

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

COMMISSION MEETING

TUESDAY, MAY 8, 2007

BE IT REMEMBERED THAT at approximately 9:00 a.m., Tuesday, the 8th 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 Patricia Gonzalez, a Certified Shorthand Reporter, in the State of Texas.

	TABLE OF CONTENTS	
		PAGE
1		
2		
3	AGENDA ITEM NO. 1.....	4
4	AGENDA ITEM NO. 2.....	4
5	AGENDA ITEM NO. 3.....	4
6	AGENDA ITEM NO. 4.....	4
7	AGENDA ITEM NO. 5.....	5
8	AGENDA ITEM NO. 6.....	5
9	AGENDA ITEM NO. 7.....	5
10	AGENDA ITEM NO. 8.....	12
11	Nicole Verver	
12	AGENDA ITEM NO. 9.....	14
13	Randy Townsend	
14	AGENDA ITEM NO. 10.....	16
15	Nicole Verver	
16	AGENDA ITEM NO. 11.....	17
17	Randy Townsend	
18	AGENDA ITEM NO. 12.....	6
19	Adam Leonard	
20	AGENDA ITEM NO. 13.....	No Action
21	AGENDA ITEM NO. 14.....	31
22	Larry Temple	
23	AGENDA ITEM NO. 15.....	31
24	Larry Temple	
25	AGENDA ITEM NO. 16.....	No Action
	AGENDA ITEM NO. 17.....	No Action
	AGENDA ITEM NO. 18.....	No Action

	TABLE OF CONTENTS (continued)	
		PAGE
1		
2		
3	AGENDA ITEM NO. 19.....	32
4	Larry Temple, Terri Warren, Patrick Bouquet and Steve Riley	
5	AGENDA ITEM NO. 20.....	46
6	AGENDA ITEM NO. 21.....	No Action
7	AGENDA ITEM NO. 22.....	47
8	REPORTER'S CERTIFICATE.....	48
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

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

2 TUESDAY, MAY 8, 2007

3 (9:00 a.m.)

4 AGENDA ITEM NO. 1

5 CHAIR RATH: Okay. I think we can go
6 ahead and get started. And we'll have the tax cases
7 first.

8 AGENDA ITEM NO. 2

9 Discussion, Consideration and Possible
10 Action Regarding Whether to Assume Continuing
11 Jurisdiction on Unemployment Compensation Cases, Wage
12 Claim Cases, and/or Tax Liability Cases and
13 Reconsideration of Unemployment Compensation Cases,
14 Wage Claim Cases, and/or Tax Liability Cases, if Any.

15 No discussion.

16 AGENDA ITEM NO. 3

17 Discussion, Consideration and Possible
18 Action Regarding Tax Liability Cases Listed on the
19 Texas Workforce Commission Docket 19.

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

22 AGENDA ITEM NO. 4

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

1 19.

2 The Commission considered and took
3 action on all wage claim cases listed on Docket 19.

4 AGENDA ITEM NO. 5

5 Discussion, Consideration and Possible
6 Action Regarding Higher level Appeals in Unemployment
7 Compensation Cases Listed on the Texas Workforce
8 Commission Docket 19.

9 The Commission considered and took
10 action on all unemployment compensation cases listed
11 on Docket 19.

12 The Commission paused and continued with
13 the remainder of the agenda.

14 AGENDA ITEM NO. 6

15 CHAIR RATH: We'll go ahead and come
16 back to order and continue with our agenda.

17 Is anyone signed up for public comment?

18 MS. SANDERS: No.

19 CHAIR RATH: Thank you.

20 AGENDA ITEM NO. 7

21 CHAIR RATH: And we have before us,
22 then, starting with pledges for FY '07 Child Care
23 Matching Funds, and we have certifications from
24 Cameron and Capital Area, which would bring our total
25 up to a little over 28 million, and that is the total

1 that we needed for Local Match. So are there any
2 questions or is there a motion?

3 COMM. LEHMAN: I have no questions.
4 I'll enter a motion to accept the Child Care pledges.

5 COMM. CONGLETON: Second.

6 CHAIR RATH: And I agree.

7 So that's a job well done to the Boards,
8 and we certainly appreciate all the effort it took.
9 So '07 is now completed.

10 AGENDA ITEM NO. 12

11 And, Commissioners, if you-all agree,
12 we're going to do No. 12 with Adam Leonard first
13 because he has a potential conflict with timing.

14 COMM. LEHMAN: Agreed.

15 COMM. CONGLETON: Agree.

16 CHAIR RATH: Very good. Thank you.

17 Mr. Leonard with negotiations regarding
18 WIA and ES targets.

19 MR. LEONARD: Good morning, and thank
20 you very much for moving this up in the agenda.

21 Today I'm here to talk about, kind of,
22 Part II of the negotiation season with the Department
23 of Labor, this time focusing on the ES targets for
24 services to Veterans. And as you know, the Veterans
25 or Department of Labor Veterans Group released what

1 they call a Veteran Program Letter 01-07 on 4/20/07
2 several weeks ago where they discussed that they would
3 be looking to negotiate targets on the same measures
4 that we have this year. There are 12 measures between
5 the regular ES Veterans Program and then the measures
6 for DVOPs and LVERs.

7 Four measures are basically TWC's
8 measures that we are negotiating with them and the
9 other eight would be for Texas Veterans Commission.
10 However, because DVOPs and LVERs serve about 60 to
11 70 percent of the customers who are included in our ES
12 Veterans measures, it's very important that we get
13 everybody on the same page regarding where those
14 targets are going to be. And so last week, staff from
15 my department, from Workforce Development, and from
16 TVC got together to go through the data to see if we
17 could come up with some consensus recommendations for
18 you-all regarding where we thought we should try to
19 negotiate targets and jointly take that to the -- I'm
20 sorry -- to DOL Vets for discussions.

