

To: Gulf Coast Workforce Board Members

From: Mike Temple
Carol Kimmick

Date: January 29, 2014

Subj: Board Meeting Materials for Tuesday, February 4, 2013

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, February 4, 2013**, in the second floor Conference Room A, 3555 Timmons, Houston.

Winter weather has interrupted plans for several Board committee meetings scheduled for this week, but we anticipate having updates ready by the full Board meeting.

Chairman's and Committee Reports. Board Chair Mark Guthrie will provide a brief report on items of interest for members. Audit/Monitoring Committee Chair Joe Garcia will follow with a report on the committee's latest activity. Education Committee Chair Birgit Kamps will talk about the committee's January meeting and discussion around adult education and literacy service. Strategic Planning Committee Chair Carl Bowles will summarize the committee's work on identifying possible new business opportunities. The Career Office Committee will recognize a Workforce Solutions staff member for outstanding customer service.

Action. Nominating Committee Chair John Hebert will present the committee's recommendations on Board officers for 2014.

Information Items. We have included information on performance against the Board's measures and our production targets. We will have a report on expenditures through December 2013. Ron Borski will brief us as usual on the region's economy and employment picture.

We look forward to seeing you on February 4th. Please call or email us if you have questions, or if we can be of any help!

The Gulf Coast Workforce Board Tentative Agenda

Tuesday, February 4, 2014 at 10:00 a.m.
H-GAC Conference Room A
3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review December 2013 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
 - a. *Chair's Report.* The Board Chair will discuss items of interest.
 - b. *Audit/Monitoring.* The Committee Chair will present an update from the January 2013 meeting.
 - c. *Education.* The Committee Chair will provide an update from the January 2013 meeting.
 - d. *Strategic Planning.* The Committee Chair will update Board members on the committee's plans and its January meeting.
 - e. *Career Office.* The committee will recognize outstanding Workforce Solutions staff.
7. **Take Action**
 - a. *Nominating.* The Committee Chair will present recommendations for Board officers during 2014.
8. **Receive Information**
 - a. *System Performance.* Report on current performance against Board measures and grantor requirements.
 - b. *Expenditures.* Report on expenditures against the Board's budget.
9. **Look at the Economy**

Report on current economic data and trends in the Gulf Coast labor market.
10. **Other Business**
11. **Adjourn**



Workforce Solutions

Workforce Solutions is an equal opportunity employer/program.
Auxiliary aids and services are available upon request to individuals with disabilities.
Please contact H-GAC at 713.627.3200 at least 48 hours in advance to request accommodations.
Texas Relay: 1.800.735.2989 (TDD) 1.800.735.2988 (Voice) or 711

**MINUTES OF
THE GULF COAST WORKFORCE DEVELOPMENT BOARD
TUESDAY, DECEMBER 3, 2013**

MEMBERS PRESENT:

Willie Alexander	Karlos Allen	Gerald Andrews
Betty Baitland	Elaine Barber	Sara Bouse
Carl Bowles	Joe Garcia	Mark Guthrie
John Hebert	Bobbie Henderson	Tracie Holub
Eduardo Honold	Guy Robert Jackson	Tony Jones
David Joost	Birgit Kamps	Jeff Labroski
Ray Laughter	Kendrick McCleskey	Linda O'Black
Allene Schmitt	Richard Shaw	Connie Smith
Joe Swinbank	Evelyn Timmins	Madeleine York

H-GAC STAFF MEMBERS PRESENT

Mike Temple
David Baggerly
Ron Borski

Mr. Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, December 3, 2013, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Guthrie determined a quorum was present.

ADOPTION OF AGENDA

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

PUBLIC COMMENT

No one signed up for public comments.

MINUTES FROM OCTOBER 1, 2013

Mr. Guthrie asked if there were any additions or corrections to the minutes for the October 1, 2013 meeting. A motion was made and seconded to approve the minutes as presented. The motion carried.

DECLARE CONFLICTS OF INTEREST

No one declared a conflict of interest.

CONSIDER REPORTS

Chair's Report

Mr. Guthrie reported that most Board members received an anonymous pink letter which had multiple allegations regarding the operation of an unspecified career office. Mr. Guthrie assured the Board that it will be taken seriously and an investigation was underway and would be completed.

Mr. Guthrie mentioned that Texas Workforce Commission's annual conference begins this afternoon and several Board members and some staff will be attending in San Antonio. Mr. Guthrie stated that those attending the conference, were invited to the Texas Association of Workforce Boards Directors meeting being held tomorrow morning at 9:00 a.m. in which the guest speaker will be Texas Education Commissioner, Michael Williams.

Mr. Guthrie stated that TWC has recently issued some Adult Basic Education rules for public comment and that if anyone was interested in commenting, public comments are due December 30, 2013. Mr. Guthrie stated that he felt that overall the ABE rules were good, but needed some changes.

Mr. Guthrie mentioned that he was recently on a Houston public radio show titled Education Matters. He reported that he was invited to speak about Accelerate Texas, which is a program that the Texas Higher Education Coordinating Board has implemented with 21 community colleges around the state. It combines ABE with job skills – which will help those students find in-demand employment.

Audit/Monitoring Committee Report

Chair Joe Garcia explained that the committee met on November 26 and heard an update on recent activity.

- The tracking units are working well and had no findings.
- We have been working with the Staffing Specialist to improve the filling of jobs through roundtables and work groups. The QA team additionally has interviewed staffing specialists and completed their monthly records review. A joint report will be issued when all discussion is complete.
- We interviewed staff at the Financial Aid Call Center and reviewed records. We found the center needs written procedures and better internal communication. We had trouble finding some documentation, but questioned the eligibility of only one customer.

- Financial Aid Payment Office – we continued our reviews of licensed child care facilities and relative homecare providers. We found some instances where the relative provider moved and did not report that to us. We also found two instances where children have not attended since August but were still enrolled. We have cut off aid and are attempting recoupment of those funds.
- Youth projects –
 - SER -- We have resolved all but \$160 of questioned costs.
 - Gulf Coast Trades Center – No findings in both site visit and records review.
- Financial reviews –
 - Employment and Training Centers – We questioned the timing of some journal entries, travel rates, procurements and back-up. We resolved all findings and will conduct follow-up reviews.
 - Interfaith of The Woodlands – We had no findings.
- TWC Annual Review – The State pointed out the following areas they would like us to improve:
 - Making sure customer’s personal information is secure in our local offices
 - Accurately tracking customers’ participation in our databases
 - Ensuring that career office contractors follow the rules for Trade Act dollars
 - Making sure we follow our cost allocation plan in all instances

Chair Garcia stated that there was a discussion during the committee meeting about the anonymous pink letter referred to by Chair Guthrie at the beginning of the Board meeting and, its allegations. Chair Garcia assured the Board that the committee plans to investigate the issues that were raised and determine if there is any merit to the letter.

Education Committee Report

Chair Birgit Kamps asked Mr. Mike Temple to assist her with the presentation. Mr. Temple explained Senate Bill 307 transferred administration of the Workforce Investment Act’s Title II funding for adult basic education from the Texas Education Agency to the Texas Workforce Commission. Adult basic education includes adult education and literacy (high-school equivalency preparation), and English literacy and civics instruction.

In late November, the Workforce Commission published its rules governing use of the funds and design and operation for adult basic education services throughout the state. The Commission has indicated in draft rules that it will strongly support the use of local labor market data to inform and direct ABE program choices. TWC will contract funds directly to adult education providers.

When the Education Committee meets in January, members will discuss the strategic role for the Board in local adult basic education efforts. Mr. Temple reported that at this point

our comments to TWC on these rules is anticipated to focus on mitigating the allocation change methodology so that our area will not receive such an abrupt drop in funding next year and ensuring that as large a percentage of the funds as possible be contracted to local providers to serve as many people as possible.

Mr. Temple noted that some innovative programs have already begun integrating workforce skills training with basic education. Known as contextualized education, these efforts aim to maximize learning outcomes by providing multiple “exit points” at which learners can achieve a workforce credential as they move toward program completion. The ideal end result is a student that is better equipped to enter a competitive workforce. In our region, contextualized adult education programs currently exist at College of the Mainland, Houston Community College, Lone Star College, San Jacinto College, and Wharton County Junior College.

