



Evaluation 2007

Accomplishments and Outcomes of the Texas Workforce Development System

Texas Workforce Investment Council
December 2007



Texas Workforce Investment Council

January 2008

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Dear Fellow Texan:

The Texas Workforce Investment Council (Council) is pleased to present the *Evaluation 2007* report on the Texas workforce development system (system). The report was approved unanimously at the Council's December 7, 2007 meeting.

State statutes require that this annual report address four components:

- ▶ system and program performance based on the Formal and Less Formal measures approved by the Governor in 2003;
- ▶ a summary of how system-level action plans are being implemented by partner agencies as directed by the Council's System Integration Technical Advisory Committee
- ▶ adult basic education and literacy activities and achievements; and
- ▶ local board activities and alignment with the system strategic plan, *Destination 2010*.

This report is a unique compilation and analysis of system achievements. Through the delivery of over 20 workforce education and training programs, state and local system partners served almost 4.8 million individuals in the last reporting year, including about 446,000 that completed a degree, certificate or other measure of educational achievement. In addition, almost 1.2 million individuals entered employment while about 1.1 million retained employment.

Significantly, this fourth report found that:

- ▶ work is either completed or continuing on all 22 action plans contained in the workforce system strategic plan;
- ▶ system partners continue to improve programs and align them with goals articulated in the system strategic plan; and
- ▶ over the four-year period since plan approval, system programs have shown positive performance trends.

I commend this report to you.

Sincerely,

John Sylvester, Chair

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EVALUATION AND FRAMEWORK

Required Evaluation

The Texas Workforce Investment Council (Council) was created in 1993 by the 73rd Texas Legislature. As an advisory body to the Governor and the Legislature, the Council is charged with promoting the development of a well-educated and highly skilled workforce for the State of Texas, and assisting with strategic planning for and evaluation of Texas' workforce development system. The 19-member Council includes representatives from business, labor, education and community-based organizations.

The Council is required by Chapter 2308, Texas Government Code, to monitor the state's workforce development system. As part of that responsibility, the Council annually reports to the Governor and the Legislature on the degree to which the system is achieving state and local workforce goals and objectives.

State statutes require that four components be addressed in the system evaluation report:

- ▶ Formal and Less Formal performance measures
- ▶ Implementation of *Destination 2010: FY2004-FY2009 Strategic Plan for the Texas Workforce Development System (Destination 2010)*
- ▶ Adult education action and achievements
- ▶ Local workforce development board activities and alignment

The strategic plan – *Destination 2010* – and other Council reports are posted on the Council's website at:

<http://www.governor.state.tx.us/divisions/twic/>

Texas Workforce Development System

The Texas workforce development system is comprised of a number of workforce programs, services and initiatives administered by eight state agencies, the Texas Association of Workforce Boards (TAWB), local workforce development boards, independent school districts, community and technical colleges and local adult education providers. System partners include:

- ▶ Economic Development and Tourism (EDT)
- ▶ Texas Association of Workforce Boards
- ▶ Texas Department of Criminal Justice (TDCJ)
- ▶ Texas Education Agency (TEA)
- ▶ Texas Health and Human Services Commission (HHSC)
- ▶ Texas Higher Education Coordinating Board (THECB)
- ▶ Texas Veterans Commission (TVC)
- ▶ Texas Workforce Commission (TWC)
- ▶ Texas Youth Commission (TYC)

System partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training for three participant groups: adults, adults with barriers and youth. The Council collects and disseminates funding information and performance data on 20 workforce programs, as well as five academic education programs at the secondary and postsecondary levels. Information and data from these five programs assists in understanding the scope and effort of program delivery through high schools and community and technical colleges, and these entities' efforts to prepare students to transition to further education or enter the workforce.

