors had possession of the customer's swipe cards, our offices need to improve their IT security, we had one disabled child in care that lacked the proper verification for the higher rate paid to the vendor and some customers in our data base did not have their services closed timely. We have responded to the report and the state accepted our response.

### Education Committee

Mr. Richard Shaw presented the report for Elaine Barber. Mr. Shaw explained that the committee met on October 17, 2012 where members heard a presentation from staff member, Michelle Ramirez regarding expanding marketing efforts for the Board's career and labor market information. Ms. Ramirez discussed how the Board's curriculum about high-skill, high-growth jobs – When I Grow Up – is being promoted and used in pre K-12 schools in the region, including the development of a middle school segment of this curriculum. Members provided feedback and asked questions about how we could measure progress in distributing the career/labor market information. Staff will provide data at the next committee meeting.

Board member Eduardo Honold made a presentation about the adult basic education system in the region from his perspective as a provider, noting successes and challenges. Board member David Joost also contributed to the discussion about the system and its services.

### **TAKE ACTION**

- a. Employer Services. Consider the committee's recommendation on job search requirements for unemployment compensation claimants.

Mr. Gerald Andrews explained that 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.

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

In 2011, upon recommendation of its Employer Services Committee, the Board approved the work search requirement for Gulf Coast claimants at three job contacts per week for 2012.

This year we contacted employers across the region to assess the economic and future employment conditions. In addition, we have analyzed the data from multiple sources including our current and projected outplacement activities, job postings and available unemployment insurance data.

Following is a summary of that analysis:

- Companies in the region continue to layoff.
  - Over the past 11 months, we have received 65 requests for rapid response services. Aerospace, engineering, and manufacturing businesses were among the industries reporting losses. The number of layoffs across industries topped 5,000 in 2012.

- Future projections for 2013 reported by employers include an additional 1,000 plus in aerospace and 400 in manufacturing IT systems.
- On the job posting side, between 10/1/11 through 9/30/12, 11,282 employers posted 45,405 times with 100,508 openings.
  - Additional year-over-year analysis of supply/demand data shows a steady increase in job postings and openings by occupational categories with the exception of one category (Production) where the number of postings is lower but the number of openings is higher (fewer employers with more jobs).
  - Job seekers by category has decreased except for military specific which is showing an increase as more veterans return from overseas.

From January through September 2012, the average monthly continued unemployment insurance claims for our region are 33,133. Using the current requirement for job searches, we estimate that results in more than 99,399 required contacts per week 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 would prefer to see better matching rather than a higher volume of applicants for their open jobs.

Labor market data continues to support employer requests for adequate screening, matching and referrals as the jobs posted in our region require more specific prior industry experience and/or higher level education credentials or certifications.

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

A motion was made and seconded to require unemployment compensation claimants make at least three job contacts per week in order to continue their eligibility for benefits. The motion carried.

Mr. Andrews stated that early in 2013, staff will present a proposal which will change the policy and procedures and strengthen the network to provide better training for customers and to meet the needs of area employers.

- b. State Compliance Plan. Consider approving the Workforce Board's state compliance plan for 2013.

Mr. Ron Borski explained that we prepare a compliance planning document for the Texas Workforce Commission each year to ensure continued flow of funds for operating the region's workforce system. Again this year, the Commission has asked the Board to prepare a document that addresses both the Board's strategic vision and its operations.

This current plan began October 1, 2012 and will be submitted to the Texas Workforce Commission in mid January 2013.

The Board's strategic plan stands as the organizing and driving force for the workforce system in this region. The strategic plan includes statements of the Board's core values, mission and vision that explain what its members value most, why they exist as a board, and where they want to be at some point in the future. The results statements for the regional workforce system, both that which we control and for the larger world, along with the measures, baselines, annual and long-range targets, track our progress towards those strategic results statements.

The bulk of the compliance plan document is a description of our operations – our system of career offices and the employer service division, our collaboration with community partners, the financial aid we provide customers, our approach to measuring performance and, customer feedback processes.

We also assure in the compliance plan that

- We will abide by all federal and state laws and regulations that apply to the taxpayer dollars we use in our system
- We will follow the Commission's directives
- We will have joint service and referral agreements with various other public partners (agencies that work with welfare recipients, ex-offenders, developmentally disabled or delayed individuals, veterans, seniors, and others)
- We will make sure what we do is aligned with the Texas Workforce Investment Council's strategic goals for the entire state

Using our current experience as a guide, we expect to serve about 25,000 employers and more than 400,000 residents this coming year. Initially we expect to have about \$179 million in total resources available for the year.

Following is a brief summary of key operations information:

Employers

▪ Employers served	25,000
▪ Market share	17%
▪ Repeat customers (loyalty)	13,340
▪ Job orders filled	11,000
▪ 84 staff	

People

▪ Individuals served	400,000
▪ Individuals entering employment	300,000
▪ New jobs created	2,000
▪ Individuals with 20% earnings gain	133,000
▪ Total financial aid	\$125,000,000
▪ Individuals receiving financial aid	51,000
▪ 25 career offices and 719 staff	

A motion was made and seconded to approve the state compliance planning document for submission to the Texas Workforce Commission. The motion carried.

## **RECEIVE INFORMATION**

### System Performance

Mr. David Baggerly reviewed the System Performance measures for October 2011 through September 2012. These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions. We report on the Workforce Solutions measures at each Board meeting.

#### *For Workforce Solutions*

##### *More Competitive Employers* –

Employers Receiving Services (Market Share) – we expected to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. We provided services to 22,962 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 16,431 employers, 8,840 returned to The Workforce Solutions for additional services.

##### *More and Better Jobs* –

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

Customers employed by the 1<sup>st</sup> quarter after exit – Reporting for the year ending September 2011, 275,987 of the 399,884 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 year ending March 2011, 131,495 of the 425,541 customers who exited had earnings gains of at least 20%.

##### *A Better Educated and Skilled Workforce* –

Customers pursuing education diploma, degree or certificate who achieve one  
Through September 2012, 1,480 of the 4,770 customers pursuing an education diploma, degree or certificate achieved one.

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

For the performance year that began October 1, 2011, we met or exceeded the target for all ten measures.

### System Performance – October 2012

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#### *For Workforce Solutions* More Competitive Employers –

Employers Receiving Services (Market Share) – we expected to provide services to 24,591 employers this year which is about 17.8% of the 138,150 employers identified for the Gulf Coast area. In October we provided services to 8,364 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,979 employers, 6,665 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 will report this first quarter at our February 2013 meeting.

Customers employed by the 1<sup>st</sup> quarter after exit – Reporting for one quarter (October 11 – December 12), 60,780 of the 85,830 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 one quarter (April 11 – June 12), 30,987 of the 98,969 customers who exited had earnings gains of at least 20%.