21 When we looked at the data, what we
22 really thought was probably going to be the biggest
23 impact, at least for the foreseeable future, was going
24 to be the ongoing disruption in WRIS that we've talked
25 about. It was certainly an impact we found in WI and

1 more so in ES, but now it's even more so when it come
2 to the veterans.

3 What we found is that for measures like
4 Entered Employment, WRIS seems to be a higher
5 percentage of our overall performance; that is, data
6 coming from -- or through WRIS accounts for a higher
7 percentage of our reportable performance than it does
8 in any of these other programs. And I'm guessing that
9 has something to do with veterans who are leaving the
10 service, they may -- muster out in Texas and begin
11 receiving services but ultimately move back to some
12 other place in the country where they may have other
13 family or opportunities. And so we see that WRIS is a
14 2 to 3 percentage point higher than many of the other
15 programs in terms of what its impact is, and so,
16 therefore, its disruption is greater.

17 On Page 2 in the handout, again, behind
18 Tab 12, is a table that lays out some of the -- well,
19 lays out all 12 of the measures so that you can
20 actually kind of see the TWC measures verse the
21 DVOP/LVER measures, and it looks at PY '05
22 performance. It shows PY '06 through the third
23 quarter, what the -- what are called the GPRA targets,
24 which is the national targets they've set for the
25 country as a whole for these measures, or at least the

1 ES Veterans measures, they only have GPRAs for those;
2 what our current PY '06 targets are and what the PY
3 '07 recommendations are that we would propose taking
4 to the Department of Labor for discussion.

5 Now, again, because TVC's measures make
6 up such a high percentage of our measures, it
7 really -- in terms of the negotiation, we kind of have
8 to settle what their targets are going to be first and
9 then make sure that ours take into account what theirs
10 are so that if it turns out that -- or what we
11 found -- I'm sorry -- was that typically our Entered
12 Employment numbers are slightly smaller than the
13 DVOP/LVER served -- Entered Employment numbers, but
14 retention numbers seem to be very, very close, more or
15 less identical. So there's less criticality there in
16 terms of making sure they go first. We can just get
17 the same numbers on those, but, here, we absolutely
18 want to be certain we know what -- on the Entered
19 Employments, what their numbers are going to be. So
20 we would propose, in our negotiations with DOL with
21 all three of us sitting at the table, we kind of start
22 with those measures and then back our way into the ES
23 Veterans measures.

24 I'll be happy to answer any questions
25 you have, but, otherwise, I was hoping we might get

1 approval for staff recommendations.

2 CHAIR RATH: Do you have any questions,
3 Commissioner?

4 COMM. LEHMAN: I think my questions have
5 been answered.

6 COMM. CONGLETON: I have no questions.

7 CHAIR RATH: And I have no questions. I
8 think you've laid it out very clearly.

9 How long do you think -- since more
10 states are joining the new system, how long do you
11 think it's going to -- or did you say that and I
12 missed it? How long do you think it's going to take
13 us to be able to get that data to correct so much of
14 what we have?

15 MR. LEONARD: The numbers have gone up,
16 but I don't know that -- how much longer it's going to
17 be.

18 For instance, when we did our Wage
19 Matching in January, we had about 13 states that we
20 got data from. Our most recent Match, I think it was
21 closer to 30 states that we got data from. It might
22 have been a little bit more. So that's certainly a
23 lot of progress, but our biggest concern is really
24 with certain states that -- certain of our larger
25 trading partners like California and Louisiana that

1 haven't joined yet, and so I'm not sure how much
2 longer it's going to take.

3 A number of these states have -- when I
4 talked to them, said that they are still working with
5 DOL and hope to rejoin, but several have told me flat
6 out that they don't plan to. And so I don't know that
7 we're ever going to get back to -- or at least in the
8 foreseeable future going to get back to the full level
9 that we were at before, but certainly, hopefully,
10 we'll be able to arrange something, either through
11 side agreements or otherwise, to get reportable
12 performance something closer to where we've
13 historically seen it.

14 So I would -- I would certainly tell
15 you -- or I guess I can update you in the next several
16 months to see how that progress is going. Obviously,
17 we care mostly at the quarterly marks when we do our
18 performance reporting. So the next one -- that time
19 we'd be doing that Matching will probably be in July.

20 CHAIR RATH: Okay. Thank you.

21 If there's no further --

22 MR. TEMPLE: Commissioners --

23 CHAIR RATH: I'm sorry.

24 MR. TEMPLE: -- we are negotiating a
25 separate contract with Louisiana on this. I'm not

1 sure of any others, but I'll find out and let the
2 offices know.

3 CHAIR RATH: Thank you.

4 If there's no further questions, then is
5 there a motion to approve staff recommendations?

6 COMM. LEHMAN: Yes, for purposes of
7 advancing them to DOL and then coming back to us, I
8 enter a motion to do that.

9 MR. LEONARD: Yes.

10 COMM. CONGLETON: I'll second the
11 motion.

12 CHAIR RATH: And I agree.

13 MR. LEONARD: Thank you.

14 CHAIR RATH: Thank you.

15 AGENDA ITEM NO. 8

16 CHAIR RATH: Okay. Then we'll go back
17 to -- I'm sorry. Then we'll go back to Agenda Item 8
18 with CCDF State Plan.

19 Ms. Verver.

20 MS. VERVER: Good morning, Chair Rath,
21 Commissioners. Nicole Verver, Workforce Development.

22 This morning for your consideration is
23 the Federal Fiscal Year 2008-2009 Child Care and
24 Development Fund State Plan. This plan is due July
25 1st of every odd-numbered year to the U.S. Department

1 of Health and Human Services.

2 Some of the major additions to this
3 year's plan include more extensive charts that show
4 the various agencies or contractors that deliver
5 services throughout the state. We included the
6 website address of our Child Care rules and other
7 guidelines for administering the Child Care Subsidy
8 Program. This was a new requirement this year. In
9 addition, we included updated information on the State
10 Center for Early Childhood Development and included
11 the May 2005 TEEM evaluation. We also added
12 information regarding TWC's contribution of over
13 \$20 million to support the TEEM expansion.

