

Texas Workforce Investment Council

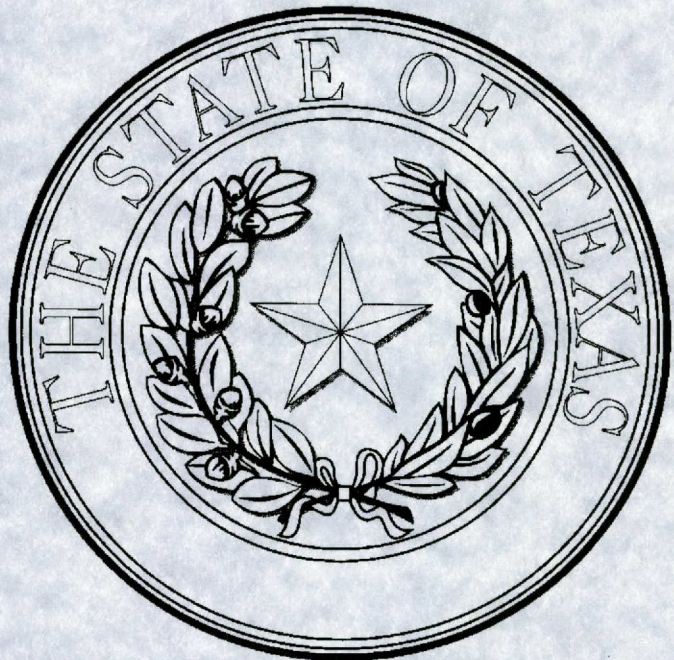
Greg Abbott
Governor

Dan Patrick
Lt. Governor

Joe Straus
Speaker

Wes Jurey
Chair

Lee Rector
Director



Briefing Materials
March 6, 2015
Austin Community College
Highland Business Center
5930 Middle Fiskville Road
Room 201
Austin, Texas 78752

Texas Workforce Investment Council

Council Members

Business and Industry Representatives

Wes Jurey (**Chair**)

Arlington Chamber of Commerce

Mark Dunn

Dunn Construction, LLC

Thomas Halbouty

Pioneer Natural Resources

Matthew Maxfield

Seton Medical Center Harker Heights

Joyce Delores Taylor

Js Dynamic Transformations

Community-Based Organization Representative

Sharla Hotchkiss (**Vice Chair**)

Consultant and Trainer

Education Representatives

Carmen Olivas Graham

Socorro ISD

Larry Jeffus

Educational Consultant and Author

Richard Rhodes

Austin Community College District

Labor Representatives

Mark Barberena

General Motors Arlington Assembly

Robert Cross

Houston Area Plumbing JAC

Richard Hatfield

Airline Pilots Association

Robert Hawkins

United Association of Plumbers and Pipe Fitters

Local No. 529 (Retired)

Paul Jones

Texas Carpenters and Millwrights Training

Trust Fund

Ex Officio Members Representing State

Agencies

Bryan Daniel

Office of the Governor

Economic Development and Tourism

Kyle Janek

Texas Health and Human Services Commission

Raymund Paredes

Texas Higher Education Coordinating Board

Larry Temple

Texas Workforce Commission

Michael Williams

Texas Education Agency



OFFICE OF THE GOVERNOR

TEXAS WORKFORCE INVESTMENT COUNCIL

February 25, 2015

Dear Council Members:

Enclosed please find the March 6, 2015, meeting briefing book.

The Texas Workforce Investment Council (Council) will meet on Friday, March 6, 2015, at 9:00 a.m. at Austin Community College's Highland Business Center located at 5930 Middle Fiskville Road, room 201, in Austin, Texas. On Thursday, March 5, 2015, the Apprenticeship and Training Advisory Committee will meet at 10:00 a.m., and will be followed by the Executive Committee meeting at 2:00 p.m. Both committee meetings on Thursday will take place at the Council's suite (room 1.109) within the State Insurance Building located at 1100 San Jacinto Boulevard in Austin, Texas.

Overview of Council Meeting Agenda Items and Briefing Book Contents

The Council meeting will begin with reports from the Executive and Apprenticeship and Training Advisory Committees. These reports will be followed by the Council's consideration of the fiscal year 2016 apprenticeship funding formula recommendations. This action item may be found in the briefing book on page 5. The Council will then consider the Senior Community Service Employment Program State Plan as a modification to the Strategic State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998. This action item is on page 7. The remaining agenda items will include briefings on several Council activities, projects, and reports. The first item, found on page 11, will provide members with a preliminary report on the 84th Texas Legislative Session. The next two briefing items, found on pages 27 and 47, respectively, will update members on the latest research and information on estimating the return on investment for workforce systems, and on the status of the Sunset review process. The final briefing item, found on page 71, will provide a synopsis of the requirement for a State Unified Plan under the Workforce Innovation and Opportunity Act.

The remainder of the meeting will be devoted to a strategic planning work session. Members of the Council and the System Integration and Technical Advisory Committee, who began the work to create the new workforce system strategic plan in September 2014, will again convene to continue work on the plan. The draft plan is scheduled to be available by the Council's next meeting in June.

Upcoming Projects and Activities

In the coming months, we will continue to work with our system partners to implement the final year of *Advancing Texas*. We will also continue the work plan for fiscal year 2015, as approved by the Council in December.

I look forward to seeing you in March. In the meanwhile, I would be happy to answer any questions that you have about the meeting or the agenda. Please do not hesitate to contact me by email at lee.rector@gov.texas.gov or at (512) 936-8100.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lee Rector".

Lee Rector, Director
Texas Workforce Investment Council



TEXAS WORKFORCE INVESTMENT COUNCIL

Austin Community College
Highland Business Center
5930 Middle Fiskville Road
Room 201
Austin, Texas 78752

FULL COUNCIL MEETING March 6, 2015

Wes Jurey, Chair

ORDER OF AGENDA AND TABLE OF CONTENTS

(9:00 A.M.)

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IV. <u>Work Session</u>		
V. <u>Adjourn</u>		





TEXAS WORKFORCE INVESTMENT COUNCIL MEETING

Teacher Retirement System
1000 Red River Street
Fifth Floor Boardroom
Austin, Texas 78701

Friday, December 5, 2014
MINUTES

MEMBERS PRESENT

Sharla Hotchkiss (Vice Chair), Mark Barberena, Laurie Biscoe [Designee for Larry Temple], Robert Cross, Mark Dunn, Veronda Durden [Designee for Kyle Janek], Thomas Halbouty, Richard Hatfield, Robert Hawkins, Larry Jeffus, Matthew Maxfield, Richard Rhodes, Joyce Delores Taylor, and Garry Tomerlin [Designee for Raymund Paredes]

MEMBERS ABSENT

Wes Jurey (Chair), Carmen Olivas Graham, Kyle Janek, Paul Jones, Raymund Paredes, Jonathan Taylor, Larry Temple, and Michael Williams.

WELCOME AND ANNOUNCEMENTS

Vice Chair Sharla Hotchkiss called the meeting to order at 8:30 a.m.

Ms. Hotchkiss welcomed members and guests to the meeting. She announced that Chair Jurey would not be able to attend the meeting. She reported that he sends his apologies and looks forward to seeing everyone in March. She introduced Mr. Frank Stluka, regional director, Office of State Systems, United States Department of Labor Employment and Training Administration. She also introduced new Council staff member, Kristin McEntyre.

Ms. Hotchkiss then announced that three Council members had attended the eighteenth annual Texas Workforce Conference the previous week and invited comments from those members: Mr. Halbouty, Mr. Hatfield, and Ms. Taylor.

Representatives from Chairman Alcantar's office and Commissioner Andrade's office were in the audience and Ms. Hotchkiss recognized them. Ms. Andrade's representative announced the launch of the Texas Wide Open for Veteran's website.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES - ACTION

Vice Chair Hotchkiss asked if there were any changes to the September 4, 2014, minutes. Hearing none, she called for a motion. Mr. Hawkins recommended approval of the minutes. Mr. Jeffus seconded the motion. The minutes were approved by unanimous voice vote.

REPORTS, ACTIONS AND BRIEFINGS

Report from the Executive Committee (Oral Report)

Vice Chair Hotchkiss reported that the Executive Committee had met twice as the Council's strategic planning committee.

Ms. Hotchkiss said that the committee finalized the vision and mission statements at yesterday's committee meeting and developed statements to describe each of the four system goals. She then asked Ms. Rector to walk members through the outcomes of that work. Ms. Rector shared the results of the committee's work and reported that Council staff would be sending out the material to Council members for their formal feedback.

Briefing on the Fiscal Year 2014 Council Work Plan Achievements and Consideration of the Fiscal Year 2015 Council Work Plan (Action Item)

Ms. Hotchkiss reminded Council members that the Executive Committee had approved the fiscal year 2015 Council work plan to guide staff activities at its September meeting. She then called on Ms. Rector to brief members on the achievements of the 2014 work plan and provide an overview of the 2015 work plan.

Ms. Rector reported that all of the activities of the 2014 work plan had been completed with two exceptions. She noted that the System Integration and Technical Advisory Committee (SITAC) and agency partners continued to execute tasks to further implement action plans for which they are responsible and to report progress on implementation of those action plans. All publications, research papers, and briefs contained in the plan were completed.

Ms. Rector then offered an overview of the activities scheduled in the 2015 work plan. Noting that a primary focus of the Council in FY 2015 will be the final year of implementation of *Advancing Texas* and the concurrent development of the next workforce system strategic plan for Texas.

Vice Chair Hotchkiss asked for a motion that the Council approve the fiscal year 2015 Council work plan. Mr. Hatfield recommended approval of the Council work plan. Ms. Taylor seconded the motion. The work plan was approved by unanimous voice vote.

Consideration for Approval—*Evaluation 2014: Accomplishments and Outcomes of the Texas Workforce System* (Action Item)

Vice Chair Hotchkiss reminded members that the Council is required by state law to prepare an annual evaluative report for the Governor and the legislature on the work of the Council and its system partners in implementing the system strategic plan, *Advancing Texas*. Ms. Hotchkiss called on Council staff member, Laura Pittman, to give an overview of the report.

Ms. Pittman noted that *Evaluation 2014* is the fifth report evaluating progress on the implementation of *Advancing Texas*, and documents significant accomplishments of system partners over the past year. It includes analysis of program and system performance. It also provides updates on adult education activities, welfare to work program performance, agency strategic plan alignment with *Advancing Texas*, and an overview of progress in implementing the six-year plan.

Vice Chair Hotchkiss called for a motion. Mr. Cross moved that the Council approve *Evaluation 2014: Accomplishments and Outcomes of the Texas Workforce System* and authorize the Chair to approve any final edits. Ms. Taylor seconded the motion. Ms. Hotchkiss called for discussion and hearing none, called for a vote. The motion was approved by unanimous voice vote.

Briefing on the Fiscal Year 2016 Apprenticeship Funding Formula Recommendations (Briefing Item)

Ms. Hotchkiss called on Council staff member, Kristin McEntyre, to provide the Council with a brief update on the fiscal year 2016 Apprenticeship Funding Formula recommendations.

Ms. McEntyre reminded members that the Council is charged with recommending formulas and administrative procedures for requesting appropriations of state funds for the apprenticeship programs funded under Chapter 133 of the Texas Education Code. In March of 2015, following the approval of the Apprenticeship and Training Advisory Committee (ATAC), the Council will consider the recommendations of ATAC regarding the contact-hour rate, percent of available funds, and amount of funding, and will then make recommendations to the Texas Workforce Commission regarding the formulas.

Briefing on the Texas Workforce Investment Council Annual Report for Fiscal Year 2014 (Briefing Item)

Vice Chair Hotchkiss reminded members that the Council produces an annual report that describes the Council's most significant activities and publications for the preceding fiscal year. She called on Council staff member, Kaki Leyens, to brief the Council on the annual report for fiscal year 2014.

Ms. Leyens noted that the annual report includes information on the Council, the implementation of the system strategic plan, research undertaken by the Council, any actions forwarded to the Governor, and recommendations made by the Council during the fiscal year. She walked members through the key content of the report, and highlighted those Council products and activities that are featured in this year's report.

Briefing on Estimating the Return on Investment for Workforce Systems (Briefing Item)

Vice Chair Hotchkiss called on Council staff member, Andy Rottas, to brief the Council on a proposed plan of work to carry out research on measuring the return on investment (ROI) for workforce systems.

Mr. Rottas reported that states have been increasingly turning to ROI studies and measures to better understand the effectiveness of their workforce systems by determining what economic benefit is produced in return for the money spent on any given program. He then presented a design for a research project that would address what ROI is, especially as it relates to workforce systems; why such a project would be valuable; comprehensive projects undertaken by other states and how they have been used; and the best way to assess the possibility of an ROI study of the Texas workforce system.

Briefing on the Status of Sunset Review (Briefing Item)

Vice Chair Hotchkiss called on Ms. Rector to provide an update on the progress of the Sunset Review process.

Ms. Rector gave an overview of the Sunset review process, where the Council currently is in the process, what the next steps in the process are, and a timeline for the rest of the process. The report of the Sunset staff was completed in November of 2014 and a public hearing is scheduled for December 10, 2014, when members of the commission will consider Sunset staff recommendations on the Council. On January 14, 2015, the commission will issue its decisions regarding the recommendations. If the recommendations are approved, the recommendations will be drafted into legislation and filed with the legislature during the 84th Legislative Session. The legislature will convene on January 13, 2015. Council staff will closely monitor the progress of the Council's Sunset bill, and will keep the Chair and Council members informed regarding key actions.

PRESENTATION

Mr. Dunn announced that Council members would hear a presentation on the new federal workforce act. He introduced Mr. Frank Stluka, regional director, Office of State Systems, U.S. Department of Labor, Employment and Training Administration, Region IV, and invited him to be seated at the table to begin his presentation.

Mr. Stluka discussed the notable changes in the new legislation as compared with the Workforce Investment Act of 1998. He noted that these changes were designed to better align state systems with federal systems. Enhancements include program coordination, streamlined service delivery, and alignment of programs across common goals with increased accountability and transparency.

Mr. Dunn thanked Mr. Stluka for his presentation and asked Laurie Biscoe (sitting in for Larry Temple of the Texas Workforce Commission [TWC]) if she would apprise members of key implementation issues that the TWC is looking at and what actions are being taken or proposed to be taken to comply with provisions of the law. At the conclusion of Ms. Biscoe's comments, Mr. Dunn asked Commissioner Durden if she would like to comment and then invited comment from members.

Ms. Rector then indicated that the Council could be flexible with its March 2016 meeting to accommodate the Council's consideration of the state unified plan for approval and recommendation to the Governor.

INFORMATION AND UPDATES

Mr. Dunn announced that the next meeting would be held in Austin on Friday, March 6, 2015, at 9:00 a.m. at the Austin Community College Highland Business Center. He added that the meeting would again be a day-long strategic planning session that would adjourn around 3:00 p.m.

ADJOURN

Mr. Dunn called for a motion to adjourn the meeting. Mr. Hatfield moved to adjourn. Ms. Taylor seconded the motion. The motion was approved by a unanimous voice vote. The meeting adjourned at 10:20 a.m.



**TWIC ACTION ITEM
MEMORANDUM**

REF: KM.twic.II3.030615

TO Council Members

SUBJECT Consideration of Fiscal Year 2016 Apprenticeship Funding Formula Recommendations

Introduction

The Texas Workforce Investment Council (Council) will consider and take action on the recommendations made by the Apprenticeship and Training Advisory Committee (ATAC) at the March 6, 2015, Council meeting. ATAC will meet on the morning of March 5, 2015, to discuss and finalize its annual recommendation to the Council regarding funding formulas for apprenticeship training programs under Chapter 133 of the Texas Education Code. Specifically, the funding formulas relate to distribution of available funds in fiscal year (FY) 2016 for the rate of reimbursement for contact hours made to training providers in apprenticeship programs; funding new and existing apprenticeship programs that have not yet received Chapter 133 funds for FY 2015; and, apprenticeship instructor training.

Background

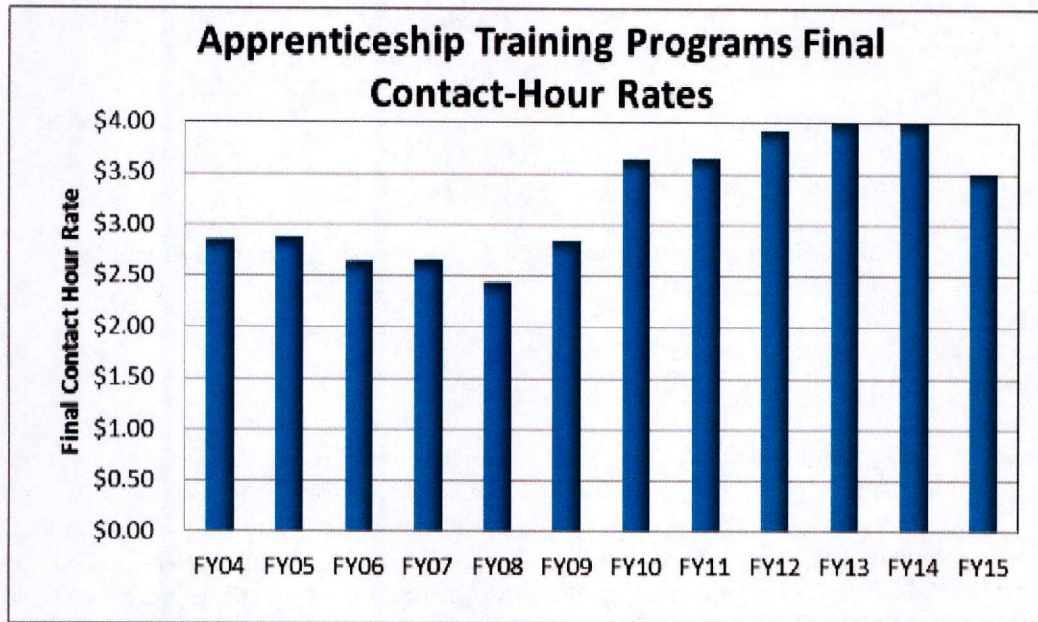
Texas Government Code, §2308.101(12), specifies that the Council is responsible for carrying out “the federal and state responsibilities of advisory councils under applicable federal and state workforce development laws or regulations.” These responsibilities include recommending formulas and administrative procedures for requesting appropriations of state funds for the apprenticeship programs funded under Chapter 133 of the Texas Education Code. In order to meet these responsibilities, the Council Chair has appointed ATAC as a technical advisory committee to advise the Council on apprenticeship matters.

Discussion

Texas Education Code, §133.006, requires the Texas Workforce Commission (TWC) to adopt formulas for the distribution of available funds to apprenticeship training programs on the recommendation of the Council. The contact-hour-rate formula is the method used for the distribution of apprenticeship training funds to public school districts and state postsecondary institutions that act as fiscal agents for registered apprenticeship training programs. This contact-hour rate is determined each year by dividing the total available funds statewide by the total number of contact hours of apprenticeship training instruction statewide. Funds are used only for job-related classroom instruction costs and for expenses such as instructor salaries, instructional supplies and equipment, and other operating expenses.