#### A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one  
In October, 98 of the 1,946 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, 2012, we are meeting or exceeding the target for three of ten measures. The seven measures we are not meeting are:

- Total Job Postings Filled. The target for this measure is 32.1%. Our performance in the first quarter (1/12-3/12) was 26.8%.
- Total Employer Success Rate. The target for this measure is 49%. Our performance in the first quarter (1/12-3/12) was 37.1%.
- Total Education Achievement. The target for this measure is 80%. Our performance for October was 66.1%.
- Youth Placement in Employment or Education. The target for this measure is 64.9%. Our performance for October was 51%.
- Youth Literacy/Numeracy Gains. The target for this measure is 50.5%. Our performance in the first quarter (7/11 – 9/11) was 29.5%.
- Choices Partial Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 55.7%. Our performance for October was 44.2%.
- Average Number of Children Served per Day (Child Care). The target for this measure is 23,439. We are about 4,000 children under enrolled and are working to clear the wait list for services.

Later this year, the state will add another Choices Work Rate participation rate measure that will focus on how many customers receiving TANF benefits meet their participation requirement through employment.

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

### Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for four months ending October 31, 2012. Mr. Bradshaw explained that everything looked good – and he noted that Board Administration was running slightly behind because of a few open positions which we plan to fill soon. Also noted was Resident Services under Office Operations – it shows we are \$4,841,311 over spent against a ten month budget. The reason is we captured the expenses of wages & benefits costs for TWC employees in the region. The next time you see this report – we will have added \$6,982,000 to the budget and that will reflect that we are at 98% expenditures.

### Transition

Mr. Mike Temple explained that at the Workforce Board's direction, staff negotiated contracts with Neighborhood Centers Inc. and Interfaith of the Woodlands for the continuation of Workforce Solutions services at Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena and Southwest career offices which were formerly operated by Houston Works USA.

On September 18<sup>th</sup>, Houston Works stopped delivering services to customers through its Workforce Solutions contract. On September 19<sup>th</sup>, NCI and Interfaith began employing 151 staff members who previously worked for Houston Works and operating the offices and financial aid call center.

On September 19, 2012, Neighborhood Centers, Inc. assumed responsibility for career office operations at Astrodome, East End, Hobby, Northeast, Northline, Northshore, Pasadena and Southwest. NCI hired 126 staff previously employed by Houston Works. NCI posted an additional 34 positions in Work-in-Texas and through the interview and selection process, NCI hired an additional 29 employees. Currently, NCI has 5 vacant positions. This is approximately the same staffing level as last year. NCI completed lease agreements for five locations and is finalizing agreements for the three others.

All eight of the offices were continuously open during regular business hours, and staff was available to help customers. No offices closed or were unavailable to customers during the transition.

Before the transition, customer requests for Workforce Solutions' financial aid were processed by each of the three career office contractors.

In September, the Workforce Board approved staff's recommendation to contract with Interfaith of the Woodlands to continue handling financial aid processing through its call center for the nine career offices that it operates as well as the eight offices which are being operated by Neighborhood Centers Inc. ResCare continues to manage a call center for the eight offices it operates.

On September 19<sup>th</sup>, Interfaith received 25 additional positions as a result of the transition, which increased Interfaith's call center positions to 44.

In October, Interfaith has not reported a back log for applications and is reportedly current in processing customer requests for financial aid in a timely manner.

Interfaith:

- Is currently processing financial aid for customers with staff resources and equipment located at Southwest, Northline and Westheimer.
- Oversees the call center operations from its central location at Westheimer.
- Is researching equipment and software enhancements which will allow staff to handle a higher volume of anticipated calls more efficiently.

### **LOOK AT THE ECONOMY**

Mr. Ron Borski explained that the rate of unemployment in the Houston-Sugar Land-Baytown-Metropolitan statistical area (H-S-B MSA) dropped one-tenth of a percentage point to 6.2 percent in October. This was the lowest rate of unemployment for H-S-B MSA since December 2008.

The H-S-B MSA added 23,600 jobs to payrolls in October with construction companies continuing to add strong numbers to payrolls for a third consecutive month, up 3,500 jobs. Health Care and Social Assistance companies also saw strong gains for a second consecutive month, up 4,700 jobs. While most major industry sectors saw increases, Professional & Business Services cut payrolls for the second consecutive month, down 4,700 jobs.

Mr. Borski stated that Chart 4 shows that we recovered all jobs lost during the recession by November 2011 and added almost 97,000 jobs. The national levels there still 4,171,000 jobs that need to be recovered to reach the point we were before the recession began.

Mr. Bradshaw took a minute to thank the Board members that joined them at the 16<sup>th</sup> Annual Texas Workforce Conference in Grapevine, Texas in late November. Our Board was recognized along with Rio Grande and Dallas for good achievement in putting UI Claimants back to work. We received an award and check for \$5,000.

Mr. Bradshaw explained that Mr. Mark Guthrie who Chairs the Texas Association of Workforce Boards meetings was there and has a guest at the meeting today. Mr. Guthrie introduced Mr. Greg Vaughn who is the Executive Director of TAWB. Mr. Guthrie explained the TAWB is the association of the 28 local Workforce Boards around the state of Texas. Mr. Vaughn has been making his way around the state to visit at Board meetings and meet members.

Mr. Tony Jones took a minute to thank staff and Interfaith for their efforts in helping to correct issues at the Westheimer office.

## **ADJOURN**

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

## Audit/Monitoring Committee

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### January 2013 Update

### Recent Activity

- The regional team has completed reviews of the Conroe Office (average) operated by Interfaith of The Woodlands.
- The team has also completed six other reviews that the reports will be issued in early February.
- The Regional Quality Assurance special projects monitor is conducting surprise visits to child care vendors to see if the vendors and parents are using the automated attendance system correctly.
  - He has found problems with the POS (Point of Service) machines not working, locked in an office and poor customer service from the machine vendor.
  - He has found parents cards and pin numbers stored at the vendor and the vendors not reviewing their data reports as required.
  - Customers have approached the monitor with questions about inability to get to a human on the phone to help them, questions about warning letters and appeals and overall operation of the POS machines.
  - He has also found data concerns in our system to accurately reflect problems with machines and attendance issues.

We are working with the Financial Aid Payment Office to correct issues, better train vendors and parents and better address misuse of the attendance cards.

- Financial reviews:
  - Employments & Training Centers, Inc. annual review revealed missing documentation. All the documentation has been found and all issues are resolved.
  - Neighborhood Centers, Inc. needed to provide some back up documentation and revised procedures. This has been done and all issues are resolved.
  - Collaborative for Children, Inc. lacked formally documented process and controls for some computer access and record collecting. Also, computer access was not terminated at an employee's separation. Their response is due next week.
- Financial aid fraud
  - The Harris County grand jury has returned indictments on 3 cases of suspected financial aid fraud. The individuals failed to correctly report employment status. The three cases represent ineligible services totaling \$41,330.

## Early Education and Care Committee

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### Corrective Action for Parents and Providers

### Background

The State recently passed rules which require us to impose corrective action for parents and providers who do not adhere to the requirements associated with the automated attendance system we use with our child care financial aid.

As you recall, the automated attendance system uses cards that parents swipe to record a child's presence or absence and provides the basis for all provider payments.

Specifically, we must take action against parents who give their attendance cards and/or personal identification numbers to providers to keep on site and use – and against providers who keep cards and use them to record attendance.