Next Mr. Temple reported that in the last legislative session that concluded earlier this year, Texas legislators passed House Bill 5, which changes high school graduation requirements by mandating a number of changes, including:

- Reduction in total number of End of Course Exams from 15 to 5 (English II-reading, English II-writing, Algebra I, Biology I, and U.S. History)
- Reconstruction of graduation plans around a foundation plan upon which five endorsement areas can be built. Students may complete a specialty endorsement if they meet the curriculum requirements for the endorsement, complete four credits in both science and math, and two additional elective credits. The endorsement areas are:

<u>Endorsement Area</u>	<u>Sample of Occupational Focus</u>
<u>STEM (Science, Technology, Engineering, and Math)</u>	<u>Environmental Science, Engineering, and Advanced Mathematics</u>
<u>Business and Industry</u>	<u>Information Technology, Finance, Marketing, Welding, Agricultural Science, and Construction</u>
<u>Public Services</u>	<u>Health Science, Education, Law Enforcement, and Culinary Arts</u>
<u>Arts and Humanities</u>	<u>Fine Arts, Political Science, History, and English Literature</u>
<u>Multidisciplinary Studies</u> <i><u>*each school district must offer at least this endorsement</u></i>	<u>A conglomeration of student selected courses with various endorsement areas</u>

- Creation and/or reformation of courses to include contextualized learning opportunities. For example, instead of Algebra II, a student may choose to take Algebra for Engineering.

Mr. Temple reported that last month, we released a middle school curriculum component for *When I Grow Up*. *When I Grow Up* is Workforce Solutions’ career awareness and

exploration curriculum designed to introduce school-aged children to high skill, high growth occupations. The middle school curriculum is composed of activity-driven experiential lessons that integrate the TEKS (Texas Essential Knowledge and Skills) for Math, Science, and Career Exploration in grades 6-8. This curriculum delivers creative hands-on learning opportunities that specifically address the needs of the Gulf Coast regional workforce. Additionally, we use unique regional characteristics as a landscape to introduce jobs to students in the context of familiar scenarios. For example, students are challenged to allocate resources for the aftermath of a hurricane, design an ideal community in space, and explore career interests in a *Survivor*-like game. Workshops for teachers and counselors will begin with sessions at Regions 4 and 6 Education Service Centers in spring 2014.

Mr. Temple noted that we continue to promote implementation of the elementary curriculum by offering training workshops for teachers and counselors through the Regions 4 and 6 Education Service Centers as well as some local school districts.

The Education Committee will meet on January 14 at 10:00 a.m. here at H-GAC to discuss these items. All members are welcomed, and for those who cannot attend in person, we will provide a conference call option.

Dr. Bobbie Henderson explained that she has used *When I Grow Up* in her university classes and it worked exceptionally well. She looks forward to using it in the future especially with graduate students who teach children with academic and other challenges.

Mr. Guthrie gave kudos to Mr. Danny Zendejas who drafted the middle school *When I Grow Up* curriculum and serves as the Education Industry Liaison.

Mr. Eduardo Honold who represents Adult Basic and Continuing Education on the Board commented that overall the transition of ABE to TWC has been a positive one, but he feels that we need to encourage TWC to maximize service locally.

Mr. Guthrie read some statistics that he prepared for the radio program regarding the need for Adult Basic Education and the need to prepare the workforce for middle skill jobs. He mentioned that by 2020 over 60 of all available jobs in the region were projected to be defined as a middle skill jobs or higher. Middle skill jobs are defined as jobs that require formal education and/or technical training in addition to a high school degree.

Career Office Committee Report

Chair Tracie Holub presented an award recognizing Workforce Solutions staff excellence in delivering quality customer service. Staff in our system nominate colleagues who they believe best demonstrate the spirit of the I AM Workforce Solutions principles:

- I AM Workforce Solutions to my customer
- I use my customer's perspective to guide my work
- I understand the resources available throughout our system
- I can always help my customer even when I have to say "no"

- I learn from my mistakes and gain a better understanding of how to help my customer

The Regional Management Team reviewed and scored 12 nominations and selected a winner to receive our Customer Service Award.

❖ **Tara Bradley**

(Texas Workforce Commission/Neighborhood Centers, Inc.)

Workforce Solutions' staff members work hard each day to solve customer concerns and handle employer matters. Staff members who focus on delivering quality customer service oftentimes navigate through these issues seamlessly.

Not solely defined by her job title as an Employment Counselor, Tara Bradley understands that in order to provide the highest level of outstanding customer service, she must take on multiple roles within the office. On any given day, Tara helps support her team members by working as a greeter, telephone operator, employer liaison, training coordinator, or resource room specialist.

Her well-roundedness has afforded her the opportunity to view the customer's perspective from a variety of settings and utilize various techniques to address customer issues, which contributes to high levels of customer satisfaction. Tara's commitment to connecting qualified candidates to employer job opportunities has resulted in several customers finding good jobs. As a result, Tara consistently receives compliments from employers and customers regarding her efforts.

TAKE ACTION

- a. Employer Services. The Committee Chair will present a recommendation regarding required job searches for unemployment insurance claimants and provide information from the committee's December 2013 meeting.

Chair 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 and Texas Workforce Commission requires claimants to keep records of their work search activities, and periodically staff audits these records.

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

In 2012, upon recommendation of its Employer Service Committee, the Board approved the work search requirement for Gulf Coast claimants at three job contacts per week for 2013.

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 69 requests for rapid response services. Aerospace, engineering, and manufacturing businesses were among the industries reporting losses. The number of layoffs across these industries topped 2,790 in 2013.
 - For January 2014, an employer has reported 140 lay-offs in manufacturing. At this time, no other lay-offs have been announced.
- On the job posting side, between 10/1/12 through 9/30/13, 17,470 employers posted 118,990 times with 210,335 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.

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

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

For these reasons, it is recommended that the Board set the required number of job search 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.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2012 through September 2013. 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 24,591 employers this year which is almost 18% of the 138,150 employers identified for the Gulf Coast area. We provided services to 24,842 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 19,099 employers, 11,290 returned to The Workforce Solutions for additional services.

More and Better Jobs –

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

Customers employed by the 1st quarter after exit – Reporting for the year ending September 2012, 256,132 of the 359,049 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 2012, 107,016 of the 217,502 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 2013, 1,695 of the 3,988 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 met or exceeded the target for seven of ten measures. The three measures we did not meet are:

- Total Job Postings Filled. The target for this measure is 32.1%. Our performance for four quarters (1/12-12/12) was 23.2%. We identified a number of factors that affected our performance. We are actively working with our contractors to take the necessary action to refer quality applicants to meet the needs of our employers.
- Total Education Achievement. The target for this measure is 78.6%. Our performance for four quarters (10/11 – 9/12) was 71.1%. We have taken steps to provide better service to our customers which will help them attain their educational credential.
- Choices Full Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 42.8%. Our performance through August is 35.1%. We have been challenged by this measure. We will meet with contractors to develop new strategies to help customers obtain and hold employment.

Mr. David Baggerly reviewed the System Performance measures for October 2013. 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 25,147 employers this year which is almost 17.8% of the 140,808 employers identified for the Gulf Coast area. In October, we provided services to 5,841 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,523 employers, 4,433 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 the first quarter at our February meeting.

Customers employed by the 1st quarter after exit – Reporting for one quarter (October 12 – December 12), 57,040 of the 79,771 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 ending (April 12 – June 12), 26,839 of the 90,219 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, 420 of the 921 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, 2013, we are meeting or exceeding the target for seven of ten measures. The three measures we are not meeting are:

- Youth Placement in Employment or Education. The target for this measure is 65%. Our performance for October was 60.8%. We will meet this measure
- Youth Literacy/Numeracy Gains. The target for this measure is 48.1%. Our performance in the first quarter (7/13 – 9/13) was 42.8%. We will meet this measure.
- Choices Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 39.5%. Our performance for October is 30.8%.

Mr. Baggerly reported that we continue to work closely with our contractors to improve performance on all measures.

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for the ten months ending October 31, 2013. Mr. Temple explained that everything looks good, but we are still running high on financial aid expenditures on an annualized basis. Mr. Temple noted that a large portion of the financial aid budget was spent earlier in the year and we will not exceed your budget through the end of the year.

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 three-tenths of a percentage point in October. This was the first time since 2008 the October rate of unemployment in the H-S-B MSA has been below 6.0 percent. The civilian labor force increased by 36,000 over the year with a total number of employed increasing by 41,600. The pace of job growth remains healthy, but continues to slowly decline from the fast pace seen earlier in the year with payrolls up 79,600 jobs or 2.9 percent over the year. Most major sectors are reporting year over year gains with the exception of Financial Activities which has incurred three consecutive months of losses and Other Services. Recent declines in

Financial Activities have been in part due to reduced staff levels as the number of troubled mortgages and foreclosures drop as well as due to falling demand for refinancing caused by a rise in interest rates. The strongest growth has been in mining and logging, construction (of buildings), machinery, manufacturing, retail trade, architectural engineering and related Services, employment services and ambulatory health care services.