Each year, the Council forwards its proposed funding formulas to the TWC after it has considered and taken action on ATAC’s recommendations. Consistently, the TWC has recognized the value of registered apprenticeship and has looked for opportunities to provide additional funding support. In the past, the TWC has funded projects to improve coordination between registered apprenticeship programs and local workforce boards, and has provided increased formula funding for the final contact-hour rate.

The following graph shows contact-hour rates for Chapter 133 apprenticeship programs over the past 12 years:



The following chart shows additional information about apprenticeship enrollment in Texas:

	Apprenticeship Training Program Final Contact-Hour Rate	Number of Apprentices Enrolled in Programs
FY 2004	\$2.855	3,333
FY 2005	\$2.877	3,345
FY 2006	\$2.638	3,483
FY 2007	\$2.659	3,511
FY 2008	\$2.443	3,896
FY 2009	\$2.839	4,080
FY 2010	\$3.643	4,159
FY 2011	\$3.660	4,172
FY 2012	\$3.921	3,855
FY 2013	\$4.000	3,947
FY 2014	\$4.000	4,308
FY 2015	\$3.505	4,648

Recommendations

It is recommended that the Council approve the recommendations from ATAC regarding the following items and forward them to TWC for action:

1. Contact-hour rate for apprenticeship training programs for FY 2016;
2. Percent of available funds being used to fund new or established apprenticeship programs that did not receive Chapter 133 funds in FY 2015; and,
3. Amount of the FY 2016 funds to be set aside for apprenticeship instructor training.

**TWIC ACTION ITEM
MEMORANDUM**

REF: KM.twic.II4.030615

TO Council Members

SUBJECT Consideration of the Senior Community Service Employment Program State Plan (Program Years 2014–2017) as a Modification to the Strategic State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 (Program Years 2012–2016)

Introduction

The Texas Workforce Investment Council (Council) will consider endorsement of the Senior Community Service Employment Program State Plan (Program Years 2014–2017) at its March 2015 quarterly meeting. Upon endorsement, the Council will recommend final approval by the Governor. This item will brief members on consideration of action at the March quarterly meeting.

Background

As the State Workforce Investment Board, the Council is charged with approval of the state plan required under Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act. The WIA requires that states have an approved state plan in place in order to receive WIA formula funding.

The Council endorsed and recommended to the Governor for approval the State Strategic Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act (Program Years 2012–2016) on September 7, 2012. The Governor subsequently approved the plan on September 12, 2012. Contained within that state strategic plan was the Senior Community Service Employment Program State Plan.

Attachments

1. Changes to the Senior Community Service Employment Program State Plan (Program Years 2014–2017)
2. Letter of Transmittal from the Texas Workforce Commission, dated February 17, 2015

Discussion

The Senior Community Service Employment Program State Plan (Program Years 2014–2017) is a modification to the WIA state plan approved in September 2012. As a modification, it requires review and endorsement by the Council, with subsequent recommendation to the Governor for approval.

The plan narrative may be viewed at: <http://www.texasworkforce.org/development/scsep-state-plan-modification.pdf>. The due date for the plan submission is the end of March 2015.

Plan Instructions

On October 1, 2014, the U.S. Department of Labor Employment and Training Administration released the Training and Employment Guidance Letter No. 08-14, which provided guidelines to state workforce agencies on the preparation and submission of the Senior Community Service Employment Program state

plan modifications for Program Years (PY) 2014–2017. States are required to submit this plan, which describes the state’s strategies in providing the full range of employment and training services to this population. If the state has any modifications or changes to any of the sections below, the changes must be included as part of the modified plan.

- Purpose of the state plan modification
- Involvement of organizations and individuals
- Solicitation and collection of public comments
- Increase in unsubsidized employment and employer outreach
- Community service needs
- Coordination with other programs, initiatives, and entities
- Avoidance of service disruptions
- Improvements to the Senior Community Service Employment Program
- Distribution of Senior Community Service Employment Program positions within the state
 - distribution of positions
 - rural and urban population distribution
 - specific population distribution
- Copies of public comment

Changes to the Plan

The main changes to the plan include:

- Demographic information was updated for the state population, population aged 55 and older, program participants, and program grantee service areas. Urban/rural population statistics were also updated.
- Labor market information updates included the percent of older workers in the national civilian labor force, industries employing the highest number of older workers in Texas, and high-growth industries and high-growth occupations—both statewide and for each workforce area.
- The Equitable Distribution Report indicating the distribution of participants by county was updated to PY’ 14, Quarter 2. An analysis of which counties were most under-served or over-served was also provided.
- The State Grantee’s entered employment performance statistics were updated to include PY’ 12 and PY’ 13.
- Program grantees’ minority enrollment and minority outcome data were also updated.

The Senior Community Service Employment Program State Plan (Program Years 2014–2017) modification also streamlines some strategies for increased efficiency. Some employer outreach strategies that will be addressed more effectively as integrated workforce system strategies were deleted.

Recommendation

It is recommended that the Council endorse the Senior Community Service Employment Program State Plan (Program Years 2014–2017) as a modification to the Strategic State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 (Program Years 2012–2016), and recommend final approval by the Governor.

Changes to the Senior Community Service Employment State Plan (Program Years 2014–2017)

The main changes in the SCSEP PY'14 – PY'17 State Plan Modification include updated demographic, labor market, Equitable Distribution, performance, and services data to minority participant statistics:

- Demographic information was updated for the state population, population aged 55 and older, SCSEP participants, and SCSEP grantee service areas. Urban/rural population statistics were also updated.
- Labor market information updates included the percent of older workers in the national civilian labor force, industries employing the greatest number of older workers in Texas, and high-growth industries and high-growth occupations—both statewide and for each workforce area.
- The Equitable Distribution Report indicating the distribution of participants by county was updated to PY'14 Quarter 2. An analysis of which counties were most under-served or over-served was also provided.
- The State Grantee's entered employment performance statistics were updated to include PY'12 and PY'13.
- SCSEP grantees' minority enrollment and minority outcome data were also updated.

Maps in the plan modification were made accessible by adding the data in table formats.

The plan modification also streamlines some strategies for increased efficiency. Some employer outreach strategies that will be addressed more effectively as integrated workforce system strategies were deleted.

Texas Workforce Commission

A Member of Texas Workforce Solutions

Briefing Book Page 10

Attachment 2
Andres Alcantar, Chairman
Commissioner Representing
the Public

Ronald G. Congleton
Commissioner Representing
Labor

Hope Andrade
Commissioner Representing
Employers

Larry E. Temple
Executive Director

February 17, 2015

Ms. Lee Rector
Director
Texas Workforce Investment Council
1100 San Jacinto Blvd.
Austin, Texas 78701

Dear Ms. Rector:

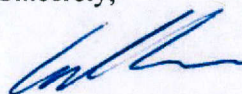
On behalf of the Texas Workforce Commission, the state operational entity for Title I of the Workforce Investment Act, I respectfully request approval of the enclosed *Senior Community Service Employment Program State Plan Modification for Program Years 2014–2017* (Plan) for the State of Texas. The Plan was developed in accordance with the US Department of Labor Employment and Training Administration's Training and Employment Guidance Letter No. 8-14.

Key revisions in the Plan include the following:

- Updated population and regional demographics.
- Grantees' latest available employment performance statistics, as well as minority enrollment and outcome data.
- Current labor market information, including predominant regional and statewide employers for the target population, and changes in the occupational outlook that affect long-term employment opportunities for older workers.
- The Equitable Distribution Report, reflecting the updated distribution of participants and a comparison of participant service levels by county.
- The revised plan to achieve enhanced Grantee coordination with private- and public-sector entities and programs that serve the needs of the target population.
- Planned state activities to further develop unsubsidized employment opportunities and to facilitate coordination with and among regional partners for further development of the one-stop delivery system.

We appreciate the opportunity to coordinate in development and submission of the Plan and look forward to receiving approval. If you have questions or require additional information, please contact Jennifer Jacob, Director, Board and Special Initiative Contracts, at (512) 936-0429 or jennifer.jacob@twc.state.tx.us.

Sincerely,



Larry E. Temple

Larry E. Temple
Executive Director

Enclosure

101 E. 15th Street • Austin, Texas 78778-0001 • (512) 463-2222 • Relay Texas: 800-735-2989 (TDD) 800-735-2988 (Voice) • www.texasworkforce.org
Equal Opportunity Employer / Program

**TWIC BRIEFING ITEM
MEMORANDUM**

REF: KM.twic.II5.030615

TO Council Members

SUBJECT 84th Texas Legislative Session—Preliminary Report

Introduction

As in previous legislative sessions, the Texas Workforce Investment Council (Council) staff is monitoring activity of the 84th Regular Session of the Texas Legislature in order to inform the Chair and Council members about bills of particular importance to the Council, its partner agencies, and other stakeholders in Texas' workforce system. This briefing provides an update on that activity.

Background

In accordance with the Texas Constitution, the legislature meets in a regular legislative session in Austin every two years commencing on the second Tuesday in January of every odd-numbered year. A legislative session lasts 140 days. The 84th Regular Session convened on January 13, 2015, and will adjourn on June 1, 2015. The last day for legislators to file most bills is March 13, 2015.

Council staff has been reviewing and analyzing filed bills for potential impact on:

- the overall workforce system in Texas;
- state and federal programs that are part of the workforce system;
- workforce system partner agencies; and
- the Council.

Attachments

1. Telicon Bill Status Report
2. State Legislative Update

Discussion

A legislative tracking report of relevant bills is attached to this briefing. Staff generate the report using Telicon, a subscription online tracking service, and will transmit the report on a regular basis to Council members. Bills are listed numerically within each of the three categories noted below, with House bills appearing first. The report provides a brief description and current status of select bills. Each workforce-related bill is assigned to one of the three categories or tracks based on the track's focus.

1-Priority – The bill would directly affect the Council or has a major impact on a workforce system program.

2-Direct – The bill would significantly affect a program or partner agency.

3-Indirect – The bill would affect the Texas workforce; therefore, it may indirectly affect the workforce system.

84th Regular Session

Committee membership assignments for the House of Representatives were made by Speaker Joe Straus on February 4, 2015. The committee with oversight of the Council is the House Economic and Small Business Development Committee, with Representatives Angie Chen Button and Eric Johnson serving as chair and vice chair. Other committee members include Representatives Charles "Doc" Anderson, Wayne Faircloth, Jason Isaac, Will Metcalf, Eddie Rodriguez, Jason Villalba, and Hubert Vo.

As of February 17, 2015, legislators have filed 2,157 bills. Currently, Council staff is tracking 13 bills. Committee hearings are under way, and several of these bills have been already been referred to committee.

The following are some of the bills on the Council's legislative track; for the complete list of tracked bills, please refer to the attached report.

- House Bill (HB) 61 by McClendon relates to a single, common course-numbering system for public institutions of higher education in this state. The bill would require the Texas Higher Education Coordinating Board to adopt one common course-numbering system for lower-division baccalaureate courses. Common course numbering is currently voluntary. This bill coincides with a recommendation of the Senate Higher Education Committee.
- HB 426 by Howard relates to the acceptance of employment applications through the online system for listing state agency employment openings maintained by the Texas Workforce Commission. The bill requires applicants to complete a state application online and enter any additional documents required to be submitted with the application into an online database from which the applicant may electronically send the application and documents to multiple state agencies.
- HB 754 by Menendez relates to the employment of individuals qualified for a veteran's employment preference. The bill requires state agencies to establish a goal of hiring a number of veterans equal to at least 15 percent of the total number of employees employed at the state agency. A state agency may also designate an open position as a veteran's position and accept applications only from individuals who are entitled to a veteran's employment preference.

In November and December, legislative committees released reports on interim charges. The reports include a review of committee hearings and make recommendations for state agencies and for possible legislation in the current session. The charges are issued by the speaker of the House and the lieutenant governor. Workforce-related committee recommendations are highlighted in the second report attached to this briefing.

Recommendation

It is recommended that the Council note the information contained in this memorandum.



Texas Workforce Investment Council Bill Status Report

1-Priority

2-Direct

HB 754 (2) Menendez, Jose(D)

Relating to the employment of individuals qualified for a veteran's employment preference.

Remarks: The bill requires state agencies to establish a goal of hiring a number of veterans equal to at least 15 percent of the total number of employees employed at the state agency. A state agency may also designate an open position as a veteran's position and only accept applications from individuals who are entitled to a veteran's employment preference.

Track Name(s): 2-Direct, Veteran

Bill History: 01-16-15 H Filed

HB 757 (2) Menendez, Jose(D)

Relating to the College Credit for Heroes program.

Remarks: The bill will require that each year, the Texas Workforce Commission in consultation with the Texas Higher Education Coordinating Board, report to the legislature and the governor on (1) results of any grants awarded, (2) best practices for veterans to achieve maximum academic or workforce education credit for military experience, education, and training obtained during military service, (3) measures needed to facilitate the award of academic or workforce education credit, and (4) other related issues needed to facilitate the entry of trained, qualified veterans and service members into the workforce.

Track Name(s): 2-Direct, Veteran

Bill History: 01-16-15 H Filed

HB 873 (2) Sanford, Scott(R)

Relating to the publication of certain information regarding the vocational rehabilitation program on the Internet.

Remarks: The bill requires to the Health and Human Services Commission and the Department of Assistive and Rehabilitative Services to publish information regarding the success of the vocational

rehabilitation program on the respective agencies' Internet websites.

Track Name(s): 2-Direct, Partner Agencies

Bill History: 01-22-15 H Filed

HB 1037 (2) Simpson, David(R)

Relating to abolishing the Texas emerging technology fund.

Remarks: The bill mandates the Governor shall submit a report on the projects that received funding. The report must include an analysis on the number of jobs created by each project. It also requires the intended outcome and actual outcome of the each project. This report is due no later than January 31, annually until September 31, 2020.

Track Name(s): 2-Direct, Partner Agencies

Bill History: 01-29-15 H Filed

HB 1155 (2) Alvarado, Carol(D)

Relating to the creation of the Recruit Texas Program to facilitate the relocation to or expansion in this state of employers offering complex or high-skilled employment opportunities.

Remarks: The bill establishes the Recruit Texas Program within the Texas Workforce Commission to provide an intensive and rapid response to, and support services for, out-of-state employers. The Texas Workforce Commission will provide leadership and linkages among economic development organizations, local workforce development boards, junior colleges, and technical institutes to address employers' needs for recruitment and hiring for high-skilled employment as necessary to facilitate employers' relocation to Texas. The Texas Workforce Commission may award grants to junior colleges and technical institutes to ensure rapid development of workforce training and related services.

Track Name(s): 2-Direct, Economic Development & Incentive

Bill History: 02-05-15 H Filed

HB 1156 (2) Alvarado, Carol(D)

Relating to the establishment of an electronic information and application system for state and local incentives for economic development purposes.

Remarks: The bill requires the development of an internet website and interactive tool for business entities considering relocating or expanding in Texas. The tool facilitates distribution of information relating to state or local government monetary and tax incentives to eligible entities, allows one application for all incentives, and determines eligibility. It also allows for an application to be completed by the entity which is then submitted to

the corresponding state agency or local government responsible for the monetary or tax incentive.

Track Name(s): 2-Direct, Economic Development & Incentive

Bill History: 02-05-15 H Filed

HB 1157 (2) Alvarado, Carol(D)

Relating to funding for public school career and technology education programs.

Remarks: The bill allows an annual allotment for school districts equal to the adjusted basic allotment multiplied by a weight of 1.36 for each full-time student in average daily attendance, in an approved career and technology education program in grades 7 through 12. It also allows an allotment of \$50 if the student is enrolled in two or more advanced career and technology classes.

Track Name(s): 2-Direct, Career Technical Education

Bill History: 02-05-15 H Filed

HB 1160 (2) Farias, Joe(D)

Relating to certain data reported to the Texas Higher Education Coordinating Board by institutions of higher education for the purpose of compliance monitoring.

Remarks: The bill requires that enrollment data reported by institutions of higher education must include the identification of any student who is a veteran or military dependent and a designation of the type of any military higher education benefit the student is eligible to receive, is currently receiving, or has exhausted.

Track Name(s): 2-Direct, Higher Education

Bill History: 02-05-15 H Filed

HR 4 (2) Smithee, John(R)

Adopting the permanent House Rules for the 84th Legislature.

Remarks: The bill established powers and duties of the committees, including the Economic and Small Business Development Committee which has jurisdiction over the Texas Workforce Investment Council and the Texas Workforce Commission.

Track Name(s): 2-Direct

Bill History: 01-15-15 H Passed (Vote: Y:139/N: 0)

SB 472 (2) Rodriguez, Jose(D)

Relating to designation of an employee within certain state agencies as a veteran's liaison.

Companions: HB 1457 Blanco, Cesar (F) (Identical)
2-16-15 H Filed

Remarks: The bill requires each state agency with more than 100 full-time employees designate an employee to serve as the veteran's liaison who will stay informed on trends and developments in hiring veterans, recruiting veterans, and serving as the contact for veterans employment and services within and outside the agency to provide information.

Track Name(s): 2-Direct, Veteran

Bill History: 02-10-15 S Introduced and referred to committee on Senate Veteran Affairs/Military Installations

3-Indirect

HB 61 (3) McClendon, Ruth Jones(D) Relating to a single common course numbering system for public institutions of higher education in this state.

Remarks: The bill would require the Texas Education Coordinating Board to adopt one common course numbering system for lower-division baccalaureate courses. Common course numbering is currently voluntary. This bill coincides with a recommendation of the Senate Higher Education Committee.

Track Name(s): 3-Indirect, Higher Education

Bill History: 02-09-15 H Introduced and referred to committee on House Higher Education

HB 426 (3) Howard, Donna(D) Relating to the acceptance of employment applications through the online system for listing state agency employment openings maintained by the Texas Workforce Commission.

Remarks: The bill requires acceptance of a single state, online employment application, including any additional documents required with the application, into an online database from which the applicant may electronically send the application and documents to multiple state agencies.

Track Name(s): 3-Indirect, Partner Agencies

Bill History: 12-02-14 H Filed

HB 525 (3) Riddle, Debbie(R) Relating to a franchise tax credit for wages paid to certain employees.

Remarks: The bill allows for qualified taxable entities to apply for a credit for each employee who begins employment on or after September 1, 2015, who works full-time, is a resident of the state, has

been a resident of the state for the preceding five years, and has not previously been employed by the taxable entity. The credit is 50 percent of the wages paid to the employee described in the application for tax credit.

Track Name(s): 3-Indirect, Appropriations/Tax/Finance

Bill History: 12-16-14 H Filed

HB 664 (3) King, Ken(R)

Relating to funding for career and technology programs in public schools.

Remarks: The bill allows an annual allotment for school districts equal to the adjusted basic allotment multiplied by a weight of 1.60 for each full-time student in average daily attendance, in an approved career and technology education program in grades 9 through 12 or for students with a disability in grades 7 through 12. It also allows an allotment of \$50 if the student is enrolled in two or more advanced career and technology classes.

Track Name(s): 3-Indirect, Career Technical Education

Bill History: 01-12-15 H Filed

HB 867 (3) Hernandez, Ana(D)

Relating to the establishment and operation of the Texas Women Veterans Program.

Remarks: The bill establishes a new program that ensures women veterans of this state have equitable access to federal and state veterans' benefits and services.

Track Name(s): 3-Indirect, Veteran

Bill History: 01-22-15 H Filed

HB 1047 (3) Workman, Paul(R)

Relating to a franchise tax credit for entities that employ certain students in certain paid internship or similar programs.