### Proposed Corrective Action

We recommend the committee and the Board adopt the following procedures for taking corrective action when parents or providers do not adhere to requirements of the automated attendance reporting system:

#### **Parents**

- The first time a parent gives or allows a provider to keep on site and use one or more automated attendance cards, Workforce Solutions will assess a financial penalty of \$25 per child.
- The second time a parent gives or allows a provider to keep on site and use one or more automated attendance cards, Workforce Solutions will discontinue the parent's financial aid.
- When Workforce Solutions discontinues a parent's financial aid because the parent did not adhere to requirements, the parent will not be apply to re-apply for assistance for at least 30 days from the date of the discontinuation.

#### **Providers**

- The first time a provider keeps on site and uses one or more automated attendance cards, Workforce Solutions will assess a financial penalty of \$25 per card.
- The second time a provider keeps one of more automated attendance cards, Workforce Solutions may stop referrals to the provider for a minimum of 90 days, or if the violation is egregious, Workforce Solutions may cancel the provider's agreement.

- If there is a third time that we find a provider keeping one or more automated attendance cards, Workforce Solutions will terminate the provider's agreement.

## **Action**

Adopt proposed corrective action for parents and providers that do not adhere to requirements of the financial aid automated attendance reporting system to take effect no later than March 1, 2013.

# Budget Committee

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## Proposed 2013 Board Budget

### Background

Each year the Workforce Board approves a budget showing how it uses the revenues it receives to achieve the results set out in the Board's strategic plan.

### Current Situation

The proposed 2013 budget at \$174.6 million is 8% less than the revised 2012 budget. The largest reductions occur in our Child Care Development Fund revenues and several of the Board's non-core special revenue. Discussion as the federal level over the national budget and budget deficit continue and make predictions about our core revenue difficult for the coming year. We expect to see a small decline in our base funding, although larger cuts might be possible.

- We have spent out the last remaining Recovery Act funds for child care financial aid and early education and care quality improvements.
- State funds used for Texas Back to Work Funds were effectively spent by December 31, 2012.
- The additional funds supporting the Aerospace Transition Center are planned to end June 30, 2013.

Proposed 2013 expenditures are in line with contracts the Board approved in August 2012.

- The drop in financial aid is primarily due to the end of Recovery Act funds for child care assistance and early education/care quality projects.
- The remaining special projects funds are for the Training for Youth contracts the Board authorized last year.

We are proposing a Board operations budget of \$4.27 million, an increase of 3.4% from the 2012 revised budget. This represents 2.4% of the total 2013 Board budget.

- The budget includes \$225,000 that was approved in 2012 to upgrade the website for better customer service.
- H-GAC's indirect rate increased for 2013 due to a new office lease and depreciation of capital improvements.
- We are not asking for additional staff positions; however, we have had an increase in the benefits rate for 2013 primarily due to increased health care costs.
- H-GAC provides a pool of funds for merit raises in most years. Managers recommend raises based on an evaluation of employees' performance. This year the pool has been set at 2.5%.
- Together the increase in the benefits rate and the merit raises account for the 2.8% increase in personnel.

## **Action**

Approve the proposed 2013 Board budget in amount of \$174,555,600.

<b>GULF COAST WORKFORCE BOARD</b>				
<b>PROPOSED 2013 BUDGET</b>				
<b>SOURCE AND USE</b>				
<b>Source</b>			<b>Use</b>	
General Revenue	172,365,600	Board Operations		4,270,128
Special Federal & State Revenue	2,190,000	System IT		759,648
Other	-	Service for Employers		6,373,402
		Service for People		163,152,422
		<i>Financial Aid</i>	<i>119,851,337</i>	
		<i>Office Operations</i>	<i>42,320,985</i>	
		<i>Special Projects</i>	<i>980,100</i>	
<b>Total</b>	<b>\$174,555,600</b>	<b>Total</b>		<b>\$174,555,600</b>

<b>GULF COAST WORKFORCE BOARD</b>				
<b>PROPOSED 2013 BUDGET</b>				
<b>REVENUE SUMMARY</b>				
	<b>2013</b>	<b>2012 REV</b>	<b>Dollar Change</b>	<b>% Change</b>
<b>General Revenue</b>	<b>172,365,600</b>	<b>181,405,000</b>	<b>(9,039,400)</b>	<b>-5.0%</b>
Employment Service	7,350,000	7,450,000	- 100,000	
Veterans Employment & Training	365,000	365,000		
Trade Act	750,000	750,000		
Workforce Investment	11,200,000	12,100,000	- 900,000	-7.4%
Supplemental Nutrition Assistance	31,407,000	33,060,000	- 1,653,000	-5.0%
Temporary Assistance for Needy Families	3,293,600	3,580,000	- 286,400	-8.0%
Child Care & Development Block Grant	118,000,000	124,100,000	- 6,100,000	-4.9%
<b>Special Federal &amp; State Revenue</b>	<b>2,190,000</b>	<b>8,166,000</b>	<b>- 6,306,000</b>	<b>-73.2%</b>
Emergency Unemployment Compensation	350,000	-	350,000	
Back-to-Work	-	3,554,000	- 3,554,000	-100.0%
Worker Transition Projects	900,000	2,875,000	- 1,975,000	-68.7%
Disability Navigator Pilot	-	60,000	- 60,000	-100.0%
Non-Custodial Parents	935,000	935,000	-	
Recovery Act	-	717,000	- 717,000	-100.0%
Awards	5,000	25,000	- 20,000	-80.0%
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
	<b>174,555,600</b>	<b>189,571,000</b>	<b>- 15,015,400</b>	<b>-7.9%</b>

<b>GULF COAST WORKFORCE BOARD</b>					
<b>PROPOSED 2013 BUDGET</b>					
<b>BUDGET SUMMARY</b>					
	<b>2013</b>	<b>2012 REV</b>	<b>% of Total 2013 Budget</b>	<b>Dollar Variance from 2013</b>	<b>% Variance from 2013</b>
<b>Board Operations</b>					
Personnel	2,680,847	2,628,936	1.5%	51,911	2.0%
Indirect	354,408	296,826	0.2%	57,582	19.4%
Consultants & Contract	635,000	630,000	0.4%	5,000	0.8%
Travel	46,350	46,350	0.0%	-	0.0%
Rent	135,089	148,620	0.1%	(13,531)	-9.1%
Capital Equipment	-	-	0.0%	NA	NA
Other	418,434	400,966	0.2%	17,468	4.4%
Subtotal, Board Operations	4,270,128	4,151,698	2.4%	118,430	2.9%
<b>System Operations</b>					
System IT, TOTAL	759,648	752,035	0.4%	7,613	1.0%
<i>On-going operations</i>	<i>320,000</i>	<i>312,387</i>		7,613	
<i>Website upgrade</i>	<i>225,000</i>	<i>225,000</i>		-	
<i>WAN</i>	<i>130,000</i>	<i>130,000</i>		-	
<i>Email upgrade</i>	<i>84,648</i>	<i>84,648</i>		-	
Service for Employers	6,373,402	5,670,954	3.7%	702,448	12.4%
Service for People					
Financial Aid	119,851,337	139,820,961	68.7%	(19,969,624)	-14.3%
Career Offices	42,320,985	38,300,352	24.2%	4,020,633	10.5%
Special Projects	980,100	875,000	0.6%	105,100	12.0%
Subtotal, System Operations	170,285,472	185,419,302	97.6%	(15,133,830)	-8.2%
<b>Total</b>	<b>174,555,600</b>	<b>189,571,000</b>	<b>100.0%</b>	<b>-(15,015,400)</b>	<b>-7.9%</b>