14 Starting at the end of this month, there
15 will be four hearings on the proposed state plan. May
16 31st will be in Tyler, Texas; June 1st in Richardson;
17 June 6th in Austin, the Commission hearing; and June
18 8th in Edinburg.

19 At this time, I'll be glad to answer any
20 questions.

21 CHAIR RATH: I really appreciate all the
22 work you did, because when you look at the entire
23 plan, there's quite a bit of detail in there and a lot
24 of appendices and information that's forwarded.

25 So, Commissioners, are there any

1 questions or is there a motion?

2 COMM. LEHMAN: I have no questions.

3 COMM. CONGLETON: I have no questions
4 and I move that we approve the 2008-2009 Child Care
5 Development State Fund Plan.

6 COMM. LEHMAN: Second.

7 CHAIR RATH: And I agree.

8 MS. VERVER: Thank you.

9 CHAIR RATH: Thank you very much, and we
10 look forward to getting comment. And I would urge
11 people that we really do appreciate the comment. We
12 take advantage of it, and that input is something that
13 we really need. It is an opportunity and I hope
14 people will look at the plan and take advantage of
15 commenting on the plan and focus on that, because we
16 need that input. And it's an opportunity for people
17 to kind of vent about Child Care in general, but
18 sometimes it's beyond the purview of the plan; so we
19 look forward to having that input.

20 AGENDA ITEM NO. 9

21 CHAIR RATH: Next, the Trust Fund
22 Projection.

23 Mr. Townsend.

24 MR. TOWNSEND: Good morning,
25 Commissioners. My name is Randy Townsend, chief

1 financial officer presenting this morning the
2 Unemployment Compensation Trust Fund Projection for
3 October 1st, 2007.

4 As of May 2nd, 2007, we are estimating
5 the trust fund balance will be 2 billion 28.3 million
6 on October 1st, 2007. This would be 1 billion 133.2
7 million above the floor on that date. It would also
8 mean that the trust fund is 238.1 million above the
9 ceiling on that date.

10 A couple of observations to share this
11 morning: For the last six completed weeks, ending
12 April 21st, total net benefits paid average 20 million
13 per week. That was up slightly, 1.9 percent from the
14 one year ago six-week average. The initial claims
15 averaged 11,364 for the six weeks ending April 21st.
16 And just by coincidence, that number is exactly equal
17 to the six-week average of one year ago. And we
18 triple-checked that number to make sure, but it was
19 exactly equal, and so no change.

20 And that concludes my presentation. If
21 you have questions or comments you'd like to share.

22 CHAIR RATH: Any questions?

23 COMM. LEHMAN: None.

24 COMM. CONGLETON: No questions.

25 CHAIR RATH: Thank you. It certainly is

1 better to have these kinds of numbers coming in again;
2 so thank you very much.

3 MR. TOWNSEND: Thank you.

4 AGENDA ITEM NO. 10

5 CHAIR RATH: Next we'll go to comments
6 regarding the Food Stamp Proposal.

7 Ms. Verver.

8 MS. VERVER: Again, for the record,
9 Nicole Verver, Workforce Development.

10 For your consideration this morning is a
11 comment letter to the U.S. Department of Agriculture's
12 Food and Nutrition Service, FNS, regarding the
13 proposed collection of information for the State Plan.

14 Staff would like to submit comments to
15 indicate that while we agree with the methodology of
16 collecting the information for the Food Stamp Program
17 State Plan of Operations, we would like to point out
18 that they are unclear whether this notice is adding a
19 new requirement to submit the FNS E&T State Plan as an
20 attachment to the Food Stamp Program State Plan.

21 As instructed by FNS, TWC is responsible
22 for preparing and submitting the Food Stamp E&T State
23 Plan by August 15th of each year. HHSC is responsible
24 for submitting the Food Stamp Program State Plan;
25 however, the date of submission is not known.

1 Currently, the Food Stamp E&T State Plan
2 is not sent in conjunction or as an attachment to
3 HHSC's State Plan of Operations. We believe by
4 submitting the Food Stamp E&T State Plan as an
5 attachment to the HHSC's Food Stamp Program State Plan
6 is unnecessary and duplicative.

7 At this time, I'll be glad to answer any
8 questions.

9 COMM. LEHMAN: I agree with your
10 observation. I'm fine with the letter.

11 CHAIR RATH: Commissioner?

12 COMM. CONGLETON: I'm fine with the
13 letter.

14 CHAIR RATH: And I agree.

15 MS. VERVER: Thank you.

16 CHAIR RATH: Thank you very much.

17 AGENDA ITEM NO. 11

18 CHAIR RATH: That brings us to Planning
19 Estimates.

20 Mr. Townsend.

21 And I don't believe you need Mr. Leonard
22 on this part, do you?

23 (No verbal response)

24 CHAIR RATH: Okay. Thanks.

25 MR. TOWNSEND: Again, for the record,

1 Randy Townsend.

2 Not at this time. We're a little bit
3 early in the process, which is a good thing, and I
4 think we'll have to catch up a little bit later on the
5 performance targets for the programs.

6 This morning, I wanted to discuss the
7 WIA formula allocations for PY '07, Fiscal Year 2008.

8 CHAIR RATH: Can I ask one question?

9 Last week, we had talked about getting
10 the information out to the Boards, and I just wanted
11 to see if any -- if they received anything.

12 MR. TOWNSEND: Yes, ma'am. The
13 information was shared, I believe, Thursday --
14 Thursday afternoon or --

15 CHAIR RATH: Okay. Thank you.

16 MR. TOWNSEND: I wanted to make sure
17 we're -- we had an update to your notebooks and I
18 wanted to make sure we're all working off of the same
19 documents. It's a document that's dated May 3rd, 2007
20 at 1:53 p.m. There had been a slight update to the
21 numbers, and that was the document that was sent out
22 to each of the Executive Directors of the Boards.