Background

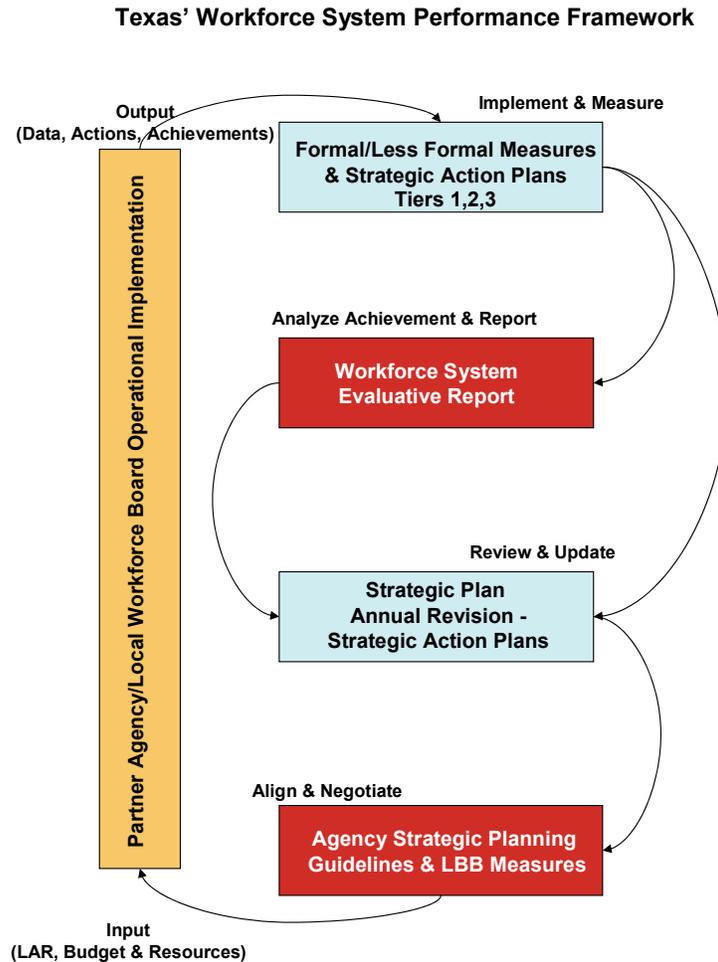
In FY 2004, in conjunction with the development of *Destination 2010*, the Council adopted a three-tier evaluation hierarchy that is one component of a comprehensive system performance framework, illustrated in the graphic below. The framework depicts the inputs, outputs, and planning and evaluative components that form the cycle of planning, evaluation and implementation that the Council engages in with its system partners.

The 'Implement & Measure' box at the top right references the three evaluation tiers, which are comprised of metrics designed to evaluate workforce system performance as well as progress toward achieving the Long Term Objectives (LTOs) identified in the system strategic plan.

- ▶ Evaluation Tiers 1 and 2 consist of Formal and Less Formal measures, respectively, which are presented in the **Report Card Series** and **Less Formal Measures** sections of this report.
- ▶ The third tier consists of Strategic Action Plans (SAPs) and progress milestones toward the LTOs. These achievements are noted in the **System Accomplishments** section.

Key:

- Gold = delivery/yields
- Red = formal evaluative actions and course correction
- Blue = planning actions and impacts
- LAR = Legislative Appropriation Request
- LBB = Legislative Budget Board



Destination 2010

Working with system partners, the Council completed a two-year planning process in September 2003. The result of that process was *Destination 2010: FY2004-FY2009 Strategic Plan for the Texas Workforce Development System (Destination 2010)*. This strategic action plan was approved by the Governor on October 15, 2003.

Destination 2010 was devised on a six-year timeframe to align with the existing Texas Strategic Planning and Performance Budgeting System and the anticipated reauthorization of federal workforce legislation. The plan is modified annually to indicate accomplishments and milestones achieved, and other applicable changes to the SAPs. The 2007 Update to *Destination 2010*, which includes all of the SAPs considered in this report, is posted on the Council's website at:

<http://www.governor.state.tx.us/divisions/twic/mandate/view>

Measures

During the development of *Destination 2010*, performance measures were negotiated with partner agencies and subsequently approved by the Governor in October 2003.

Definitions and methodologies were determined by the Council and its partners during the 2004 biennial agency strategic planning process and in consultation with the Governor's Office of Budget, Planning and Policy and the Legislative Budget Board. Only the Tier I Formal measures are included in the agency's Legislative Appropriation Request, and may or may not be specified as a Key measure¹.

There are three tiers of performance measures outlined in *Destination 2010*:

<i>Tier 1 – Formal</i>	System measures are outcome oriented and influenced by system partners. They establish responsibility for end outcomes / outputs that are central to the success of the system. System measures are essentially consistent across workforce programs and consist of the Formal measures found in partner agencies' performance measures for state-based budgeting and reporting.
<i>Tier 2 – Less Formal</i>	Strategy-critical measures are also outcome oriented and influenced by system partners. They establish responsibility for end outcomes / outputs that are central to the system partners' missions. Strategy-critical measures consist of the Less Formal measures, typically one to two per partner agency.
<i>Tier 3 – SAP Specific</i>	Capacity-building measures are process oriented. They establish responsibility for intermediate outcomes that identify and chart achievement of steps and milestones. These measures track progress towards achieving LTOs and workforce system integration through implementation of <i>Destination 2010</i> and annual updates.