**GULF COAST WORKFORCE BOARD**  
**PROPOSED 2013 BUDGET**  
**BUDGET DETAIL**

	<b>Board Operations</b>	
	<b>2013</b>	<b>2012 REV</b>
<b>Consultants &amp; Contract</b>	<b>635,000</b>	<b>630,000</b>
Legal Services	15,000	15,000
Audit	20,000	20,000
Financial Monitoring	200,000	200,000
Public Information & Outreach	400,000	395,000
<b>Other</b>	<b>418,434</b>	<b>400,966</b>
Supplies	18,000	18,000
Meeting Expenses	18,000	18,000
Outside Printing	2,500	2,500
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,000
Software	5,000	5,000
Licenses & Permits	1,000	1,000
Communications	75,000	75,000
Postage & Delivery	15,000	15,000
Subscriptions & Dues	10,500	10,500
Expendable Equipment	15,200	12,000
Legal Notices	17,500	17,500
Employee Development	10,980	-
Network Services	113,665	105,722
Personnel Services	53,363	59,966
Purchasing	20,248	17,582
Print Shop	35,478	36,196

**Gulf Coast Workforce Board**  
**System Performance**  
October 2012 to December 2012

## Board Measures

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

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

## More Competitive Employers

<b>Measure</b>	<b>Annual Target</b>	<b>Current Performance</b>	<b>Performance Last Year</b>
<u>Employers Receiving Services (Market Share)</u> We expect to provide services to 24,591 employers this year which is almost 18% of the 138,150 employers identified for the Gulf Coast area. We provided services to 12,759 employers in the first quarter of the year.	17.8%	9.2%	17.1%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,979 employers, 7,956 returned to Workforce Solutions for additional services in the first quarter of the year.	58%	34.6%	51.6%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average.	2,200	2,720	2,671
<u>Customers employed by the 1st Qtr after exit</u> Reporting for the quarter ending December 2011, 61,113 of the 86,227 customers who exited from services were employed by the quarter after exit.	80%	70.9%	69.9%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for the quarter ending June 2011, 17,073 of the 36,885 customers who exited had earnings gains of at least 20%.	42%	46.3%	43.9%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Reporting for the quarter ending December 2012, 314 of the 2,255 customers pursuing an education diploma, degree or certificate achieved one.	36%	13.9%	31.0%

## 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, 2012, we are meeting or exceeding the target for three of ten measures. The seven measures we are not meeting are:

- Total Job Postings Filled. The target for this measure is 32.1%. Our performance in the first quarter (1/12-3/12) was 27.7%.
- Total Employer Success Rate. The target for this measure is 49%. Our performance in the first quarter (1/12-3/12) was 38.1%.
- Total Education Achievement. The target for this measure is 80%. Our performance for December was 67.2%. We expect to meet the target by the end of September.
- Youth Placement in Employment or Education. The target for this measure is 64.9%. Our performance for October was 51.3%. We expect to meet the target by the end of September.
- Youth Literacy/Numeracy Gains. The target for this measure is 50.5%. Our performance in the first two quarters (7/12 – 12/12) was 37.1%. We expect to meet the target by the end of June.
- Choices Partial Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 55.7%. Our performance through December was 43.6%.
- Average Number of Children Served per Day (Child Care). The target for this measure is 23,439. We are about 4,000 children under enrolled and are working to increase our enrollment.

We expect the state to add another Choices Work Rate participation measure that will focus on how many customers receiving TANF benefits meet their participation requirement through employment.

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD  
FINANCIAL STATUS REPORT  
For the Twelve Months Ended December 31, 2012**

	<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	189,571,001	189,571,001	185,122,832	4,448,169
<b>WORKFORCE EXPENDITURES</b>				
BOARD ADMINISTRATION	4,129,929	4,129,929	3,647,467	482,462
SYSTEM IT	752,035	752,035	254,933	497,102
EMPLOYER SERVICES	5,670,954	5,670,954	5,305,442	365,512
RESIDENT SERVICES	179,018,083	179,018,083	175,914,990	3,103,093
OFFICE OPERATIONS	38,300,352	38,300,352	41,767,218	(3,466,866)
FINANCIAL AID	139,842,731	139,842,731	133,375,058	6,467,673
SPECIAL PROJECTS	875,000	875,000	772,714	102,286
<b>TOTAL WORKFORCE EXPENDITURES</b>	<b>189,571,001</b>	<b>189,571,001</b>	<b>185,122,832</b>	<b>4,448,169</b>

**VARIANCE ANALYSIS**

Note 1: Except for the Special Projects budget, the "Budget Year to Date" column reflects the straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year. The Special Projects budget is a straight-line estimate of the budget over the six month period January to June 2012.

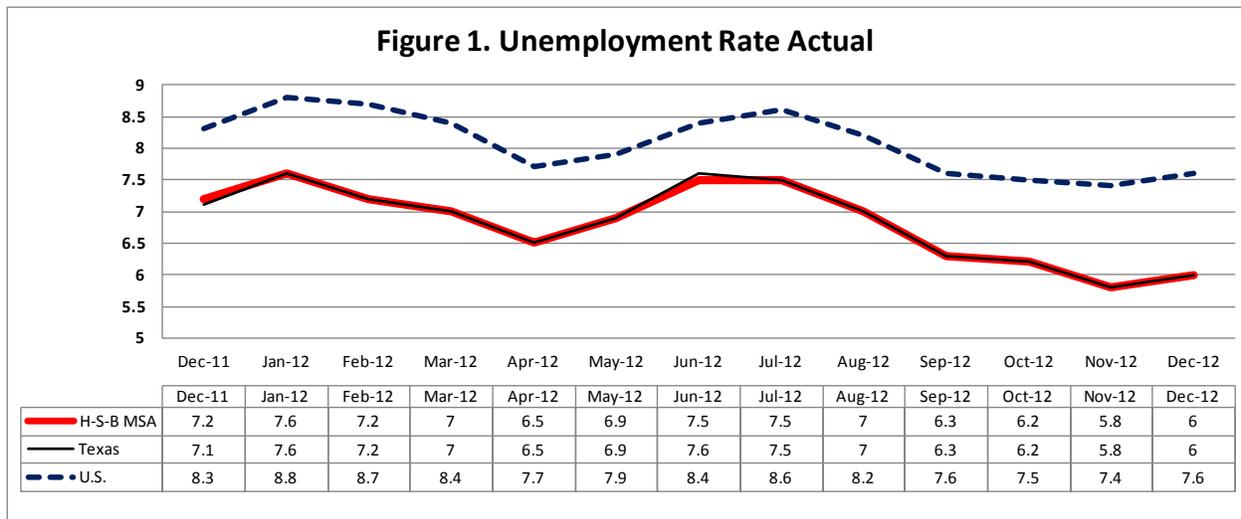
Note 2: The Office Operations expenditure amount includes \$\$6,198,280 in salaries and benefits paid at the state level for Texas Workforce Commission employees located in Career Offices.