23 I just was going to highlight a few
24 things for you this morning as it relates to the
25 allocations for WIA Formula and the Planning Estimates

1 for the remaining programs.

2 There's a -- on A-3, there is an
3 allocation comparison that is done by Board area and
4 also by the funding source. And one of the things I
5 will point out, by the funding source, the funding
6 amounts are fairly level between the years. There are
7 some slight reductions in the allocation amounts for
8 WIA, the different formulas. That's due to the fact
9 that the state allotment declined by just under
10 2 percent for this last year, a little bit less than
11 had happened last year. And so the amount that's
12 available for allocation there is about 209 million
13 for the Adult, Youth and Dislocated formula amounts.
14 And that's about the fourth row from the very bottom
15 there of that summary page.

16 We are also showing a slight reduction
17 in the Choices Program for the Planning Estimate at
18 this point. We had included carry-forward amounts,
19 just as a reminder, last year for the 2007
20 allocations, and it's possible there may be additional
21 amounts as we get to the actual allocations for
22 Choices. And everything else is staying fairly flat
23 as the planning estimates go.

24 The other observations I wanted to share
25 this morning, as it relates to WIA, there's three

1 pages that summarize the different factors used for
2 these allocations, and some of this is probably as
3 much for your benefit as it is for the Boards, because
4 there are questions about how we do these allocations.

5 On A-5, A-7 and A-9, those would be the
6 factors that could be used to look at how the amounts
7 are determined by each of the Adult, Youth and
8 Dislocated formulas. The Adult and Youth are a little
9 bit simpler than the Dislocated, in that there's only
10 three parts to that formula. Two of those, the areas
11 of Substantial Unemployment and the Excess
12 Unemployment, are the same for both the Adult and
13 Youth. And if there are differences in funding by
14 amounts by each Board area, that is typically the two
15 formula factors that are the cause of that. The
16 Disadvantaged Adult and Disadvantaged Youth, which is
17 the other one-third factor for each of those two
18 formulas, has stayed relatively flat over the last
19 several years.

20 We do apply hold harmless/stop gain.
21 That can also be the reason for other variations in
22 the funding amounts by Board area. And we certainly
23 can work with each of the Boards if they have
24 questions about that, and some of them typically do
25 and we are able to share that information.

1 The other thing we will be doing, like
2 we have in the past, on those factors, we post those
3 to our website. Some of the Boards use that
4 information at the county level to do their
5 allocations as well, and we provide that detail for
6 them and we will plan to do that again this year as
7 well.

8 The Dislocated Factors on A-9 are a
9 little bit more involved, in that there are six
10 factors. If there -- and there's also -- it's
11 noteworthy on this particular formula allocation that
12 there is no hold harmless/stop gain; so some Board
13 areas may see more significant increases or decreases
14 than one might expect to be at a hold harmless/stop
15 gain.

16 Typically, there's two factors that
17 cause variations in this formula allocation. It's the
18 warned data that we have that we use for about
19 20 percent of this allocation as well as the declining
20 industries, which is basically a two-year look-back at
21 declining industries, and that's almost a 20 percent
22 factor; so 40 percent of that allocation. Generally
23 speaking, if there's variations, it's due to those two
24 factors, for the most part. So just pointing that out
25 for, kind of, everyone's knowledge. And we'll --

1 again, we'll be glad to take questions and deal with
2 each of the Boards if they have questions about that
3 information, but it is included in the packet.

4 I might just pause for a moment on the
5 WIA Formula just to make sure, Commissioners, if you
6 have any questions or comments you'd like to share on
7 that formula. And then I'll just -- I had a few other
8 observations for the Planning Estimates I wanted to
9 mention this morning as well.

10 CHAIR RATH: I would just say that I
11 would urge everyone to really look at the data and the
12 factors, because it's always surprising to me how much
13 variability there is. I mean, I always think it's
14 going to be fairly stable, but for all of the
15 different funds, it's amazing how much shift there is
16 from year to year.

17 MR. TOWNSEND: Yes.

18 CHAIR RATH: So I would echo your
19 request, because it really does answer questions when
20 you look at the data, and, yet, it continues to be
21 surprising to me.

22 Any questions on WIA?

23 COMM. LEHMAN: None.

24 COMM. CONGLETON: I've had mine
25 answered. Thank you.

1 MR. TOWNSEND: I was going to mention,
2 on the Child Care on A-11, we include, like we -- and
3 this is a Planning Estimate, but we include Local
4 Match Target. And this may be one, as far as early
5 planning for each of the Boards -- and you may want to
6 address this as well, Commissioners -- it probably
7 isn't too early to start, even though you just
8 accepted the last part of the Local Match this
9 morning. And, again, a very successful year from all
10 the Boards in their help on this, but we do establish
11 26.8 million, at least initial target for Planning
12 Estimate purposes. And that may be helpful, for the
13 Boards to go ahead and be aware of that number as we
14 move forward. So I just -- I point that out.

15 CHAIR RATH: Again, I think it's very
16 helpful, particularly for those couple of areas that
17 had deobligations, for them to be able to start and
18 get a head start on identifying since they have a gap
19 to fill.

20 MR. TOWNSEND: Then I will move to A-20,
21 which is the Food Stamp Employment & Training. I
22 mentioned this in the briefings to you. I'll just --
23 I'll also just highlight it briefly this morning.

24 This time around, we changed the format
25 just slightly for the Food Stamp Employment &

1 Training. As you will recall, we've been very
2 successful, as a State, in securing additional
3 ABAWD-only funding, typically to the tune of just
4 under 5 million of the 20 million that's available
5 nationwide; so Texas has definitely done very well in
6 that regard. And so, in this format, we show the
7 amounts that have been made available to Board areas
8 for the past two years, the actual amounts, and we're
9 showing a Planning Estimate amount, 4.9 million, which
10 is our estimate for this upcoming year. We don't know
11 for sure if that will still be the case. If other
12 states were to be successful in securing their share,
13 then we might see a reduction, but, so far, that has
14 not been the case for past several years.