Measures Definitions

- ▶ *Constructive Activity* – Percentage of youth who have been on parole for at least 30 days, and who are employed, and/or attending school, college, GED preparation, vocational or technical training.
- ▶ *Customers Served* – Number of employers and individuals who received system services, including program participation.
- ▶ *Educational Achievement* – Number and percent of all program participants who obtain a degree, other credential of completion, or complete the level enrolled in either a training or educational program.
- ▶ *Educational Participation* – Percentage of the Texas population enrolled in higher education.
- ▶ *Educational Transition* – Percentage of public high school students who graduated in the previous fiscal year and who enrolled in higher education in the next fiscal year.

¹ Key measures – outcome, output, efficiency, and explanatory measures that are referenced in the General Appropriations Act and for which actual performance must be reported in ABEST (the Automated Budget and Evaluation System of Texas). Key measure reporting indicates the extent to which an agency is achieving its goals or objectives. [Legislative Budget Board, *Performance Measure Reporting for State Agencies*, December 2003]

- ▶ *Employment Retention* – Number and percent of all program participants who retain employment at a specified point after exiting a program.
- ▶ *Entered Employment* – Number and percent of all program participants who secure employment after exiting a program.
- ▶ *Jobs Created* – The number of newly created, non-transient jobs as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.
- ▶ *Jobs Retained* – The number of job positions retained as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.
- ▶ *Pre-release Placement* – Percentage of offenders released from Texas Department of Criminal Justice facilities into society that were employed prior to release.
- ▶ *Secondary Dropout* – Percentage dropout (annual) for grades 7-12, based on the agency definitions and exclusions.²
- ▶ *TANF Recidivism* – Percentage of current adult recipients on Temporary Assistance for Needy Families (TANF) who have returned to TANF cash assistance one or more times within the last five years.

Programs in the Report Card Series

Adult Education – Workforce Investment Act (WIA II)
 Adults – WIA I
 Apprenticeship Chapter 133
 Blind Services
 CTC Academic – Community and Technical College
 CTC Technical – Community and Technical College
 Dislocated Workers – WIA I
 Employment Services – Wagner Peyser
 Food Stamp Employment and Training
 Perkins Secondary Education – Career and Technical Education
 Postsecondary – Community and Technical College / TDCJ
 Project RIO (Re-Integration of Offenders)
 Rehabilitation Services
 SCSEP – Senior Community Service Employment Program
 Secondary Education
 Secondary Education: Academic – TYC
 Secondary Education: Technical – TYC
 Secondary Education: Windham Academic – TDCJ
 Secondary Education: Windham Technical – TDCJ
 Self-Sufficiency Fund
 Skills Development Fund
 TAA/NAFTA – Trade Adjustment Assistance/North American Free Trade Act
 TANF Choices – Temporary Assistance for Needy Families
 Veterans Employment and Training (E&T)
 Youth – WIA I

² Beginning this year, dropout data reported to the Council conforms to the requirements of the National Center for Education Statistics (NCES), as required by Senate Bill (SB) 186 (78th Legislature). Revised/estimated data for prior years is published in the data addendum to this report. A detailed explanation is provided as an attachment to the Evaluation 2004 report.

Issues Identification

System partners operate in a complex, changing economic environment as they strive to provide employers, current workers and future workers with services that are comprehensive, timely and relevant. The growth of high-tech and knowledge-based industries, coupled with efforts to be competitive in today's global economy, increases employers' demand for workers with higher education levels and more technical skill sets. In addition, the state's demographic composition is changing dramatically, with the workforce projected to include larger proportions of women, Hispanics and prime-age (i.e., 25-54 years of age) workers.

The Council is charged with facilitating the development of a systemic, integrated approach to the delivery of programs and services that meet the needs of employers and individuals. In part, this is accomplished through identifying issues and working with system partners to achieve their resolution. It should be noted that the items included in the **2008 – Issues for Consideration and Action** section are limited to those that directly relate to the report's scope as outlined on page 1.

In addition to the issues outlined in this report, the Council also identifies and works to address issues related to the state's workforce development system through a variety of other mechanisms, e.g.:

- ▶ *System Integration Technical Advisory Committee (SITAC)* – Established by the Council Chair to oversee implementation of the system strategic plan, *Destination 2010*, SITAC members represent all partner agencies and the Texas Association of Workforce Boards.
- ▶ *Council Work Sessions and Strategy Sessions* – Convened in addition to, or in conjunction with, regular Council meetings in order to identify and address systemic issues.
- ▶ *State of the Workforce Reports* – Produced periodically to address specific workforce issues.
- ▶ *Stakeholder Roundtables* – Conducted annually or biennially to obtain feedback regarding system stakeholder needs and to assess workforce system usage and satisfaction levels.

