

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

COMMISSION MEETING

TUESDAY, MAY 1, 2007

BE IT REMEMBERED THAT at approximately
9:00 a.m., Tuesday, the 1st day of May 2007, the
above-entitled matters came on for hearing at the
Texas Workforce Commission, TWC Building, 101 East
15th Street, Room 244, Austin, Texas, before DIANE
RATH, RON LEHMAN and RONALD G. CONGLETON,
COMMISSIONERS, and LARRY TEMPLE, EXECUTIVE DIRECTOR,
of the Texas Workforce Commission; and the following
proceedings were reported by Janis Simon, a Certified
Shorthand Reporter of:

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1 P R O C E E D I N G S

2 TUESDAY, MAY 1, 2007

3 (9:00 a.m.)

4 AGENDA ITEM NO. 1

5 CHAIR RATH: Okay. We'll go ahead and
6 come to order, and we'll start with the Tax Cases.

7 AGENDA ITEM NO. 2

8 Discussion, Consideration and Possible
9 Action Regarding Whether to Assume Continuing
10 Jurisdiction on Unemployment Compensation Cases, Wage
11 Claim Cases, and/or Tax Liability Cases and
12 Reconsideration of Unemployment Compensation Cases,
13 Wage Claim Cases, and/or Tax Liability Cases, if Any
14 No discussion.

15 AGENDA ITEM NO. 3

16 Discussion, Consideration and Possible
17 Action Regarding Tax Liability Cases Listed on the
18 Texas Workforce Commission Docket 18

19 The Commission considered and took
20 action on all tax liability cases listed on Docket 18.

21 AGENDA ITEM NO. 4

22 Discussion, Consideration and Possible
23 Action Regarding Higher Level Appeals in Wage Claim
24 Cases Listed on the Texas Workforce Commission
25 Docket 18

1 The Commission considered and took action on
2 all Wage Claim Cases listed on Docket 18.

3 AGENDA ITEM NO. 5

4 Discussion, Consideration and Possible
5 Action Regarding Higher Level Appeals in Unemployment
6 Compensation Cases Listed on the Texas Workforce
7 Commission Docket 18

8 The Commission considered and took
9 action on all Unemployment Compensation Cases listed
10 on Docket 18.

11 CHAIR RATH: Thank you. We will take a
12 brief break while we bring the system up, and then
13 we'll continue with the remainder of our agenda.

14 (The Commission paused and continued
15 with the remainder of the agenda.)

16 CHAIR RATH: Okay. We'll go ahead and
17 continue with the remainder of our agenda.

18 AGENDA ITEM NO. 6

19 CHAIR RATH: Is there anyone signed up
20 for public comment?

21 MR. BALLARD: No.

22 CHAIR RATH: Thank you.

23 AGENDA ITEM NO. 7

24 CHAIR RATH: And I don't believe we have
25 anything on Item 7.

1 AGENDA ITEM NOS. 8 & 9

2 CHAIR RATH: That takes us to 8, and
3 it's the -- well, I'm going to -- I'm going to do 8
4 and 9 together so that we can have a discussion
5 regarding the deobligation and reallocation of Child
6 Care, Choices, and all the other funding formulas
7 subject to review at this point.

8 Hello, Juan.

9 MR. GARCIA: Good morning. Good
10 morning, Chair Rath, Commissioners; Juan Garcia with
11 Contract Management.

12 We have two recommendations for
13 deobligation and reallocation for you this morning.
14 As you know, the deobligation rule sets deobligation
15 thresholds at Months 5, 6, 7 and 8 of the Program Year
16 for funds allocated to the boards. For WIA we are at
17 the eighth month and, therefore, the last month of
18 that deobligation period. However, at this time we're
19 not making any -- staff is not making any
20 recommendation for deobligation for WIA.

21 The two deobligations that we do have
22 before you impact the nonWIA formula funds, and the
23 first one would impact the Food Stamp Employment &
24 Training program. And you can find this at Page 6 of
25 your notebook materials. Staff is recommending a

1 deobligation of \$25,566 from the Rural Capital
2 Workforce Development Board.

3 The second deobligation impacts the
4 Trade program, and this would be in -- on Page 9 of
5 your notebook materials. We have five boards at the
6 following deobligation amounts: South Plains,
7 \$25,964; Deep East at \$55,611; Southeast Texas at
8 45,000; Alamo at 411,694; and Coastal Bend at \$8,546.

9 On the reallocation recommendations that
10 we have before you -- and you'll find these on --
11 again, on Page 6 of -- of the second set of notebook
12 materials for you. Staff is recommending a
13 reallocation for the Dallas Board of Food Stamp
14 Employment & Training funds amounting to \$25,566. In
15 arriving at that recommendation, we looked at the
16 performance and expenditure rate of the -- of -- of
17 the four or five boards that requested funds. And in
18 doing so, we determined that the Dallas Board had the
19 highest expenditure rate through March and also had
20 the highest performance.

21 In Trade, which is on Page 9 of the
22 second set of notebook materials, we're recommending a
23 reallocation for Trade funds to the Upper Rio Grande
24 Board at \$471,815 and the Heart of Texas Board at
25 \$75,000.

1 At -- at this point, I'll answer any
2 questions you might have.

3 CHAIR RATH: Thank you, Juan. I really
4 appreciate the work y'all did and the information
5 we've received. And I just wanted to -- to comment
6 that I know we only have the two deobligations that
7 we're really considering today, but several of the
8 boards and -- and the different funds have some pretty
9 large balances and below targets.

10 And I know y'all have been working with
11 them. And I would just ask that y'all really closely
12 monitor to see if they implement the plans that have
13 been shared with us, because there are some very large
14 balances that are sitting there that certainly could
15 be utilized by boards that have tremendous need and --
16 and are wisely investing those dollars.