Remarks: The bill allows a taxable entity a credit of \$1000 for each student who completes an eligible internship program. The commissioner of education must adopt rules to determine if the course of study is similar to curriculum requirements and the Texas Workforce Commission must adopt rules that provide the requirements of an eligible internship program.

Track Name(s): 3-Indirect, Appropriations/Tax/Finance

Bill History: 01-29-15 H Filed

HB 1340 (3) Blanco, Cesar (F)(D)

Relating to the placement of military occupational specialty codes on certain notices of state agency employment openings.

Companions: SB 389 Rodriguez, Jose (Identical)
2- 2-15 S Introduced and referred to
committee on Senate Veteran
Affairs/Military Installations

Remarks: The bill requires state agencies to include the
military occupational specialist code on all forms
and notices to a state agency employment
opening if the duties of the available position
correlate with a military occupational specialty.

Track Name(s): 3-Indirect, Partner Agencies

Bill History: 02-11-15 H Filed

SB 271 (3) Ellis, Rodney(D)

Relating to authorization by the Texas Higher
Education Coordinating Board for certain public
junior colleges to offer baccalaureate degree
programs.

Companions: HB 1384 Davis, Sarah (Identical)
2-12-15 H Filed

Remarks: The bill will require that each biennium, the Higher
Education Coordinating Board, in consultation with
the Texas Workforce Commission, institutions of
higher education, and local workforce boards, will
identify at least three but not more than five
applied science disciplines for which a
baccalaureate degree program may be offered by
a public junior college under this section. There
must be a demonstrated workforce need for the
program.

Track Name(s): 3-Indirect, Higher Education

Bill History: 01-28-15 S Introduced and referred to committee
on Senate Higher Education

SB 389 (3) Rodriguez, Jose(D)

Relating to the placement of military occupational
specialty codes on certain notices of state agency
employment openings.

Companions: HB 1340 Blanco, Cesar (F) (Identical)
2-11-15 H Filed

Remarks: The bill requires state agencies to include the
military occupational specialist code on all forms
and notices to a state agency employment
opening if the duties of the available position
correlate with a military occupational specialty.

Track Name(s): 3-Indirect, Partner Agencies

Bill History: 02-02-15 S Introduced and referred to committee
on Senate Veteran Affairs/Military Installations

SB 508 (3) Rodriguez, Jose(D)

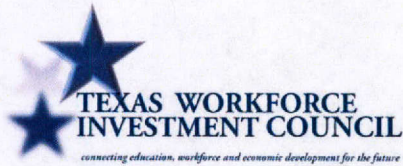
Relating to the employment of veterans by a public
entity or public work of this state.

Remarks: The bill requires that each state agency provide veteran's preference until the agency workforce is composed of at least 20 percent veterans. The bill further requires that a public entity must publish on the entity's internet website the total number and percentage of the entity's employees who are veterans annually.

Track Name(s): 3-Indirect, Veteran

Bill History: 02-11-15 S Introduced and referred to committee on Senate Business and Commerce

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State Legislative Update

Introduction

The Texas Workforce Investment Council's *State Legislative Update* informs stakeholders about developments in state legislation affect workforce policy for Texas. This update, the first of 2015, focuses on recent activity in the Texas Legislature.

The Texas Legislature convenes for the regular session every other year. Regular sessions begin at noon on the second Tuesday in January of odd numbered years and last no more than 140 days. The 84th Session convened January 13, 2015, and will adjourn June 1, 2015.

Membership & Leadership

The Texas House of Representatives has 150 members, currently consisting of 52 democrats, 97 republicans, and one vacancy.

The Senate has 31 senators, currently consisting of 10 democrats, 20 republicans, and one vacancy.

The 84th Legislative Session includes the following leadership:

Governor	Greg Abbott
Lieutenant Governor	Dan Patrick
House Speaker	Joe Straus

Interim Charges

In November and December, legislative committees in the Texas House and Senate released reports on interim charges. The reports include a review of committee hearings and make recommendations for state agencies and for possible legislation in the current session. The charges are issued by the speaker of the House and the lieutenant governor.

This legislative update includes the workforce-related charges and recommendations that fit within the purview of the Texas Workforce Investment Council and its committees. Charges are quoted verbatim and presented in italics followed by relevant summaries of the committee recommendations.

Senate Higher Education Interim Report

Interim Charge

Monitor the implementation of legislation addressed by the Senate Committee on Higher Education, 83rd Legislature, Regular and Called Sessions, and make recommendations for any legislation needed to improve, enhance and/or complete implementation. Specifically, monitor the following:

Senate Bill 414, relating to a study and report regarding authorizing certain public junior colleges to offer baccalaureate degree programs to address regional workforce needs; and

House Bill (HB) 1244 (2011), relating to developmental education and the assessment of student readiness under the Texas Success Initiative and to students enrolled in developmental education at public institutions of higher education.

Committee Recommendations

If the legislature chooses to provide community colleges with the authority to offer baccalaureate degree programs, it should consider, in addition to the recommendations of the Texas Higher Education Coordinating Board, the implications with regard to (1) formula funding; (2) financial aid programs; (3) exemptions or waivers for tuition and fees; and (4) duplicative programs.

The legislature should not consider making significant changes to the Priority Model or Texas Success Initiative until additional data become available.

Senate Veteran Affairs and Military Installations Interim Report

Interim Charge

Monitor and examine efforts to provide employment and workforce opportunities for veterans, service members, and their families. Make recommendations on how best to continue collaborating with and supporting our honored veterans as they re-enter the civilian workforce, including improving employment opportunities for veterans at all state agencies.

Committee Recommendations

Employment of veterans at state agencies and institutions of higher education is very low. Veterans often struggle to match their military experience with state job postings. The committee recommends creating a mechanism for the direct, non-competitive hiring of veterans and disabled veterans by state agencies and institutions of higher education using the state's automated labor exchange (WorkinTexas.com).

Many of the large state agencies use proprietary automated job systems instead of the standard state application in WorkinTexas. This results in repetitive entries of identical information by veterans and other job seekers into each agency's hiring system. The committee recommends that state agencies and institutions of higher education use the state application or, at a minimum, import information from the WorkinTexas system to avoid repetitive entry by veterans.

For job-seeking veterans, the committee recommends funding the creation of a 21st century Veterans Employment Program. The program would incorporate increased access to direct services through technology and in-person assistance for job-seeking veterans.

The current goal for veteran employment at state agencies is 40 percent. The committee recommends lowering that goal to a more attainable goal of 15 to 20 percent.

Interim Charge

Monitor the implementation of the veteran occupational licensure bills passed during the 83rd Legislative Session to expedite the licensure process for those who are serving, have served, or are married to someone serving our nation in uniform. Study and make recommendations to strengthen and improve state efforts to ease the transition of military veterans and their spouses into the Texas civilian workforce.

Committee Recommendations

Despite a wide range of expedited licensure and accelerated educational programs for veterans, unemployment remains high and veterans still complain of challenges converting military experience and training into civilian job descriptions. The committee recommends permanently authorizing the College Credit for Heroes program and promoting similar accelerated degree or certification programs.

The committee recommends updating Chapter 55 of the Texas Occupations Code to remove redundant definitions and to clarify statutory language that resulted from its amendment by several bills enacted by the 83rd Texas Legislature. This would help Texas' occupational licensing agencies to better assist military service members, veterans, and spouses.

House Corrections Interim Report

Interim Charge

Study and review the correctional facilities and processes within Texas Department of Criminal Justice, Texas Board of Pardons and Paroles, and Texas Juvenile Justice Department with emphasis on efficiencies, effectiveness, and recidivism. Examine the existing programmatic approach per facility in the areas of the vocation, education, visitation, rehabilitation, health and mental health services, parole supervision, and reentry initiatives. Evaluate opportunities for partnerships between facilities and private industries to offer education, job training, and potential employment for offenders during incarceration, parole, and final release.

Committee Recommendations

With such a large and complex correctional system, the legislature and the Texas Department of Criminal Justice should explore the possibility of public-private partnerships in facilities management and efficiency improvements.

The committee further recommends that a larger component of the correctional budget focus on rehabilitative investments. These investments include the expansion of inmate educational and vocational training programs within the prison system as a core component of effectively rehabilitating offenders. Consideration should be given to accomplishing this objective through public-private partnerships with proven educational providers.

The legislature should monitor the implementation of HB 797 (83R) and HB 799 (83R) to ensure that Windham students are provided complete information regarding relevant and in-demand employment opportunities post-release. Students should also know the potential restrictions on professional licenses related to criminal offenses, so that inmate-students can focus their education on fields where they can productively participate upon their release.

The Texas Juvenile Justice Department should continue outreach initiatives with public schools to ensure students' efficient transition back into the traditional school setting upon their release from the department's custody and that they are not immediately assigned to a disciplinary campus or program within the public school.

House Defense and Veterans Affairs Interim Report

Interim Charge

Study methods to assure returning veterans have access to necessary transition assistance and access to job training, education, and sustainable employment, including monitoring federal actions and coordinating state and private programs. Specifically, explore options for alternative certification programs that give returning military service men and women credit for skills learned and time served while on active duty. Track related legislation passed during the 83rd Legislature.

Interim Charge

Evaluate current resources at higher education institutions, state agencies, and community-based organizations that provide support for military veteran students. Review the current process for assessing and placing these students in appropriate course work so that they are successful. Determine if new funding sources are needed at community colleges to educate or train military veterans who might need developmental education or adult basic education. Recommend strategies for effectively supporting military veteran students in their academic and workforce goals.

Committee Recommendations

The committee has not posted recommendations to date.

House Economic and Small Business Development Interim Report

Interim Charge

Review the current Texas Industry Cluster Initiative to determine if the state's targeted industry clusters need to be updated to reflect changes in industry sectors that have evolved in Texas since the clusters were initially identified.

Committee Recommendations

The committee recommends a statewide initiative to address the future position of Texas to attract and retain the private space industry. This would include having a point of contact for all of the industry clusters to identify opportunities. Make connections between clusters, and bring clusters together for mutual benefit.

The state should catalog state assets and develop a panel of experts to continually monitor the needs of each industry cluster. The panel should be composed of members representing industry, science, grant writers, entrepreneurs, and local economic developers.

A panel of a wide range of experts should be developed to continually monitor the needs of each industry cluster.

Agriculture should be added to the list of cluster industries.

Interim Charge

Monitor manufacturing and manufacturing workforce development initiatives passed by the 83rd Legislature.

Committee Recommendation

HB 5 addressed where Texas can develop future workers for the manufacturing jobs that the state is attracting. The rural school districts will need funds for the necessary infrastructure to ensure their students are prepared. Texas should continue to develop career and technology courses and invest in school counselors to help students find the right educational pathway for individual success.

House Government Efficiency and Reform Interim Report

Interim Charge

Study the feasibility of having all state agencies use the Texas Workforce Commission's "Work in Texas" website for a more standardized applications process. Determine the interest of municipal, county, and other jurisdictions in boosting their utilization of the website.

Committee Recommendation

To increase awareness and use of the site by both employers and job seekers, the committee recommends that the Texas Workforce Commission should continue to improve upon its marketing and explore providing more tools to employers, such as recruiting, job matching, and generating user reports such as number of views.

House Higher Education Interim Report

Interim Charge

Study new strategies for funding general academic institutions to accelerate educational innovation and increase focus on improving student learning and success rather than seat time. Consider approaches that encourage new and more productive business models that incorporate affordable, lower-cost academic delivery models and expand the state's capacity to deliver high-quality education.

Committee Recommendations

Modify how the state funds general academic institutions by allocating a portion of funding based on outcomes rather than strictly enrollment.

Encourage general academic institutions to expand their use of high-quality, online, blended and non-traditional forms of instruction.

House Public Education Interim Report

Interim Charge

Monitor the implementation of HB 5 (83R) and report on recommendations for improvement. Work with the Texas Education Agency, the State Board of Education, and public and higher education stakeholders to ensure the creation of additional rigorous mathematics and science courses needed to address the current and projected needs of the state's workforce.

Recommendations

Maintain the framework and structure of HB 5 to ensure stability in the system for students and districts.

Expand opportunities for districts to offer academic advising and counseling to middle and high school students to ensure students and parents understand their opportunities to effectively pursue postsecondary goals.

Explore opportunities to create incentives for collaborations between public education, higher education, and workforce development professionals at the local level.

**TWIC BRIEFING ITEM
MEMORANDUM**

REF: AR.twic.II6.030615

TO Council Members

SUBJECT Estimating the Return on Investment for Workforce Systems

Introduction

In recent years, several states have initiated projects to measure the return on investment (ROI) for their workforce systems. These ROI studies are relevant to the Texas Workforce Investment Council's (Council) duty to evaluate the effectiveness of the workforce system. This memorandum summarizes the attached report, which examines some recent ROI studies to gather lessons for any potential effort at an updated ROI project for the Texas workforce system.

Background

Texas Government Code, Chapter 2308.101(a)(6), tasks the Council with evaluating the effectiveness of the workforce system. One important component of evaluating the effectiveness of a workforce system is understanding both the inputs and outputs of that system. The Council is also charged with publishing briefs or reports on emerging issues in the workforce system and evaluating the effectiveness of the workforce development system, including the degree to which the system is effective in achieving state and local goals and objectives.

In the December 2014 Texas Workforce Investment Council briefing book, item II6, the Council was informed about the increasing importance of ROI measures in assessing workforce program effectiveness. That item included a research proposal for a study of a selection of relevant ROI studies to inform future work in that area for the Texas workforce system, of which the attached report is the result.

Attachment

1. Exploring Approaches to Return on Investment (ROI) Analysis for the Texas Workforce System

DiscussionIntroduction

This memo begins with a brief description of the process by which the attached report was designed and conducted. This is followed by a broad refresher on the concept of ROI, especially as it relates to workforce development or other public policy programs. In the full report there is an extensive review of recent ROI studies, some of the key points of which are condensed into a chart in this memo. Additionally, this memo offers some highlights of the key challenges of ROI work in the state of Texas. Finally, it concludes with an overview of some of the key lessons learned for conducting a potential ROI study in Texas. The report addresses the following questions:

- What is an ROI study, especially in a policy context?
- What are some of the most illustrative, recent ROI studies of workforce programs?
- What are some of the key lessons learned from ROI studies in recent years?
- How is Texas likely to present unique challenges for ROI research?

- What lessons can be learned from these sources for any potential future ROI study conducted within the Texas workforce system?

Research Process

The first step in creating this report was an extensive researching of recent and existing ROI projects. In order to ensure that the important reports were covered, not only was independent research conducted, but citation records were traced and conversations were held with authors of the most recent reports. Once a list of ROI projects had been assembled, they were analyzed for strengths, weaknesses, and lessons that they might hold for Texas.

In addition to researching existing reports, two recent reports about the process of conducting ROI studies on workforce systems were consulted. With an understanding of some of the challenges of an ROI report established, original research into features of Texas (including its economy, geography, and workforce system) was conducted. All of this analysis was synthesized into a list of recommendations, which appear both in the report and in the memo below.

What is ROI?

This study will begin with a brief overview of the way in which ROI studies relate to workforce evaluation. The concept of ROI is rooted in cost/benefit analysis. Broadly, when businesses or individuals consider an investment decision, they often apply ROI analysis. This analysis is intended to answer a simple question: how much money will be made (or lost) relative to the money spent? This concept can then be expressed as a ratio of the amount gained or lost to the amount invested.

In recent years, there has been increased interest in applying these sorts of calculations to public policy expenditures, including workforce programs or systems. The first essential step is to determine for which group the ROI is being calculated. Common audiences are program participants, taxpayers who help fund the program, or society at large. Next, the study has to determine the value of the program to the group(s) for which it is trying to calculate the ROI. This is frequently called the "impact analysis," and every ROI study has to begin by making decisions about how it will measure the impacts of the program it wants to measure. The next step is to determine the resources invested in the program by the group for which ROI is being calculated. Once all of these figures are determined, ROI can be calculated.

Three key challenges for a potential ROI study of the Texas workforce system include:

- **Size:** Texas' size requires greater skill and resources to conduct an effective study, and the variety of its population's demography and distribution complicates representative sampling.
- **Changing population:** High levels of migration, especially in target populations, complicate studies over time and make maintaining representative samples difficult.
- **Tax structure:** Texas' lack of a state income tax complicates determining the return to the state or to society from changing salaries for workforce program participants.

A Selection of Relevant, Recent ROI Studies and Pertinent Descriptive Information

	Texas 2008	Indiana 2009	Washington 2010	Travis County 2011	Minnesota 2014	Virginia 2014
Research Method(s)	Quasi-experimental AND “before-and-after”	Quasi-experimental	Quasi-experimental	Quasi-experimental	Quasi-experimental	Quasi-experimental AND “before-and-after”
System/Program	System	Program	Program	Program	System	Program
Time Frame	5- and 10-year projections	2 years, no projections	4 years, no projections	10- and 20-year projections	Not yet public	5- and 10-year projections
Audiences for Analysis	Participants, Taxpayers, Society	Participants, Taxpayers, Society	Participants, Taxpayers	Participants, Taxpayers, Society	Participants, Taxpayers, Society	Participants (Demographic Groups), Taxpayers
Valuation of Benefits to Government	Assigned	Known tax rates (lowest bracket)	Assigned	Assigned	Tax Calculator	Formula based on differences with control group
Other	High- and low-impact programs	Includes hypothetical “policy experiments”		Capital IDEA only		Measures varying impact of programs to different groups

Lessons When Considering a Potential Texas Workforce System ROI Study

- 1) **Design a successful methodology.** It is not possible to create an experimental design in public policy ROI analysis because researchers cannot alter the program they are attempting to study, nor can they interfere with the provision of services to participants. As such, there are significant benefits to quasi-experimental designs, which use methods to create control groups from existing populations in order to isolate program effects.
- 2) **Good data make for good studies.** Well-organized, readily available data are an important component of good studies.
- 3) **Collaborative input is invaluable.** Collaborative input from a wide range of people who work with or are affected by the workforce system is a valuable asset for shaping and interpreting ROI research.
- 4) **System-level studies provide significant value.** System-level studies make comparisons between programs and over time easier and more meaningful.
- 5) **Context is key.** In all aspects of ROI analysis, from designing a program to interpreting results, appropriate context is crucial. Understanding the unique characteristics of programs and participants is essential for turning data into useful information.

- 6) **Longitude is as important as latitude.** Conducting studies over a longer period of time, with multiple observation points, provides important information about changes in programs over time. This, in turn, can help to predict how future changes might impact program results.
- 7) **Strong leadership makes for strong studies.** In recent years, strong leadership at the state level has been a consistent characteristic of states that produce strong ROI reports.
- 8) **Texas complexities make ROI more challenging, and more valuable.** Demographic, economic, and geographic characteristics of Texas increase both the difficulties and the rewards of having a strong command of ROI for state workforce programs.

Recommendation

It is recommended that members note the information contained in this memorandum.