Labor Market Information  
 DECEMBER 2012 Employment Data

HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)  
 Visit our website at [www.wrksolutions.com](http://www.wrksolutions.com)

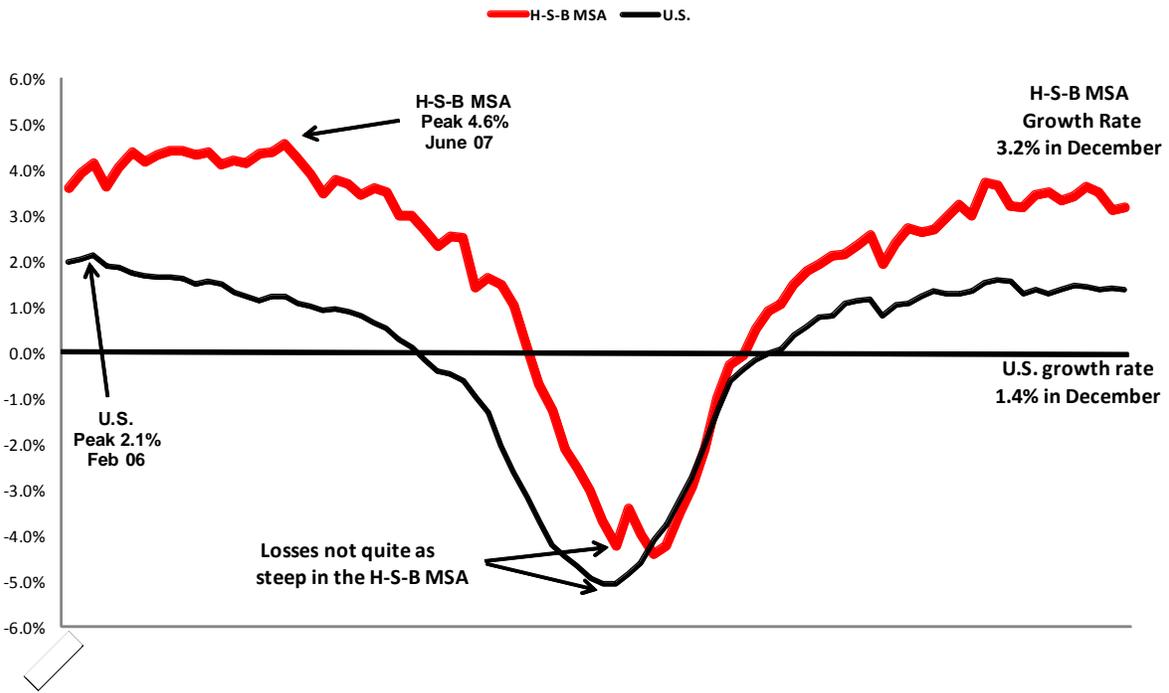
THE RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN-METROPOLITAN STATISTICAL AREA (H-S-B MSA) ROSE TWO-TENTHS OF A PERCENTAGE POINT TO 6.0 PERCENT IN DECEMBER. This was the first December increase since 2009 and was driven by an increase of more than 6,000 to the number of unemployed in the H-S-B MSA. The current rate of unemployment is more than one full percentage point lower than it was one year earlier and considerably lower than the nation's current 7.6 percent rate, see figure 1.



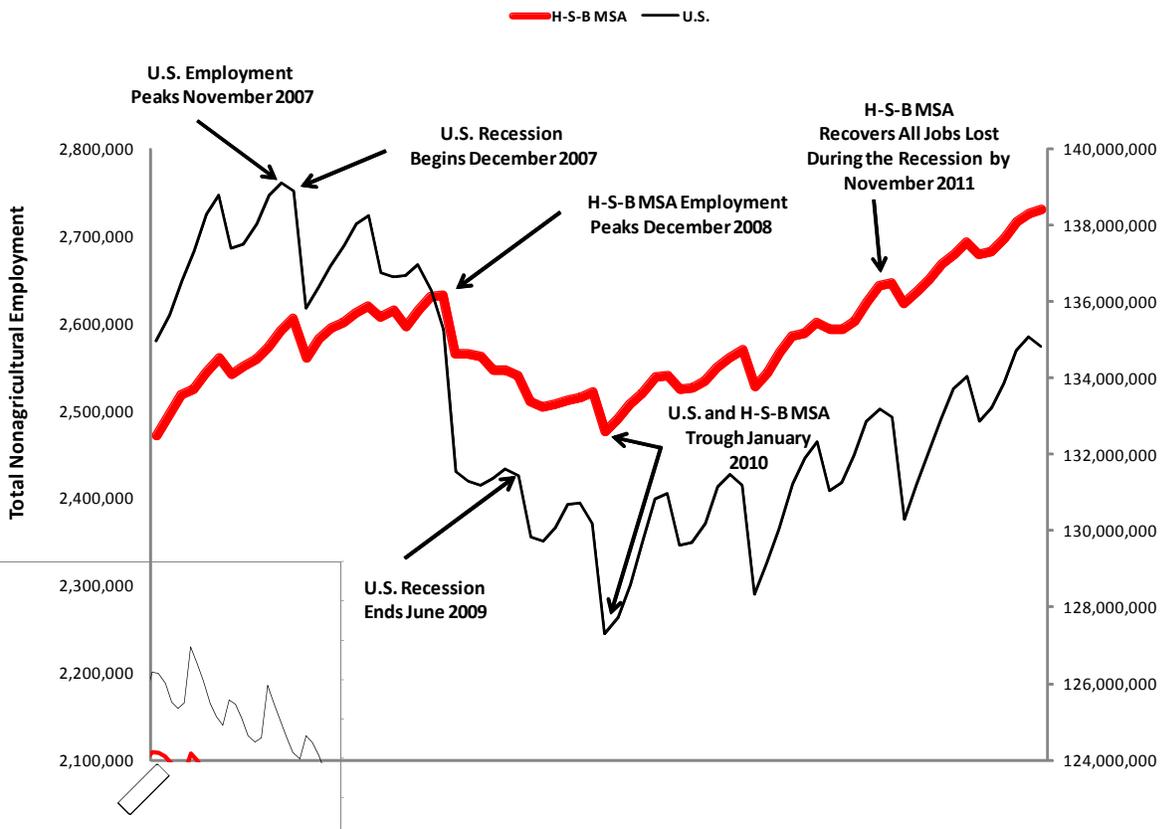
THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 5,200 JOBS TO PAYROLLS IN DECEMBER. While December's increase was larger than it was in 2011 it was much weaker than most years. Most private industry sectors experienced job gains but more than half of it was a result of seasonal hiring at retail establishments. The only significant private sector loss was in Financial Activities. In the public sector, Local Government experienced a seasonal decline of 1,100 jobs.

THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 84,500 JOBS TO PAYROLLS OVER THE YEAR, SEE FIGURE 2 AND 3. While the 3.2 percent rate of job growth is down slightly from recent months the area continues to add jobs at a healthy pace that is more than double that of the nation. Many private sectors continue to report over-the-year job gains with strongest growth found in Construction, Mining and Logging, Fabricated Metal Product Manufacturing, Healthcare, Employment Services, Food and Beverage Service Establishments, and Other Services. Several private sector industries are reporting slight declines including Financial Activities, Professional and Business Services, and Information. Over-the-year losses in the public sector have fallen over the last several months where the loss is found at local government entities. The expectations are for continued job growth in 2013 but at a slower pace than in 2012.