17 So, while I -- I certainly agree with
18 the suggestions y'all are making and -- and defer to
19 that recommendation, I'm also very concerned across
20 many, many programs with some -- especially the --
21 some of the WIA Adult and Dislocated, I mean, the
22 Dislocated, particularly, where there's just some
23 large balances there.

24 So, I really am -- am concerned and --
25 and hope y'all really watch that very, very carefully

1 throughout the next couple of months.

2 MR. GARCIA: And, Chair Rath, we are
3 very engaged with the boards and we are in constant
4 contact with them, and we are making on-site visits to
5 them just to -- to ensure that they stay on track on
6 this.

7 CHAIR RATH: Thank you.

8 Commissioner?

9 COMM. LEHMAN: I do not disagree with
10 your recommendations. Therefore, I would support
11 them, and I would echo the Chair's comments and your
12 retort.

13 COMM. CONGLETON: And I'm fine with it.

14 CHAIR RATH: Very good.

15 MR. GARCIA: Thank you.

16 CHAIR RATH: So, I think you have an
17 agreement for the deobligation and the reallocation of
18 those resources as discussed.

19 MR. GARCIA: Thank you.

20 CHAIR RATH: Thank you very much.

21 AGENDA ITEM NO. 10

22 CHAIR RATH: That brings us to the TANF
23 earmark, Ms. Verver.

24 MS. VERVER: Good morning, Chair Rath,
25 Commissioners; Nicole Verver, Workforce Development.

1 On March 12th, 2007 the Department of Labor notified
2 TWC that a third year of funding for the Houston
3 Alumni Youth Transition Center, the HAY Center, would
4 not occur due to other DOL priorities.

5 Just to give you a little history, the
6 HAY Center, which is located in Houston, provides a
7 centralized site where youth, aging out of foster
8 care, can access information about education,
9 employment, training, support services, and other
10 community resources. The HAY Center serves all foster
11 youth and former foster youth ages 16 to 22.

12 The HAY Center first started providing
13 services in July of 2005, and each month the center
14 serves an -- an average of 330 youth. They've
15 exceeded their enrollment goal by more than 200
16 percent. Their placement or entered employment rate
17 is above 80, and their GED and high school diploma
18 attainment rate is 76.

19 The Casey Family Programs, which is
20 assisting in the sustainability efforts of the center,
21 notified TWC last month of its interest in continuing
22 the HAY Center with funding from the Casey contingent
23 upon securing an equal amount of match from TWC.
24 Staff is recommending providing a total of \$400,000 in
25 TANF funds to allow the center to continue serving

1 foster youth.

2 With funds provided by TWC and the Casey
3 Foundation, the HAY Center will continue to operate
4 for the next two years and serve an additional 350
5 youth per year.

6 At that time I'll be glad to answer any
7 questions.

8 CHAIR RATH: Thank you. No, I -- can I
9 ask one question? And I -- I meant to do this before.
10 It's just from -- if you could remind me, when they
11 originally applied for the DOL, wasn't there an
12 indication that if they met benchmarks, there would be
13 a third year of funding, or am I remembering that
14 wrong?

15 MS. VERVER: That -- that is correct.
16 DOL has notified us that they have other priorities in
17 terms of using those funds, and so they won't be able
18 to sustain a third year.

19 CHAIR RATH: Thank you. That was what I
20 sort of recollected, and I just want to say I think
21 it's very unfortunate when plans are made and there is
22 an expectation that you are going to have commitments
23 made through a certain period for that to just be
24 pulled. And so I'm -- I'm very sympathetic,
25 considering the tremendous work that they're doing,

1 and I think they really do have a model program and,
2 clearly, a best practice.

3 And what I'm most pleased to see was the
4 diploma/GED attainment rate --

5 COMM. CONGLETON: Uh-huh.

6 CHAIR RATH: -- because when you look at
7 the challenges those kids have, I think that is just
8 commendable. So, I think anything we can do to
9 support that and further, you know, look at
10 opportunities to replicate it, because I think other
11 communities around the state might be very interested
12 in having the information and -- and replicating it.

13 So, perhaps, as we start looking at our
14 next budget with some of the TANF -- if there's any
15 available TANF dollars, we might see if we -- you
16 know, we could have some community step forward and
17 use an investment as venture capital to start a
18 replication, particularly if Casey is interested, they
19 might be willing to partner --

20 MS. VERVER: Uh-huh.

21 CHAIR RATH: -- to expand that to a
22 couple of areas that are really in crisis right now,
23 too.

24 MS. VERVER: Thank you.

25 COMM. LEHMAN: I am in agreement with

1 authorizing the funds, and I would also echo those
2 remarks. In fact, I believe Coastal Bend is having a
3 Foster Youth Conference this coming weekend, and it
4 might be certainly worthwhile to make sure that that
5 board area and this one have an opportunity to learn
6 from each other. So, I would encourage the -- the
7 connection.

8 CHAIR RATH: Uh-huh. Great. Great
9 point.

10 MS. VERVER: Thank you.

11 COMM. CONGLETON: Well, I think this is
12 an excellent program. It -- it's very worthwhile.
13 I'm -- I'm a little disappointed in the DOL not
14 funding the third year, as the Chair said. I think
15 the GED attainment rate alone and the -- and the folks
16 that went on to post-secondary education out of this
17 program are -- it's a -- it's a model. So, I agree
18 completely.