Exploring Approaches to Return on Investment (ROI) Analysis for the Texas Workforce System

Return on investment (ROI) analysis is becoming an increasingly important component of workforce program evaluation in a number of states. Texas has been among the leaders in this practice, having conducted multiple studies in past years. The last ROI analysis of the Texas workforce system, however, was conducted in 2008. This report considers the role of ROI in workforce program evaluation, factors that would inform a potential study in Texas, and lessons that can be learned from recent work on this topic. It will address the following questions:

- What is an ROI study, especially in a policy context?
- What conclusions were drawn in this report?
- What are some of the most illustrative, recent ROI studies of workforce programs?
- What are some of the key lessons learned from ROI studies in recent years?
- How is Texas likely to present unique challenges for ROI research?
- What lessons can be learned from these sources for any potential future ROI study conducted within the Texas workforce system?

I. A Brief Review of ROI

This review will begin with a brief overview of the way in which ROI studies relate to workforce evaluation.¹ The concept of ROI is rooted in cost/benefit analysis. Broadly, when businesses or individuals consider an investment decision, they will frequently, even if unknowingly, apply ROI analysis. This analysis is intended to answer a simple question: how much money will be made (or lost) relative to the money spent. This concept can then be expressed as a ratio of the amount gained or lost to the amount invested.

In recent years, there has been increased interest in applying these sorts of calculations to public policy expenditures. These public policy ROI measures take the form, very broadly, of:

$$\text{Program ROI} = \frac{\text{Value of the Program} - \text{Resources Invested in the Program}}{\text{Resources Invested in the Program}}$$

Workforce program or system ROI studies follow exactly this pattern. The first essential step is to determine for which group the ROI is being calculated. Common audiences are program participants, taxpayers who help fund the program, or society at large. Next, the study has to determine the value of the program to the group(s) for which it is trying to calculate the ROI. This is frequently called the “impact analysis,” and every ROI study has to begin by making decisions about how it will measure the impacts of the program it wants to measure. The next step is to determine the resources invested in the program by the group for which ROI is being calculated. Once all of these figures are determined, ROI can be calculated.

¹ For a more in-depth explanation of the concept of ROI and the unique challenges of studying it in the workforce context, please see Appendix 1: Research Proposal: A Project for Estimating the Return on Investment for the Texas Workforce System, Sections One and Two. This is a selection from a research proposal that was presented to the Texas Workforce Investment Council in December 2014, which includes an assessment of some of the key benefits an ROI project would bring to the Texas workforce system.

II. Preview of Conclusions

The lessons learned from this analysis of recent ROI research are covered in depth on pages 10 and 11 of this report. A brief preview of those eight conclusions is offered before moving to discussion of existing work. The first conclusion is the importance of a strong methodological design for a successful study. It is impossible to create an experimental design in this type of analysis, because a researcher cannot alter the program they are attempting to study, or interfere with the participants. As such, there are significant benefits to quasi-experimental designs, which use methods to create control groups from existing populations in order to isolate program effects. Second, well-organized, readily available data is an important component of good studies. Third, collaborative input from a wide range of people who work with or are affected by the workforce system is a valuable asset for shaping an ROI analysis. Fourth, there are significant benefits to performing an ROI study at the workforce system, rather than program, level.

Fifth, in all aspects of ROI analysis, from designing a program to interpreting results, context is key. Understanding the unique characteristics of programs and participants is essential to turning data into useful information. Sixth, there is significant value in conducting studies over a longer period of time, with multiple observation points. Studies which do so help to provide important information about changes in programs, and how future changes might shape outcomes. Seventh, strong leadership at the state level has consistently helped to produce the strongest ROI studies of workforce systems. And eighth, unique features of Texas make good ROI research simultaneously more challenging, and more valuable. Demographic, economic, and geographic features of Texas increase both the difficulties and the rewards of having a strong command of ROI research.

III. A Selection of Workforce System and Program ROI Studies Since 2008

While the table below lists the studies in chronological order, the discussion of the studies has been ordered to better illuminate the relative importance of these studies to understanding a potential role of ROI in Texas. The first study discussed is a study conducted of Travis County, Texas, by the Ray Marshall Center for the Study of Human Resources at the University of Texas at Austin (RMC). Because this is the most recent ROI study by a group specializing in the application of the principles to the unique environment in Texas, it offers a number of lessons about a potential ROI study in the state. Because impact analysis and ROI were divided into separate reports in this case, and because covering each separately may help provide clarity about the ROI process, this report considers the impact analysis and ROI portions of that study separately. All other ROI studies analyzed in this report contain both aspects, and there are details of both covered in most entries. However, the distinction between these two steps is discussed in lesser detail for subsequent reports.

After that report comes an ROI analysis of the Texas workforce system conducted by the RMC in 2008. From there, the reports are covered in reverse chronological order. The following chart helps to distill some of the key characteristics of each study.

Figure 1 – An Overview of Workforce ROI Studies

	Texas 2008	Indiana 2009	Washington 2010	Travis County 2011	Minnesota 2014	Virginia 2014
Research Method(s)	Quasi-experimental AND “before-and-after”	Quasi-experimental	Quasi-experimental	Quasi-experimental	Quasi-experimental	Quasi-experimental AND “before-and-after”
System/Program	System	Program	Program	Program	System	Program
Time Frame	5- and 10-year projections	2 years, no projections	4 years, no projections	10- and 20-year projections	Not yet public	5- and 10-year projections
Audiences for Analysis	Participants, Taxpayers, Society	Participants, Taxpayers, Society	Participants, Taxpayers	Participants, Taxpayers, Society	Participants, Taxpayers, Society	Participants (Demographic Groups), Taxpayers
Valuation of Benefits to Government	Assigned	Known tax rates (lowest bracket)	Assigned	Assigned	Tax Calculator provided by Department of Revenue	Formula created from differences with control group
Available Data	UI wage records	UI wage records	Administrative data; including, at minimum, UI data	Administrative data, including UI wage records	UI wage records	Administrative data; including, at minimum, UI data
Other	High- and low-impact programs	Includes hypothetical “policy experiments”		Capital IDEA only		Measures varying impact of programs to different groups

Travis County 2011²

Impact Analysis Report

Beginning in 2006, the RMC has conducted a series of outcome and/or impact analyses reports of locally funded workforce development services in Travis County, Texas. The services under analysis range from adult basic education to short- and long-term occupational skills training. The providers include Austin Academy, Austin Area Urban League, American YouthWorks, Construction Gateway, Crime Prevention Institute, Capital IDEA, and Goodwill Industries of Central Texas.

A 2011 version of this report included outcomes evaluations and a quasi-experimental impact analysis to identify how participants fared in the labor market in relation to a matched comparison group of individuals receiving “low-intensity” job placement assistance through local Workforce Solutions Career Centers. While the 2011 report indicates the beginning of a new research cycle on later cohorts, those follow-up reports are not yet available.

² King, Christopher T. and Tara C. Smith (2011). *Exploratory Return-on-Investment Analysis of Local Workforce Investments*. Austin: Ray Marshall Center for the Study of Human Resources, The University of Texas at Austin.

The outcome evaluations in this report examined the share of program participants in employment and the average quarterly earnings of the employed. It also notes the participant's eligibility and/or claim for Unemployment Insurance (UI) benefits. The study includes outcomes at two, six, 10, and 14 quarters after leaving program services and over all post-service quarters through March 2010, using Texas UI wage and claim records.

The quasi-experimental analysis compares labor market outcomes for participants in the target programs with Travis County residents who registered for employment with the state's *Work In Texas* program or who received only job search services at local Workforce Solutions Career Centers. Because youth and ex-offenders are difficult to fit in this metric, they were excluded from the study entirely. Both net effects and net effects adjusted for unmeasured differences not controlled in the matching process were computed.

For the data, there are two important caveats. First, participants with incomplete records were dropped from the analysis. Second, any category of industry that relies heavily on self-employment or independent contracting (especially construction or trucking) is going to be severely underrepresented in analysis of UI data. That means that employment and earning outcomes for these industries are likely to understate actual labor market outcomes.

Capital IDEA Return on Investment Report

These impact analyses were followed up by an ROI analysis released in August 2011, which covered only the Capital IDEA program. While there are references in both the evaluation report and this ROI report to examining other programs, these analyses have not been released. The benefits of the program were lifted from the impact analysis report listed above. Cost data were obtained directly from Capital IDEA.

The analysis examined the net returns from the program to three groups: participants, taxpayers, and society. Opportunity cost for participants represented income lost to time spent in the program. Impact estimation, as described above, assessed the relative benefit of the Capital IDEA program via the use of a quasi-experimental design. As above, this involved matching outcomes for program participants with Travis County residents who came into contact with workforce programs, but chose not to enter the program. Actual impacts were calculated for the available years one through seven, while years eight through 10 were calculated using the exhibited trend of 20 percent annual growth. For years 11 through 20, earnings were held constant.

One particularly noteworthy assumption in this study is its handling of the value of federal, state, and local taxes paid on estimated earnings impacts. The authors assert that a conservative estimate of taxes for year one is 18 percent of the earnings impact, and for all other years is 13 percent. This study found significant returns to all parties at both the 10- and 20- year markers.

Texas 2008³

In 2008, the RMC released a report contracted by the Texas Association of Workforce Boards that was intended to estimate the ROI to the state from major workforce programs. Because of the sponsoring groups, workforce programs for this report were classified as "federal or state funding streams that are

³ King, Christopher T., Ying Tang, Tara C. Smith, Daniel G. Schroeder (2008). Returns from Investments in Workforce Services: Texas Statewide Estimates for Participants, Taxpayers, and Society. Austin: Ray Marshall Center for the Study of Human Resources, The University of Texas at Austin.

directly controlled or strongly influenced by local workforce boards.” These include Workforce Investment Act (WIA) Title I programs, Temporary Assistance for Needy Families Choices programs, Food Stamp Employment and Training programs, Project Re-Integration of Offenders, and Trade Adjustment Assistance/Training (TAA). The cohorts for this study were those served by these programs either from October 2003 to September 2004, or from October 2004 to September 2005.

As in the 2011 report for Travis County, returns examined were those for participants, taxpayers, and society. Much of the design of this study was similar to that of that 2011 report. Therefore, only a brief overview of some of the key differences and similarities is provided here. The same quasi-experimental design and control group selection was used to estimate the impact of workforce programs of the high-intensity programs. There are five- and 10-year projections for all three parties. This report also includes a division of low- versus high-intensity workforce investments. While the study does not describe the criteria that it uses to divide programs into these groups, it calculates different findings for each. The vast majority of workforce programs are considered low-intensity services.

Several interesting and important assumptions made in this report might have implications for any potential Texas workforce system ROI study. First, participant opportunity cost is estimated via comparison group earnings for a similar time frame. Second, different models are used for impact estimation for low- and high-intensity programs. Because of trouble defining a sufficient comparison group for low-intensity participants, the authors do not apply the quasi-experimental design to these programs. Rather, they estimate the impacts based on deviations from past employment and earning trajectories, assuming any impacts decay to zero by the end of the second quarter following service.

This report does not explain the rate at which it assumes additional earnings will be translated into additional taxes. As with the 2011 report, it finds that for all perspectives and all time periods, the net returns from workforce investments are both positive and substantial. These estimates do not include spending multiplier effects at the society level, although doing so would only increase ROI estimates. The report found significant and positive significant, positive results for all programs.

It is worth noting that the report concludes by noting that there is still much work to be done to increase the availability of reliable metrics for gauging the impacts of public investments, especially in regard to ROI measures. While the RMC’s reports have made significant progress in providing ROI metrics in Texas, the authors emphasize that much more remains to be done.

In 2003, the RMC prepared an ROI report on 18 of the 28 local workforce areas in Texas on behalf of Workforce Leadership of Texas. The lead author also conducted the two more-recent ROI reports. Given that this report is superseded by the 2008 report, it will not be covered here.

Minnesota 2014

The state of Minnesota passed a law in 2009 that requires reporting on a set of accountability measures for workforce programs, including ROI. The Governor’s Workforce Development Council in that state convened an ROI initiative to develop a standardized ROI measure that could be applied to workforce development system. The ROI initiative created a consensus-based process with a committee that included government officials, economists, employers, and people who work in workforce development. After a four-year development process, which included a number of meetings to refine the ROI model, a release date for the ROI report was set for late 2014. The report still has not been made available, though the guiding principles of the coming report have been released.

Similar to the Texas reports, the Minnesota report will use matching between program participants and a statistically paired control group to estimate program impacts. The matching method allows for better attribution of outcomes attributable to program participation net of other factors, such as socioeconomic conditions. Essentially, the goal is to isolate differences in outcomes to only those that are due to exposure to the workforce system. Where possible, treatment cohorts include all of the participants who enter a given program within a given year. Meanwhile, the control group includes all individuals who either applied for UI benefits or registered with a Minnesota WorkForce Center in the same program year as the treatment cohort. While the full report has not yet been released, the programs being analyzed will include WIA Adult and Dislocated worker programs.

As with the RMC's report, this project estimates benefits and costs from the perspective of program participants, taxpayers, and society at large. Unlike the RMC's report, the Minnesota report will not attempt to extrapolate any benefits beyond the time frame which is being observed directly. Some of the key assumptions of this project include the method of handling tax rates and handling of public benefit changes. For taxes, the Minnesota Department of Revenue provides a tax liability calculator that is used to estimate changes in taxes paid at the individual level, for both income and sales tax. Unlike the RMC's report, the Minnesota report will not be including estimates in regard to many outside programs, including changes in Supplemental Security Income benefits or Childcare Assistance benefits. Given difficulties linking data and reliably tracking costs, as well as specifically demonstrating the impact of the program on benefits received, these factors are withheld in deference to the general preference to remain conservative in estimating benefits. Like the RMC's report, this report will not use any economic multiplier effects.

There are a few interesting decisions made in handling analysis of costs. First, where possible, program costs are decomposed into specific categories of services received to better understand the ROI of different types of services. Second, participant costs are a combination of program tuition costs and opportunity costs (wages foregone, for example) weighted by time spent in the program. In all, a defining feature of the decisions made by this initiative is to err consistently on the side of a conservative interpretation of benefits. This decision is made both to ensure conservative analysis of benefits and because it best allows for covering a wide variety of programs by minimizing complicating assumptions.

Virginia 2014

In 2009, Virginia began to assemble the Virginia Longitudinal Data System, which provided a new tool for extracting, shaping, and analyzing educational and workforce data. As part of the development of this tool, the Virginia legislature passed a law mandating ROI analysis of key portions of the Virginia workforce system. In 2014, a study from Virginia Commonwealth University was released to fulfill that requirement. This study focuses on three key publicly funded workforce programs: WIA, Wagner-Peyser, and TAA. The central goal of the project was to evaluate the impact of the programs from a government budgetary perspective using administrative data for program exiters during the 2008 through 2012 program years.

That central goal was broken down further into three research questions. First, what is the ROI to the government for providing public workforce development services to job seekers? That return is, essentially, the "taxpayer" return in the RMC's and Minnesota's studies. The other two research questions, though, were unique to this Virginia study. Question number two was, how does ROI differ across service levels, demographic groups, and local workforce investment areas? And the third was,

what roles do demographic, service, and economic factors play in employment and earnings outcomes for workforce program participants?

As in the RMC's report, this study estimates five- and 10-year ROI for each program. To answer the first research question, two distinct approaches were used. The first approach used regression-adjusted propensity scores to create a quasi-experimental design. In this case, the control group were the Wagner-Peyser participants. The second approach estimates incremental program impacts based on deviations of program participants from their past trajectories. The authors refer to this as the "before-and-after" approach. (These are the two different methods that the 2009 RMC's study applied to high- and low-intensity programs, respectively.) To answer the second research question, the results from the before-and-after approach are disaggregated along demographic, geographic, and service-related categories. Finally, to answer the third question, regression models are used to estimate the effects of each demographic, service-, and employment-related variable on after-program earnings and likelihood of employment.

For each participant, the authors had access to administrative records, the contents of which varied from program to program. Generally, these included data on demographics, program participation, and program outcome information. Each record also contained UI data. Any record with missing wage data was excluded from the analysis. This report included most of the same factors as the RMC's reports, including some estimates of impacts on participant reliance on government benefits. Taxes were estimated from a formula based on the difference between either previous income or income when compared to the control group.

The results of this study were more mixed than those in the Texas surveys – ROI results were not universally, significantly positive; however, they were mostly so. The Virginia study builds well upon the work of the RMC in Texas. As noted by the authors, however, the relatively small number of target programs being analyzed helped to make this depth of analysis possible. The innovative addition of studying outcomes—both absolute and in ROI terms—across different demographic and socioeconomic groups helps to generate significant policy recommendations and allows the authors to make suggestions at a far more detailed level than the authors of other reports were able to make. These results also underscore the importance of placing ROI results into context, as they prove the extent to which the population being served can impact outcomes.

Washington 2010⁴

Washington's Workforce Training and Education Coordinating Board releases an annual Workforce Training Results report. That annual report includes an estimation of each covered program's participant and taxpayer ROI. These numbers are not updated for each annual report, however. They are instead drawn from a net impact and cost-benefit analyses of workforce development programs conducted by the workforce board every four years. One such analysis was conducted in 2006, one in 2010, and one is anticipated to be completed in 2015. As with several other states, the Washington workforce board contracts with the Upjohn Institute to produce these reports.

Washington's ROI report for 2010 is not publicly available. While the 2006 Washington ROI report is publicly available, the same author conducted a more recent ROI evaluation, using the same methods, in

⁴ Workforce Training and Education Coordinating Board (2014). Workforce Training Results. Olympia.

Indiana in 2009. As such, only a brief assessment of the 2010 report, as described in the 2014 annual report, is provided here.

In the annual report, two ROI metrics are provided: taxpayer and participant. The taxpayer is described as the net impact on all tax revenue and social welfare payments relative to the cost of the service. The participant ROI is described as the net impact on participant earnings and employer-provided benefits compared to the cost of the services. The study examines the earnings and employment of program participants with those of individuals who did not participate in a workforce program, but had similar characteristics and faced the same regional labor market at the time. The only results given for the programs are either a positive ROI, or a label reading “no significant positive impact.” The majority of programs had some significant, positive impact.

Indiana 2009⁵

As referenced above, the 2009 ROI study of Indiana’s workforce programs is the most recent publicly available study from the Upjohn Institute. The author, Kevin Hollenbeck, has worked with numerous other states, including Washington and Virginia, in prior years. His work is cited as an influence on the RMC’s reports described above, as well as on the Virginia report. The analysis year for which the estimates in this study were produced is FY 2006, which covers July 1, 2005, to June 30, 2006.

As with most of the other studies, statistical matching is used to identify a control group from individuals who encountered the Indiana workforce system but did not participate in a training program. ROI is determined by comparing the results for that control group to the results for program participants. The programs covered by this study include WIA-Adult, WIA-Dislocated Workers, WIA-Youth, and TAA. All have positive net impacts, with the exception of the earnings impact for TAA.

This study determines ROI for participants, government, and society. They find positive ROI for all participants, mixed returns for governmental ROI, and positive societal ROI for all programs excepting TAA. As with the other studies, data comes from administrative records for program participants, including UI data.