REPORT CARDS

Data

Data for all Formal measures except Customers Served are presented as both an absolute number and as a percentage. All data are from the most recent 12-month reporting period available and appropriate to that measure.

Data is presented and tracked longitudinally. Longitudinal calculations and tracking began with the 2005 report.

Each report card includes columns for two rates of change:

- ▶ *Change 2006-2007* – The one-year rate captures the change from the previous year to the current year. Expressed as a percentage, the rate represents the percentage point difference from 2006 to 2007.
- ▶ *Cumulative 2004-2007* – The cumulative rate aggregates the rate of change from 2004 (baseline year) to the current year. Expressed as a percentage, the rate represents the percentage point difference from 2004 to 2007.

Data Decisions and Treatment

- ▶ *Agency Negotiation* – During 2004 data definition and methodology negotiations, the Council requested that where federal common definitions were relevant, those definitions be used. The intent was to lessen the differences between the data sets, thereby achieving a higher degree of relatedness and relevance when aggregating data across multiple programs. Collaboration with partner agencies on subsequent reports reinforced the understanding that, to the extent possible, definitions for measures used in this report align to federal common measures.
 - *Program-Level Reporting* – As required by statute, data is presented by program rather than by agency.
 - *Unduplicated Data* – In most cases, data is unduplicated and conforms with the reporting definitions and methodologies agreed to by partner agencies. For example, Educational Achievement data may include duplicate data where a participant has outcomes for both education and training programs. Where known, these instances are noted and addressed in the applicable report card section.
- ▶ *Explanation of Variance* –
 - *5% Variance* – Instances where the value in the Change 2006-2007 column was more than 5%, either positive or negative, are addressed within the appropriate report card section. This reporting is aligned to Legislative Budget Board performance measures reporting requirements.
 - *Base Values* – Significant changes in numerator and/or denominator values from 2006 to 2007, but with no resulting significant rate change, were also reviewed. Those instances are addressed in the respective report card sections.

- ▶ *Rounding Convention* – A rounding convention has been applied to the Formal and Less Formal measures data: .001 to .004 has been rounded down to .00; .005 to .009 has been rounded up to the next highest hundredth. Rounding rules are applied after completion of applicable mathematical operation(s) such as division or subtraction.

Limitations

- ▶ *Data Ownership* – Some partner agencies process their own data, while others have interagency agreements with other partner agencies for data processing. Raw data are confidential records owned by the applicable agency.
- ▶ *Unemployment Insurance Records* –
 - *Time Lag* – There is a significant delay in receiving and analyzing unemployment insurance (UI) wage records for measuring performance. For example, when looking at six-month retention factors, there is a six-month wait to establish the period of data collection, plus four to five months for employers to submit the data to the Texas Workforce Commission. This lag continues to pose significant challenges regarding timely performance measurement in other states, as well as Texas. It appears that this approximate one-year data lag will be ongoing because of the UI records delay and the time necessary for agencies to process and report the data to the Council.
 - *Coverage* – An unknown number of program exiters obtain jobs that are not covered by the Texas UI system. For example, the self-employed, those who relocate and become employed in another state, and those who live in Texas but are employed across state lines are not reported in the Texas UI database. Such non-coverage issues result in lower levels of documented employment, reflecting negatively when the efficacy of education and training programs is evaluated. More complete data sets may be available in instances where the agency can utilize other databases, such as the Wage Record Interchange System, to identify employment with employers who do not file UI wages in Texas.
- ▶ *Report Card Series* – The Council believes that the report card series is a useful tool to present overall system performance. System evaluation is complex and, although the four Formal measures are appropriate to provide a system snapshot, they should not be viewed in isolation from other factors. It should be noted that agencies and programs have different service populations with unique needs and characteristics, which has a large effect on performance data. Additional limitations of specific significance to a single program are footnoted on the applicable report card.

Aggregate data is presented on the four Formal measures report cards and on the System report card. However, it is important to note that not all data definitions or methodologies are identical, thus the total should be viewed only as a good approximation of overall system performance.