19 CHAIR RATH: Very good.

20 MS. VERVER: Thank you.

21 CHAIR RATH: Thank you.

22 AGENDA ITEM NO. 11

23 CHAIR RATH: Okay. That brings us to
24 '08 planning estimates, allocations, and performance
25 targets, Mr. Townsend.

1 MR. TOWNSEND: Good morning,
2 Commissioners. My name is Randy Townsend, Chief
3 Financial Officer.

4 Included in your tab for this week a
5 two-page document: One was a summary of the options
6 for your consideration this morning and then a
7 detailed schedule showing how the numbers would work.
8 What we're hoping to accomplish this morning is just
9 receive any direction you would have as far as the
10 allocations are concerned with respect to the WIA
11 formula, that includes the Dislocated Worker, Adult
12 and Youth programs, as well as any direction relating
13 to the planning estimates which, ultimately, would, of
14 course, be considered in the future for an allocation
15 for the -- the remaining programs.

16 And so what I've tried to do is -- is
17 summarize where there's possible options that you
18 might want to consider so that we can then begin to
19 run the -- the information by each of the individual
20 board areas, and the plan would be to have that
21 information ready for your first consideration at next
22 week's Commission Meeting. And then hopefully by the
23 time the month of the May is out, we'll have finalized
24 numbers from the Legislature for the remaining amounts
25 for the planning estimates for the -- the nonWIA

1 programs so that we can move forward timely as we --
2 for this time around.

3 So, with that, what I would start
4 with -- and I understand there's been maybe some
5 late-breaking news here that we may -- Reagan may want
6 to -- want to provide some additional information for
7 your consideration as it relates to the Dislocated
8 Worker program. I had identified two options for the
9 Dislocated Worker, and let me just stop for just a
10 second and back up.

11 First of all, the State of Texas on --
12 on -- with regard to the WIA allotments, we came out
13 fairly well considering how some other states did in
14 this regard. We were within about 1 percent of -- we
15 had -- received about a 1 percent or so reduction in
16 funding. However, there were several states that were
17 actually at their hold-harmless level, so they were at
18 90 percent of previous amounts. Several states picked
19 up the maximum that you can pick up.

20 So, there was a lot of moving of funding
21 among many different states this -- this last time
22 around. Some -- some of the most significant shifts
23 in funding I've seen in -- in a number of years, and
24 the only thing I can kind of attribute it to possibly
25 is maybe the new census data tracts that they're using

1 for some of their formulas.

2 So, Texas in -- on the whole came out
3 relatively well when you compare it to some of the
4 other states. So, I think that's important to note up
5 front, although it is a cut in funding.

6 CHAIR RATH: I just have to comment, I
7 can't resist, that here we are in 2007 looking at 2008
8 funding, and I'm so pleased that DOL is now using the
9 2000 census data.

10 (Laughter)

11 MR. TOWNSEND: We'll have another
12 census --

13 (Simultaneous discussion)

14 CHAIR RATH: It just illustrates how,
15 perhaps, current data can really impact what we're
16 able to do.

17 MR. TOWNSEND: Thank you.

18 The Dislocated Worker, as you know, the
19 State of Texas has historically for the last two or
20 three years looked at making significant amounts
21 available above what the minimum would require. And
22 as you know, 60 percent has to be allocated by the
23 formula according to our rule. The remaining --
24 there's about 25 percent that can be retained for
25 Rapid Response.

1 Several years ago we decided it would be
2 best to put all that in Dislocated and allow the
3 boards to identify Rapid Response activities and
4 report that accordingly. So, for the last two or
5 three years, Commissioners, you have decided to make
6 an allocation that was around 83, 83 1/2 percent, and
7 we have reserved very minimal amounts for state level
8 for Rapid Response.

9 In looking at where we stand on our
10 balances this time around, what our spending levels
11 have been for the last couple of years, there is a
12 balance of 900,000. And at this -- at the time this
13 went to print I had -- was recommending that we would
14 go with 84 percent being an allocation to the board
15 and only reserving 1 percent for the Rapid Response at
16 the state level, as opposed to the 1 1/2 historically.

17 However, I think it might be helpful for
18 you to -- to possibly hear, if Reagan doesn't mind,
19 some late-breaking information we just received that
20 you may want to take into account as far as the Rapid
21 Response funds go.

22 MS. MILLER: Reagan Miller, Workforce
23 Development.

24 On Friday a TEGL was released giving
25 states some flexibility with NEG funds for -- I hope I

1 get -- it's RIGs, Regional Innovation Grants, to -- to
2 use the WIRED-type concept to allow for regional
3 planning in areas that are facing significant layoffs.
4 One of the stipulations in the TEGL is that states use
5 matching funds, and they mentioned Rapid Response
6 funds.

7 So, at this point we're not sure how
8 many board areas might qualify with potential layoffs
9 for these new NEG funds. The level of interest we're
10 still testing out, and the TEGL wasn't really clear on
11 how much match the state has to put up. So, there are
12 still some unknowns about how much money might be
13 needed should we apply for these NEG Regional
14 Innovation Grants.

15 At this point I think the \$900,000
16 balance that we have at the state level probably will
17 be sufficient to meet any of those new needs. But,
18 again, that is an unknown that could change in the
19 future. So, I just wanted to make sure that you were
20 aware of that.

21 We are doing some additional research
22 right now on that TEGL that was just released.

23 CHAIR RATH: I think that we need to go
24 after any dollar that's possibly available to bring
25 into the state, and I think that we have a pretty good

1 track record of being aggressive in seeking funds to
2 support activities. And -- and our boards are very
3 aggressive at taking advantage of that opportunity,
4 and I think we have several areas that might well be
5 interested in pursuing it as more information becomes
6 available.

7 So, while I initially was very in favor
8 of holding minimal back, because of the -- and it's a
9 good thing we haven't needed the Rapid Response. And
10 that's why I'm a little confused in the TEGE when they
11 talk about areas facing large layoffs, because our
12 economy in this state is so strong and, in fact, when
13 the unemployment in the country is so strong. There's
14 just a couple of states that are really in true
15 crisis, and I'm very sympathetic to them.