OTHER BUSINESS

Mr. Temple acknowledged and thanked three long-time staff who will be retiring soon: Ms. Betty Drake, Ms. Sue Cruver and Mr. Mike McLauchlan and presented each of them with a plaque honoring their service and contributions.

Mr. Tony Jones wanted to thank Mr. Kevin Rodney who has been instrumental in getting the screen magnification and screen readers in the career offices. Mr. Jones also thanked Mr. Temple for assisting in setting up a site at Metropolitan Multiservice Center on W. Gray where people with disabilities can gather.

ADJOURN

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

Audit/Monitoring Committee

Update for February 2014

Recent Activity

- We issued a report and guidance to contractors on improving job filling and staffing specialists work. We will conduct a follow-up review in the spring to check on progress.
- We continue to work with contractors to ensure our system protects customers' personal information. After a review of contractors' actions, we're refining system-wide procedures.
- We are re-instituting monthly reporting and reviews on a management information systems issue to ensure that contractors properly and timely record service for our customers. Currently contractors only achieve a 68% success rate.
- We issued reports on reviews of three offices and the financial aid call center.
 - The regional quality assurance team rated the Rosenberg and Texas City offices as below average. Both of these offices transitioned from a previous contractor to the current management by Neighborhood Centers in October 2013, and we visited not long after the transition. We are working with NCI to ensure these locations improve.
 - The team rated the Westheimer location as average and found the financial aid call center acceptable during its first quarterly review.
- Vendor monitoring. We have been working with the Financial Aid Payment Office to improve timely monitoring of vendors. For vendors offering early education/care services:

Total Active Vendors	2,133
• Active Vendors with referrals monitored	1,513
• Active Vendors with referrals not monitored	736
Active Vendors with no referrals	623

Data as of January 13, 2014. Data change daily based on referrals.

We are working with FAPO to ensure we continuously check on vendors – particularly those providing early education/care for our customers.

- We interviewed staff and looked at the distribution of cash substitutes in two offices as a result of the unsigned letter Board members and Board staff received in November. We have identified some issues around safety and office decorum which we are discussing with contractor management. We have not found evidence that cash substitutes were being misappropriated. We will continue to look periodically at the use of cash substitutes, office procedures for authorization, issuing and maintenance of cash substitute cards, and internal controls.

Education Committee

January 2014 Meeting

Summary

The Education Committee met on Tuesday, January 14, 2014, at the Houston-Galveston Area Council. Members present include Chair Birgit Kemps, Vice-Chair Allene Schmitt, Sara Bouse, Eduardo Honold, Sarah Wroblewski, Ramona Mallone, Richard Shaw, Mark Guthrie, David Joost, Sally Janes as well as guest Dale Pillow of the Adult Reading Center in Pearland.

Committee members received information on several workforce-related education issues including adult basic education, high school graduation requirements and post-secondary entrance requirements. In anticipation of decreased fund allocations to the Gulf Coast region, members asked Board staff to convene the current fiscal agents of adult basic education services to formulate one or more cohesive grant proposals for the Texas Workforce Commission that ensure equitable, high-quality services across the region for local communities.

Board staff also provided updates on current activities, including the new middle school component of the When I Grow Up curriculum, the Youth Career Connect grant solicitation from the U.S. Department of Labor and a pilot with Project GRAD Houston at the Northline career office.

Adult Basic Education

The Gulf Coast Workforce Board identifies a better educated workforce as one of four results that are essential to a strong regional workforce system.

- In the Gulf Coast region, 20% of adults lack a high school diploma or equivalent.
- Community colleges, public schools, and non-profit and volunteer organizations provide help to adults seeking to acquire basic literacy skills, English language skills, or a GED/ high school diploma equivalent.
- There are a variety of funding sources for adult education and literacy, although a large and important part of this comes from a specific section of the Workforce Investment Act
- These workforce investment funds do not flow through the Board, but are directed to the state and contracted out from there.
- In our region there are seven cooperatives using Workforce Investment dollars. These cooperatives include lead partners and usually a network of providers. Our cooperatives include Houston Community College, Harris County Department of Education, Lone Star College, Region 6 Education Service Center, College of the Mainland, Wharton County Junior College and Brazosport College.
- Last year, these seven cooperatives used \$17.4 million and served about 20,000 students

Recent Changes

Until 2013, the workforce investment adult education funds were managed by the Texas Education Agency. Senate Bill 307 transferred administration to the Texas Workforce Commission. The Commission has published proposed rules for how adult education and literacy service will be delivered and prospective allocations by Board area.

The proposed rules make some changes in the operation of service and the prospective allocations result in a shift of resources around the state. Our region potentially would lose 30% of the funds we have available in the current year. We discussed the new structure and the allocations with five of the seven cooperatives in mid-December and sent comments to the Commission asking it to mitigate the funding reductions for areas facing large decreases.

Strategic Role

These changes present an opportunity for the Board to consider its strategic role in adult education and literacy.

Possible directions for the Board to consider include:

- ✓ Participating as a funder. The Board could provide some level of funding to augment, expand or support adult education and literacy service. This could include supporting different ways of delivering service. The Board would have to redirect funds that are currently used for other purposes (career offices, scholarships and other financial aid), and potential amounts would likely be small, at least initially. However, using the Board's dollars to leverage the adult education funds could be an efficient way to further the result of a better educated workforce.
- ✓ Participating in cooperatives. The Board could participate in one or more of the cooperatives as an administrative or fiscal agent. We would only propose to do this if the members of a cooperative were interested in this kind of a role for us. There would be additional responsibilities and costs associated with this kind of role.
- ✓ Promoting employer interests. The Board can use this opportunity to strongly promote the use of adult education and literacy resources in on-site, workplace training, helping to address the basic skills of individuals who are working, and other employer interests in ensuring the region's workforce has sufficient skills to support an expanding economy.

High School Graduation Requirements

In the last session, Texas legislators passed House Bill 5, which changes the requirements for high school graduation.

- Students will be required to pass five end-of-course exams. This is a reduction from the 15 previously required.
- Reduced math/science requirements to allow students to take contextualized courses such as geometry for construction or algebra for engineering
- Each student will select an endorsement area with an occupational focus. Endorsement areas are: STEM (science, technology, engineering and math), Business & Industry, Public Services, Arts & Humanities and Multidisciplinary Studies.

Staff continues to support local districts by providing access to labor market information, career planning resources and particularly, the When I Grow Up curriculum.

Post-Secondary Entrance Requirements

The Texas Legislature has also recently made changes that affect entrance requirements for the community college system, designed to reduce resources in that system dedicated to basic skills remediation. These changes include revising how applicants for associate degrees are assessed and classified prior to entry.

The Texas Higher Education Coordinating Board has issued a draft plan for implementing the required changes and is currently engaged in soliciting public comment through listening sessions around the state. THECB will be in Houston on February 12.

We have some concern that the changes as proposed will limit access to training for high-skill, high-growth jobs in our region, or possibly redirect potential workers into less productive training.

We anticipate making some contribution to the conversation about the changes by suggesting that the state plan encourage, allow for and help fund:

- Further development and implementation of contextualized learning, particularly for technical and so-called “workforce” training
- Alternative ways for colleges to help applicants who are assessed as not college ready develop and improve their basic skills and become college ready.

Updates

When I Grow Up

When I Grow Up is Workforce Solutions' career awareness and exploration curriculum designed to introduce school-aged children to high skill, high growth occupations in the Gulf Coast region. Starting with a unit for five- to seven-year olds, the curriculum now provides lessons for grades Pre-K through 8.

The middle school curriculum is composed of activity-driven experiential lessons that integrate the TEKS (Texas Essential Knowledge and Skills) for Math, Science, and Career Exploration in grades 6-8. This curriculum delivers creative hands-on learning opportunities that specifically address the needs of the Gulf Coast regional workforce. The middle school curriculum contains all original content developed by local teachers under the direction of Board staff.

The first workshop for teachers and counselors is scheduled for March 4 in conjunction with the Region 4 Education Service Center. Additional workshops for both elementary and middle school curricula will follow through both Region 4 and Region 6 ESCs. In addition to the service centers, staff continues to work with districts implementing *When I Grow Up* across all elementary campuses. Staff will present an example of one district's creative implementation of the Pre-K lessons.

Youth Connect

The U.S. Department of Labor will provide approximately \$100 million in grant funds, to provide high school students with education and training that combines rigorous academic and technical curricula focused on specific in-demand occupations and industries. Upon announcement of the grant, staff strongly encouraged local districts with existing Career & Technical Education (CTE) programs to apply. Houston ISD and Galveston ISD have indicated they will submit applications independently. Several smaller districts have approached the Board for help in submitting an application. Board staff is actively working with all interested partners to ensure that the Gulf Coast region submits applications reflecting the high-quality CTE programs across the area.