Structure

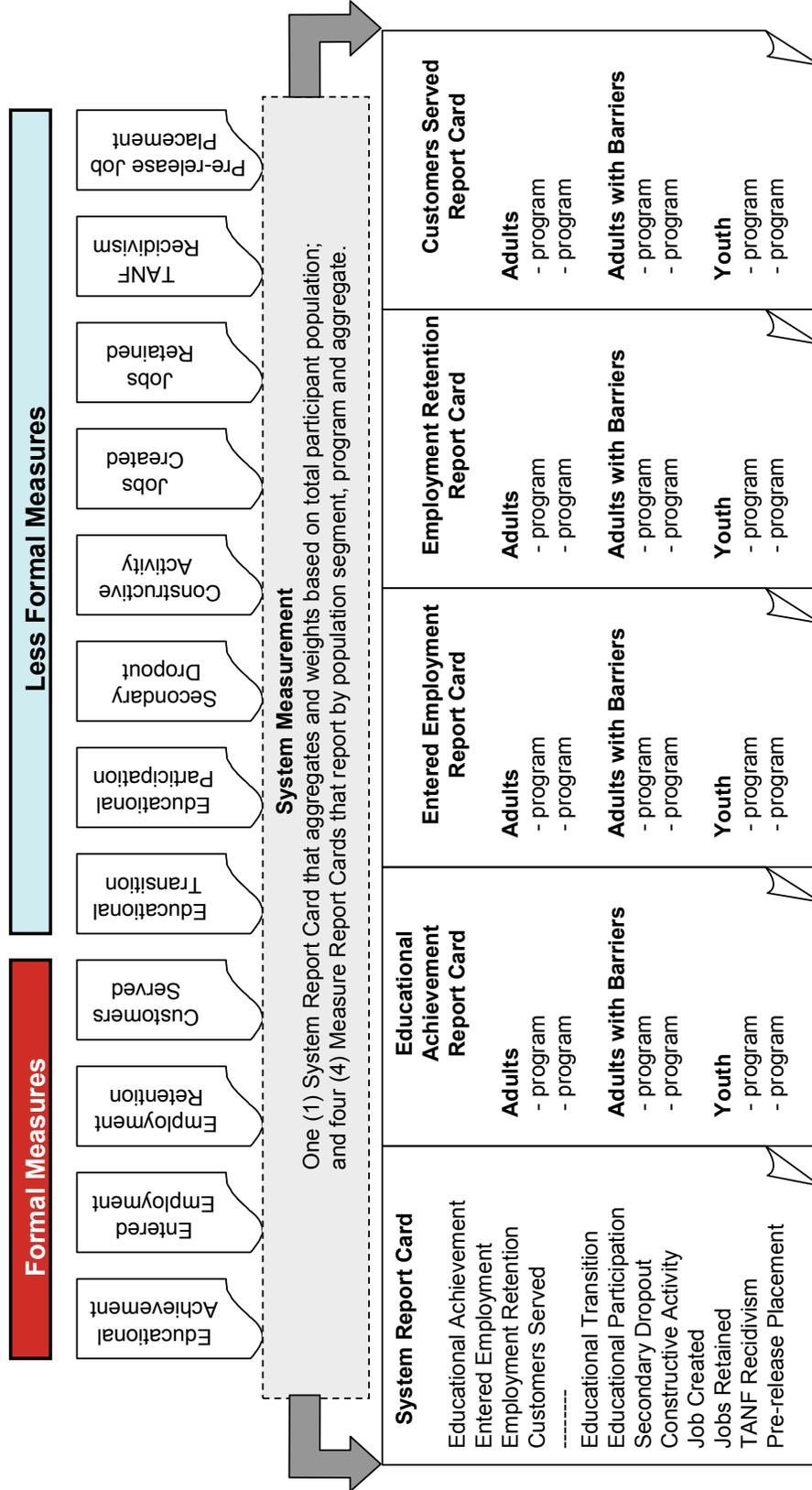
System performance is presented in a series of five report cards that contain data reported by partner agencies for the Formal and Less Formal (Tiers 1 and 2) measures. The graphic on the page 9 illustrates the relationship of Formal and Less Formal measures to the report card series.

- ▶ *System Report Card* – This report card contains aggregate data for the four Formal measures, with the data sets combined across programs. In addition, it includes data for the eight Less Formal measures. Since Less Formal measures are specific to a single program there is no data aggregation.

- ▶ *Formal Measure Report Cards* – Individual report cards with accompanying analysis are included for each of the four Formal measures. Each of these contains outcome data by program organized into three categories: Adults, Adults with Barriers and Youth. Each program was assigned to one of the three categories in order to establish the greatest level of outcome equivalency and comparability.

All programs included in the Adults with Barriers category had to meet at least one of four criteria as a characteristic of the participant population: economically disadvantaged, educationally disadvantaged, incarcerated or physically impaired and requiring adaptive or rehabilitative services.