16 But I think we have to really explore
17 very firmly what they mean by that so that we can take
18 advantage of it, and -- and the boards are fairly
19 situated to compete with that. So, because of that,
20 I -- I would -- I would hold a little bit back -- hold
21 back a little bit more until we have a clearer
22 picture, I think until we have an indication of what
23 the boards are interested in so that we are able to
24 maximize the opportunity, because we can always put
25 the money out, but we can't always get it back.

1 MS. MILLER: Yes, ma'am.

2 CHAIR RATH: So, that's what -- that's
3 sort of my thoughts on it.

4 MS. MILLER: And we will get you more
5 information on this. Dale has already been doing some
6 initial work and has identified five areas that may
7 qualify, pending further instruction from DOL. So,
8 we've already begun working and hope to have
9 additional information to you soon.

10 COMM. LEHMAN: If we wanted to go after
11 more than our fair share of the -- you're talking
12 about NEG --

13 MS. MILLER: Yes.

14 COMM. LEHMAN: -- using -- using
15 Dislocated Worker money to match NEG money that's --

16 MS. MILLER: Yes.

17 (Simultaneous discussion)

18 COMM. LEHMAN: -- up the feds now.

19 Right?

20 MS. MILLER: Yes, sir.

21 COMM. LEHMAN: Do we have any idea how
22 much we're talking about up there?

23 MS. MILLER: No, we don't. They said a
24 limited amount of NEG funds will be made available,
25 but they did not give a national amount. It's 250,000

1 per award, but they didn't -- they also didn't specify
2 the amount of state match that they were looking at.
3 So, again, there are a lot of unknowns that we're
4 looking at right now.

5 COMM. LEHMAN: I'm inclined to agree
6 with the Chair. Let's -- let's preserve a little bit
7 of an extra buffer so we have the maximum amount of
8 leverage and set a target to go after all of that that
9 we can get.

10 COMM. CONGLETON: And I agree with that
11 analysis.

12 CHAIR RATH: Can I ask one question? I
13 don't recall where they made any reference to
14 interstate or any limit with how many a state could
15 submit. Did I miss it, or --

16 MS. MILLER: No, that's correct.

17 CHAIR RATH: -- okay. Because I -- I do
18 think we have -- I mean, the Texoma area has done so
19 much work in -- in preparation and really I think were
20 sort of unfairly impacted by the arbitrary limitations
21 in the last WIRED competition. So, I think really
22 looking at those opportunities, also, to -- not just
23 within the state but some of those really appropriate
24 interstate opportunities that might work. And then
25 and -- and really encourage some of those board areas

1 that might be appropriate to -- to seek it out.

2 Thanks.

3 MS. MILLER: Thank you.

4 MR. TOWNSEND: Commissioner, just so I
5 can be clear on -- on what I will bring back to you
6 for next week, the second option would -- would make
7 an allocation to the boards of \$78,400,005, as opposed
8 to what staff had as a recommendation there. Is that
9 your preference at this point to -- to go with that --
10 essentially the second option, then, for Dislocated
11 Worker?

12 CHAIR RATH: At this time.

13 MR. TOWNSEND: Okay. Thank you.

14 CHAIR RATH: I think you had a consensus
15 for that.

16 COMM. LEHMAN: Yeah.

17 MR. TOWNSEND: Thank you.

18 COMM. LEHMAN: Yeah. In the absence of
19 a better number, I'm okay with it.

20 CHAIR RATH: Uh-huh.

21 COMM. CONGLETON: I agree.

22 MR. TOWNSEND: Very good.

23 With regard to WIA Adult and Youth, we
24 are -- there's no different options on this. The
25 Adult at 85 percent would be \$62,922,084. The Youth

1 at 85 percent of available would be \$68,123,016. And
2 that's what we will -- would run our allocations
3 around.

4 We do have a -- a couple options for
5 your consideration as it relates to the Child Care.
6 Now we're moving into our planning estimates. So,
7 this would be -- there's a little bit more uncertainty
8 about some of the pending items here as we still would
9 need to work through our budget process. And, of
10 course, the Legislature is still in the middle of its
11 work as well.

12 The first option was identifying a
13 planning estimate amount of 442.5 million, which is
14 the same dollar amount as was allocated for the Fiscal
15 Year '07. I had identified a second option that would
16 have been a slightly higher amount available for
17 allocation of 445.2 million, which is basically the
18 same percentage of funding that was allocated in the
19 prior year.

20 Staff is recommending the lower amount
21 as a planning estimate for the time being -- in other
22 words, the \$442,471,203 for a planning estimate number
23 to go forward for the time being until we have an
24 opportunity to work through the budget process, have
25 an opportunity to look at any impacts of -- of

1 legislation, which I think are possible here and any
2 other updates to our cost allocation, et cetera, that
3 would have an impact for -- for future amounts. And
4 that would be our staff recommendation at the time --
5 or at this time.

6 COMM. LEHMAN: I would agree.

7 CHAIR RATH: I would agree, again,
8 because there's so many Child Care initiatives. And
9 until we have a little bit more clarity about the
10 expectations by the Legislature, I think that would be
11 helpful.

12 MR. TOWNSEND: Choices, do not identify
13 a separate option for your consideration. We are
14 recommending this 77,610,629, which is 90.2 percent,
15 the same percentage that was allocated last -- for
16 2007 in terms of the allocation. We had a little bit
17 more available last time around to -- to make
18 available to the boards.