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

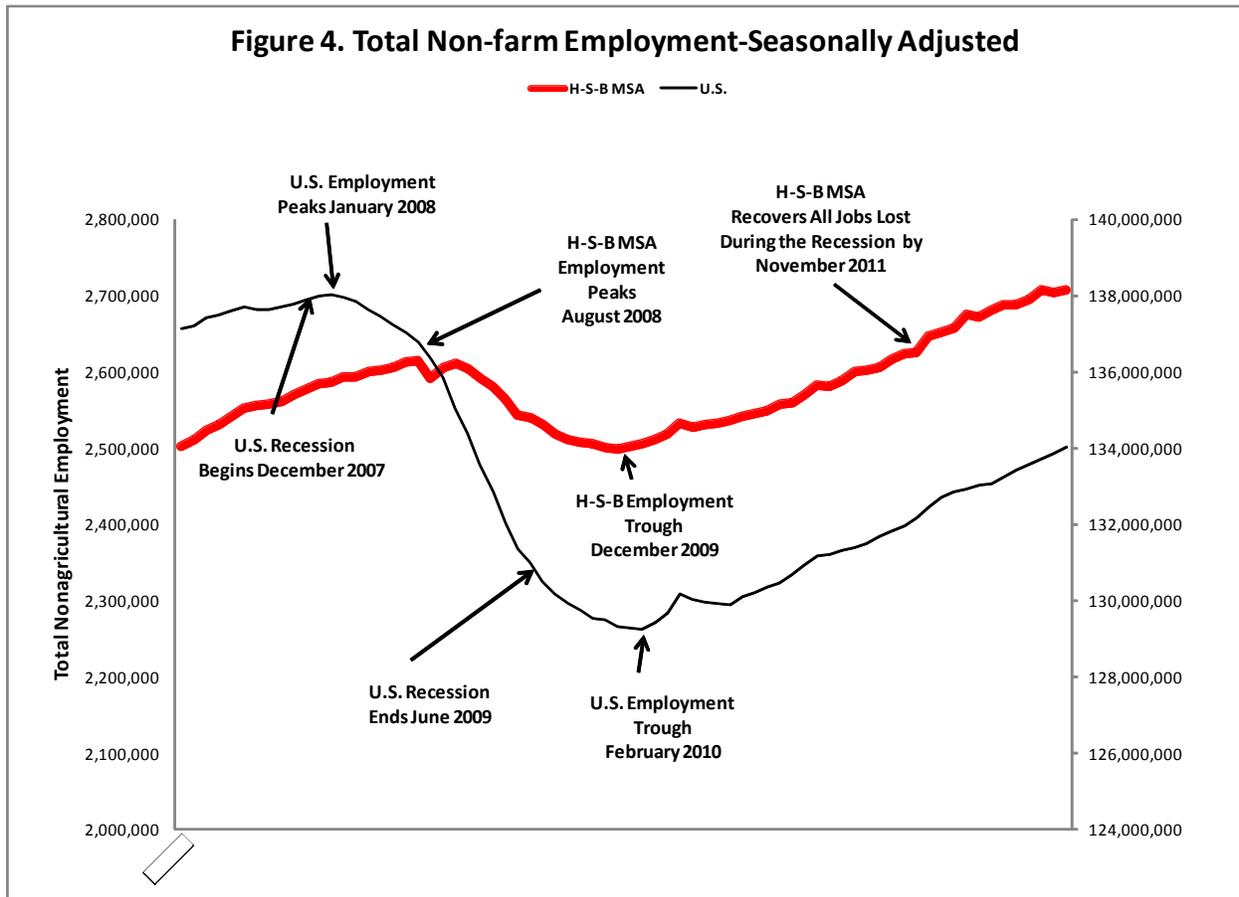


**Figure 3. Total Non-farm Employment-Actual**



Seasonally adjusted data for the H-S-B MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. The H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011 and has since added 91,900 jobs to payrolls, an increase of 3.5 percent. Employment for the U.S. is still down 2.9 percent needing to recover 4,002,000 jobs to reach pre-recession levels.

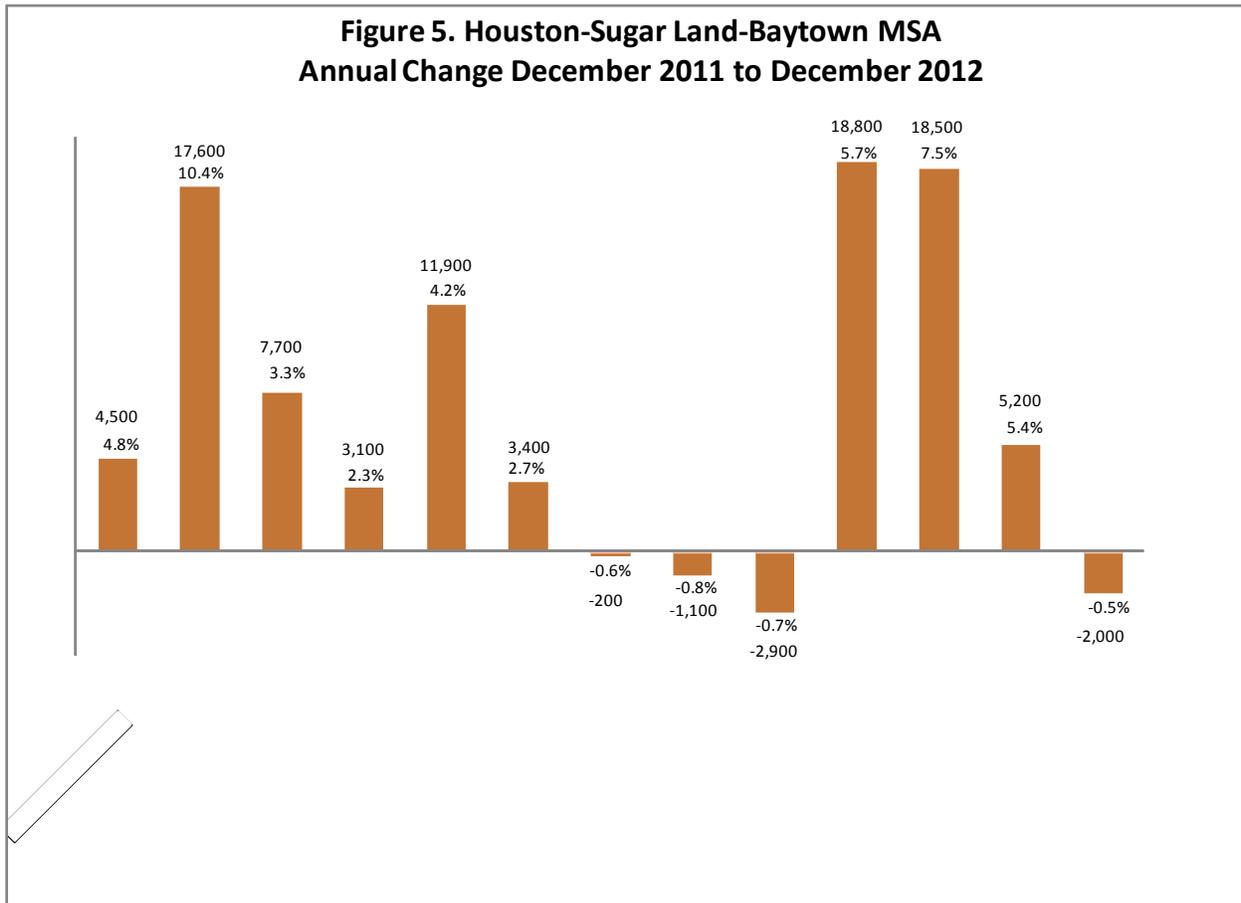
Additional details by super sector provided below.