Report Card Structure for Reporting and Evaluating Measures



REPORT CARD SERIES

As with the 2004, 2005 and 2006 Evaluation reports, the System report card shows the performance of Texas' workforce development system and includes totals for each of the four Formal measures that have been aggregated and weighted by the number of program participants. The card also shows the number, percent, where applicable, and two rates of change for the Formal and Less Formal measures.

The System report card contains aggregate data for the four Formal measures, with the data sets combined across programs. In this 2007 report, the change columns reflect the increase or decrease between values in the 2006 report and those calculated for the 2007 report, and the cumulative change from 2004 to 2007. It should be noted that outcome decreases in the change column are positive for some programs. For example, a decrease in the number of customers served may be due to an improved economy and less need for the services offered by programs such as TAA/NAFTA, Dislocated Workers (WIA I), Food Stamp E&T and TANF Choices.

Following the System report card, a report card for each Formal measure is presented and discussed. The next section of the report presents the Less Formal measures by goal, definition, benchmark and data sets.

The Council is required by statute to report program-level data and to provide an overall assessment of implementation of the workforce system strategic plan – *Destination 2010*. As noted in the Limitations section on page 7, the aggregate data presented in the report card series should be viewed as an approximation of overall system performance.

System³

2007 Workforce System Report Card				
Formal Measures	Actual	Percent	Change 2006-2007	Cumulative 2004-2007
Educational Achievement ⁴	445,919	77.22%	-3.41%	-2.31%
Entered Employment ⁵	1,174,107	78.20%	1.15%	5.60%
Employment Retention ⁶	1,078,659	82.34%	-0.37%	2.11%
Customers Served ⁷	4,785,366	N/A	-0.22%	0.76%
Less Formal Measures				
Educational Transition	131,142	54.53%	0.61%	1.51%
Educational Participation	1,234,625	5.30%	-0.03%	0.14%
Secondary Dropout ⁸	51,841	2.57%	Not available	Not available
Constructive Activity	2,105	57.50%	-0.60%	6.18%
TANF Recidivism	10,405	42.87%	-1.77%	-0.81%
Pre-release Placement	2,793	8.86%	3.44%	7.87%
Jobs Created	8,332	N/A	8.92%	23.04%
Jobs Retained	13,610	N/A	-16.96%	7.04%

The report card series is a useful tool to present overall system performance, but the data presented should be taken in context. Most programs are designed to serve participants that meet specific eligibility criteria and that have unique needs. Accordingly, program objectives and desired outcomes vary, and approved data definitions and methodologies are program-specific. However, integrated service delivery strategies may result in duplication of customer counts across programs. The System report card contains aggregate data for all agencies' applicable programs by measure as noted the Formal measure report cards. Due to known duplicates that cannot be removed from program-level data, adjustments have been calculated at the System level, with unduplicated data footnoted as a point of reference.

³ Percentage point differences reflect revised Evaluation 2004, 2005 and 2006 data published in the data addendum.

⁴ The aggregate Educational Achievement rate, adjusted to exclude duplicate TWC customers, is 77.11%.

⁵ The aggregate Entered Employment rate, adjusted to exclude duplicate TWC customers, is 77.90%.

⁶ The aggregate Employment Retention rate, adjusted to exclude duplicate TWC customers, is 82.59%.

⁷ The aggregate Customers Served count, adjusted to exclude duplicate TWC customers, is 4,513,680. Project RIO-Youth participants (837) were also excluded as they are not included in the report card series.

⁸ The 2004 benchmark (0.91%) is no longer applicable given the change to the National Center for Education Statistics reporting definition and methodology. Data received for the 2007 reporting cycle will be used as the benchmark in future Evaluation reports.