19 We are working with a little bit more
20 funding because we had some additional carry-forward
21 dollars, I think, we had brought into the -- into the
22 mix as well. And so at this time just recommending
23 that same percentage. It does leave a little room for
24 the future in terms of what's available at this point,
25 a -- about a couple million dollars, it looks like, as

1 well as any carry-forward balances that we would
2 identify until after we close out contracts and any --
3 anything else.

4 So, this number, again, could have a
5 little bit larger amount available when we get to --
6 after we get through the budget process. And -- and,
7 of course, the impacts of legislation will need to be
8 considered here as well as we -- as we move forward on
9 this. But at this time we're recommending the 77.6
10 million as a planning estimate number.

11 COMM. LEHMAN: I'm okay with the
12 recommendation.

13 CHAIR RATH: Uh-huh, that's fine.

14 MR. TOWNSEND: Employment Services,
15 staff is recommending the same dollar amount as was
16 allocated for '0 -- 2007, the 31,347,884 as an '08
17 planning estimate. We still have some work to do in
18 this regard as well. We need to take a look and --
19 and -- and see what impacts there might be, again,
20 with updates to our cost allocation and that sort of
21 thing.

22 So, we're hopeful that we can maintain
23 this same level, even though the -- the grant is
24 certainly staying pretty much flat at this point. So,
25 we'd like to keep the same funding levels if -- if

1 that's possible as a -- so as a planning estimate that
2 is our suggested starting point.

3 COMM. LEHMAN: Agree.

4 CHAIR RATH: Uh-huh.

5 COMM. CONGLETON: (Nodding)

6 MR. TOWNSEND: For Food Stamp Employment
7 & Training, the 12 -- being recommended as a planning
8 estimate for '08 is 12,568,143. That's the same
9 dollar amount that was allocated for '07. Just -- you
10 might want to keep in mind here that this is -- does
11 not include ABAWD-only funding.

12 We are estimating that we'd -- we would
13 receive a similar amount as we have for the past
14 couple of years or so, which is around 4.9 million and
15 that we would -- we will run that scenario for your
16 consideration based on that estimated ABAWD-only
17 funding continue, but it is not part of this 12.6
18 million planning estimate number you have here in
19 front of you. So, the staff recommendation is to go
20 forward with the same dollar amount as last year.

21 COMM. LEHMAN: Agree.

22 COMM. CONGLETON: Agree.

23 CHAIR RATH: Yeah, I'm fine.

24 MR. TOWNSEND: For RIO, we have
25 identified 3,783,271, which is the same dollar amount

1 as allocated for 2007. I would make a point here that
2 in the Senate version of HB 1 there is additional
3 funding provided if that clears conference. Of
4 course, at this point we don't know.

5 And so we're recommending the -- the
6 lower dollar amount that's -- that was essentially
7 built into the base introduced bill, using that as a
8 planning estimate for now, although, there is a
9 possibility there could be additional funding.
10 There's also a possibility there could not be, I
11 suppose. So, that's our best estimate at this point.

12 CHAIR RATH: And -- and I think that's
13 an opportunity, since we have both the Senate and the
14 House moving forward, and the Senate was very generous
15 in recognizing the need. And -- and hopefully the
16 House will concur with the Senate's wisdom in that
17 decision.

18 So, I -- I think if -- if folks have an
19 opportunity to share their success, particularly with
20 members of the conference committee, they might be
21 able to learn what's really going on in the front
22 lines with it.

23 MR. TOWNSEND: Very good.

24 For Trade Act Services, I had identified
25 two options here. The first option -- and, again,

1 this is based on our estimate for the Trade Act grant;
2 we won't know that for some time now but had
3 identified 111/2 million that would be available
4 for -- for training and then, of course, for the
5 boards' portion of -- of admin costs.

6 We do have -- as a second option, we do
7 have almost 5.7 million in available balances. I
8 think we've been talking about this for some months
9 now that could be allocated. It has been allocated at
10 least once.

11 We could make it available as to
12 allocation. Staff is recommending not to do that,
13 that -- let that be on the basis of a request that
14 would come in for the additional amounts and to go
15 with Option 1, the 111/2 million as -- as an
16 allocation. We will have some interesting discussion
17 around this as you look at the -- at the changing
18 numbers of approved Trade Act eligible folks for
19 training.

20 The numbers are shifting around in the
21 state, so there's -- there will be a decision point
22 when we bring this forward for your consideration
23 next -- next week with -- with regard to the
24 hold-harmless stop-gain provision. I think y'all may
25 need to take some time to consider that, because it --

1 definitely there's some pretty big shifts in -- in
2 where the funding would go based on that
3 determination.

4 So -- but for right now, as a planning
5 estimate, we would -- we would propose to run it with
6 the 11 -- the 11,496,196 number for now.

7 CHAIR RATH: I think that makes sense,
8 and -- and I also wanted to ask -- because I know that
9 we're fortunate enough that we aren't having the
10 tremendous demand for the training that's available
11 under Trade Act and also to encourage the boards to
12 take advantage wherever possible. And I know we've
13 looked and those funds are so very restricted.

14 But if we could, perhaps, have another
15 conversation with DOL to see if there's any
16 flexibility, any ability to consider a waiver, any
17 pilot projects, if there's anything we could do
18 consistent with the intent of Trade Act for training
19 to take advantage of those funding, particularly when
20 we have areas, you know, like Southeast Texas that has
21 such a huge demand for training right now. It's not
22 like we can't use the dollars; we just can't use these
23 dollars.