IV. Lessons from ROI Studies in Recent Years

Dr. Kevin Hollenbeck is the researcher at the Upjohn Institute who conducted many of the studies listed above. After completing his 2009 study of workforce programs in Indiana, he published a paper with specific recommendations for states interested in ROI studies.⁶

This report recommends that states invest adequately in data systems. The wisdom of this recommendation was certainly borne out in Virginia, where an extremely in-depth ROI study followed the rollout of the Virginia Longitudinal Data System. The author of the Virginia study observed that, without the introduction of this system, which was designed to provide a clearinghouse for access to educational and workforce training data in a format that protected privacy and allowed for research use, the report would have been far more difficult to complete. Finally, Dr. Hollenbeck recommends

⁵ Hollenbeck, Kevin (2009). Return on Investment Analyses of a Selected Set of Workforce Systems Programs in Indiana. Kalamazoo: W.E. Upjohn Institute for Employment Research.

⁶ Hollenbeck, Kevin (2009). Return on Investment Analyses of a Selected Set of Workforce Systems Programs in Indiana. Kalamazoo: W.E. Upjohn Institute for Employment Research.

instituting a cross-program coordinating board in states that have not done so, and housing the responsibility for ROI studies with such a group where one already exists. Doing so is essential to overcoming the “siloeing” that can come from different programs being studied by and for different agencies.

Dr. Christopher King, meanwhile, has directed research for the ROI reports on Texas workforce programs that have been conducted through the RMC. After the 2011 report on Travis County, he coauthored a paper exploring lessons learned about program evaluation for workforce development policy.⁷ He offered four key observations to be kept in mind for future studies.

First, measurement of workforce policy impacts has, in many cases, been too narrow, especially in comparison with studies of other types of policies. Second, reviews have given too little attention to adequate follow-up periods for evaluation, despite consistent findings that some program impacts consistently change over time or take longer to mature. Third, he observes that evaluations of workforce interventions have, at times, made unfair comparisons by failing to account for heterogeneity in services as well as in the recipients of those services.

Both Virginia and Minnesota have made addressing concerns about failure to account for variation across programs a central feature of their recent studies. Minnesota has addressed that concern in part by bringing on board a wide variety of local experts to advise the study, ensuring that this knowledge is built into the development of the study. Virginia, meanwhile, chose to make distinctions between program participants a key part of their new study. This was possible by limiting the programs observed and taking advantage of Virginia’s new dataset. Finally, Dr. King found that studies of workforce development programs have consistently found positive impacts from these programs that are “fairly remarkable given the magnitude of workforce development spending.”

V. Unique Challenges in Texas

The Texas workforce system is unique in a number of ways that can make the state an especially challenging subject for a comprehensive ROI study. Some of the challenges that are unique to Texas are presented by its size, both in terms of geography and population. Another set of challenges are presented by Texas’ rapid population shifts. Texas’ tax structure also presents specific challenges, if not potential limitations, on a potential ROI study.

Size

Texas’ size presents a number of difficulties in conducting an ROI study relative to other states. The first problem is one of resources and logistics. A larger total population requires a larger sample population from which to draw inferences. Larger sample populations are more difficult to track and require a greater commitment of time and resources to manage. Correcting for this problem is not as simple as scaling up the study based on a larger population, however.

Because of Texas’ size, the variety of needs and services are greater than in most areas where ROI studies have been conducted recently. Minnesota, for example, includes only one city with a population of

⁷ King, Christopher T. and Carolyn T. Heinrich (2011). *How Effective Are Workforce Development Programs? Implications for U.S. Workforce Policies*. Austin: Ray Marshall Center for the Study of Human Resources.

400,000, and only three total cities with over 100,000 citizens. By comparison, Texas has four cities with over a million residents, and dozens of cities with populations over 100,000. Texas also has larger numbers of target populations residing a significant distance from urban areas. Texas' population is more diverse than that of most other states and, even more importantly from a sampling perspective, that diversity is systematic. In other words, different geographic locations are far more likely to contain different demographic groups.

This variety means that successful sampling in Texas can be extremely complicated. Without a careful and well-thought-out statewide plan, any research project risks creating a picture that does not apply to significant portions of the Texas population. The representativeness of the sample must be kept in mind for the duration of any project, as there are reasons to believe that tendency to drop out of the survey would vary systematically between these groups. As such, a sample that began as representative could end up portraying a misleading picture if the final results fail to include specific groups or geographic regions.

Growth and Population Change

This challenge is especially important because of Texas' rate of population change. Texas has experienced high net migration in recent years. That means that more people come into Texas from other states than leave Texas. However, Texas is also among the states that has seen the most total people leave in recent years. From 2012 to 2013, Census estimates have Texas as one of only four states to have had more than 400,000 people move to another state over the course of the year. It is also one of only two states that saw more than 500,000 new people move into the state from another state over that same time period.

These changes must be taken into consideration for an ROI study because both the people who are entering Texas and those who are leaving Texas vary from the general population in systematic ways and are more likely to be targets of interest for a workforce ROI study. For example, people who are looking for work might be more likely to move from state to state, and they are more likely to be the target group for workforce services. Within that group, meanwhile, there might be further distinctions. One possibility is that people who are successful exiters of workforce training programs may be more likely to leave the state as a result of getting hired elsewhere. Alternatively, those who do not see success might be more likely to leave in hopes of seeing better results in another region.

Typically workers that move from state-to-state are excluded from studies due to the difficulty in tracking them and acquiring the necessary data. In states with less-mobile populations, these numbers might be less likely to significantly impact outcomes. However, in Texas it is likely that the impact of these movements on system ROI would need to be considered to ensure accurate results. This challenge is especially important to any study that attempts to draw comparisons within Texas, as it is likely that different local workforce development areas see different levels of migration of program participants.

Taxes

Another unique challenge of performing a workforce ROI study in Texas is presented by the tax structure. In most states, one of the most significant returns to a state on workforce training is the income tax generated by employment for a program participant who otherwise would have had lower (or no) income. Questions about whether to apply multipliers to account for secondary spending, or what assumptions to

make about spending patterns or housing decisions that come with that new income can make significant differences in the final numbers, but are only modifications from a fairly certain baseline. In Minnesota, for example, state income taxes can vary from five to 10 percent based on income bracket.

In Texas, however, those assumptions shape the entirety of the return figure from new income based on workforce programs. The easiest approach to deal with this problem is to determine a rate at which income is expected to return to the state, usually by year after program entry, and then apply it across the board to income generated by participation in workforce programs. This is the approach taken in the RMC's studies of Texas. While this makes for a plausible estimate, there is no question that significant additional accuracy could be gained with greater insight into how these returns vary based on income levels and geographic location, among other factors. As a most obvious example, in many parts of Texas, the majority of return to the state comes from property taxes. Problematically for easy impact evaluation, expectations about what property taxes the state should expect to see from additional income is likely to vary in ways that are difficult to predict. That is to say, the difference in returns to the state between someone earning, for example, an income from \$0 to \$30,000 would vary significantly from an increase from someone earning \$30,000 to \$60,000. Each dollar is unlikely to return the same rate, or deliver a return in the same predictable way, as it does under a primarily income tax-based structure.

VI. Addressing these Challenges and Lessons for a Texas Workforce ROI Study

None of these challenges would prevent a successful ROI study of the Texas workforce system. In fact, even if a study only minimally addressed these challenges, it could provide a reasonable estimation of ROI for workforce programs. However, taken together, these challenges provide a strong case for the value of a system-level framework to guide a potential ROI analysis of the Texas workforce system. This report finds eight essential lessons to carry forward if considering an effort to carry out a potential ROI study of the Texas workforce system that would successfully meet these challenges.

- 1) **Design a successful methodology.** In order to better isolate the impacts of workforce program participation from independent factors, most major ROI studies include a control group in their research design. Methods to identify such a control group can help to provide some of the benefits of an experimental design in a public policy study, where actual experimental designs are not possible. An ROI study cannot create a control group by altering the delivery of the services it studies in any way. Not only would this be a breach of the workforce system's responsibilities to participants, it would also risk altering the outcomes and undermining the validity of the study. Creating a control group can be achieved a number of ways, including using statistical matching, or by tracking workers who have come into contact with the workforce system in some way, but elected not to participate in any programs.
- 2) **Good data make for good studies.** Virginia has seen significant benefits from the creation of its comprehensive database of education and workforce training data that can be accessed by policy makers and other authorized researchers. Making that data widely available reduced the time and resources required to get an ROI study started in that state. The existence of this database allowed researchers to perform innovative research by analyzing differences in returns across service populations far more easily than otherwise would have been possible.
- 3) **Collaborative input is invaluable.** In Minnesota, researchers have frequently cited the collaboration of workforce development experts, economists, and policy makers as essential to building an effective study. Having buy-in and advice from all stakeholders in the workforce development system is important both to ensure that the study covers what is needed and to identify a receptive audience for the results of the study once it is completed.

- 4) **System-level studies provide significant value.** Having a study at the system level is essential to making meaningful statements about the relative value of workforce programs. Attempts to study each program individually are relatively more costly, often vary too widely with regard to the assumptions required to compare between programs, and occur too far apart in time. While the Virginia study provides interesting context about the programs it studies, it provides very little value in understanding how different aspects of the workforce system in that state compare. Only a system-level study, like is ongoing in Minnesota, ensures that policy makers and workforce experts can draw conclusions across programs, both at a given moment and over time.
- 5) **Context is key.** Even at the system level, one of the recent, key lessons of workforce ROI studies is that context is key. Both Virginia and Minnesota have strongly emphasized that understanding the unique challenges and environments facing different programs is essential to meaningful comparisons. A successful study ensures that these aspects have been considered both through discussions with experts and through methodological design.
- 6) **Longitude is as important as latitude.** Studying a breadth of programs is essential to drawing conclusions about relative efficiency. Studying across multiple points in time is essential to drawing conclusions about changes in program efficiency and highlighting what is or is not working in the workforce system. Too often, ROI studies are left with a snapshot in time to portray complex changes across a system. A recurring, consistent ROI study would provide a useful tool for understanding outcomes resulting from workforce program planning and delivery.
- 7) **Strong leadership makes for strong studies.** Three of the states that are making the best use of ROI studies right now (Minnesota, Virginia, and Washington) all have one thing in common: the use of ROI was encouraged or directed from policy makers.
- 8) **Texas complexities make ROI more challenging, and more valuable.** Texas is, in many ways, nearly a unique case among other states. Its demographic, geographic, and economic complexities make effective studies and policy decisions far more complex. But these challenges increase the need for, and rewards from, clarity in making those decisions. As those who have studied workforce system ROI in Texas in the past have noted, there is a tremendous amount of value waiting to be gained from a quality understanding of ROI across the Texas workforce system.

Appendix 1: Research Proposal: A Project for Estimating the Return on Investment for the Texas Workforce System, Sections One and Two

Texas Government Code, 2308.101(a)(6), tasks the Texas Workforce Investment Council with evaluating the effectiveness of the workforce system. One important component of evaluating the effectiveness of a workforce system is understanding both the inputs and outputs of that system. Measuring a system's absolute effectiveness only — or that of any program within that system — risks the loss of important context.

For example, if two programs achieve similar results at differing costs, both can seem equally effective by an absolute measure of effectiveness. However, that measure might be masking extreme differences in efficiency. In order to better understand both absolute and relative aspects of effectiveness, states have increasingly turned to return on investment (ROI) studies and measures. These measures are meant to determine the economic benefit produced for the money spent on any given program or system.

Use of these measures requires significant caveats. Different programs are targeted toward different customers, and a good return on investment for one program might be a high or low return for another. ROI studies are not intended to be substitutes for in-depth local knowledge about the successes and challenges facing individual programs, or a system as a whole. Regional dynamics, especially in a state as large and diverse as Texas, will influence ROI results. In addition, not all programs will benefit from prioritizing the maximization of return on investment relative to other goals or over other measures.

When the caveats are properly understood, having a strong grasp of the return on investment provided by a workforce system can offer a number of benefits. ROI studies can help provide benchmarks to measure changes in program effectiveness over time. Such studies can help those involved in workforce to better understand and explain the benefits of investing in workforce programs. ROI studies can also provide an overview of system and program performance to steer research or resource allocation to better use public funds.

This document presents a design for a research project that will outline a path Texas could follow in implementing a workforce system ROI project. It will address the following issues:

- I. What is ROI, especially as it relates to workforce systems?
- II. Why would a workforce system ROI project be valuable?

I. What is ROI, especially as it relates to the workforce system?

When businesses or individuals consider an investment decision, they will frequently, even if unknowingly, apply ROI analysis. This analysis is intended to answer a simple question: how much money will be made (or lost) relative to the money spent. This concept is most easily expressed as a ratio of that amount gained or lost to the amount invested. In mathematical terms this would look something like:

$$\text{Return on Investment} = \frac{\text{Final Value of Investment} - \text{Initial Investment}}{\text{Initial Investment}}$$

For instance, if someone invested a dollar, and made an additional 50 cents through that investment, the return on investment would be 50 percent (.50). Mathematically, that calculation would look like this:

$$.50 = \frac{1.50 - 1.00}{1.00}$$

In recent years, there has been increased interest in applying these sorts of calculations to public policy expenditures. These public policy ROI measures take the form, very broadly, of:

$$\text{Program ROI} = \frac{\text{Value of the Program} - \text{Taxpayer Money Spent on Program}}{\text{Taxpayer Money Spent on Program}}$$

However, applying ROI analysis to public programs presents unique challenges. Applying this type of analysis to workforce programs may present even more challenges than in other areas of public policy. Understanding the importance of an in-depth ROI study of the workforce system hinges, in part, on understanding why it is especially complicated to derive an ROI for a workforce system.

In the case of workforce system ROI studies, the initial investment being considered is usually the amount of public money distributed to a program. This is usually straightforward to measure simply by identifying the budget of the program being examined. Even this figure, though, can require some qualification if there are private and/or federal funds involved.

The final dollar value of the program, however, is a more difficult amount to quantify. Unlike in most private sector ROI calculations, there are a number of different parties whose investment and return need to be considered. There are a variety of potential time frames for which returns could be calculated. And there are a complex web of costs and benefits to untangle in order to produce meaningful dollar numbers.

When calculating ROI for workforce systems, determining whose benefits count as a return to the program is key. An especially strict accounting of workforce system ROI might look only at the money returned to the public system as a result of workforce system intervention. These funds are “repaying” the system as a whole and would include figures such as the taxes paid on jobs gained through the workforce system, or public benefits that are no longer claimed because of successful participation in the workforce system. Because program participants are taxpayers and the stated goal of a workforce system is to benefit its participants, a different ROI analysis might argue that the personal benefit to its participants should be included in the final value of the investment. These individual benefits can be accounted for in ways that further predict economic activity generated by new or higher salaries that would not have occurred without workforce system intervention.

Another issue is determining the time frame for which the return on investment should be calculated. Studies vary widely, ranging from relatively strict to relatively loose time frames. A strict time frame might measure changes within a few weeks or months of the end of participation in a workforce system. A looser time frame might account for years or decades into the future. Some studies even attempt to account for impacts on the economic prospects of children raised in a household that was able to provide educational opportunities that might not have been available without the job achieved through the workforce system.

Each of these challenges represents a decision in structuring an ROI study. And, even once these decisions are made, assigning a final value to an investment can be a challenge. The costs and benefits subsequent to workforce investment are complicated, as suggested above. Determining the extent to which workforce system intervention, for example, decreases reliance on public benefits can make a significant difference in the return to taxpayers. In another example, understanding whether employment for a workforce system customer should be considered as a benefit relative to a previously expected

outcome of unemployment, or perhaps simply to an alternate, less well-paid employment, makes a significant difference in estimating the return to participants.

Issues like these make the seemingly simple question of how much return a workforce program or system offers on its expenses a complicated one. In many cases, these questions do not have a right answer. Different choices reflect different decisions regarding what is important about a workforce system. However, this variety of options makes a comprehensive, state- and system-wide understanding of workforce ROI all the more essential. If different agencies or programs make different decisions about these issues, it becomes impossible to use the results together. Engineering a research method that leads to consistency across the workforce system is the first step to being able to meaningfully analyze across programs and within the system as a whole.

II. Why would a workforce system ROI project be valuable?

Having a comprehensive workforce system ROI project provides significant value, above and beyond the value provided by evaluations of individual programs. When ROI analysis is performed on an ad hoc basis, different researchers tend to come to different conclusions about many of the issues discussed above, limiting the comparability of these analyses to one another, or the possibility of combining them to achieve a holistic understanding of the workforce system. A project that spearheads system-wide ROI evaluation is essential to ensuring that the results of ROI analysis can be used to make meaningful assessments throughout the system.

Additionally, workforce system ROI can create a benchmark to measure changes in both system and component program effectiveness over time. External factors, including economic conditions or the demographic characteristics of the workforce at the time, will shape results of even the most rigorously designed ROI projects. Even if measurements are largely consistent across the analysis of various programs, there are significant limits to the knowledge that can be drawn through comparison of these measurements if they were not taken during a similar time frame. These limits are especially acute when attempting to compare across programs or understand the impact of external factors on different types of programs.

Finally, workforce system ROI can be essential to understanding and explaining the benefits of workforce programs. Other states that have designed effective workforce system ROI analyses have used those results to illustrate the benefits of the system to state officials, the public, and potential customers. The results can be used to help shape public policy and to refine and target workforce resources to help produce the best results for customers and taxpayers because ROI results put the benefits of workforce programs in clear financial terms that are relatively easy to explain. For example, an ROI study might find that one dollar spent in the Texas workforce system will return one dollar and 25 cents to the taxpayers within two years.

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**TWIC BRIEFING ITEM
MEMORANDUM**

REF: LR.twic.II7.030615

TO Council Members
SUBJECT Status of Sunset Review

Introduction

The Texas Workforce Investment Council has been undergoing a review by the Sunset Advisory Commission. This review will culminate during the 84th Session of the Texas Legislature with action to either reauthorize the Council's statutes and make a number of changes recommended by Sunset staff or abolish the Council. Council members have received briefings over the last 15 months on the status of the Sunset review process, including an overview of the Sunset process, the Council's Self Evaluation Report, meetings with Sunset staff, and information and data provided for the review. This memorandum provides information regarding the recently released Sunset Commission staff report on the Council.

Background

The Texas Workforce Investment Council is subject to Texas Government Code, Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the Council is abolished September 1, 2015. Sunset is the regular assessment of the need for a state agency (or committee) to continue to exist. A 10-member body appointed by the lieutenant governor and the speaker of the House of Representatives guides the Sunset process. Assisting this advisory commission is a staff whose report provides an assessment of a committee's programs, giving the legislature information needed to draw conclusions about performance, efficiency, management, and recommended statutory changes.

Attachment

1. Sunset Advisory Commission Decision Report on the Texas Workforce Investment Council

DiscussionSunset Staff Report and Recommendations

Following the submission of a self-evaluation report in August 2013, the formal staff review of the Council began in May 2014, and lasted through late October 2014. The review consisted of a series of meetings and responses to requests for information and data. On October 17, 2014, the Council received the draft staff report, which included recommendations for statutory changes. On October 24, 2014, the Council director attended an exit interview at the commission's offices. The purpose of the meeting was to discuss the draft findings and recommendations in the report and, where appropriate, to suggest technical corrections. The final staff report was released to the public on November 7, 2014.

A letter from the Council Chair indicating the Council's support of the recommendations in the Sunset staff report was forwarded to the Sunset Advisory Commission following release of the staff report. The recommendations included in the staff report include:

1. Continue the Texas Workforce Investment Council for 12 more years and align its Sunset review with that of the Texas Workforce Commission.