**Mining and Logging** added 800 jobs to payrolls in December despite a declining rig count and payrolls are up 4,500 jobs or 4.8 percent over the year, see figure 5. Job growth has been in both Oil and Gas Extraction, up 3,000 jobs or 5.9 percent, and Support Activities for Mining, up 1,600 jobs or 4.0 percent. The average weekly U.S. rig count continued to decline in December to 1,784, down 25 rigs over the month. The number of both natural gas and oil directed rigs were down. Oil drilling continued to dominate drilling with more than 76 percent of the U.S. rig count seeking oil. The Eagle Ford Shale, Barnett Shale, and Permian Basin regions have been major sources of activity but recently the Permian Basin has been idling rigs due to low natural gas and natural gas liquids prices.

**Construction** added 800 jobs to payrolls in December, up 0.4 percent. This was the first December increase since 2006. Construction is the fastest growing super sector in the H-S-B MSA adding 17,600 jobs over the year, up 10.4 percent. Job gains have been widespread but strongest growth has been in Construction of Buildings, up 6,500 jobs or 13.8 percent, and Heavy and Civil Engineering Construction, up 4,500 jobs or 11.1 percent. Specialty Trade Contractors are currently reporting an

increase of 6,600 jobs or 8.1 percent over the year. The outlook for construction remains positive for 2013 due to the H-S-B MSA's healthy economy.



**Manufacturing** added 1,000 jobs to payrolls in December, up 0.4 percent. Manufacturers have increased payrolls by 7,700 jobs or 3.3 percent over the year, see figure 5. Most of the increase was at manufacturers of durable goods with the largest gain found in Fabricated Metal Product Fabricating where many companies that support the energy sector are found, up 4,500 jobs or 8.7 percent. Computer and Electronic Product Manufacturing reported a loss of 500 jobs over the year, down 2.6 percent. Although Nondurable Goods Manufacturing was reporting a loss of 900 jobs over the year, down 1.2 percent, Petroleum and Coal Products Manufacturing posted a gain of 400 jobs, up 3.3 percent. The outlook for Manufacturing remains positive but slightly less optimistic than it was in early 2012. Demand for high-tech products have been declining due to a weak global economy. Demand for oil field and gas equipment continues to be strong but some businesses report sales have been slowing. The Houston Purchasing Managers index unchanged in December at 54.6. Any index over 50 indicates production gains over the near term.

**Trade Transportation & Utilities** added 3,900 jobs in December, up 0.7 percent. While December's increase was slightly larger than it was in 2011 it was less than half of a ten year average of 8,300 jobs. December gains were primarily due to seasonal hiring of temporary workers in Retail Trade where payrolls were up 4,600 jobs or 1.6 percent. Wholesale Trade suffered a loss in December holding gains in the super sector to a minimum, down 1,600 jobs or 1.1 percent. The Trade Transportation & Utilities super sector was up 18,400 jobs or 3.4 percent over the year. Retail Trade accounted for more than half of the increases with payrolls up 11,900 jobs or 4.2 percent over the year. Wholesale Trade was up 3,100 jobs or 2.3 percent over the year. Transportation,

Warehousing and Utilities was up 3,400 jobs or 2.7 percent over the year. Two areas of job growth that continue to stand out in Transportation, Warehousing, and Utilities are Utilities, up 800 jobs or 4.8 percent, and Truck Transportation, up 1,000 jobs or 4.4 percent.

Employment in **Information** was down 100 jobs in December and 200 jobs over the year, see figure 5. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Employment estimates for **Financial Activities** have reflected a series of large ups and downs since the beginning of 2012 and continued this pattern in December. New estimating procedures performed by the Bureau of Labor Statistics have resulted in more volatile month-to-month changes in the super sector. The overall trend was positive throughout much of 2012 but more recently it has taken a downward turn with the super sector reporting a loss of 1,100 jobs or 0.8 percent over the year, see figure 5. Over-the-year losses were being reported in the finance and insurance subsectors as well as the real estate and rental and leasing subsectors of Financial Activities. Financial firms report moderate growth in loan demand and outlooks were positive with noted fiscal and regulatory concerns posting a downside risk.

**Professional and Business Services** reported an increase of 1,400 jobs in December ending three consecutive months of declines. The 0.4 percent increase was not enough to turn over-the-year job growth around with the super sector reporting a loss of 2,900 jobs over the year, down 0.7 percent. The bulk of the loss is found in Architectural, Engineering, and Related Services, down 3,700 jobs or 5.9 percent. A number of areas within the super sector are reporting over-the-year increases with the largest found in Employment Services, up 6,600 jobs or 9.1 percent, and Management of Companies and Enterprises, up 1,200 jobs or 4.7 percent.

November employment estimates for **Education and Health Services** were revised trimming 1,400 jobs off of the estimated over-the-month increase bringing it back in line with historical trends. The super sector reported a decrease of 200 jobs in December. Education and Health Services was up 18,800 jobs or 5.7 percent over the year, see figure 5. Nearly all of the increase was in Health Care and Social Assistance. Ambulatory Healthcare Services, where employment in all types of medical offices is found, was up 8,000 jobs or 5.8 percent accounting for much of the increase. Educational Services managed to maintain a slight but positive over-the-year increase of 100 jobs. An aging population and a population growth rate that more than doubles that of the nation is responsible for growth in the super sector.

**Leisure and Hospitality** experienced a slight increase of 100 jobs over the month. Food Services and Drinking Places continued to post job gains in December, up 1,500 jobs or 0.7 percent, which were offset by a decline of 1,200 jobs in Arts, Entertainment, and recreation, down 4.3 percent. Leisure and Hospitality continues to post strong over-the-year gains, up 18,500 jobs or 7.5 percent, see figure 5. Most of the job growth has been in Food Services and Drinking Places, up 16,900 jobs or 8.5 percent. Accommodation was reporting an increase of 500 jobs over the year, up 2.4 percent, and Arts, Entertainment, and Recreation was up 1,100 jobs or 4.3 percent over the year. Like many other industries in the H-S-B MSA, population growth continues to be the driving factor to job gains in the super sector.