24 So, if they'd let us run a pilot or
25 anything, perhaps.

1 MR. JONES: We'll do that.

2 MR. TOWNSEND: And that -- and that
3 brings us to the WIA Alternative Funding for Statewide
4 Activities and One-Stop Enhancements. Staff was
5 recommending continuing the dollar amounts that had
6 been made available in -- in the recent past, namely
7 \$1 million for the five -- five areas for the One-Stop
8 Enhancement Funding and then 3,786,519 for the
9 Alternative Funding for Statewide Activities, with the
10 caveat being that to be eligible you would achieve 80
11 percent expenditure levels for those funds.

12 I know in the last year you had looked
13 at if -- if it had not made the 80 percent level,
14 there was no funding provided to that particular
15 board -- to those particular board areas and the money
16 then was redistributed to the -- to the other areas.
17 And that's something, when we get the expenditure
18 information, we can certainly run those numbers for
19 your consideration as well to take a look at that.

20 So, if those -- that -- that's okay,
21 then that's how we would take a --

22 CHAIR RATH: Uh-huh. And -- and I just
23 wanted to comment, though, when we look at the
24 Alternative Funding for One-Stop Enhancements when --
25 on the information we have for the potential

1 deobligation, when you saw the high level of
2 expenditures, almost totally expenditure, I think it
3 really does validate the necessity of that support,
4 because that's the one category that -- man, that
5 money is gone.

6 MR. TOWNSEND: Right.

7 I had one -- one other comment I just
8 wanted to make sure, as far as receiving direction on;
9 and that is, we are in a position, quite frankly,
10 really for the first time to -- for allocations to --
11 to run the numbers now with this information fairly
12 quickly, hopefully by this afternoon or tomorrow
13 morning, anyway. We set -- briefings have been set up
14 with each of your offices. I think we're at least --
15 we're trying to get those set up for this week to go
16 over the -- the allocations and the planning estimates
17 for each board area, the packet of materials.

18 And we will have that available -- we're
19 anticipating to have that available for Wednesday. We
20 could e-mail that out to the -- to the board areas so
21 they can have that information as we talk about that
22 for next week, if that would be acceptable to -- to
23 each of you to do that.

24 That's something we haven't done -- been
25 able to do that in the past, just simply because we've

1 been trying to get to this point. So, we're kind of
2 ahead of the game at this -- at this stage of the
3 game. So, we could do that, if that would -- if that
4 would be acceptable, which would probably make a lot
5 more sense for the boards to be able to look at those
6 numbers at the same time you're taking it up for your
7 considering.

8 CHAIR RATH: I -- I think it's a great
9 idea, and I really have to commend you and your staff
10 for -- and Workforce for being able to be so timely
11 and have the information available, because I think it
12 will help the boards a great deal to be able to have
13 something in front of them as we do the discussion.

14 MR. TOWNSEND: Okay. Very good.

15 COMM. LEHMAN: Yeah, particularly if
16 we're going to get clarity on the other issue we
17 talked about the -- on the first item. I'm in favor
18 of that as well.

19 COMM. CONGLETON: I'm good.

20 MR. TOWNSEND: Thank you.

21 CHAIR RATH: Very good.

22 MR. TOWNSEND: We'll get that out.

23 CHAIR RATH: So, I think that you've got
24 the guidance you needed with the Dislocated using
25 Option 2 so that we have more flexibility and with

1 Child Care holding back a -- a little bit more again
2 until we know what the Legislature is doing so we have
3 the flexibility and then following that recommendation
4 with Trade Act.

5 MR. TOWNSEND: Yes.

6 CHAIR RATH: Very good.

7 MR. TOWNSEND: Thank you very much.

8 CHAIR RATH: Thank you.

9 AGENDA ITEM NO. 12

10 CHAIR RATH: Okay. I don't think we
11 have anything on No. 12 at this time.

12 AGENDA ITEM NO. 13

13 CHAIR RATH: So, that brings us to
14 policy concepts regarding Career Schools.

15 Hello, Ms. Carlson.

16 MS. CARLSON: Good morning. Debbie
17 Carlson with the Workforce Division.

18 For your consideration today is a policy
19 concept regarding Chapter 807, Career Schools and
20 Colleges. The Texas Education Code directs the
21 Workforce Commission to charge renewal fees on -- of
22 Career Schools and Colleges on an annual basis. The
23 Education Code establishes the parameters for the fee
24 schedule and sets a statutory cap on the amount of
25 funds that can be held in the Tuition Trust Account.

1 We're currently approaching the \$1
2 million cap. Our rules concerning the renewal fees
3 are more restrictive than the Education Code, and as a
4 result, without a change to the fee structure, fees
5 collected will exceed the statutory cap.

6 Staff are recommending that we modify
7 our rule to align with the Education Code. If the
8 Commission takes this action, each year Finance will
9 review the status of the Tuition Trust Account. Based
10 on this review, the Commission will set an annual fee
11 rate that is adequate to cover the expenses but with
12 the intent of minimizing the overcollection of funds.

13 And I'll be happy to answer any
14 questions you may have.

15 COMM. LEHMAN: So, in essence, you're
16 proposing that we manage this main just like the UI
17 Trust Fund in large measure, that it's -- it runs in a
18 band, and we set an altered rate each -- an altered
19 collection rate at -- based on the status of that
20 balance?

21 MS. CARLSON: Yes, sir. Each year we
22 come back to you and let you establish the rate.

23 COMM. LEHMAN: Okay. I'm in favor of
24 the proposal.

25 CHAIR RATH: I -- I think it makes

1 sense. I think we have other funds that we manage in
2 a somewhat similar way, and I think it's a much wiser
3 utilization of those funds.

4 COMM. CONGLETON: And I agree, too.

5 CHAIR RATH: Very good.

6 MS. CARLSON: Okay. Thank you.

7 CHAIR RATH: Thank you very much.

8 AGENDA ITEM NO. 14

9 CHAIR RATH: Next, we go to Workforce
10 Board Nominees, Mr. Fuller.

11 MR. FULLER: Good morning, Chair Rath,
12 Commissioner Lehman, Commissioner Congleton,
13 Mr. Temple. I'm John Fuller with the Workforce
14 Development Division.