Educational Achievement⁹

2007 Educational Achievement Report Card

	Actual	Percent	Change 2006-2007	Cumulative 2004-2007
Adults				
CTC Academic	19,011	27.98%	1.68%	6.85%
CTC Technical	9,498	22.02%	-1.70%	-1.21%
Apprenticeship Chapter 133	2,645	75.94%	-0.34%	-1.50%
Skills Development Fund	2,340	98.24%	-1.23%	-0.78%
Dislocated Workers (WIA I)	2,583	93.89%	-1.09%	-1.80%
Adults (WIA I)	7,966	93.65%	0.26%	-1.34%
Adults Total	44,043	34.35%	0.02%	2.14%
Adults with Barriers				
Adult Education (WIA II)	4,660	85.91%	-0.14%	35.53%
Self-Sufficiency Fund	508	86.25%	-6.35%	-10.24%
Postsecondary	1,944	32.01%	0.87%	4.59%
Secondary Windham Academic	5,039	81.31%	0.79%	2.30%
Secondary Windham Technical	5,808	80.97%	0.71%	7.27%
Adults with Barriers Total	17,959	70.55%	1.05%	12.15%
Youth				
Perkins Secondary	122,569	88.40%	-3.64%	-3.32%
Secondary Education	258,723	91.20%	-4.51%	-4.30%
Youth (WIA I)	3,192	69.21%	22.24%	30.33%
Secondary Academic (TYC)	1,377	47.68%	-0.30%	-1.17%
Youth Total	385,861	89.77%	-3.75%	-3.24%
Total	445,919	77.22%	-3.41%	-2.31%

⁹ Percentage point differences reflect revised Evaluation 2004, 2005 and 2006 data published in the data addendum. Educational achievement includes participant outcomes for both educational and training programs. Data subsets (duplicates) include Postsecondary. The card total has been adjusted to provide an unduplicated count.

Educational Achievement Analysis

Educational Achievement –

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

The data sets in the Educational Achievement report card are from those system programs and services that have the acquisition of knowledge and skills as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the fourth data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from earlier reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for Adults is from 22.02% for Community and Technical College (CTC) Technical programs to 98.24% for the Skills Development Fund. Of the six programs, only two reported increases this year: CTC Academic and Adult (WIA I). CTC Academic was the only program with a three-year increase, rising 6.85% since 2004. The programs reported performance in three ranges: (1) 27.98% and below, (2) 75.94%, and (3) 93.65% or above, with a segment total of 34.35%. A slight increase of 0.02% was noted for the group, while the increase from 2004 was 2.14%.

Community and technical college data for both Academic and Technical programs are based on a starting cohort and total awards earned within a six-year period. The data sets include certificates, associate and higher degrees. While this data reflects the success of a specific cohort across time, it does not indicate the educational success of students in a 12-month period as measured by the awarding of certificates¹⁰ or associate degrees. In academic year 2006, over 57,000 community and technical college credentials were awarded, representing an increase of 14.11% since 2004. This number is more than double the completions, or graduation rate, reported under the longitudinal definition. For this reason, the Council will continue to request 12-month credential data from the Texas Higher Education Coordinating Board (THECB) in order to provide a more complete representation of educational achievement in Texas' community and technical colleges.

Adults with Barriers

The data range for Adults with Barriers is from 32.01% for Postsecondary to 86.25% for the Self-Sufficiency Fund. With the exception of Postsecondary, the other programs in this group reported rates of 80% or greater. An overall increase of 1.05% was noted for the group, which had a three-year increase of 12.15%.

Performance for the Self-Sufficiency Fund declined for the second consecutive year, decreasing 6.35% since 2006 and 10.24% for the three-year period. As the Texas Workforce Commission (TWC) reported last year, reductions in performance levels are likely due to a change in program rules. In early FY 2004, program rules were amended to include a parent, including a noncustodial parent, whose annual wages are at or below \$37,000 in the definition of at risk of becoming dependent on public assistance. This expanded definition had the effect of broadening the pool of eligible trainees from primarily prospective employees to both new workers and incumbent workers. Employed individuals with salaries in the low \$30,000 range who are seeking training to enhance on the job skills are less likely to pursue educational attainment when employer-led training is available.

¹⁰ Certificates – Includes (1) Level One (15-42 semester credit hours), (2) Level Two (43-59 semester credit hours) and (3) Level Three, or Enhanced Skills (6-15 semester credit hours and attached to an applied associate degree), Certificates. [Texas Higher Education Coordinating Board, *Guidelines for Instructional Programs in Workforce Education – 2003 GIPWE*]

Youth

Youth data includes four programs. The data range for this population is from 47.68% for Secondary Academic (TYC) to 91.20% for Secondary Education. In the Youth segment, 385,861 individuals achieved educational outcomes, a decrease of 3.75% and 3.24% from 2006 and 2004 respectively.

Of the four programs, the only positive change was reported for the Youth (WIA I) program. After falling 7.81% last year, performance for the program increased 22.24%, with a gain of 30.33% from 2004. TWC reports that the improvement is due to better education of local board partners regarding the data elements required to calculate this measure.

Total

Of the 577,446 program participants, 445,919 (77.22%) achieved an educational outcome, a decrease from 2006 of 3.41%. Over the three-year period, performance declined 2.31%. Postsecondary completion numbers of 1,944 in the Adults with Barriers segment were subtracted from the aggregate of all programs to achieve the unduplicated performance total and percent.