**Other Services** was basically unchanged in December and up 5,200 jobs or 5.4 percent over the year, see figure 5. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** experienced a seasonal loss of 1,500 jobs in December with most of the decline in Local Government, down 1,100 jobs or 0.4 percent, and State Government, down 700 jobs or 0.9 percent. Over-the-year losses in the public sector have fallen over the last several months, currently down 2,000 jobs or 0.5 percent from December 2011. All of the loss was in Local Government, down 2,800 jobs or 1.0 percent. While employment levels in Local Government Educational Services have seen some stabilization reporting an over-the-year increase of 400 jobs in December it is down 4,900 jobs from two years earlier.

## NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	DEC 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,731,000	5,200	0.2%	84,500	3.2%
Total Private	2,357,100	6,700	0.3%	86,500	3.8%
Goods Producing	522,300	2,600	0.5%	29,800	6.1%
.Mining and Logging	97,300	800	0.8%	4,500	4.8%
...Oil and Gas Extraction	53,800	400	0.7%	3,000	5.9%
...Support Activities for Mining	41,200	500	1.2%	1,600	4.0%
.Construction	186,500	800	0.4%	17,600	10.4%
..Construction of Buildings	53,600	600	1.1%	6,500	13.8%
..Heavy and Civil Engineering Construction	45,000	-700	-1.5%	4,500	11.1%
..Specialty Trade Contractors	87,900	900	1.0%	6,600	8.1%
.Manufacturing	238,500	1,000	0.4%	7,700	3.3%
..Durable Goods	161,600	800	0.5%	8,600	5.6%
...Fabricated Metal Product Manufacturing	56,500	500	0.9%	4,500	8.7%
...Machinery Manufacturing	51,800	200	0.4%	2,400	4.9%
....Agriculture, Construction, and Mining Machinery Manufacturing	37,800	200	0.5%	1,600	4.4%
...Computer and Electronic Product Manufacturing	19,000	0	0.0%	-500	-2.6%
..Non-Durable Goods	76,900	200	0.3%	-900	-1.2%
...Petroleum and Coal Products Manufacturing	12,600	0	0.0%	400	3.3%
...Chemical Manufacturing	34,500	100	0.3%	-100	-0.3%
Service Providing	2,208,700	2,600	0.1%	54,700	2.5%
.Private Service Providing	1,834,800	4,100	0.2%	56,700	3.2%
..Trade, Transportation, and Utilities	561,900	3,900	0.7%	18,400	3.4%
...Wholesale Trade	140,100	-1,600	-1.1%	3,100	2.3%
....Merchant Wholesalers, Durable Goods	83,400	300	0.4%	2,300	2.8%
....Professional and Commercial Equipment and Supplies Merchant	10,300	0	0.0%	-200	-1.9%
....Merchant Wholesalers, Nondurable Goods	39,300	-100	-0.3%	200	0.5%
...Retail Trade	293,600	4,600	1.6%	11,900	4.2%
....Motor Vehicle and Parts Dealers	33,500	0	0.0%	900	2.8%
....Building Material and Garden Equipment and Supplies Dealers	19,600	-100	-0.5%	700	3.7%
....Food and Beverage Stores	57,100	-400	-0.7%	400	0.7%
....Health and Personal Care Stores	18,900	800	4.4%	1,000	5.6%
....Clothing and Clothing Accessories Stores	37,100	2,100	6.0%	2,700	7.8%
....General Merchandise Stores	64,900	2,500	4.0%	800	1.2%
....Department Stores	24,900	1,100	4.6%	-1,200	-4.6%
....Other General Merchandise Stores	40,000	1,400	3.6%	2,000	5.3%
...Transportation, Warehousing, and Utilities	128,200	900	0.7%	3,400	2.7%
...Utilities	17,300	0	0.0%	800	4.8%
....Air Transportation	19,100	-100	-0.5%	-700	-3.5%
....Truck Transportation	23,500	-100	-0.4%	1,000	4.4%
....Pipeline Transportation	11,000	200	1.9%	300	2.8%
..Information	31,300	-100	-0.3%	-200	-0.6%
...Telecommunications	15,700	100	0.6%	-100	-0.6%
..Financial Activities	139,200	-900	-0.6%	-1,100	-0.8%
...Finance and Insurance	90,900	-600	-0.7%	-600	-0.7%
....Credit Intermediation and Related Activities	42,100	-200	-0.5%	-700	-1.6%
....Depository Credit Intermediation	28,900	-100	-0.3%	-200	-0.7%
....Securities, Commodity Contracts, and Other Financial Investment	13,400	-100	-0.7%	-100	-0.7%
....Insurance Carriers and Related Activities	29,700	-100	-0.3%	-300	-1.0%
...Real Estate and Rental and Leasing	48,300	-300	-0.6%	-500	-1.0%

**NONAGRICULTURAL EMPLOYMENT****Houston-Sugar Land-Baytown MSA**

	DEC 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	387,300	1,400	0.4%	-2,900	-0.7%
...Professional, Scientific, and Technical Services	184,700	1,500	0.8%	-4,600	-2.4%
....Legal Services	23,600	300	1.3%	200	0.9%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	17,500	500	2.9%	-700	-3.8%
....Architectural, Engineering, and Related Services	59,500	-400	-0.7%	-3,700	-5.9%
....Computer Systems Design and Related Services	27,000	200	0.7%	1,200	4.7%
....Management of Companies and Enterprises	21,400	400	1.9%	100	0.5%
....Administrative and Support and Waste Management and Remediation Services	181,200	-500	-0.3%	1,600	0.9%
.....Administrative and Support Services	170,600	-1,100	-0.6%	500	0.3%
.....Employment Services	79,500	-700	-0.9%	6,600	9.1%
.....Services to Buildings and Dwellings	40,400	-400	-1.0%	200	0.5%
..Educational and Health Services	349,800	-200	-0.1%	18,800	5.7%
...Educational Services	44,100	-400	-0.9%	100	0.2%
...Health Care and Social Assistance	305,700	200	0.1%	18,700	6.5%
....Ambulatory Health Care Services	146,600	-100	-0.1%	8,000	5.8%
....Hospitals	78,600	300	0.4%	3,000	4.0%
..Leisure and Hospitality	264,400	100	0.0%	18,500	7.5%
...Arts, Entertainment, and Recreation	26,400	-1,200	-4.3%	1,100	4.3%
...Accommodation and Food Services	238,000	1,300	0.5%	17,400	7.9%
....Accommodation	21,200	-200	-0.9%	500	2.4%
....Food Services and Drinking Places	216,800	1,500	0.7%	16,900	8.5%
..Other Services	100,900	-100	-0.1%	5,200	5.4%
Government	373,900	-1,500	-0.4%	-2,000	-0.5%
.Federal Government	27,500	300	1.1%	0	0.0%
.State Government	73,200	-700	-0.9%	800	1.1%
..State Government Educational Services	39,500	-600	-1.5%	100	0.3%
.Local Government	273,200	-1,100	-0.4%	-2,800	-1.0%
..Local Government Educational Services	193,100	-700	-0.4%	400	0.2%

**UNEMPLOYMENT RATE**

	DEC 2012	NOV 2012	DEC 2011
H-S-B MSA	6.0	5.8	7.2
Texas (Actual)	6.0	5.8	7.1
United States (Actual)	7.6	7.4	8.3

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

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