Project GRAD Pilot

Continuing to leverage community resources for the benefit of our customers, Workforce Solutions is currently hosting two college access counselors from Project GRAD at the Northline office. Previously, Project GRAD supported high school graduation and college admission from within HISD schools. By housing the college access counselors at Northline, the counselors and students have increased access to local labor marketing data to inform education and career decisions. Additionally, the families of our customers now have access to the college access counselors and the extensive support network of Project GRAD. Staff will provide information about the partnership and potential expansion opportunities.

Texas Workforce Commission

Comparison of Adult Education and Literacy (AEL) Funding Allocation Amounts by Local Workforce Development Area (LWDA)

A	B	C	D	E	F	G	H	I	J
LWDA #	LWDA Name	Amount of FY2014 Total Adult Education Distribution (excl. EL Civics)	Proportion of FY2014 Total Adult Education Distribution (excl. EL Civics)	Amount of FY2015 "Mock Allocation" Total AEL & TANF (Excl. EL Civics) (A)	Proportion of FY2015 "Mock Allocation" Total AEL & TANF (Excl. EL Civics)	Number of Individuals 18 and Over Without Secondary Degree & Not Enrolled in School (B)	Proportion of Civilian Labor Force (CY2012)	Proportion of Number of Disadvantaged Adults (WIA)	Proportion of Population Under Poverty Level
1	Panhandle	\$ 706,108	1.30%	\$ 934,148	1.74%	1.74%	1.78%	1.84%	1.57%
2	South Plains	\$ 950,586	1.75%	\$ 930,964	1.74%	1.62%	1.66%	1.88%	1.78%
3	North Texas	\$ 456,981	0.84%	\$ 476,534	0.89%	0.77%	0.89%	1.05%	0.71%
4	North Central	\$ 1,663,637	3.06%	\$ 2,702,041	5.04%	5.25%	10.22%	5.19%	5.24%
5	Tarrant County	\$ 2,572,118	4.73%	\$ 3,344,831	6.24%	6.33%	7.57%	5.51%	6.07%
6	Dallas	\$ 4,475,679	8.23%	\$ 6,039,662	11.27%	11.54%	9.40%	9.68%	10.14%
7	North East	\$ 1,156,089	2.13%	\$ 635,105	1.19%	1.10%	1.05%	1.26%	1.15%
8	East Texas	\$ 1,591,787	2.93%	\$ 1,724,276	3.22%	3.32%	3.23%	3.83%	3.01%
9	West Central	\$ 382,082	0.70%	\$ 702,848	1.31%	1.26%	1.30%	1.68%	1.24%
10	Upper Rio Grande	\$ 3,257,314	5.99%	\$ 2,422,559	4.52%	4.18%	2.69%	4.53%	4.87%
11	Permian Basin	\$ 1,337,100	2.46%	\$ 1,157,403	2.16%	2.21%	1.92%	1.95%	1.47%
12	Concho Valley	\$ 547,261	1.01%	\$ 411,967	0.77%	0.71%	0.63%	0.64%	0.56%
13	Heart of Texas	\$ 775,877	1.43%	\$ 767,282	1.43%	1.36%	1.34%	1.55%	1.60%
14	Capital Area	\$ 1,666,845	3.07%	\$ 1,843,928	3.44%	3.27%	4.69%	3.68%	4.01%
15	Rural Capital	\$ 705,901	1.30%	\$ 985,503	1.84%	1.77%	3.43%	2.10%	2.00%
16	Brazos Valley	-	-	\$ 570,897	1.07%	1.00%	1.25%	1.59%	1.73%
17	Deep East Texas	\$ 412,299	0.76%	\$ 854,353	1.59%	1.58%	1.31%	2.08%	1.71%
18	Southeast Texas	\$ 1,166,775	2.15%	\$ 804,012	1.50%	1.42%	1.51%	2.00%	1.45%
19	Golden Crescent	\$ 366,492	0.67%	\$ 462,427	0.86%	0.84%	0.79%	0.74%	0.71%
20	Alamo	\$ 4,235,450	7.79%	\$ 4,426,981	8.26%	8.33%	8.56%	8.37%	8.40%
21	South Texas	\$ 987,183	1.82%	\$ 964,535	1.80%	1.73%	0.88%	1.58%	1.97%
22	Coastal Bend	\$ 1,923,512	3.54%	\$ 1,565,064	2.92%	2.76%	2.34%	2.97%	2.56%
23	Lower Rio Grande	\$ 2,699,516	4.97%	\$ 3,316,311	6.19%	5.91%	2.78%	6.31%	7.27%
24	Cameron County	\$ 750,671	1.38%	\$ 1,585,000	2.96%	2.75%	1.29%	2.96%	3.35%
25	Texoma	\$ 446,551	0.82%	\$ 395,628	0.74%	0.67%	0.75%	0.71%	0.64%
26	Central Texas	\$ 697,645	1.28%	\$ 682,600	1.27%	1.09%	1.51%	1.44%	1.52%
27	Middle Rio Grande	\$ 978,168	1.80%	\$ 651,636	1.22%	1.13%	0.59%	1.08%	1.10%
28	Gulf Coast	\$ 17,446,996	32.10%	\$ 12,226,989	22.82%	24.36%	24.65%	21.79%	22.17%
Percent of Total			100.00%		100.00%	100.00%	100.00%	100.00%	100.00%
Totals		\$ 54,356,623		\$ 53,585,484		3,336,886	12,597,478	2,073,340	4,264,242

Note A: The FY2015 "Mock Allocation" is based on draft allocation factors included in proposed TWC rule published in the Texas Register for public comment.

Note B: Individuals 18 and Over Without a Secondary Degree and Not Enrolled in School (By County, Aggregated to LWDA) was provided by the Texas State Data Center on July 9, 2013.

The Texas State Data Center used the following data source: U.S. Bureau of the Census' American Community Survey (ACS) 2011 3-year Public Use Microdata Sample (PUMS); 2000 Census; 2010 Census.

Strategic Planning Committee

Update

Led by Chair Carl Bowles, the Strategic Planning Committee will meet on Tuesday February 4, immediately before the Gulf Coast Workforce Board meeting. Committee members will hear the results of an employer survey to identify services that could develop into a revenue source for the system.

Background

Recognizing the uncertainty and limitations of public funding, the Strategic Planning Committee is actively searching for opportunities to secure alternate sources of revenue to support the regional workforce system.

One potential source of revenue is providing services to businesses for a fee. The Workforce Solutions' Employer Service unit currently focuses on candidate recruiting/screening, labor market information and information about state and federal labor laws. Additional services could be marketed to current employer customers and could be used to expand the current reach of Workforce Solutions to additional businesses.

To further explore the viability of a fee for service model, the Strategic Planning Committee commissioned a research project to identify the potential needs that Workforce Solutions could fill in the business community.

Summary

Using a professional research firm, we conducted both personal interviews and an objective survey. In total, we talked to over 200 key decision makers in small and medium sized businesses across the 13-county region. Through this research we attempted to understand:

- what services businesses identify as a need or needing improvement
- which of those services the business would be willing to outsource, and
- which of those services are priority for the business

Following the round of personal interviews, we narrowed the potential services to 15. (See attachment.) Of those 15, the greatest potential for outsourcing among small and medium sized business in our region is with these services:

- Competitively recruit, hire and keep top employees
- Training and development of workforce, leadership or managers
- Government sponsored training that satisfies compliance regulations
- Guides on OSHA, EEOC or insurance enrollment requirements and implementation
- Strategies to develop staff and reduce turnover

Next Steps

We have asked the research firm to further analyze the results around the top five outsourcing priorities to uncover any characteristics that could better identify a target market – for example, industry, employee size, etc.

Additionally, we will need to explore the competitive landscape of firms that offer such services.

With this information, we will explore how we might either offer or broker a limited number of key services for our business customers.