15 Like we did last time, when we bring the
16 allocations to you, we would suggest that -- for the
17 Planning Estimates, that we continue to go with that
18 estimated amount. And then when the final amount is
19 determined, usually sometime in late October, early
20 November, that we notify -- we'll let you know what
21 the final amount is and then what the allocation
22 amount will be by each Board area. That way, we can
23 move to contract much more quickly and not lose any
24 time in there. So if that's still acceptable, that
25 will be our plan as we bring allocations to you later.

1 which is Option 1, is to use your authority in terms
2 of your waiver authority for your rules to -- looking
3 at the changing caseload demographics and factors such
4 as that, to not apply hold harmless/stop gain for this
5 particular allocation and just go with the amounts
6 as -- based on those percentages of those two factors
7 I mentioned.

8 I did provide Option 2 which would apply
9 the hold harmless/stop gain. And as you can see,
10 there's some areas that would -- if you used that
11 second option, would receive funding, and, yet, when
12 you compare it to the actual -- what appears to be the
13 need based on our data, that would be too much funding
14 in some cases, and then, like I said, in other cases,
15 way too little based on that need factor.

16 The other observation to share, as I
17 mentioned last week, we currently have about 5.7
18 million balance for this particular funding source,
19 and so if we happen to be wrong on these amounts here
20 and the area needs more money, certainly make a
21 request and we can -- I think we can work with those
22 areas. I believe there's a very low risk and very
23 little chance of having a problem in this area; so
24 staff would recommend Option 1 on this for you --

25 COMM. LEHMAN: I would --

1 CHAIR RATH: Thank you.

2 Go ahead.

3 COMM. LEHMAN: I would agree with your
4 staff recommendation.

5 COMM. CONGLETON: I agree as well.

6 COMM. LEHMAN: I see no reason to
7 overallocate and then go through the recovery process,
8 just going in.

9 COMM. CONGLETON: I agree with that.

10 CHAIR RATH: And I agree. I think that
11 Option 1 puts those funds in those areas where they
12 currently are using it and needing more money, and,
13 otherwise, we just give it to areas that we then have
14 to take it away. So I think Option 1 clearly reflects
15 the need that we see today.

16 And, again, to urge any Board that has
17 need, we certainly have the resources available to
18 invest in training.

19 Thank you.

20 MR. TOWNSEND: On A-26, WIA Alternative
21 Funding, I think it was -- it's noted in the footnote
22 and I just want to emphasize that the amounts being
23 shown there for the Alternative Funding, not the
24 One-Stop Enhancement, the 3.6 million amount is --
25 that is based on the assumption that each of the

1 Boards will achieve 80 percent expenditure rates as
2 specified in the rule, and so it would be eligible in
3 that case for the full amount if we're -- if we
4 identify this amount being available during the --
5 during our budget process. I would note that in the
6 past we have had a few Boards, unfortunately, that
7 have not been able to achieve 80 percent, and so we
8 had not provided any funding in the -- I think the
9 last couple of years in this regard.

10 The only observation I might want to
11 just clarify here is -- and we can wait for the
12 allocations if you'd like, but just a week or so ago,
13 you approved additional Alternative Funding in -- kind
14 of a mid-year -- first time that's probably been done
15 in a couple of years now, several years now, and you
16 took a little different approach with the option that
17 looked at expenditure rates as a proportion. And so
18 when we come -- when we bring an option for you, when
19 we get to the allocation part, I guess the question
20 would be: Do we -- you know, do we take that
21 approach, that option, or do we go back to how you've
22 done this for the last couple of years, which is,
23 essentially, if you don't achieve 80 percent, then the
24 funding would not be -- would be redistributed to
25 other areas.

1 So, again, you don't have to make that
2 choice this morning, but it might help clarify what
3 the Board's expectations would be on this as we
4 approach this June 30th expenditure target that we'd
5 be looking at.

6 CHAIR RATH: I think it's very important
7 for those Boards to understand that our expectation is
8 they hit those expenditure thresholds, and, hopefully,
9 there won't be a decision to be made if they do their
10 part and invest those dollars. And I know that
11 Mr. Jones is working very hard with the Boards that
12 are giving us concern right now.

13 So I think if they really make sure that
14 they hit those expenditure targets, then everyone can
15 access the funds and we won't have to make that
16 decision.

17 MR. TOWNSEND: Very good.

18 COMM. LEHMAN: Yeah. I would echo that.
19 I think this is a critical issue for the Boards to
20 focus on and invite support or assistance from
21 Mr. Jones' division, Workforce Division.

22 I would be much happier if everybody got
23 100 percent of their allocation as opposed to having
24 to pull it back or restrict it.

25 COMM. CONGLETON: And I agree.

1 CHAIR RATH: Very good.

2 MR. TOWNSEND: I have one final
3 observation, and it deals with Transportation that's
4 mentioned in the Planning Estimate for both Food Stamp
5 Employment Training and Choices. Our assumption is
6 that current legislation would still be in place,
7 allowing the Transportation -- and appropriations
8 would be there for Transportation going forward.
9 There has been some proposals on the table that would
10 remove that or reduce it in some instances.

11 At this point, we have no way of making
12 any assumptions other than just assume current
13 legislation, but I just wanted to make sure that is --
14 everyone is aware of the possibility there. But for a
15 Planning Estimate, I feel very comfortable in
16 recommending that we leave it -- leave it in the
17 document for the time being.