2. Abolish the Texas Skill Standards Board (TSSB) and transfer its functions to the Texas Workforce Investment Council.

The Sunset Advisory Commission held a public hearing on December 10, 2014, when the members of the commission considered Sunset staff recommendations on the Council, as well as those on a number of other agencies under review. The Council Chair and director, and the TSSB Chair, attended the meeting and provided testimony on the report and recommendations.

At its decision meeting on January 14, 2015, the Sunset Advisory Commission approved the recommendations in the staff report. The recommendations will be drafted into legislation and filed for legislative action during the 84th Session of the Texas Legislature, which convened on January 13, 2015. Council staff will closely monitor the progress of the Council's Sunset bill, and will keep the Chair and Council members informed regarding key actions.

Sunset Review Status Report

- ✓ Orientation meeting for agencies and committees under review in 2015.
- ✓ Preparation and submission of Self Evaluation Report.
- ✓ Members of the 2015 Sunset Advisory Commission named by the speaker and the lieutenant governor.
- ✓ First organizational meeting of the 2015 Sunset Advisory Commission.
- ✓ Sunset Advisory Commission issues review schedule for entities under review in 2015.
- ✓ Sunset staff meets with interest groups, affected agencies, and other interested persons.
- ✓ Sunset staff evaluates the Council, develops recommendations, and develops staff report.
- ✓ Sunset staff report issued.
- ✓ **December 10, 2014** - Sunset Advisory Commission will hold public hearing to receive staff recommendations, hear Council response, and to invite public comment.
- ✓ **January 14, 2015** - Sunset Advisory Commission decision meeting where the commission decides on recommendations to the legislature.
- **Spring 2015** - Sunset Advisory Commission decisions reported to the legislature; bills are drafted on each agency; and action is taken by the 84th Texas Legislature.

Recommendation

It is recommended that the Council note the information contained in this briefing memorandum.

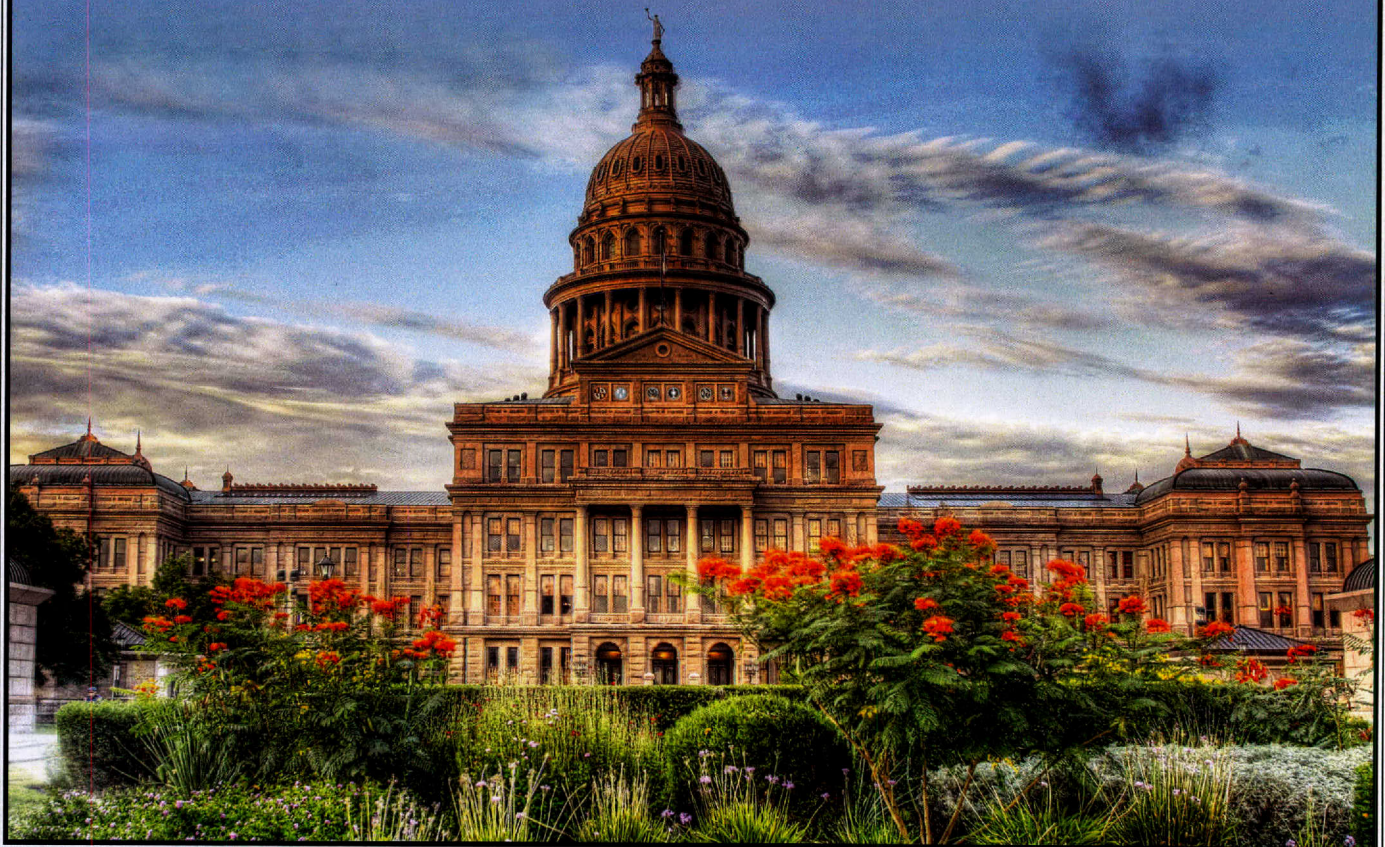
SUNSET ADVISORY COMMISSION

STAFF REPORT WITH COMMISSION DECISIONS

Texas Workforce Commission

Texas Workforce Investment Council

JANUARY 2015



Sunset Advisory Commission

Senator Jane Nelson

Chair

Representative Four Price

Vice Chair

Senator Brian Birdwell

Representative Cindy Burkett

Senator Donna Campbell

Representative Harold V. Dutton, Jr.

Senator Juan "Chuy" Hinojosa

Representative Larry Gonzales

Senator Charles Schwertner

Representative Richard Peña Raymond

Dawn Buckingham, M.D.

Tom Luce

Ken Levine

Director

Cover Photo: The Texas State Capitol was completed in 1888. With the Goddess of Liberty atop the dome, the Texas State Capitol Building is 19 feet taller than the U.S. Capitol Building in Washington, D.C. The photo shows the north facade of the Capitol. The gardens in the foreground sit atop a 667,000 square foot underground structure, the Capitol Extension, which houses many legislators' offices and committee rooms. Photo Credit: Janet Wood

TEXAS WORKFORCE COMMISSION
TEXAS WORKFORCE
INVESTMENT COUNCIL

SUNSET STAFF REPORT WITH COMMISSION DECISIONS
JANUARY 2015

This document is intended to compile all recommendations and action taken by the Sunset Advisory Commission for an agency under Sunset review. The following explains how the document is expanded and reissued to include responses from agency staff and the public.

- *Sunset Staff Report, November 2014* – Sunset staff develops a separate report on each individual agency, or on a group of related agencies. Each report contains both statutory and management recommendations developed after the staff’s extensive evaluation of the agency.
 - *Sunset Staff Report with Hearing Material, December 2014* – Adds responses from agency staff and the public to Sunset staff recommendations, as well as new issues raised for consideration by the Sunset Commission at its public hearing.
 - *Sunset Staff Report with Decision Material, January 2015* – Adds additional responses, testimony, or new issues raised during and after the public hearing for consideration by the Sunset Commission at its decision meeting.
 - *Sunset Staff Report with Commission Decisions, January 2015* – Adds the decisions of the Sunset Commission on staff recommendations and new issues. Statutory changes adopted by the Commission are presented to the Legislature in the agency’s Sunset bill.
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SUMMARY

COUNCIL AT A GLANCE

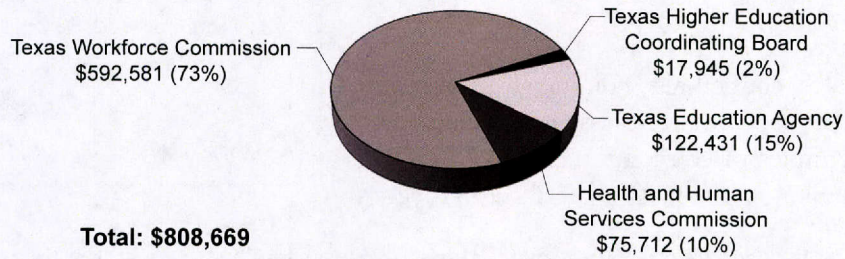
The Texas Workforce Investment Council (council) is a 19-member board that assists the governor and the Legislature with strategic planning for and evaluation of the Texas workforce system. The council's mission is to promote the development of a highly skilled and well-educated workforce for Texas. In addition to its responsibilities in state law, the council also serves as the State Workforce Investment Board under the federal Workforce Investment Act (WIA) of 1998. The council's key duties include:

- strategic planning for the integration of system-wide workforce development services in Texas;
- evaluating the workforce development system by collecting and reporting performance measure data from agencies and employers to identify how well the state's workforce system is meeting the needs of employers and job seekers;
- producing research reports for the Office of the Governor, the Legislature, and others, on topics such as adult education and workforce trends; and
- reviewing state and local workforce plans to recommend final approval by the governor.

Key Facts

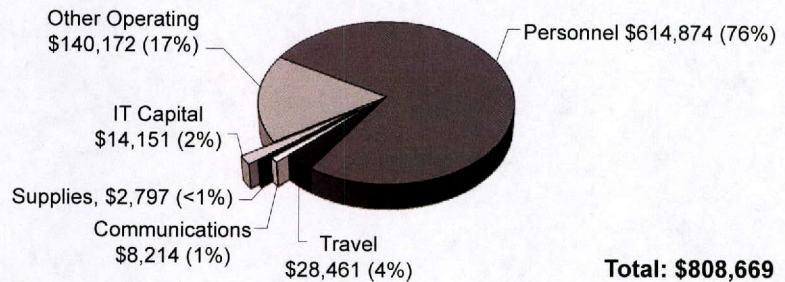
- **Composition.** The council is made up of 19 members. Fourteen of the members are appointed by the governor with five representing business, five labor, three education, and one community-based organizations. The remaining five are ex officio voting members representing workforce system partner agencies: Office of the Governor's Economic Development and Tourism Division; Texas Education Agency; Texas Health and Human Services Commission; Texas Higher Education Coordinating Board; and Texas Workforce Commission. The governor appoints the chair of the council from one of its business or labor representatives. Members serve six-year terms, except for ex officio members who serve as long as they are in the designated office.
- **Advisory Committees.** The council has two advisory committees — the Apprenticeship Training Advisory Committee and the System Integration Technical Advisory Committee. The Apprenticeship Training Advisory Committee advises the council on issues related to the distribution of available funds to apprenticeship training programs. The System Integration Technical Advisory Committee helps ensure the implementation of the strategic plan for the workforce system through collaborative problem solving when issues arise. This committee gives a quarterly progress report to the council on the plan's implementation. Also, to continuously improve the workforce system, the committee is a forum to share strategies and best practices and to focus on collective goals.
- **Funding.** Because the council is not a separate state agency, it receives administrative support from the Governor's Office and funding from some of its member agencies. The agencies contribute funding in proportion to their financial participation in the workforce system. For fiscal year 2013, the council received \$808,669 in funding from four of the council's member agencies, as shown in the chart on the following page, *Council Revenues*. The Texas Workforce Commission contributes the most funding to the council because it has more workforce system programs than the other agencies. The Office of the Governor's Economic Development and Tourism Division does not contribute funds since it does not have workforce programs, but it does provide staff support and data to the council.

**Council Revenues
FY 2013**



The Texas Workforce Commission funds the council’s expenditures upfront then proportionately bills the contributing member agencies throughout the year based on an approved funding formula.¹ The council’s expenditures in fiscal year 2013 are shown in the chart, *Council Expenditures*. Personnel costs made up the majority, 76 percent, of the council’s expenses.

**Council Expenditures
FY 2013**



- Staffing.** The council has 12 full-time equivalent positions and is administratively attached to the Governor’s Office. One employee staffs the Texas Skill Standards Board, a related but independent advisory board also located in the Governor’s Office.
- Strategic Planning and Capacity-building.** The council does not operate programs, so the focus of its work is strategic rather than operational. The main responsibility of the council is to develop an integrated strategic plan for the workforce system. Through the strategic planning process, the council, in its neutral position, convenes agencies and other system stakeholders to focus collective efforts on critical system-building initiatives and opportunities for improvement. The current strategic plan, *Advancing Texas*, covers fiscal years 2010–2015 and includes goals, objectives, and performance measures for the workforce system that involve programs of all state agencies that administer workforce programs.²
- Evaluation and Performance Measures.** Four key measures identify outcomes that are essentially consistent across all workforce development programs within the system: educational achievement, entered employment, employment retention, and customers served. The council monitors overall system performance by aggregating this data from 24 workforce programs across the system’s eight state agency partners. The accompanying chart lists these key measures and the rate of success of participants in workforce system programs relevant to each measure for fiscal year 2013. The council also monitors the agency partners’ progress toward implementation of the strategic plan and

Texas Workforce System Performance, FY 2013

Outcome Measure	Percent (or number) of successful participants
Educational Achievement	80.36%
Entered Employment	71.07%
Employment Retention	83.29%
Customers Served	5,052,195

charts milestones toward meeting long-term goals in the plan. The council reports this performance information to the governor and the Legislature in an annual evaluation report.³

- **Research.** The council also conducts research and produces reports on emerging issues and workforce trends. Examples of council research are listed in the accompanying textbox, *Council Research Reports*.
- **Review of State and Local Workforce Plans.** Federal law requires states to develop a state plan and local boards to develop local plans consistent with the state plan to receive federal funds.⁴ The council reviews these plans and recommends approval by the governor.⁵

Council Research Reports

- *Adult Education Providers: Instructional Approaches and Service Delivery Methods* (2010)
- *Veterans in Texas: A Demographic Study* (2012)
- *People with Disabilities: A Texas Profile* (2013)

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1 Section 2308.065, Texas Government Code.

2 Texas Workforce Investment Council, *Advancing Texas: Strategic Plan for the Texas Workforce System, FY2010–FY2015* (Austin: Texas Workforce Investment Council, 2010).

3 Texas Workforce Investment Council, *Evaluation 2013: Accomplishments and Outcomes of the Texas Workforce System* (Austin: Texas Workforce Investment Council), p. 11.

4 Workforce Investment Act (29 U.S.C. Sections 2822(a) and 2833(a)).

5 Section 2308.101(a)(5), Texas Government Code.

COUNCIL ISSUE

ISSUE 1

Texas Has a Continuing Need for the Texas Workforce Investment Council and Would Benefit From Its Assumption of the Duties of the Texas Skill Standards Board.

Background

Created by the Legislature in 1993, the Texas Workforce Investment Council (council) promotes the development of a well-educated, highly skilled workforce in Texas and advocates for an integrated workforce system that provides quality, relevant services that address the needs of Texas' businesses and its workers. The council consists of 19 members who represent the major sectors of the workforce system, as shown in the textbox, *Council Composition*. The governor appoints 14 of the members and state law designates the head of five member agencies as ex officio voting members of the council. The council meets four times a year.

The table on the following page, *Texas Workforce System Programs and Services*, shows the key workforce-related duties of the state agency members, as well as other agency partners with workforce development duties, including the Texas Department of Criminal Justice, Texas Juvenile Justice Commission, and Texas Veterans Commission.

State and federal law assign the council four main functions:

- strategic planning for the integration of workforce services in Texas;
- evaluating and measuring the performance of the workforce system in meeting the needs of employers and job seekers;
- producing a range of workforce-related research reports; and
- reviewing state and local workforce plans to recommend final approval by the governor.¹

The council is administratively attached to and housed in the Office of the Governor. The council receives funding from its member agencies, primarily from the Texas Workforce Commission (TWC), based on a funding formula approved by the governor and administered through a memorandum of understanding that delineates each member's contribution. For fiscal year 2013, the council budgeted for about \$1 million in support, but expended only \$808,669 as not all budgeted activities took place in that fiscal year. The council has 12 full-time equivalent positions.

As directed by state law, the council also provides staff support for the Texas Skill Standards Board (TSSB) — a separate but related advisory board also housed within the Governor's Office.² TSSB was

Council Composition

- Business (5)
- Labor (5)
- Education (3)
- Community Based Organizations (1)
- Ex Officio State Agencies (5)
 - Office of the Governor's Economic Development and Tourism Division
 - Texas Education Agency
 - Health and Human Services Commission
 - Texas Higher Education Coordinating Board
 - Texas Workforce Commission

Texas Workforce System Programs and Services*

Texas Agency	Program	Who Is Served?
Texas Department of Criminal Justice	Postsecondary Community and Technical College Education – Corrections	Individuals 25 and younger in state prisons and jails with a high school diploma or equivalent; and within five years of parole eligibility.
	Secondary Academic Education – Windham	Incarcerated adults who do not have a high school diploma or the equivalent.
	Secondary Technical Education – Windham	
Texas Education Agency	Perkins Secondary Career and Technical Education	Secondary students.
	Secondary Education	
Health and Human Services Commission	Blind Services	Adults who are blind or visually impaired.
	Rehabilitation Services	Adults with a mental or physical disability.
Texas Higher Education Coordinating Board	Community and Technical College Academic Education	Students with a high school diploma or the equivalent.
	Community and Technical College Technical Education	
Texas Juvenile Justice Department	Secondary Academic Education – Youth Corrections	Secondary students in youth correctional facilities.
	Secondary Technical Education – Youth Corrections	
Texas Veterans Commission	Veterans Employment and Training	Any person who served on active duty for 180 days and was honorably discharged or released because of a service-connected disability.
Texas Workforce Commission	Adult Education, Workforce Investment Act Title II	Persons at least 16 years old and not registered in a secondary school and who lack basic education skills.
	Adults, Workforce Investment Act Title I	Adults and youth, 16 years or older, with a high school diploma or equivalent.
	Apprenticeship	Students with a high school diploma or the equivalent.
	Dislocated Workers, Workforce Investment Act Title I	Dislocated workers who are unemployed due to layoffs or adverse market conditions and unlikely to return to their jobs.
	Employment Services – Wagner Peyser	All applicants looking for work and all employers seeking employees.
	Self-Sufficiency Fund	Recipients of TANF or SNAP benefits, or a parent, with wages at or below \$37,000.
	Senior Community Service Employment Program	Low income adults aged 55 or older.
	Skills Development Fund	Adult incumbent workers in need of updated skills or adults to be hired upon completion of training.
	Supplemental Nutrition Assistance Program Employment and Training (SNAP)	Recipients are mandatory work registrants, unemployed, or employed less than full time and able to work.
	Temporary Assistance for Needy Families Choices (TANF)	Eligible single-parent families and eligible two-parent families with children.
	Trade Adjustment Assistance	Workers adversely affected by trade agreements as certified by the U.S. Department of Labor.
	Youth, Workforce Investment Act Title I	Persons between age 14 and 21 who face barriers to school completion or employment.