Potential Services List

1. Competitively recruit, hire and keep top employees
2. Better partnerships with fewer vendors to manage your outsourced needs
3. Centralized resource for workforce management consultants, brokers, vendors and compliance specialists
4. Centralizing, standardizing and integrating internal systems and processes
5. Communications policies for hiring, probation and termination
6. Government sponsored training that satisfies compliance regulations
7. Guides on OSHA, EEOC or insurance enrollment requirements and implementation
8. How to effectively outsource selected HR elements
9. Integrated HR management system that tracks and documents from hiring to termination
10. Onboarding details such as employment verification, background check, criminal clearance, testing and training
11. Strategies to develop staff and reduce turnover
12. Streamlined workforce compliance reporting to multiple government agencies
13. Templates such as hiring, discipline and termination policies and processes; HR compliance forms; or hiring and termination processes
14. Training and development of workforce, leadership or managers
15. Updated financial systems to manage and track budgets, bids, expenses, and invoices

Career Office Committee Customer Service Award

Background

Last year our Regional Management Team, comprised of contractor and Board staff, developed five principles of quality customer service:

- I AM Workforce Solutions to my customer
- I use my customer's perspective to guide my work
- I understand the resources available throughout our system
- I can always help my customer even when I have to say "no"
- I learn from my mistakes and gain a better understanding of how to help my customer

Three times each year, contractors nominate staff members they believe best exhibit the I AM Workforce Solutions principles and excellent customer service.

The Regional Management Team reviewed and scored 14 nominations and selected the following nominee to receive the February 2014 Customer Service Award.

Pedro Chavez

(Employment & Training Centers)

As a Business Consultant, Pedro Chavez regularly interacts with employers to develop business strategies to address important industry challenges. He has been a key contributor to local chambers of commerce and economic development committees. Working with international industry groups, Pedro has developed significant business solutions for emerging markets in the Gulf Coast region with companies from Russia, Venezuela and Mexico.

Pedro has provided critical labor market information and targeted recruitment efforts to the Lone Star Small Business Development collaborative, which has resulted in a substantial increase in job opportunities for area residents.

Regularly applying the I AM Workforce Solutions principles, Pedro consistently exceeds customer expectations by providing unique solutions and delivering quality service to help both employers and individuals.

Nominating Committee

The Committee Chair will present recommendations and conduct election for Board officers.

Committee Members

John Hebert - Chair
Jeff Labroski – Vice Chair
Guy Robert Jackson
Willie Alexander

2013 Officers

Mark Guthrie– Chairman
Gerald Andrews– Vice Chair
Yvonne Estrada – Vice Chair
Joe Garcia– Vice Chair

Gulf Coast Workforce Board
System Performance
October 2013 to December 2013

Board Measures

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

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

More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services (Market Share)</u> We expect to provide services to 25,147 employers this year which is almost 18% of the 140,808 employers identified for the Gulf Coast area. We provided services to 9,414 employers in the first quarter of the year.	25,147	9,414	24,842
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,492 employers, 6,516 returned to Workforce Solutions for additional services in the first quarter of the year.	60%	29.0%	59.1%

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.	2,700	2,740	2,646
<u>Customers employed by the 1st Qtr after exit</u> Reporting for the quarter ending December 2012, 57,075 of the 79,785 customers who exited from services were employed by the quarter after exit.	72%	71.5%	71.3%

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 2013, 26,841 of the 90,232 customers who exited had earnings gains of at least 20%.	35%	29.7%	32.9%

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 2013, 874 customers pursuing an education diploma, degree or certificate exited in the period July – September 2013. 415 achieved a diploma, degree or certificate by the quarter after exit.	58%	47.5%	57.7%

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, 2013, we are meeting or exceeding the target for six of nine measures. The three measures we are not meeting are:

- Youth Placement in Employment or Education. The target for this measure is 65%. Our performance through December was 61.7%. We expect to meet the target.
- Youth Literacy/Numeracy Gains. The target for this measure is 48.1%. Our performance in the first two quarters (7/13 – 12/13) was 44.6%. We expect to meet the target by the end of June.
- Choices Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 39.5%. Our performance through December was 31.8%.

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



Labor Market Information
 DECEMBER 2013 Employment Data

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

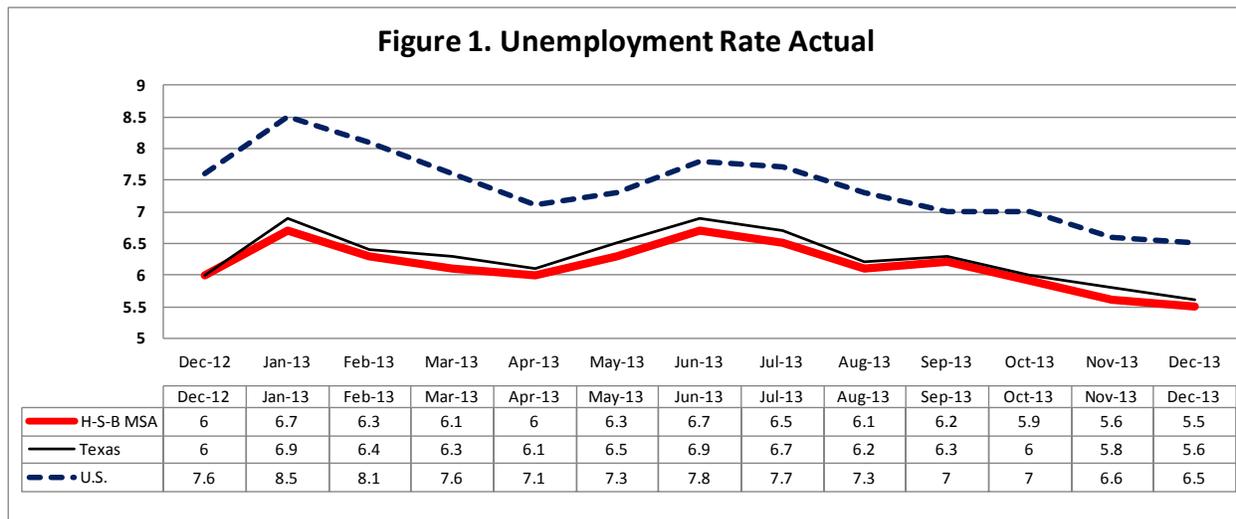
Visit our website at www.wrksolutions.com

THE ACTUAL RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA) DROPPED ONE-TENTH OF A PERCENTAGE POINT TO 5.5 PERCENT IN DECEMBER. This was the lowest rate of unemployment for the H-S-B MSA since November 2008.

Unemployment Rate (Actual)

	DEC 2013	NOV 2013	DEC 2012
Civilian Labor Force	3,131,593	3,127,700	3,055,533
Total Employment	2,960,533	2,951,046	2,872,966
Unemployed	171,060	176,654	182,567
Unemployment Rate	5.5%	5.6%	6.0%

The current 5.5 percent rate is five-tenths of a percentage point lower than it was one year earlier and lower than both the state's 5.6 percent rate and the nation's 6.5 percent rate, see figure 1.



The Bureau of Labor Statistics produces smoothed seasonally adjusted labor force statistics for metropolitan areas but the release of the data is delayed. The most current data reports November's seasonally adjusted rate was unchanged for the third consecutive month at 6.0% in the H-S-B MSA, down two-tenths of a percentage point from one year earlier.

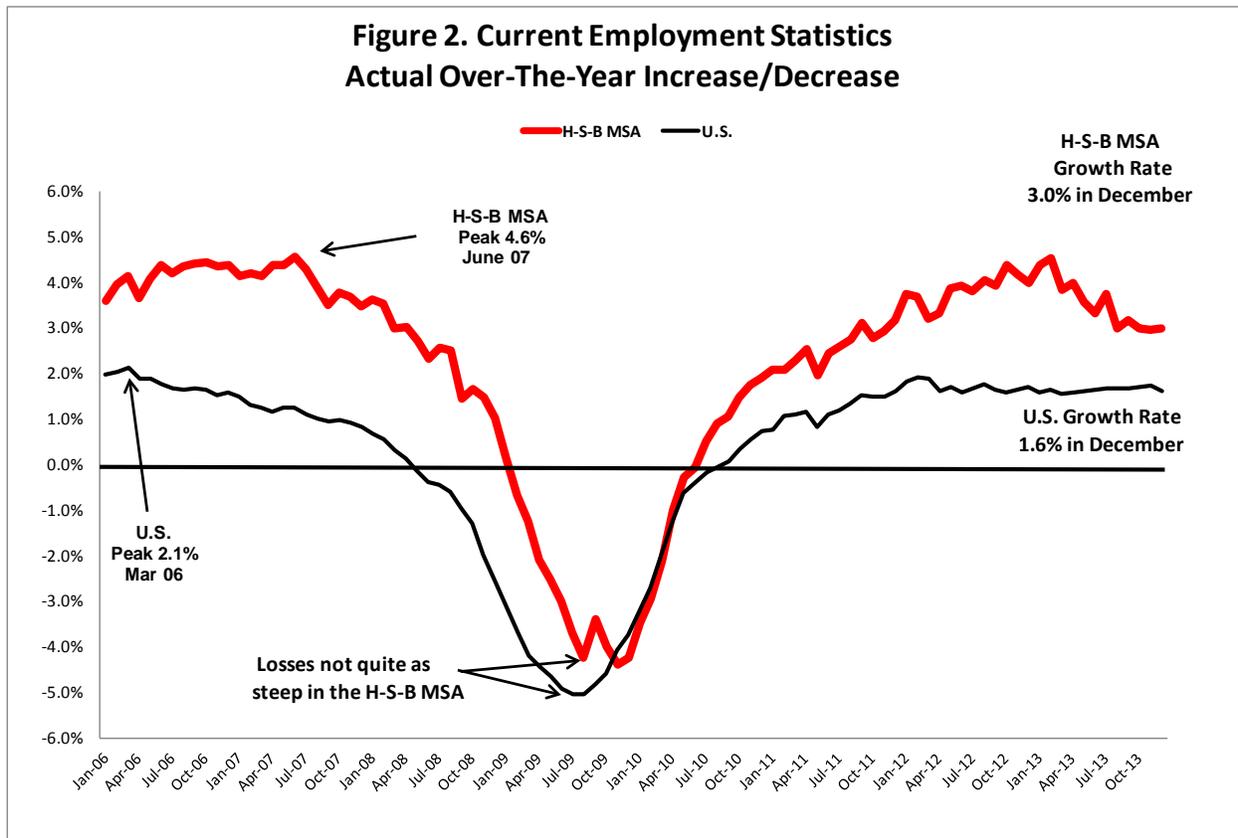
Unemployment Rate (Seasonally Adjusted)