15 And we were informed that the Lower Rio
16 Grande Workforce Development Board has received a
17 letter of resignation in Nominee No. 5 under Lower
18 Rio, and therefore, we are requesting that Nominee
19 No. 5 be removed for -- from consideration for
20 approval at this particular meeting.

21 CHAIR RATH: Very good.

22 And I just wanted to follow-up, and --
23 and I'll say I think Janie Ramos has been a fabulous
24 member of that board. And I think her loss is really
25 going to affect the board, because she brought a

1 dynamism and an understanding of the area's economic
2 development. So, I think it's -- I certainly am
3 grateful for the service she's rendered over the
4 years.

5 MR. FULLER: And we certainly will pass
6 that on, Chair.

7 CHAIR RATH: Thank you.

8 Okay. Are there any questions, or is
9 there a motion?

10 COMM. LEHMAN: Madam Chair, I would
11 enter a motion to approve the nominees from North
12 East, Dallas, Capital Area, Heart of Texas, and Lower
13 Rio Grande with the exception of No. 5, which is
14 withdrawn, as Mr. Fuller just mentioned, and No. 2
15 because of a disconnect between industry
16 representation on that board and what's needed based
17 on the employment in that region.

18 CHAIR RATH: And -- and I would agree
19 totally with that motion. I would also comment that
20 No. 2 has no employees at all.

21 But I had one question and, perhaps, if
22 Mr. Fuller can have a conversation with the board,
23 because No. 2 is a -- has community-based organization
24 expertise that is also for Child Care with Avance.
25 And so they might want to consider the individual,

1 perhaps, to fill -- since Janie was the CBO, I mean,
2 they might be able to do some swapping. But as a
3 private-sector individual, I totally agree with that
4 recommendation.

5 COMM. LEHMAN: Okay.

6 CHAIR RATH: Commissioner?

7 COMM. CONGLETON: I'm fine.

8 CHAIR RATH: Okay. So, then, the
9 nominees are approved with the one -- No. 5 not before
10 us for consideration, and No. 2 on Rio Grande not
11 approved. All the other nominees before us are
12 approved.

13 And I just wanted to comment on two
14 folks. One was in Dallas County having the President
15 of Baylor Health Care joining the board I think is a
16 tremendous coo, and I really do look forward to the
17 vision and the leadership and the contributions of --
18 of that caliber of board member. And I also wanted
19 to -- whenever we have chairman that -- or former
20 chairs that are willing to be reappointed and continue
21 to serve, I think it's very nice to see Noel Benavides
22 back in Lower, also.

23 So, with that, except for the two that
24 we've discussed, they're approved as discussed. Thank
25 you.

1 AGENDA ITEM NO. 15

2 CHAIR RATH: And then that will bring us
3 to the HUB report, Jane Haney Rivera.

4 MS. RIVERA: Good morning, Chair Rath,
5 Commissioner Lehman, Commissioner Congleton and
6 Mr. Temple. For the record, Jane Rivera, the Director
7 of Procurement and HUB Services. And I'm reporting on
8 our semiannual Fiscal '07 HUB Report and Program
9 Performance, and you have the details in your briefing
10 books.

11 Our semiannual HUB expenditures for this
12 year actually are very good. They're 26.3 percent our
13 of total expenditures, and that's actually higher than
14 we were last year at 22.1 percent. And we're
15 significantly above the state average of 13.4 percent.
16 Of the 67 state agencies, colleges and universities
17 spending 5 million or more, we're No. 18.

18 Our participation rates by category were
19 for Special Trades, we had 51 percent reported, but
20 there was a coding error, which would have resulted in
21 45.25 percent for Special Trades. The coding error
22 was a -- a mix-up between Special Trades and
23 Professional Services. So, only 15.8 percent was
24 reported for Professional Services, but it should have
25 been 35.8 percent, which was above the state average

1 and the state goal.

2 For Other Services --

3 CHAIR RATH: Can I ask you a question?

4 When it was a coding error, was that our mistake in

5 coding or whose mistake in coding?

6 MS. RIVERA: It is our mistake --

7 CHAIR RATH: Okay.

8 MS. RIVERA: -- in coding, but we don't

9 see it until we get the temporary -- the draft report

10 from TBPC. So, we only have a very limited time to

11 correct it. And we did correct it, but not in time

12 for it to go into the report.

13 CHAIR RATH: Okay. That was one

14 question I had.

15 And I -- I just had another question,

16 because even though we are in such great shape with

17 the participation and the expenditures, I couldn't

18 figure out how we can be so far above everything and

19 still not exceed any category, although we really will

20 be exceeding in one category once we make the

21 correction. So, can --

22 MS. RIVERA: We'll actually be exceeding

23 in two, because there was another problem in the

24 Commodities. We had one of our HUB subcontracting

25 plans being submitted to DIR, and we kept trying to

1 find it and did not discover that, again, until that
2 draft report came out. And then we found out, "Ah,
3 that's why that amount had not been reported to us."

4 So, we would have actually exceeded in
5 two categories. We would have exceeded in both
6 Commodities and Professional Services, which are the
7 two that we usually do pretty well in.

8 CHAIR RATH: Can you say that again
9 about Commodities? Because did we have that
10 information, or did I just miss it?

11 MS. RIVERA: I believe that we provided
12 it in just the -- the cover report. We had a 10.8
13 percent percentage actually reported, but that would
14 have actually gone up had we had that report into the
15 HUB subcontracting.