* The Office of the Governor’s Economic Development and Tourism Division does not directly administer workforce development programs, but works to attract industry and create jobs.

created by the Legislature in 1995 to develop a statewide system of skill standards and credentials for occupations with strong employment and earnings opportunities but requiring less than a baccalaureate degree. The accompanying textbox shows the composition of the 11-member, governor-appointed board. The council has historically provided two staff to support the work of TSSB, but recently reduced it to one.

Texas Skill Standards Board Composition

Business (7)
Labor (2)
Secondary education (1)
Post-secondary education (1)

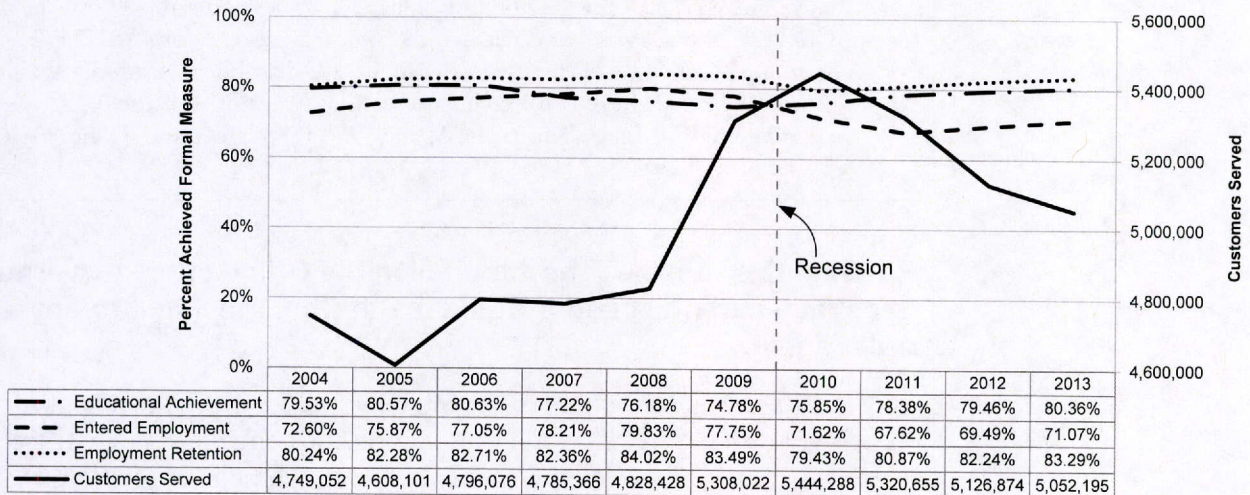
Findings

Texas must maintain the council to meet federal requirements and the council’s work contributes to the effectiveness of the state’s workforce system.

The Workforce Investment Act of 1998 (WIA), recently reauthorized as the Workforce Innovation and Opportunity Act of 2014 (WIOA) effective July 1, 2015, mandates that every state have a state-level workforce investment board to plan, evaluate, and coordinate services.³ The council serves this function in Texas. Federal law directs these boards, in consultation with the governor, to promote comprehensive workforce services across employment, training, and education programs. Sunset staff determined that not maintaining the council, or a similar function, could result in the loss of about \$160 million in federal WIA funding to Texas.

Beyond the federal requirements, Texas benefits from the council’s evaluation of the effectiveness of the state’s workforce system.⁴ The council annually tracks and reports system progress toward achievement of state and local workforce goals and objectives, as well as key performance outcomes. The graph, *Texas Workforce System Performance*, shows the outcomes of the system’s four key performance measures, which include educational attainment, entered employment, employment retention, and customers served. These measures capture the aggregate performance of 24 workforce programs across the system’s eight state agency partners.⁵

**Texas Workforce System Performance
FYs 2004–2013**



Measure Definitions

These measures reflect the aggregate performance of the eight state agency partners.

Educational Attainment – Number and percent of all program participants who obtain a degree or other credential of completion, or complete the level enrolled in either a training or educational program.

Entered Employment – Number and percent of all program participants who secure employment by a specified point after exiting a program.

Employment Retention – Number and percent of all program participants who retain employment at a specified point after exiting a program.

Customers Served – Number of employers and individuals who received system services including program participation.

As shown, the performance of the workforce system across these measures remained fairly stable despite the effects of the recession in 2009. The one exception was the tremendous increase in the number of customers served, funded largely through additional federal recovery relief funding that has since ended as the economy has improved. The textbox, *Measure Definitions*, provides explanations of each measure.

Current and future changes in the workforce environment require continued efforts to align, coordinate, collaborate, and enhance outcomes for system participants. As such, the council's focus on system strategic planning is needed to ensure appropriate targeting of initiatives and issues that cross agencies and programs. The

council identifies key areas to target activities to improve and enhance system performance, reduce redundancy, and assist workforce partners in working more cohesively. The council's System Integration Technical Advisory Committee works to ensure system partners implement action plans to achieve the system's long-term objectives in the strategic plan. Action plans identify the major tasks, milestones, time frames, and performance measures necessary for achieving the objectives. The council's latest five-year strategic plan identified 14 long-term objectives, and the textbox, *Increasing Awareness of Career Technical Education*, highlights a few of the council's efforts to reach this objective.⁶

Increasing Awareness of Career Technical Education

- In September 2010 the council researched, identified, and validated best practices for providing information to improve understanding of educational pathways to careers, and published *Research Findings: Raising Awareness of Career and Technical Education in Texas Schools*.
- The council convened a workgroup in June 2011 to develop a model of career information and activities, and released the *Career Awareness Model: A Guide to a Sequential, Cohort-Based Approach*. This guide was distributed electronically in 2013 to all Texas high schools to support *Achieve Texas* through the list serves maintained by the Texas Education Agency and the Career and Technology Association of Texas.

Housing this cross-agency council in the Office of the Governor is optimal and no benefits would result from moving it to any other agency.

Sunset staff evaluated the need for maintaining the council's functions within the Governor's Office and found no significant benefits to changing the organizational structure of the council. While the bulk of the workforce

development programs, funding, and operational support for the council come from the TWC, attaching the council to TWC would diminish the council's ability to effectively facilitate planning and evaluation across eight agencies with multiple programs. Currently, the council has a neutral position that enables it to convene these agencies and other system stakeholders to focus collective efforts on system issues and opportunities for improvement. As such, staff determined the council is appropriately placed within the Governor's Office, independent of the agencies within the system that it is evaluating.

Sunset staff also did not pursue any changes to the composition of the council. The council operates under a grandfather clause in WIA that allows Texas to maintain the council's composition as developed under previous state legislation. This grandfather status could be jeopardized if major changes are made to the council's composition. If this exemption was lost, Texas would have to comply with WIA requirements that at a minimum would require adding the governor, members of the Legislature, and locally elected officials to the council.

While Texas benefits from maintaining the council separately from TWC, alignment of the Sunset reviews of the council and TWC greatly facilitates Sunset staff's evaluation of the workforce system overall. TWC operates the largest number of workforce programs that make up the system, and having both entities under review at the same time facilitates Sunset staff's ability to see the relationship between the two entities, and how they collaborate with other system partners on workforce issues.

The Texas Skill Standards Board, having accomplished most of its key tasks, could be abolished and its remaining duties assumed by the Texas Workforce Investment Council, eliminating the need for this separate workforce-related advisory body.

After almost 20 years, TSSB has succeeded in engaging industry in developing a voluntary statewide system of skill standards for a broad range of occupations. These skill standards are the tool for communicating employers' workforce requirements to education and training providers. TSSB's website provides access to information on skill standards for employers, colleges, and students. To date, TSSB has recognized 27 community and technical colleges that have translated these skill standards into curricula for 52 approved programs, resulting in 2,235 graduates with credential seals affixed to their diplomas. These seals attest to the fact that technical education programs taught students the occupational competencies identified by industry. Employers recruiting from recognized programs can be assured that the training received had industry-recognized skill standards incorporated into the curriculum.

Over the years, the development of new skill standards and the number of new programs and colleges seeking recognition from the state has decreased, with most of the workload shifting to the renewal of existing programs, as shown in the chart on the following page, *Texas Skill Standards Board Activity*. Based on this reduction in workload, the board only met once in the last year. While

Housed in the Governor's office, the council focuses on systemwide issues and improvements.

With a statewide system of skill standards now in place, TSSB only met once in the last year.

Texas Skill Standards Board Activity

	FY 09	FY 10	FY 11	FY 12	FY 13
Board-Recognized Programs					
New Programs	12	12	10	6	5
Continuing and Renewed Programs	17	28	39	43	47
Total Programs	29	40	49	49	52
Colleges with Board-Recognized Programs					
New Colleges	3	4	6	2	1
Continuing Colleges	15	17	21	24	26
Total Colleges	18	21	27	26	27

TSSB must formally approve all new and renewing skill standards and program recognitions, it voted to delegate program recognition authority to the board chair to both accelerate a college's use of the recognized program and reduce the need to convene for a one-hour meeting.

While likely a natural evolution of the program, this decreased activity could also be due to a move at both the state and federal levels to recognize industry certifications. Industry certifications are similar to TSSB's skill standards in that they define the competencies required

in an occupation. Specifically, federal performance measures in the Carl D. Perkins Career and Technical Education Act are fueling the use of industry certifications as an indicator of career and technical education effectiveness.⁷

As part of this review, Sunset staff examined the role of council staff in supporting TSSB and TSSB's relationship to the council's broader directive to promote the development of a well-educated, highly skilled workforce that meets the needs of Texas employers and its workers. Sunset staff found that TSSB's duties remain needed, particularly for the colleges, students, and employers currently participating in and relying on its skill standards and program recognitions.

However, as TSSB meets only once or twice a year, Sunset staff found that these limited duties could be assumed by the council, eliminating the need for a separate workforce-related board within the Governor's Office. The broad directive of the council to promote a well-educated, highly skilled workforce that meets the needs of businesses and workers clearly encompasses the skill standards work of TSSB. The council's membership of business, labor, and education enables it to maintain the same kind of representation as that of TSSB. Additionally, the council has existing statutory authority to appoint technical advisory committees to receive additional input, as needed, on skill standards that meet industry needs.⁸

As the staff of the council administer the skill standards program and provide the day-to-day technical assistance to community and technical colleges, they are more than capable of handling these ongoing responsibilities. These duties will largely encompass administering three-year program renewals and continuing administration of the credential seals. However, instead of having to report to two separate advisory bodies, the staff would answer to the council for all of its responsibilities.

The council's broad directive includes the promotion of a highly skilled workforce.

Both of the council's reporting requirements continue to be useful.

The Sunset Act establishes a process for the Sunset Commission to consider if reporting requirements of agencies under review need to be continued or abolished.⁹ The Sunset Commission has interpreted these provisions as applying to reports required by law that are specific to the agency and not general reporting requirements that extend well beyond the scope of the agency under review. Reporting requirements with deadlines or that have expiration dates are not included, nor are routine notifications or notices, posting requirements, or federally mandated reports. Reports required by rider in the General Appropriations Act are also omitted under the presumption that the appropriations committees have vetted these requirements each biennium. Appendix E lists the council's statutory reporting requirements, both of which Sunset staff found are useful and should be continued.

Recommendations***Change in Statute*****1.1 Continue the Texas Workforce Investment Council for 12 years and align its Sunset review with that of the Texas Workforce Commission.**

This recommendation would continue the council to meet federal requirements under both WIA and WIOA. The council would continue to be administratively attached to the Governor's Office.

As part of this recommendation, the council's statute should be changed to ensure future Sunset reviews of the council coincide with those of TWC as TWC oversees the most significant number of workforce programs merged into a single agency in Texas. While such coordination occurred, this change would ensure it continues in the future.

1.2 Abolish the Texas Skill Standards Board and transfer its powers and duties to the Texas Workforce Investment Council.

Under this recommendation, TSSB would cease to exist and the council would take over responsibility for developing and maintaining the statewide system of industry-defined and industry-recognized skill standards and credentials for all major skilled occupations. The statutory duties that would transfer to the council include the following:

- validating and recognizing nationally established skill standards to guide curriculum development, training, assessment, and certification of workforce skills;
- convening industry groups to develop skill standards and certification procedures for industries and occupations in which standards have not been established or adopted and recognize the skill standards and certification procedures;
- reviewing the standards developed by other states and foreign countries and entering into agreements for mutual recognition of standards and credentials to enhance portability of skills; and
- promoting the use of standards and credentials among employers.

The integrity of the Texas skill standards brand that schools have invested in and employers find of value would be maintained, simply under the council's authority. The council also has existing statutory authority to appoint technical advisory committees and can do so as needed to receive input on new standards or ones in need of updating.¹⁰ Council staff would continue administering the skill standards program, but answer to the council for these responsibilities. This recommendation would fully integrate TSSB's functions into the council, effectively streamlining the administration of related workforce development functions under a single entity. These changes would take place on September 1, 2015.

Fiscal Implication

These recommendations would have no significant fiscal impact to the State. The changes would ensure Texas maintains compliance with federal requirements under WIA and WIOA, thereby avoiding the loss of a significant amount of federal funding. If continued by the Legislature, the member agencies would continue to fund the council. Eliminating the standalone TSSB would result in a small, but not significant, savings from reduced travel reimbursements.

1 Chapter 2308, Texas Government Code and Workforce Investment Act of 1998 (29 U.S.C. Section 2821).

2 Section 2308.403, Texas Government Code.

3 Workforce Investment Act of 1998 (29 U.S.C. Section 2821).

4 Section, 2308.101(a)(6), Texas Government Code.

5 Texas Workforce Investment Council, *Evaluation 2013: Accomplishments and Outcomes of the Texas Workforce System* (Austin: Texas Workforce Investment Council), p. 11.

6 Ibid., p. 39.

7 Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. Section 2323).

8 Section 2308.058(b), Texas Government Code.

9 Sections 325.0075, 325.011(13), and 325.012(a)(4), Texas Government Code.

10 Section 2308.058, Texas Government Code.

RESPONSES TO ISSUE 1

Recommendation 1.1

Continue the Texas Workforce Investment Council for 12 years and align its Sunset review with that of the Texas Workforce Commission.

Council Response to 1.1

The council agrees with the recommendation to continue the council and agrees that this will enable the state to meet federal requirements under both the Workforce Investment Act and Workforce Innovation and Opportunity Act. The council understands and agrees that the intent of this recommendation is for the council to continue to be administratively attached to the Office of the Governor. The council agrees that aligning future Sunset reviews of the council with those of the Texas Workforce Commission will best serve the function of Sunset's review of Texas' workforce system because the majority of the workforce programs are housed in the Texas Workforce Commission. (Lee Rector, Executive Director and Wes Jurey, Chair – Texas Workforce Investment Council)

For 1.1

None received.

Against 1.1

None received.

Recommendation 1.2

Abolish the Texas Skill Standards Board and transfer its powers and duties to the Texas Workforce Investment Council.

Council Response to 1.2

The council agrees that this recommendation would effectively streamline the administration of related workforce development functions under a single entity. The council has been charged with staffing the Texas Skill Standards Board (TSSB) since its inception in the mid-1990s. As such, council staff have performed the functions of and administratively served this separate governor-appointed board for more than 15 years. The council acknowledges the important work of TSSB in developing a voluntary skill standards system in Texas and believes the council is well positioned, in terms of its statutory responsibilities and its membership, to assume the duties of TSSB, thereby eliminating the need for this separate body. In assuming the duties, the council would continue the valuable work and contributions of TSSB to Texas' workforce system by building on the successes achieved over the past decade and a half. (Lee Rector, Executive Director and Wes Jurey, Chair – Texas Workforce Investment Council)

Board Response to 1.2

The chairman of the Texas Skill Standards Board (TSSB) agrees with the recommendation to eliminate the TSSB and have the council assume its four core statutory functions. Of the 11 board members, the chairman received responses from five indicating they concur with the recommendation to eliminate the TSSB and have its functions absorbed by the council. (Wayne Oswald, Chair – Texas Skill Standards Board)

For 1.2

None received.

Against 1.2

None received.

COMMISSION DECISION ON ISSUE 1

The Sunset Commission adopted both of the staff recommendations in Issue 1.

Sunset Staff Review of the
Texas Workforce Commission
Texas Workforce Investment Council

————— *Report Prepared By* —————

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**TWIC BRIEFING ITEM
MEMORANDUM**

REF: KM.twic.II8.030615

TO Council Members**SUBJECT** Workforce Innovation and Opportunity Act Requirement for a State Unified Plan**Introduction**

The Texas Workforce Investment Council (Council) is the state workforce investment board under federal workforce law. As the state board, the Council has operated under the Workforce Investment Act (WIA) of 1998 since Texas' early implementation of the act in 1999. At its December meeting, the Council heard from a representative of the U.S. Department of Labor on the new Workforce Innovation and Opportunity Act that repeals the Workforce Investment Act of 1998. This memorandum provides members with a brief synopsis of the requirement for a state unified plan under this new law.

Background

The Workforce Innovation and Opportunity Act of 2014 (WIOA, Public Law 113-128) was enacted on July 22, 2014. This legislation passed Congress with a bipartisan majority and is designed to help job seekers access employment, education, and training in order to achieve success in the workforce.

Attachment

1. Workforce Innovation and Opportunity Act Requirement for a State Unified Plan

DiscussionIntroduction

The WIOA's legislative provisions are designed to help job seekers access employment, education, and support services. Enhancements include program coordination, streamlined service delivery, and alignment of programs across common goals with increased accountability and transparency.

Workforce Innovation and Opportunity Act Requirement for a State Unified Plan

While emphasizing integrated services and seamless pathways for job seekers, the new law is also designed to improve services to employers by emphasizing the use of career pathways and promoting work-based training and employment focused on in-demand occupations. This emphasis helps to strengthen connections with employers, identify the skills employers need most, assist workers in acquiring those skills, and match employers with the skilled workers.

State Planning Requirements

The WIOA requires the Governor to submit a state plan to the U.S. Department of Labor that outlines a four-year plan for the workforce investment system. It is anticipated that Texas will submit a unified plan and that the Texas Workforce Commission will be the lead agency in developing that plan. Attachment 1 contains a summary of the requirements for a unified plan.

The WIOA statute identifies the structure required for the unified state plan. The plan must be composed of strategic and operational planning elements. The strategic plan should describe the state's vision, goals, and strategies for preparing an educated and skilled workforce to close the skills gap, and meet employer

needs. The operational planning elements in the unified state plan must describe each program and the operating systems and policies that support program and implementation strategies.

As one of the first actions required under the WIOA, the state planning process provides an opportunity for policy makers to commit to this vision. In order to make that vision actionable, the unified state plan should articulate how different programs, agencies, and stakeholders will work together. As the work on the unified state plan begins, a comprehensive planning process must create a unified state plan structured around a vision of a workforce system that will help a wide range of job seekers and employers prosper.

Recommendation

It is recommended that the Council note the information contained in this memorandum and its attachment.

Workforce Innovation and Opportunity Act Requirement for a State Unified Plan

The Workforce Innovation and Opportunity Act of 2014 (WIOA, Public Law 113-128) was enacted on July 22, 2014. This legislation is designed to help job seekers access employment, education, and training in order to achieve success in the workforce. It repeals the Workforce Investment Act (WIA) and is the new federal law for workforce program and service delivery. Most provisions become effective July 1, 2015.