	NOV 2013	OCT 2013	NOV 2012
H-S-B MSA	6.0%	6.0%	6.2%
Texas	6.1%	6.2%	6.3%
U.S.	7.0%	7.2%	7.8%

THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 13,100 JOBS IN DECEMBER. The 0.5 percent increase was slightly stronger than a 0.4 percent increase of 12,000 jobs in December 2012. The majority of the increase was a result of seasonal hiring in Retail Trade and Food Services and Drinking Places.

THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 82,000 JOBS OVER THE YEAR, UP 3.0 PERCENT. While the overall pace of job growth steadily declined over the first half of 2013 it has stabilized at around 3.0 percent over the last several months. The H-S-B MSA continues to report job growth that is considerably stronger than the nation's 1.6 percent over-the-year increase, see figure 2. Most major sectors are reporting over-the-year job gains. Strongest growth has been in Oil and Gas Extraction, Machinery Manufacturing, Wholesale Trade, Architectural Engineering and Related Services, Employment Services, and Ambulatory Health Care Services (where employment in all types of medical offices is found). The only super sectors reporting a loss were Financial Activities and Other Services.

Detailed data can be viewed on pages 7 and 8.



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 197,400 jobs to payrolls, an increase of 7.5 percent. Employment for the U.S. is still down 0.9 percent needing to recover 1,179,000 jobs to reach pre-recession levels.

Additional details by super sector are provided beginning on page 4.

Figure 3. Total Non-farm Employment-Actual

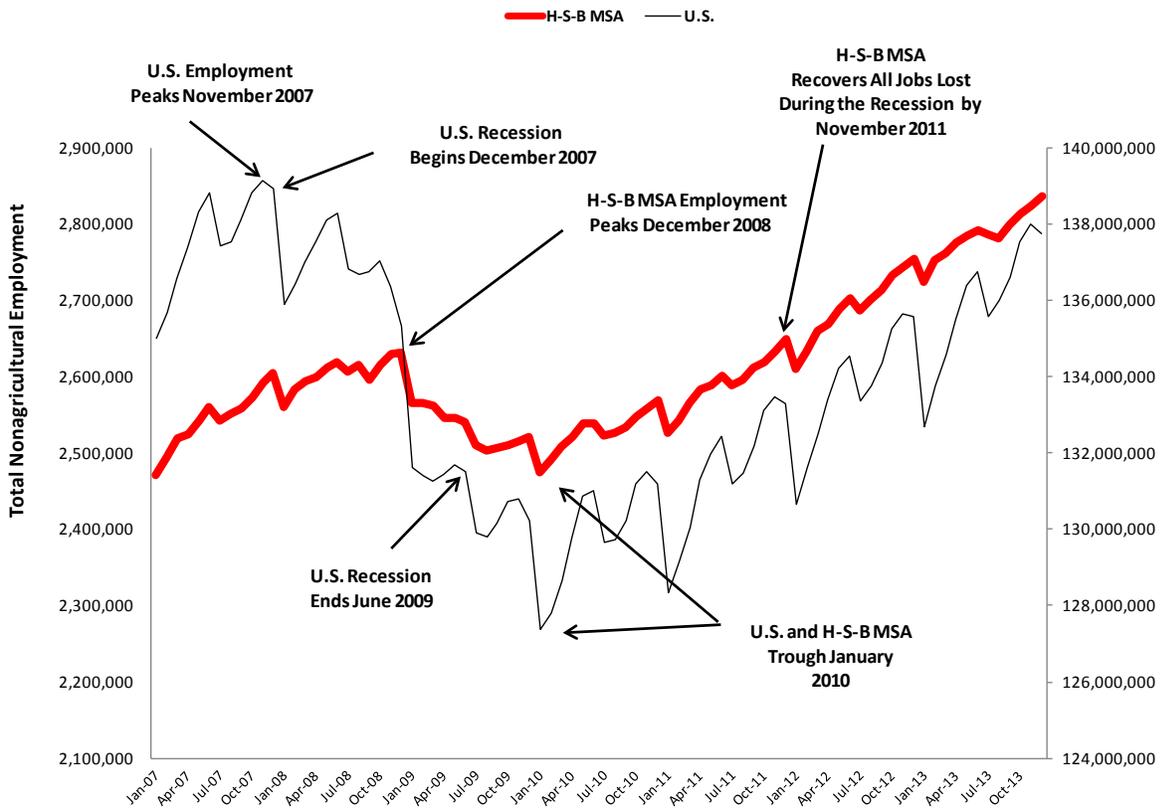
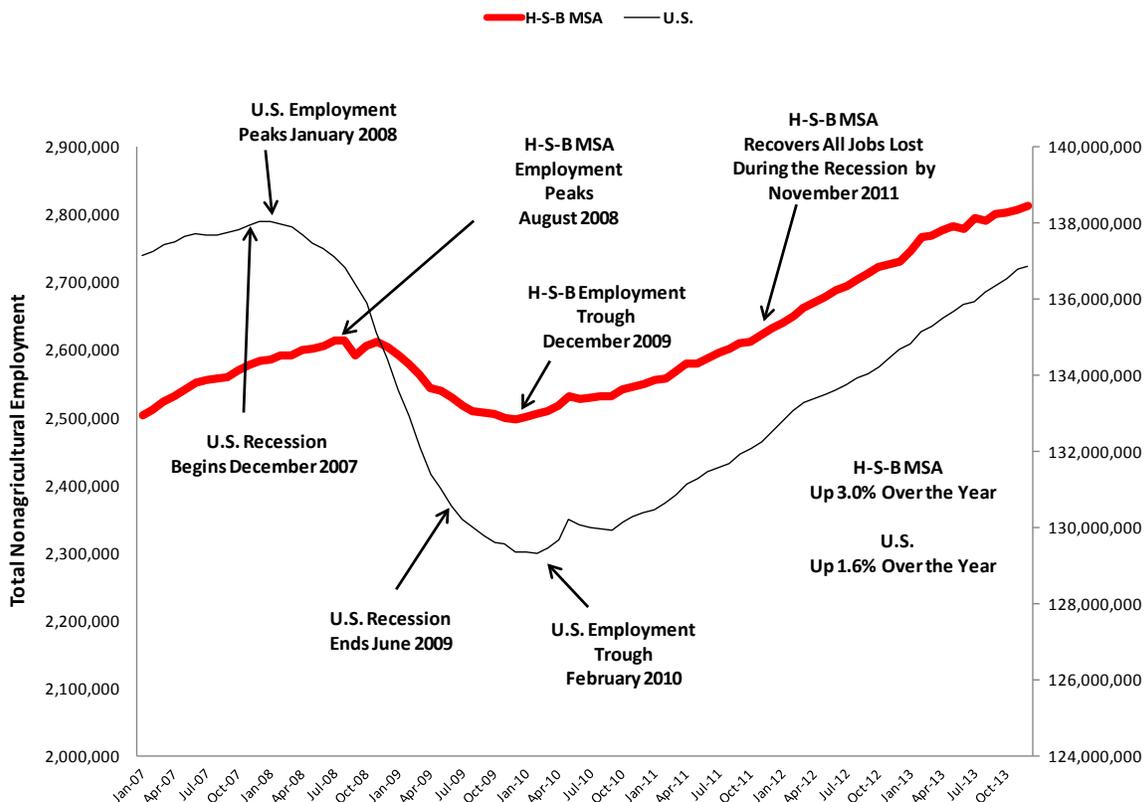