16 CHAIR RATH: Okay. I don't think that's
17 in this stuff. Very good. And I didn't mean to
18 interrupt you, and I did --

19 MS. RIVERA: No, that's --

20 CHAIR RATH: -- go ahead and continue.
21 I'm sorry.

22 MS. RIVERA: -- that's perfectly okay.
23 That's what I was just going to cover next anyway.

24 So, we actually would have had two
25 exceeding categories, which is what we normally have.

1 And I agree with you, it looked kind of strange to us
2 when we saw the draft HUB report showing that we were
3 below in all the categories and, yet, our overall
4 participation rate was very good.

5 For our overall program updates, we did
6 have our annual forum that we cosponsor with Teacher
7 Retirement System, and we had over 70 vendors and
8 state agencies attend the forum. And we got a very
9 good response back that people were very pleased with
10 it and found it very useful.

11 We have been working closely with the
12 Greater Austin Hispanic Chamber of Commerce to sponsor
13 an economic opportunity forum that will focus on
14 procurement, opportunities, certification, resources,
15 and financial contacts for members and other potential
16 HUBs that will happen later this year. We currently
17 have one Mentor Protege pair that's certified and
18 active with us, and that's Unisys/Advantech Solutions.

19 And we continue to be committed to this
20 program, and we'll continue working and look forward
21 to your continued leadership and direction.

22 CHAIR RATH: Good.

23 Any questions?

24 COMM. LEHMAN: None.

25 COMM. CONGLETON: No questions.

1 CHAIR RATH: Very good. Thank you.

2 MS. RIVERA: Thank you very much.

3 AGENDA ITEM NOS. 16 & 17

4 CHAIR RATH: Okay. And that brings us
5 to legislative, federal and state issues, Mr. Lewis.

6 MR. LEWIS: Good morning, Chair Rath,
7 Commissioners; Jesse Lewis, External Relations.

8 Senate Bill 1619, UI Confidentiality,
9 passed out of the Senate this morning and will be
10 headed to the House. House Bill 2371, which is the
11 Cease and Desist for Career Schools, will be set for
12 the local calendar. It should be up tomorrow morning.

13 Last Thursday, the Child-only and TANF
14 Exemption Bills were up in the House Human Services
15 Committee. The Senate bills have been sent to the
16 House and have been received by the committee. We
17 expect there may be action on those as early as -- as
18 the end of this week.

19 We're nearing the deadline for House
20 bills. Likely, if it's not set on a calendar by
21 Thursday or Friday of this week, it's pretty much
22 dead. So, that whaling and gnashing of teeth that you
23 hear is the sound of bills dying.

24 If there is any other questions, I'll be
25 glad to answer them.

1 CHAIR RATH: Thank you. No.

2 Any questions?

3 COMM. LEHMAN: Huh-uh.

4 COMM. CONGLETON: No questions.

5 CHAIR RATH: Great.

6 MR. LEWIS: Thank you.

7 CHAIR RATH: Thank you very much.

8 AGENDA ITEM NOS. 18, 19 & 20

9 CHAIR RATH: I don't think we have
10 anything on the Appropriations Request or on the
11 Hurricanes or on the State Data Center.

12 AGENDA ITEM NO. 21

13 CHAIR RATH: And that brings us to the
14 Executive Director.

15 MR. TEMPLE: No reports, Commissioners.

16 CHAIR RATH: Very good.

17 Commissioner, do you have anything?

18 COMM. LEHMAN: None at this time. Thank
19 you.

20 CHAIR RATH: Commissioner?

21 COMM. CONGLETON: No, thank you.

22 CHAIR RATH: Very good.

23 I just wanted to comment on one quick
24 thing. Yesterday I was in Laredo for their Dia de los
25 Ninos, and it was a fabulous experience. They had

1 14,000 kids, each of which gets like a Teddy bear and
2 a book, just a fabulous emphasis on the importance of
3 graduation, the importance of education, on keeping
4 those kids in school and just a full day supported by
5 about \$200,000 of contributions.

6 So, it's the largest in the country and
7 was just a really, really neat experience that I
8 wanted to recognize all the efforts that community
9 puts into it.

10 AGENDA ITEM NO. 22

11 CHAIR RATH: And if there's nothing else
12 to come before us, then we'll go into Executive
13 Session pursuant to Government Code 551.074(a)(1)
14 discuss the appointment, employment, evaluation,
15 reassignment, duties, discipline, or dismissal of the
16 Internal Auditor. And it is 10:01.

17 (Executive Session: 10:01 a.m. to
18 10:38 a.m.)

19 CHAIR RATH: Okay. It is 10:38 and --
20 huh, that clock is different than the other clock --
21 and we will come back -- we're coming back into
22 session from Executive Session.

23 And, Commissioners, I think there's no
24 action we're considering. Is that right?

25 COMM. LEHMAN: I have no action at this

1 time.

2 CHAIR RATH: Very good. Then, we will
3 take no action.

4 AGENDA ITEM NO. 24

5 CHAIR RATH: And we will -- if there's
6 no further business to come before us, we will stand
7 adjourned.

8 (Meeting adjourned: 10:39 a.m.)

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1 C E R T I F I C A T E

2 STATE OF TEXAS)
3 COUNTY OF TRAVIS)
45 I, JANIS SIMON, a Certified Shorthand
6 Reporter in and for the State of Texas, do hereby
7 certify that the above-mentioned matter occurred as
8 hereinbefore set out.9 I FURTHER CERTIFY THAT the proceedings
10 of such were reported by me or under my supervision,
11 later reduced to typewritten form under my supervision
12 and control and that the foregoing pages are a full,
13 true, and correct transcription of the original notes.14 IN WITNESS WHEREOF, I have hereunto set my
15 hand and seal this day of 2007.

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