Most provisions of the WIOA take effect July 1, 2015—the first full program year after enactment. The WIOA state unified and local plans and the WIOA performance and accountability provisions take effect on July 1, 2016.

The WIOA continues to promote better alignment and strengthen collaboration with the core programs:

Title I – Workforce Development Activities

- authorizes the one-stop delivery system with which state and local workforce development training and employment activities must be coordinated
- integrates adult education and vocational rehabilitation programs that assist individuals with disabilities in obtaining employment as key partners in system planning

Title II – Adult Education and Literacy

- authorizes education services for basic skills, secondary education, literacy activities, and English language training to assist adults in improving their skills

Title III – Wagner-Peyser Act of 1933

- authorizes public employment-related services and the employment statistics system
- provides job search and job matching assistance to unemployed individuals through the one-stop system

Title IV – Rehabilitation Act of 1973

- provides employment-related services to individuals with disabilities

The WIOA is built from the strong foundation and proven practices of the WIA. The new legislative provisions are designed to help job seekers access employment, education, and support services. Additionally, they are designed to further enhance program coordination, streamline service delivery, align programs across common goals, and increase accountability and transparency.

While emphasizing seamless pathways for job seekers, the new law is also designed to improve services to employers through career pathways, work-based training, and employment services focused on in-demand occupations. These enhanced service requirements will help strengthen connections with employers, enabling providers to better identify the skills employers need most, assist job seekers in acquiring those skills, and match employers with skilled workers.

The Planning Process

The WIOA requires the Governor to submit a state plan to the U.S. Department of Labor that will outline a four-year plan for the workforce investment system. The due date for the plan submission is March 1, 2016.

There are two types of state plans—a unified state plan or a combined state plan. A unified plan includes the strategic and the operational elements for the WIOA’s four titles. A combined plan also includes operational elements that are required by federal agencies for other programs such as Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) and Temporary Assistance for Needy Families (TANF). It is anticipated that Texas will submit a unified plan.

The WIOA instructs the state workforce board to assist the Governor in developing the unified state plan. The Governor must ensure the planning process is completed in a transparent manner, and in consultation with a variety of workforce partners that include local workforce boards, business representatives, adult education providers, and postsecondary institutions. The state workforce board should play a significant role in developing the unified state plan.

The Structure of the Plan

The WIOA statute identifies the structure required for the unified state plan. The plan must be composed of strategic and operational planning elements. The strategic elements plan should describe the state’s vision, goals, and strategies for preparing an educated and skilled workforce to close the skills gap and meet employer needs. The operational planning elements in the unified state plan must describe each program and the operating systems and policies that support the program and implementation strategies.

The WIOA highlights the use of sector partnerships, career pathways, performance measurement, and job-driven training. The intent is that these four concepts will help in developing strategies for an effective and meaningful unified state plan.

Sector Partnerships

The WIOA emphasizes the use of sector partnerships as a key strategy in meeting the needs of job seekers and employers. Sector partnerships can help organize multiple employers and stakeholders in the same industry cluster into a group that focuses on shared goals and human resources needs.

Under the WIOA statute, the unified state plan must include a description of how employers will be engaged, including how sector partnerships will be used. Unified state plans should emphasize and describe the state’s criteria for local or regional sector partnerships and explain how the partnership will be supported.

Career Pathways

The WIOA advocates career pathways as an essential workforce development strategy. Career pathways align and integrate education, job training, counseling, and support services to create accelerated pathways to postsecondary education credentials and employment in in-demand occupations.

As outlined in the WIOA, state and local boards are tasked with developing career pathways. The unified state plan may describe strategies for aligning the core programs and describe how the sector partners will collaborate with one another in order to create career pathways as defined by the WIOA. Under the WIOA, it is essential the state programs collaborate with one another.

Performance Measurement

One of the major achievements of the WIOA is the establishment of the performance measures that apply to each of the four WIOA titles funded by the WIOA.

The unified state plan requires a description of how the performance measures will be used in measuring the success of the programs in the WIOA. Additionally, the unified state plan should explain the steps that will be taken to create a dashboard to display performance results.

The unified state plan should also identify a comprehensive system for linking data across workforce and education agencies so that the measuring of performance outcomes may be achieved.

Job-Driven Training

Middle-skill jobs account for the largest share of jobs in the labor market, yet there aren't enough job seekers trained at the middle-skill level. Ideally, investment in education and training should reflect current and future jobs in the state.

The unified state plan requires an analysis of both job seekers' and employers' skill needs. The analysis should include how well the state's investments in education and training satisfy those needs. Additionally, the unified plan should indicate how Texas will invest education and training dollars in middle-skill programs that will help close skills gaps and support job-driven strategies.

The WIOA emphasizes training that is directly connected to jobs, such as incumbent worker training, on-the-job training, apprenticeship, and other types of work-based learning. By definition, sector partnerships and career pathways are also job-driven. The unified state plan should identify how job-driven training will be part of Texas' strategy to close any skills gaps.

Conclusion

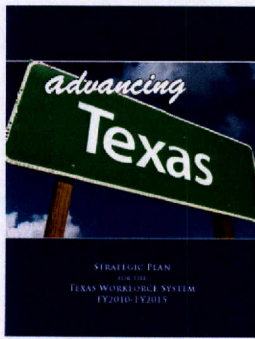
The state plan is subject to the approval of both the secretary of labor and the secretary of education, after approval of the commissioner of the Rehabilitation Services Administration. The plan is considered to be approved at the end of the 90-day period beginning on the day the plan is submitted, unless the secretary of labor or the secretary of education makes a written determination that the plan is inconsistent with the statute provisions during the 90-day period.

The WIOA promotes strategies that will grow Texas' economy by helping job seekers and employers succeed. Policy makers can use the WIOA to develop a workforce system that uses sector partnerships, career pathways, performance measures, and job-driven training to prepare a skilled workforce that meets employers' needs.

As one of the first actions required under the WIOA, the state planning process provides an opportunity for policy makers to commit to this vision. In order to make that vision actionable, the unified state plan should articulate how different programs, agencies, and stakeholders will work together. As the work on the unified state plan begins, a comprehensive planning process must create a unified state plan structured around a vision of a workforce system that will help a wide range of job seekers and employers prosper.

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SITAC Quarterly Report

*System Integration Technical Advisory Committee
Texas Workforce Investment Council
Quarter Ending December 2014*

System Integration Technical Advisory Committee

The System Integration Technical Advisory Committee (SITAC) is constituted as a technical advisory committee to the Texas Workforce Investment Council (Council). Chaired by a member of the Council's Executive Committee, SITAC includes executive-level representatives from the Council's partner agencies, as well as from the Texas Association of Workforce Boards (TAWB). SITAC's key responsibility is the implementation of the workforce system strategic plan.

Next SITAC Meeting

Thursday, June 4, 2015 – 1:00 p.m.
Texas Workforce Investment Council
1100 San Jacinto, Room 1.109

The current plan, *Advancing Texas: Strategic Plan for the Texas Workforce System (FY2010-FY2015)* (*Advancing Texas*) was first approved by the Governor on October 23, 2009. It

outlines 14 long term objectives, grouped by the three key performance areas that address the critical business issues identified during a yearlong collaborative planning process. An update to the plan, incorporating input from all partner agencies, was approved by the Council in March 2012, and by the Governor on May 24, 2012.

SITAC members typically meet quarterly to provide status reports on action plans for which their organization is solely or jointly responsible. The committee is authorized to create and deploy cross-agency teams in order to devise and execute collaborative solutions to issues associated with the system strategic plan's objectives. Now in the final year of *Advancing Texas'* implementation, SITAC's focus has changed. The committee is assisting the Council with development of the next workforce system strategic plan.

Year 5 Implementation Highlights

Advancing Texas' action plans outline the steps to be taken to accomplish the long term objectives. They are implemented by system partners as directed and monitored by SITAC. Fiscal year (FY) 2014 highlights included:

English Language Learner (ELL) Employment – One plan objective required the implementation of adult education pilot projects designed to increase employment for ELLs. Since 2010, the Texas Higher Education Coordinating Board (THECB) and the Texas Workforce Commission (TWC) have partnered with 21 colleges to establish and support the Accelerate TEXAS (Accelerate TX, previously ABE-Innovation Grant) initiative, designed to engage community and technical colleges to implement integrated pathways for advancing lower-skilled adult learners into high-demand occupations.

In Accelerate TX programs, participants take career and technical training courses concurrently with adult education courses that support the workforce training content. Successful students earn both a GED and a work training certificate that is of value in their regional labor market and that leads to further credentials along a specified career path or program of study.

Eight colleges participated in the ELL pilot that ran through August 2013. The Alamo Colleges, Amarillo Community College, and South Texas College built sustainable Accelerate TX models on their college campuses and within their districts. In FY 2013, they were identified as mentor colleges and will continue to support newly funded colleges in the design and implementation of integrated programs through FY 2015.

The 2015–2017 Accelerate TX request for applications reflects the intent of the employment-focused action plan and pilot model, requiring that colleges offering an integrated pathway make 75 percent of their workforce training certificates available as level 1 certificates or Marketable Skills Achievement awards. Of the credentials, 25 percent can be local, portable certificates that require passing an industry, state, or national examination to work in that field.

Dual Credit – House Bill 5 (83rd Legislature) required changes to public school accountability, including assessment and graduation requirements, that directly

Message from the Chair

SITAC members continue to be actively engaged in the Council's work to develop Texas' new workforce system strategic plan. Although we will not hold a committee meeting in March, members have been invited by Council Chair Wes Jurey to participate in the Council's next strategic planning session, scheduled for March 6. As the Council committee that oversees implementation of the system strategic plan, SITAC members offer a valuable operational perspective that must be considered during development of the strategic plan.

On behalf of the Council, my thanks go to our system partners for their assistance in providing information for the Council's *Evaluation 2014* report. 2015 will be a busy and exciting year as we finalize implementation of *Advancing Texas*. New committee members will be welcomed as we continue to work together to plan for the future and launch the new system strategic plan.

Mark Dunn

Advancing Texas and implementation updates available at:
http://gov.texas.gov/twic/workforce_system

affect several action plans. The Texas Education Agency (TEA) and the THECB are working on an objective that focuses on improving the processes for transferring dual credit from high schools to postsecondary institutions. Actions of note:

- ★ The TEA continues to deploy Early College High Schools. As of August 2014 there were 110, including seven Texas Science, Technology, Engineering, and Math academies.
- ★ The THECB works with postsecondary faculty to ensure learning outcomes are consistent across academic courses taught statewide. This goal has been accomplished for 77 percent of the hours taken by students in undergraduate and two-year academic disciplines.

Local Board Plan Alignment – Both state and federal law require the Council to review local plans and modifications and make recommendations to the Governor for approval. New local plans were approved in 2013, and the boards were not required to submit plans or modifications in 2014.

In FY 2014, in preparation to develop a new workforce system strategic plan, the Council focused on better understanding issues related to partners' programs and services. Information was gathered at TWC-sponsored regional strategic meetings where each board presented local challenges and opportunities, including ideas for moving the system forward over the next five years. The boards also held panel discussions on industry priorities and a key issue each board is working on locally (e.g., independent school district and career technical education linkages, adult education).

Following a request from the local board SITAC representative, the boards provided the Council with information on critical issues they had identified. A consolidated list of strategic issues/opportunities was developed from information obtained through this process and/or presented at the regional meetings. The Council director attended a TAWB meeting to provide an update on the Council's planning activities and to finalize input on issues for consideration in the new system strategic plan.

Employer Needs/Satisfaction and Use of Employment Data for Program Improvement – Three agencies continued to collect employer satisfaction data, based on work that began under the previous system strategic plan and continued under *Advancing Texas*. In 2014, the Texas Veterans Commission (TVC) completed two employer surveys as part of the ongoing efforts to increase employer outreach and partnerships. Performance data provided to the TVC monthly by the TWC support trend analyses that are used to evaluate service delivery models and to adjust them as appropriate. Data review and analysis were used to (1) forecast staffing needs; (2) prepare the federal Jobs for Veterans State Grant application; (3) prepare for career fairs and hiring events; and (4) facilitate communication of best practices to state, regional, and local staff, and to stakeholders such as the Department of Labor.

System Strategic Plan Development

The Council is required by statute to include long-range strategies developed by the Council and its partner agencies to facilitate the efficient and integrated delivery of workforce programs and services in the state workforce system strategic plan (Texas Government Code, Section 2308.104). The current system strategic plan, *Advancing Texas*, is in the final year of a six-year implementation period.

In September 2014, the Council formally launched the development process for the next workforce system strategic plan. The new plan will be considered by the Council in September 2015, and subsequently submitted to Governor Greg Abbott for approval. It will include actions to guide the accomplishment of the strategies and objectives developed by the Council in collaboration with its system partners.

As the Council committee that oversees implementation of the system strategic plan, SITAC has been an active planning participant, with multiple opportunities to provide information and feedback in support of the Council's plan-development process. At 2014 SITAC planning sessions, strategic priorities identified by system partners were presented by committee members. Through facilitated discussions, SITAC explored potential strategies for addressing each priority, possible constraints, and opportunities for collaboration. Members then reviewed the priorities from a system-level perspective and prepared a rank-ordered list for consideration during development of the plan.

SITAC has also been invited to participate in joint planning sessions with the Council. In September 2014, members assisted the Council with the development of proposed mission and vision statements, and later had the opportunity to comment after those plan elements were revised by the Executive Committee.

For the March 2015 joint planning session, agency partners have been asked to present their agency's proposed actions for accomplishing strategies that support the system objectives that have been identified for the new workforce system strategic plan. Information requested by Council Chair Wes Jurey includes (1) the most significant three to five action steps to be implemented, (2) completion dates, and (3) a performance measure that would accurately measure the outcome of achieving the strategy's contribution to the system objective.

SITAC Members
<i>Chair</i> – Mark Dunn, Executive Committee Member, Texas Workforce Investment Council
<i>Economic Development and Tourism Division</i> – Keith Graf, Director, Office of Aerospace, Aviation, and Defense
<i>Texas Association of Workforce Boards</i> – David K. Setzer, Executive Director, Workforce Solutions for North Central Texas
<i>Texas Department of Criminal Justice/Windham School District</i> – Dr. Clint Carpenter, Superintendent
<i>Texas Education Agency</i> – Appointment pending
<i>Texas Health and Human Services Commission</i> – Appointment pending
<i>Texas Higher Education Coordinating Board</i> – Dr. Garry Tomerlin, Deputy Assistant Commissioner for Workforce
<i>Texas Juvenile Justice Department</i> – Amy Lopez, Senior Director of Education Services
<i>Texas Veterans Commission</i> – Stan Kurtz, Operations Manager, Veterans Employment Services
<i>Texas Workforce Commission</i> – Reagan Miller, Director, Workforce Development Division

**TWIC INFORMATION ITEM
MEMORANDUM**

REF: RO.twic.III.2.030615

TO Council Members**SUBJECT** Report on the January 26–27, 2015, Meeting of the Rehabilitation Council of Texas

Introduction

This memorandum outlines the major points of discussion at the Rehabilitation Council of Texas (RCT) meeting on January 26–27, 2015.

Background

The RCT is federally mandated by the Rehabilitation Act of 1973, as amended in 1992 and 1998. The 1998 amendments to the Rehabilitation Act require a partnership between the RCT and the Division for Rehabilitation Services (DRS) within the Department of Assistive and Rehabilitative Services (DARS). In 2004, the DARS Division for Blind Services (DBS) also began a partnership with the RCT. The RCT reviews, analyzes, and advises the DRS and the DBS on policy, scope, and effectiveness of vocational rehabilitation (VR) services and eligibility requirements. The RCT works in partnership with those divisions to develop, agree to, and review state goals and priorities. The RCT also contributes to the preparation of the state plan for VR.

Statutory membership requirements for a state rehabilitation council, as specified in 34 CFR 361.17, include the appointment by the Governor of a minimum of 15 members, with at least one member representing the State Workforce Investment Board (SWIB). The Texas Workforce Investment Council (Council) serves as the SWIB in Texas. Joyce Delores Taylor, Council member, serves on the RCT.

Highlights from the January 2015 RCT Meeting

DARS Commissioner Update – DARS commissioner, Veronda Durden, updated the RCT on the status of its Sunset review process. She mentioned that the Sunset Advisory Commission had approved and finalized its recommendations to the legislature at its January 14, 2015, meeting. The Sunset Commission recommends that VR programs be transferred from DARS to the Texas Workforce Commission (TWC). If approved by the legislature, the transfer would take effect by September 1, 2016. Other programs operated by DARS, including the comprehensive needs assessment, independent living services, and management of the Criss Cole Rehabilitation Center, would transfer to the Health and Human Services Commission.

Assistant Commissioner Updates (DRS and DBS)

Cheryl Fuller, DRS assistant commissioner, and Scott Bowman, DBS interim assistant commissioner, provided information on several agency activities to date. The first covered the agency's financial report submission to the Rehabilitation Services Administration (RSA) on December 31, 2014. The RSA report identifies administrative and support service expenditures by the agency for VR and support employment programs over the course of the calendar year. The next topic centered on the agency's state plan and its annual report as amended by the recently enacted Workforce Innovation and Opportunity Act (WIOA). The new law requires the alignment and collaboration around four core objectives: workforce development, adult education and family literacy, Wagner-Peyser Act, and Rehabilitation Act. WIOA requires the development of a unified state plan which will replace the separate state plans currently

submitted, and will include the alignment of performance measures between both TWC and DARS. The unified state plan will serve as the stand-alone state plan for VR and will be conducted every four years, with the first report due to the Governor for signature by March of 2016. The assistant commissioners then discussed the ongoing work being performed to address recommendations highlighted during the Sunset review process. Some of those mentioned include the release of a departmental guidance which was issued to address the number and rigor of case reviews performed by its staff for its clients. Additionally, and again in response to Sunset's recommendations, DARS is also working with TWC on a memorandum of understanding that will provide a framework to support referrals and cooperation between the two agencies.

The next RCT meeting is scheduled for April 20–21, 2015, in Austin, Texas.

Recommendation

It is recommended that the Council note the information contained in this memorandum.

TEXAS WORKFORCE INVESTMENT COUNCIL

Fiscal Year 2015 Expenditure Report

As of February 05, 2015

Description	Budgeted Amount	Expended	Remaining Budget Balance	Percent Expended
Salaries	\$ 771,945.66	\$ 309,406.93	\$ 462,538.73	40%
Professional Fees & Services	5,700.00	4,500.00	1,200.00	79%
Supplies	4,000.00	459.51	3,540.49	11%
Rent - Machine & Other	7,510.60	7,510.56	0.04	100%
Rental of Space	9,600.00	3,200.00	6,400.00	33%
Travel - Out of State	7,600.00	-	7,600.00	0%
Travel - In State	34,000.00	13,351.97	20,648.03	39%
Operating Costs	217,431.74	21,421.09	196,010.65	10%
Total	\$ 1,057,788.00	\$ 359,850.06	\$ 697,937.94	34%

Note: Budget reflects reconciliation through the TWC as of December 2014 (most recent report provided by agency).

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Mission

Assisting the Governor and the Legislature with strategic planning for and evaluation of the Texas workforce development system to promote the development of a well-educated, highly skilled workforce for Texas.