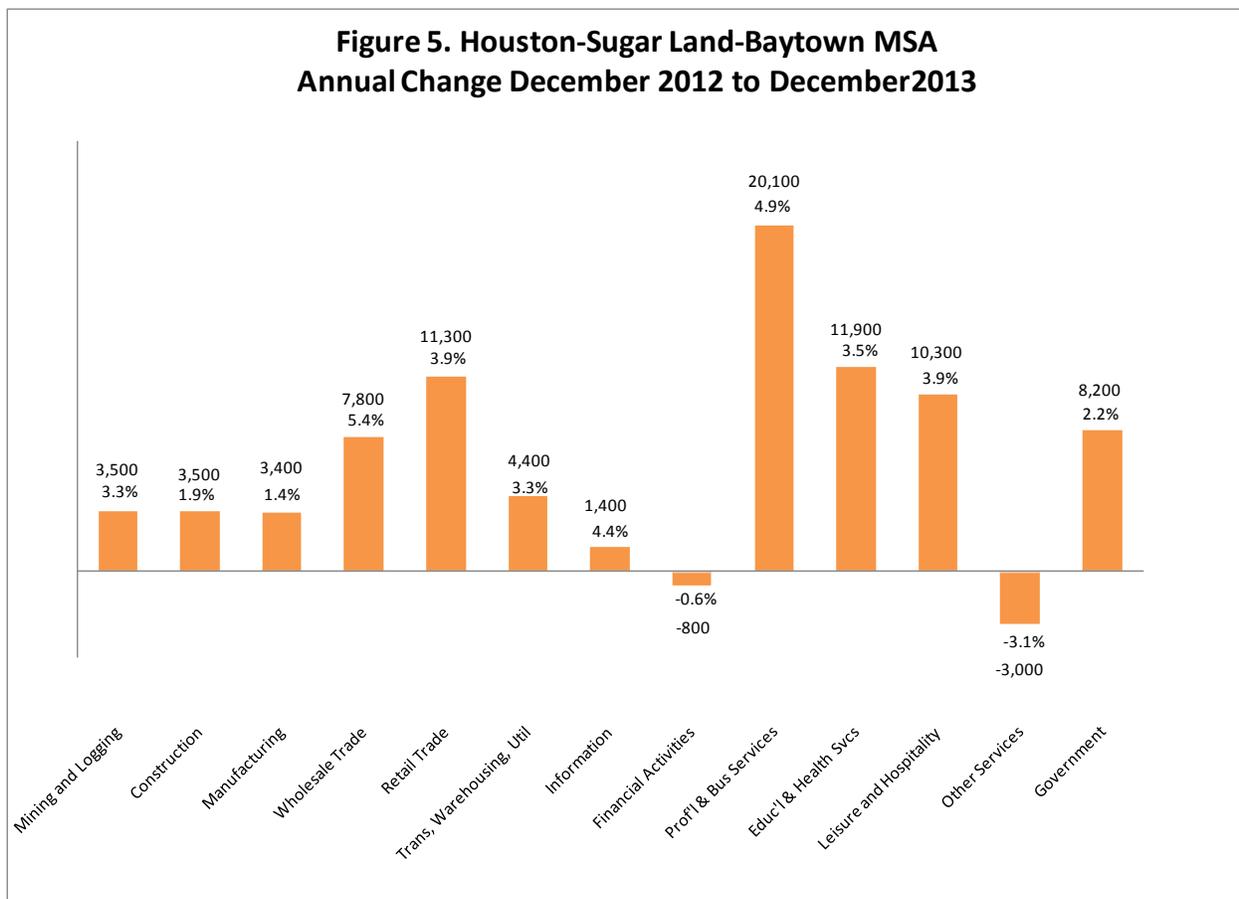
Figure 4. Total Non-farm Employment-Seasonally Adjusted



DETAILS BY SUPER SECTOR

Mining and Logging reported its first increase since September, up 600 jobs or 0.6 percent. All of the increase was in Oil and Gas Extraction, up 700 jobs. Support Activities for Mining reported a slight loss of 100 jobs. While employment levels remain near record highs the pace of job growth has slowed, currently up 3.3 percent over the year compared to 8.6 percent one year earlier. Job growth is found in both Oil and Gas Extraction, up 3,000 jobs or 5.3 percent, and Support Activities for Mining, up 400 jobs or 0.8 percent. The average U. S. rig count rose by 15 in December to 1,771 and was down 13 from December 2012. The average Texas rig count was 846 in December representing about half of all active land rigs in the United States. Drilling continues to get more efficient which despite lower rig counts domestic oil production continues to rise. U.S. crude oil production has reached its highest levels in more than 20 years recently. Outlooks are for energy activity in 2014 to be better than 2013 but not as good as in 2012.

Construction experienced a slight decline of 300 jobs in December. Losses were limited to Specialty Trade Contractors, down 700 jobs or 0.8 percent. Construction of Buildings and Heavy and Civil Engineering Construction experienced slight increases of 300 jobs and 100 jobs respectively. The pace of over-the-year job growth fell for the fifth consecutive month to 1.9 percent, an increase of 3,500 jobs. Strongest gains have been in Construction of Buildings, up 3,500 jobs or 5.3 percent, which has benefited from healthy activity in the single-family and multi-family housing markets. Specialty Trade Contractors have added 2,600 jobs over the year, up 2.9 percent. The Specialty Trade Contractors subsector represents companies that perform specific activities at a construction site such as concrete, site preparation, plumbing, painting, and electrical work. Heavy and Civil Engineering Construction experienced a net loss of 2,600 jobs over the year, down 5.6 percent, with employment levels falling to their lowest since April 2012.



Manufacturing added 800 jobs in December with payrolls up 3,400 jobs or 1.4 percent over the year. While employment levels have been at or near all time highs, the pace of job growth has fallen significantly from 5.3 percent at the beginning of 2013. Most of the increase has been in Durable Goods Manufacturing where many companies that support the energy sector are found. Strongest growth has been in Machinery Manufacturing, up 2,700 jobs or 4.8 percent over the year. Fabricated Metal Product Manufacturing was up 1,500 jobs or 2.6 percent over the year. Employment in Nondurable Goods Manufacturing was up 800 jobs or 1.0 percent over the year. The Houston Purchasing Managers Index increased slightly to 55.4 in December. While the index was increasing in new orders, production, purchases, prices, and lead times, employment indexes declined due to rising inventories in purchased and finished goods. Any index over 50 indicates production gains over the near term. While the pace of hiring at manufacturers has slowed, the labor market for skilled workers remains tight.

Trade Transportation & Utilities added 6,100 jobs in December, up 1.0 percent, driven by seasonal hiring in Retail Trade. The super sector added 23,500 jobs over the year, up 4.1 percent. Trade accounted for most of the increase with Retail Trade up 11,300 jobs or 3.9 percent and Wholesale Trade up 7,800 jobs or 5.4 percent. Strongest retail hiring has been at Building Material and Garden Equipment and Supplies Dealers, up 1,800 jobs or 9.7 percent. Transportation, Warehousing and Utilities added 4,400 jobs over the year, up 3.3 percent, with the largest increase found in Truck Transportation, up 1,000 jobs or 4.1 percent. Pipeline Transportation added 400 jobs over the year, up 3.8 percent. Utilities and Air Transportation were reporting a combined loss of 500 jobs.

Information added 200 jobs in December and 1,400 jobs over the year, up 4.4 percent. While employment levels are well below previous highs the super sector has not reported annual job gains similar to recent months since early 2007. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Financial Activities experienced a loss for the fifth consecutive month, down 1,000 jobs or 0.7 percent. Most of the loss was in Finance and Insurance, down 1,000 jobs or 0.7 percent. Financial Activities is one of two super sectors reporting an over-the year loss, down 800 jobs or 0.6 percent. All of the loss was in Finance and Insurance, down 1,800 jobs or 2.0 percent. Part of the reason for declines in the financial sector are that banks are reducing staff levels due to an improving economy as the number of troubled mortgages and foreclosures decline. Real Estate and Rental and Leasing added 1,000 jobs over the year, up 2.0 percent. An improving housing market and strong energy activity has been driving activity in Real Estate and Rental and Leasing.