18 And that concludes my presentation. If
19 you have other questions or comments to share --

20 CHAIR RATH: Thank you.

21 Any overall questions for Mr. Townsend?

22 COMM. CONGLETON: They've been answered.

23 COMM. LEHMAN: Yeah. I spent some time
24 with Mr. Townsend already; so I have no further
25 questions.

1 COMM. CONGLETON: All of mine have been
2 answered. Thank you.

3 CHAIR RATH: Very good.

4 So is there a motion to approve the
5 Planning Targets for release?

6 COMM. LEHMAN: So made.

7 COMM. CONGLETON: Second.

8 CHAIR RATH: And I agree.

9 MR. TOWNSEND: Thank you.

10 CHAIR RATH: Thank you very much and
11 congratulations on getting it out the door so fast.
12 It's a record.

13 AGENDA ITEM NOS. 13, 14 AND 15

14 CHAIR RATH: Very good. I don't think
15 we have any Workforce Board nominees today. And on
16 Legislative and Federal and State Issues, we have
17 three hearings going on as we speak right now.

18 So, Mr. Temple, unless you have
19 something, I'm not sure we have anything there.

20 MR. TEMPLE: The only thing I'd share,
21 we had a conference call with NGA and NASWA yesterday,
22 and we're going to have another one next Monday to get
23 really where both Houses are going on WIA
24 Reauthorization. There's some draft language being
25 swapped around back and forth; so we may have an

1 update on kind of what their thoughts are. Who knows
2 what's going to happen? But other than that, nothing
3 else.

4 CHAIR RATH: Very good. Thank you.

5 AGENDA ITEM NOS. 16, 17 AND 18

6 CHAIR RATH: I don't think we have
7 anything on the Appropriations Request because the
8 Conference Committee as of last night had not made
9 decisions on TWC yet; so we remain watchful of that
10 process.

11 And I don't think we have anything on
12 Katrina and Rita today.

13 Nothing on State Data Center.

14 AGENDA ITEM NO. 19

15 CHAIR RATH: Mr. Temple, do we have some
16 staff reports?

17 MR. TEMPLE: Yes. Commissioners, we
18 have a couple of staff reports.

19 The first one, wanted to give you an
20 update on the DUA report for the tornado-affected
21 areas. And I think Terri Warren has got a report.

22 CHAIR RATH: Good morning. If you can
23 be sure and say your name for the record, too.

24 MS. WARREN: Yes, I will.

25 Good morning, Commissioners, Chair Rath.

1 My name is Terri Warren. I'm the disaster
2 unemployment assistant benefit coordinator for TWC. I
3 will give you the DUA report as we have it at this
4 time.

5 May 1st, President Bush declared a
6 disaster area for Texas. There were three counties
7 included. This morning, we received notification that
8 an additional county was added, and that was Denton
9 County. The original three counties were Maverick,
10 Moore and Swisher. That was for the severe storms and
11 tornadoes for Eagle Pass, Cactus and Tulia.

12 The current damage estimations as given
13 by the Department of Public Safety for Cactus, there
14 was 84 businesses that were affected, 35 of those
15 businesses ceased operation. The estimated unemployed
16 were 16.

17 For Tulia, there were 53 businesses
18 affected, 24 businesses ceased operation. And on
19 that, in the city of Tulia, there are 60 estimated
20 unemployed.

21 In Eagle Pass, six businesses were
22 heavily damaged, and two of those were schools, four
23 were retail. It seems that that tornado went through
24 a mainly residential area; so the businesses were more
25 like the corner grocery store and that sort of thing.

1 And 20 estimated unemployed.

2 For the Cactus area, that is -- that
3 does seem rather a low unemployment rate -- or
4 unemployment affected workers, but what we're thinking
5 in that area is that was a lot of mom-and-pop type
6 businesses; so family-owned businesses. When the UI
7 field rep contacted that area, they did not even want
8 to hear about unemployment. They said "We need all
9 our workers helping us repair." So that could be why
10 that unemployment rate is so low there.

11 Right now, where we're at right now, is,
12 our Communications Department has prepared our
13 required DUA press release. Department of Labor
14 requires us to send out this press release as soon as
15 we hear the declaration to provide information for
16 those affected in this those areas, and then we also
17 have to send out another press release later on along
18 about the 20th day.

19 We have sent instructions to the
20 telecenters for taking these claims. Right now, there
21 are disaster recovery centers open in all three
22 cities. Eagle Pass opened on Saturday. Tulia and
23 Cactus opened this morning. I haven't had any word on
24 Denton.

25 I am preparing the fund request.

1 Thought I had that wrapped up, but now that Denton has
2 been added, we'll have to go back and recalculate.
3 And as of yesterday, the claims count was 15 regular
4 unemployment claims and 4 disaster unemployment claims
5 for disaster-affected workers.

6 CHAIR RATH: And I just want to make
7 sure, particularly in Cactus, that they understand the
8 requirements are different, because the self-employed
9 and the mop and pops, they might not realize that it's
10 a little different operations under this declaration.

11 MS. WARREN: Yes, ma'am.

12 CHAIR RATH: So we can just make really
13 sure that those areas do understand that difference.

14 MS. WARREN: Yes, ma'am. We do have
15 workforce representatives in each of those disaster
16 recovery centers. They are talking to the folks about
17 employment and also handing out the unemployment
18 insurance brochures. We have talked with those
19 Workforce Boards and asked that they remind their
20 workers that -- to mention the bit about
21 self-employment.

22 CHAIR RATH: And maybe if you-all can be
23 sure that there's -- particularly in Cactus, that
24 there's a press release or an article that highlights
25 that area a little bit more.

1 MS. WARREN: Yes. Yes. I can make sure
2 that happens.

3 Any other questions?

4 CHAIR RATH: Thank you.

5 Any questions?

6 COMM. LEHMAN: No.

7 MS. WARREN: All right. Thank you.

8 COMM. CONGLETON: No questions. Thank
9 you.

10 MS. WARREN: Thank you.

11 MR. TEMPLE: Thanks.

12 Next we'll have Patrick give us an
13 update on the UI debit cards, where we are.

14 MR. BOUQUET: Good morning, Chair Rath,
15 Commissioners, Mr. Temple. For the record, my name is
16 Patrick Bouquet, and I'm the project manager for the
17 UI Debit Card.

18 I'm happy to say that we are in
19 production in the Alamo Local Workforce Board area.
20 We started our initial implementation, actually, a day
21 early. Our target was April 26th; we moved it up a
22 day early to -- I'm sorry -- April 25th so that we
23 could see a full life cycle of filing, enrollment,
24 funding, card production and distribution before that
25 first weekend. The full rollout for Alamo has been

1 extended one week. We're now set to roll out the
2 entire Alamo Local Workforce Development Board this
3 weekend, and the full statewide rollout is still
4 scheduled for June 11th.

5 In terms of outcomes, we've received
6 very few comments so far either from the mailers that
7 we've been including with every warrant that went out
8 the door starting April 2nd or from actual receipt of
9 the debit cards.

10 One of the things we're monitoring very
11 closely is the time that elapses between enrollment
12 and card activation, kind of measure of how long it
13 takes the claimants to get that first card. There was
14 some concern in UI that the card production and
15 distribution process might be substantially longer
16 than what the claimant experiences now for receipt of
17 their warrants. So far we're seeing that the card --
18 that the time difference between the enrollment and
19 card receipt and activation is running between three
20 and four business days; so we think that that's
21 substantially close to what we were seeing with the
22 warrants.

23 One thing that we're really excited to
24 see is the speed of funding. That was a tremendous
25 concern and one of the greatest benefits that is

1 offered to the claimants through this program, and
2 what we're seeing is that the fund availability is
3 traditionally late in the day that the warrant would
4 have been put into the mail. So if a claimant filed
5 yesterday and was eligible for payment and the warrant
6 would have gone out today, if this claimant already
7 had their debit card, we would expect to see payment
8 sometime much later this evening, like around ten
9 o'clock. And so the funding is -- with the exception
10 of the funding that occurred on Monday, happening on
11 the business day, very late in the business day but on
12 the business day that the warrant otherwise would have
13 been mailed. So the claimants have those monies, if
14 they already have their card, available and ready to
15 spend without having to negotiate the warrant as an
16 intermediate step to getting their money.

17 I don't have any specifics on how the
18 claimants are spending their money, but I do have a
19 little bit of information that "Sha" shared with us
20 from the first enrollers.

21 The people who received their cards
22 activated them and started spending them immediately.
23 They used pretty much the entire breadth of options
24 that they had available. We saw purchases at point of
25 sale. We saw ATM transactions and teller

1 transactions. So the claimants have demonstrated that
2 they have the knowledge and the ability to start using
3 the cards as we intended. So we're real excited to
4 see such a ready adoption without any kind of
5 feedback, either good or bad, that they're just
6 adopting this new technology and moving forward with
7 this.

8 For media, we had a soft media launch in
9 the Alamo area. Our Communications Department reached
10 out to some of the media centers that were in the
11 Alamo area, and that was picked up by some of the
12 business trade groups that report on business matters.
13 We're planning a much more extensive media campaign
14 for the statewide rollout and we'll be coming around
15 your offices with a description of how that media plan
16 will work.

17 I would like to say, in terms of
18 acknowledgments, that staff has worked very hard to
19 bring this project to fruition in the deadline that
20 was set, both TWC staff and staff at the Comptroller.
21 They were very accommodating in developing a payment
22 process that would enable us to get the money to the
23 claimant in a very quick manner. I'd also like to
24 thank the Alamo Local Workforce Development Board for
25 agreeing to have their area serve as our initial

1 phase.

2 We're expecting to have about 5,000
3 people enrolled in Alamo whenever we roll it out next
4 week, and that amount ought to grow to somewhere
5 approaching 10,000 by the time we do our full
6 statewide. So we ought to have a very extensive
7 picture of how the cards are used, and, hopefully,
8 uncover any production problems, have an opportunity
9 to address those before we roll out statewide.

10 With that, I'm happy to address any
11 questions that you may have.

12 CHAIR RATH: Thank you. I've got two.
13 And I want to thank everyone that's been working on
14 it, because you-all really have done a super job of
15 bringing it forward.

16 But how many folks have cards as we
17 speak in Alamo?

18 MR. BOUQUET: There have been 52 card
19 activations. We have 514 enrollments through last
20 night.

21 CHAIR RATH: Okay. So we anticipate
22 those 500 getting their cards the end of this week
23 or --

24 MR. BOUQUET: That's including people
25 who have been enrolled over the last several business

1 days; so we've got somewhere in the neighborhood of
2 probably 350 cards in the process of being delivered
3 to the claimants.

4 CHAIR RATH: Okay. And then my next one
5 was: Could you elaborate a little bit on the little
6 bubble that occurred last week?

7 MR. BOUQUET: The problem that we saw in
8 production was we had an enrollment where a Social
9 Security number didn't match. We had an anomaly in
10 the production system. And in looking at that, it
11 raised some questions of "Were there some paths into
12 the payment process that triggers the enrollment that
13 we may not have been as cognizant of when we did the
14 development?"

15 And so we met with the Steering
16 Committee and decided that the best course of action
17 was to do two things, to delay the full rollout of
18 Alamo by one week but to also increase the number of
19 daily enrollments each day. So we had been doing ten
20 enrollments each day for the first week with the
21 intention of going full Alamo at the end of that first
22 week. This bubble caused us to move the date back one
23 week but to also increase the daily rate to 200
24 individuals a day but to also take a closer look at
25 some of those other paths that could lead to

1 enrollment and make sure that we included people in
2 the system test environment and also in production so
3 that we can watch them while the numbers were still
4 small and manageable to make sure that if we did have
5 a problem, we could address it effectively rather than
6 trying to deal with that problem with the entire Alamo
7 population.

8 CHAIR RATH: And so what are you seeing?

9 MR. BOUQUET: So far, we're not seeing
10 anything. We're seeing that these other paths that
11 lead into the payment process that aren't directly
12 related to the filing -- the direct filing of a
13 certification -- people passing their eligible pay
14 date, for instance, or final receipt of an employer
15 response, things that will trigger a payment but
16 aren't directly linked to the filing of a payment
17 certification, a payment request that day, that those
18 are all working as we expected.