Professional and Business Services experienced a net loss of 200 jobs in December. While businesses performing Professional, Scientific, and Technical Services managed an increase of 3,700 jobs, those performing Administrative and Support and Waste Management and Remediation Services suffered a loss of 4,200 jobs. The super sector added 20,100 jobs over the year, up 4.9 percent. Strongest job growth continues to reside in Architectural, Engineering, and Related Services, up 5,800 jobs or 8.6 percent over the year. The pace of job growth in Employment Services, where staffing firms are found, declined to its lowest level since April 2010, currently up 3,500 jobs or 4.7 percent over the year. Despite the decline, staffing firms have reported employment levels rising in the area of professional and technical areas as well as some areas of fabricated metal manufacturing. Staffing firms have also indicated there were severe labor shortages for auditors, engineers, construction workers, and truck drivers.

Education and Health Services added 1,800 jobs to payrolls in December, up 0.5 percent. The super sector added 11,900 jobs over the year, up 3.5 percent. Most of the increase was related to health care with Ambulatory Healthcare Services up 7,600 jobs or 5.5 percent and Hospitals up 2,600 jobs or 3.4 percent. Educational Services added 1,800 jobs over the year, up 3.8 percent. 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 strong increase of 4,700 jobs in December, up 1.7 percent, driven by hiring at Food Services and Drinking Places. The pace of job growth in the super sector jumped by nearly one percentage point in December to 3.9 percent, up 10,300 jobs over the year. Most of the job growth has been in Food Services and Drinking Places, up 9,100 jobs or 4.2 percent. Accommodations, where hotels are found, have been benefitting from robust business activity reporting an increase of 800 jobs over the year, up 3.6 percent. Population growth continues to drive demand in the Leisure and Hospitality super sector.

Other Services reported a slight loss of 100 jobs in December. The super sector is one of two reporting an over-the-year loss, down 3,000 jobs or 3.1 percent. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government experienced a slight increase of 500 jobs in December and was up 8,200 jobs or 2.2 percent over the year. Most of the increase was in Local Government, up 7,600 jobs or 2.8 percent, with 5,200 of the jobs found in Local Government Educational Services.

NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	DEC 2013	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,837,200	13,100	0.5%	82,000	3.0%
Total Private	2,454,800	12,600	0.5%	73,800	3.1%
Goods Producing	545,600	1,100	0.2%	10,400	1.9%
.Mining and Logging	108,100	600	0.6%	3,500	3.3%
...Oil and Gas Extraction	59,200	700	1.2%	3,000	5.3%
...Support Activities for Mining	47,500	-100	-0.2%	400	0.8%
.Construction	185,000	-300	-0.2%	3,500	1.9%
..Construction of Buildings	50,100	300	0.6%	3,500	7.5%
..Heavy and Civil Engineering Construction	43,800	100	0.2%	-2,600	-5.6%
..Specialty Trade Contractors	91,100	-700	-0.8%	2,600	2.9%
.Manufacturing	252,500	800	0.3%	3,400	1.4%
..Durable Goods	171,800	300	0.2%	2,600	1.5%
...Fabricated Metal Product Manufacturing	59,800	700	1.2%	1,500	2.6%
...Machinery Manufacturing	59,100	200	0.3%	2,700	4.8%
....Agriculture, Construction, and Mining Machinery Manufacturing	43,300	400	0.9%	900	2.1%
...Computer and Electronic Product Manufacturing	18,700	-100	-0.5%	-100	-0.5%
..Non-Durable Goods	80,700	500	0.6%	800	1.0%
...Petroleum and Coal Products Manufacturing	12,600	100	0.8%	400	3.3%
...Chemical Manufacturing	36,100	400	1.1%	800	2.3%
Service Providing	2,291,600	12,000	0.5%	71,600	3.2%
.Private Service Providing	1,909,200	11,500	0.6%	63,400	3.4%
..Trade, Transportation, and Utilities	591,800	6,100	1.0%	23,500	4.1%
...Wholesale Trade	153,400	-600	-0.4%	7,800	5.4%
....Merchant Wholesalers, Durable Goods	90,500	-800	-0.9%	4,500	5.2%
.....Professional and Commercial Equipment and Supplies Merchant	10,900	100	0.9%	400	3.8%
....Merchant Wholesalers, Nondurable Goods	41,400	200	0.5%	500	1.2%
...Retail Trade	302,100	5,100	1.7%	11,300	3.9%
....Motor Vehicle and Parts Dealers	35,500	0	0.0%	700	2.0%
....Building Material and Garden Equipment and Supplies Dealers	20,400	100	0.5%	1,800	9.7%
....Food and Beverage Stores	59,300	300	0.5%	1,300	2.2%
....Health and Personal Care Stores	17,800	400	2.3%	0	0.0%
....Clothing and Clothing Accessories Stores	36,600	800	2.2%	700	1.9%
....General Merchandise Stores	65,900	2,100	3.3%	100	0.2%
.....Department Stores	26,200	1,300	5.2%	-100	-0.4%
.....Other General Merchandise Stores	39,700	800	2.1%	200	0.5%
...Transportation, Warehousing, and Utilities	136,300	1,600	1.2%	4,400	3.3%
....Utilities	15,900	100	0.6%	-300	-1.9%
.....Air Transportation	22,200	200	0.9%	-200	-0.9%
.....Truck Transportation	25,300	100	0.4%	1,000	4.1%
.....Pipeline Transportation	10,800	100	0.9%	400	3.8%
..Information	33,300	200	0.6%	1,400	4.4%
...Telecommunications	15,600	200	1.3%	400	2.6%
..Financial Activities	139,200	-1,000	-0.7%	-800	-0.6%
...Finance and Insurance	87,900	-900	-1.0%	-1,800	-2.0%
....Credit Intermediation and Related Activities	42,500	-300	-0.7%	-100	-0.2%
.....Depository Credit Intermediation	29,100	-200	-0.7%	-100	-0.3%
.....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	13,500	100	0.7%	100	0.7%
....Insurance Carriers and Related Activities	29,400	0	0.0%	300	1.0%
...Real Estate and Rental and Leasing	51,300	-100	-0.2%	1,000	2.0%

NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	DEC 2013	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	428,000	-200	0.0%	20,100	4.9%
...Professional, Scientific, and Technical Services	203,700	3,700	1.9%	7,600	3.9%
....Legal Services	24,400	300	1.2%	200	0.8%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	20,500	600	3.0%	200	1.0%
....Architectural, Engineering, and Related Services	72,900	1,300	1.8%	5,800	8.6%
....Computer Systems Design and Related Services	28,200	300	1.1%	1,200	4.4%
...Management of Companies and Enterprises	24,100	300	1.3%	900	3.9%
...Administrative and Support and Waste Management and Remediation Services	200,200	-4,200	-2.1%	11,600	6.2%
....Administrative and Support Services	189,700	-5,000	-2.6%	10,600	5.9%
.....Employment Services	78,700	-1,400	-1.7%	3,500	4.7%
.....Services to Buildings and Dwellings	44,300	-500	-1.1%	1,400	3.3%
..Educational and Health Services	348,200	1,800	0.5%	11,900	3.5%
...Educational Services	48,600	-100	-0.2%	1,800	3.8%
...Health Care and Social Assistance	299,600	1,900	0.6%	10,100	3.5%
....Ambulatory Health Care Services	145,500	1,500	1.0%	7,600	5.5%
....Hospitals	78,600	-100	-0.1%	2,600	3.4%
..Leisure and Hospitality	275,000	4,700	1.7%	10,300	3.9%
...Arts, Entertainment, and Recreation	27,200	-400	-1.4%	400	1.5%
...Accommodation and Food Services	247,800	5,100	2.1%	9,900	4.2%
....Accommodation	22,800	-100	-0.4%	800	3.6%
....Food Services and Drinking Places	225,000	5,200	2.4%	9,100	4.2%
..Other Services	93,700	-100	-0.1%	-3,000	-3.1%
Government	382,400	500	0.1%	8,200	2.2%
..Federal Government	27,600	200	0.7%	100	0.4%
..State Government	72,200	-600	-0.8%	500	0.7%
...State Government Educational Services	38,900	-600	-1.5%	100	0.3%
..Local Government	282,600	900	0.3%	7,600	2.8%
..Local Government Educational Services	198,900	300	0.2%	5,200	2.7%

UNEMPLOYMENT RATE

	DEC 2013	NOV 2013	DEC 2012
H-S-B MSA	5.5	5.6	6.0
Texas (Actual)	5.6	5.8	6.0
United States (Actual)	6.5	6.6	7.6

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 2012 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.