19 CHAIR RATH: Okay. Very good. Thank
20 you.

21 Any questions?

22 COMM. LEHMAN: No.

23 COMM. CONGLETON: No, thanks.

24 CHAIR RATH: Very good.

25 MR. BOUQUET: Thank you for your support

1 on the project.

2 CHAIR RATH: Thank you. Appreciate
3 everyone's work on it.

4 MR. TEMPLE: Thank you, Patrick.

5 Next, Steve Riley is going to come up.

6 We've been selected as one of the states
7 for DOL's SUTA study, slash, survey. They have
8 contracted with Coffey Communications, and we
9 received, I guess, Friday --

10 MR. RILEY: Yes.

11 MR. TEMPLE: -- the CD to do the survey,
12 and Steve is going to tell you kind of what it
13 involves and what we'll be doing with that survey.

14 MR. RILEY: My name is Steve Riley with
15 the UI Division. Good morning, Commissioners, Chair
16 Rath.

17 As Larry mentioned, Coffey
18 Communications of Bethesda, Maryland has been awarded
19 the contract by the Department of Labor to study the
20 implementation of Section 303(k) of the Social
21 Security Act, better known as the SUTA Dumping
22 Prevention Act of 2004.

23 As part of the study, Coffey is
24 conducting a survey with all of the states, which we
25 received this week, and is due back to them by

1 June 4th. They will report the results to Congress.
2 And when we get that report, we will share that report
3 with you as well.

4 CHAIR RATH: Very good.

5 Any questions?

6 COMM. LEHMAN: Yeah. What are they
7 looking for? Do you know?

8 MR. RILEY: To ensure that states have
9 passed laws required by the federal statute, to ensure
10 that states have installed the software detection
11 systems that were also mandated by the federal law.
12 So basically ensure that states have carried out the
13 federal law.

14 CHAIR RATH: Any questions?

15 COMM. CONGLETON: No questions. Thanks.

16 CHAIR RATH: Very good. Thank you.

17 MR. TEMPLE: Nothing else,

18 Commissioners.

19 CHAIR RATH: Good. Commissioner, do you
20 have anything?

21 COMM. LEHMAN: No, I do not.

22 CHAIR RATH: Commissioner?

23 COMM. CONGLETON: I have nothing. Thank
24 you.

25 CHAIR RATH: I just wanted to share,

1 after we funded the H.A.Y. Center that was for foster
2 kids and alums in Houston, I visited with them
3 yesterday. And I have to say, it was a wonderful
4 experience and I really want to thank my two
5 colleagues for our investing in that center.

6 And to talk to the kids -- I had lunch
7 with the kids, and it was -- it's very reassuring to
8 see how successful they are, to see the hope that they
9 have. And that's what the kids told me, that there
10 really is some magic that happens there with just
11 outstanding staff that's employed at the center. And
12 they said that the kids come in very angry, very
13 upset, very -- with just -- truly without hope, as one
14 cute kid told me, and to see the transformation that
15 occurs there is something.

16 And they gave me a card. And one of the
17 parts that really rang home was one of the notes --
18 well, there were two. One from one of the kids that
19 goes "Thanks for all that you do. More grease to your
20 elbow."

21 (Laughter)

22 CHAIR RATH: So that was cute.

23 But the one that was really touching was
24 "Thank you for making our dreams come true." And I
25 think when you visit and you see the kids there, you

1 really do the see the impact that it has. And we're
2 so removed from it up here that sometimes we don't get
3 to see that, the first-hand part, but it was really
4 something, to see what our contribution support is
5 making in that -- a difference in people's lives. So
6 I wanted to share that.

7 AGENDA ITEM NO. 20

8 CHAIR RATH: So if there's nothing else
9 that comes before us, we're now going into Executive
10 Session pursuant to Government Code 551.074(a)(1) to
11 discuss the appointment, employment, evaluation,
12 reassignment, duties, discipline or dismissal of the
13 internal auditor, and it is ten o'clock.

14 (Executive Session: 10:00 a.m. to
15 10:37 a.m.)

16 CHAIR RATH: It's 10:37, and we will
17 come back into session and -- after our Executive
18 Session and are now ready to consider any motions to
19 come before us.

20 COMM. LEHMAN: Madam Chair, with your
21 permission, I move we convey our sincere gratitude to
22 Fran Carr for her willingness to act as the interim
23 director of the Internal Audit Division for the past
24 several months. I further move that we remove the
25 interim designation and formally appoint her as the

1 director of Internal Audit for TWC with the
2 declaration that that be a Director IV. And I further
3 move that we provide her a one-time merit increase in
4 the amount of 7 percent on her base salary.

5 COMM. CONGLETON: And with appreciation,
6 I second that motion.

7 CHAIR RATH: And I gratefully agree.

8 So we are so pleased to have you as our
9 internal audit. And from what I hear, I think the
10 whole agency is going to be very pleased.

11 MS. CARR: Thank you.

12 CHAIR RATH: So thank you very much.

13 AGENDA ITEM NO. 22

14 CHAIR RATH: Okay. If there's nothing
15 further to come before us, we will stand adjourned at
16 10:38.

17 (Proceedings concluded at 10:38 p.m.)

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C E R T I F I C A T E

STATE OF TEXAS)
COUNTY OF TRAVIS)

I, Patricia Gonzalez, a Certified
Shorthand Reporter in and for the State of Texas, do
hereby certify that the above-mentioned matter
occurred as hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings
of such were reported by me or under my supervision,
later reduced to typewritten form under my supervision
and control and that the foregoing pages are a full,
true and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set
my hand and seal this 15th day of May 2007.

PATRICIA GONZALEZ
Certified Shorthand Reporter
CSR No. 6367-Expires 12/31/08

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