While the Educational Achievement rate decreased, the absolute number of individuals with an educational achievement outcome (numerator) rose from 440,748 in 2006 to 445,919 in 2007. Ten of the 15 programs had increases, with notable absolute changes reported for the community and technical college programs, up 3,198, and the Adult (WIA I) program, which reported an increase of 3,173.

Additional Data

The following data sets were provided by partner agencies so that a more comprehensive picture of educational achievement could be presented, thereby providing important contextual information.

- ▶ Career Schools and Colleges awarded 63,453 degrees and certificates, an increase of 4.36% from the prior year.
- ▶ Of Windham Secondary enrollments, 42.11% completed the level enrolled, a slight decrease of 0.51% from the previous year, but an increase of 7.88% for the three-year period.
- ▶ Through the Windham School District, an additional 2,062 persons were enrolled in postsecondary academic and workforce training through a federal Youthful Offender Grant. Of the enrollees, 1,899 (92.10%) gained a certificate or degree, including short course completions.
- ▶ Of the 422,345 enrollments in Secondary Education and Secondary Career and Technical Education¹¹, 163,588 were in Tech Prep¹². This represents an increase (1.87%) from the previous year and a three-year increase of 10.70%.
- ▶ Adult Education students completed the level enrolled at a rate of 43.03%, down slightly (-0.39%) from 2006. In addition, the number of enrolled adults who were assessed and had 12 hours of class time decreased for the second year, falling from 119,867 to 115,663 (-3.51%).
- ▶ The THECB reported the awarding of 71,565 bachelor's degrees by public institutions, up 5.20% from the previous year and 14.72% for the three-year period.
- ▶ In addition to outcomes for publicly supported institutions, THECB reported the awarding of 460 associate and 16,943 bachelor's degrees by independent institutions¹³.

¹¹ This number represents the combined number served for these two programs.

¹² Tech Prep – a comprehensive and articulated program that offers students the opportunity to study in a career program in high school and either gain credit or experience which will assist them in their transition to higher education.

¹³ THECB reported that new data was certified after their 2006 submission. The revised numbers for 2006 are 560 associate degrees and 16,968 bachelor's degrees. In October 2005, THECB adopted revised goals and targets that formally incorporated the contributions of independent higher education institutions towards *Closing the Gaps*. [*Closing the Gaps by 2015: 2006 Progress Report*, p. 1 (July 2006)] Private/independent institutions of higher education, i.e., a private or independent college or university that is organized under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes); exempt from taxation under Article VIII, Section 2, of the Texas Constitution and Section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. Section 601); and accredited by a recognized accrediting agency. Currently, there are 44 independent institutions: 39 universities; two junior colleges (two-year); one health-related; and two chiropractic.

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Entered Employment¹⁴

2007 Entered Employment Report Card				
	Actual	Percent	Change 2006-2007	Cumulative 2004-2007
Adults				
CTC Academic	17,620	91.51%	0.78%	0.85%
CTC Technical	27,225	89.09%	0.71%	-0.46%
Skills Development Fund	3,701	95.53%	-0.15%	0.87%
TAA/NAFTA	3,209	82.47%	0.72%	3.71%
Veterans E&T	43,451	78.03%	1.25%	8.29%
Employment Services	865,092	78.38%	1.81%	5.62%
Dislocated Workers (WIA I)	7,330	86.93%	-1.26%	-2.50%
Adults (WIA I)	15,543	85.93%	-2.75%	-5.43%
Adults Total	983,171	79.07%	1.58%	5.37%
Adults with Barriers				
Blind Services	1,361	71.90%	0.80%	-3.10%
Rehabilitation Services	11,132	56.86%	0.31%	21.09%
Adult Education (WIA II)	604	48.91%	1.13%	5.60%
Food Stamp E&T	21,937	80.67%	-2.22%	9.38%
Project RIO	15,308	74.26%	0.55%	7.65%
Self-Sufficiency Fund	3,456	94.07%	4.62%	11.66%
SCSEP	110	35.71%	-9.59%	16.28%
TANF Choices	33,538	82.88%	1.27%	3.07%
Adults with Barriers Total	87,446	76.07%	0.28%	14.60%
Youth				
Perkins Secondary	97,641	72.72%	-3.42%	-3.46%
Youth (WIA I)	5,849	66.65%	8.80%	14.53%
Youth Total	103,490	72.35%	-2.07%	-0.65%
Total	1,174,107	78.20%	1.15%	5.60%

¹⁴ Percentage point differences reflect revised Evaluation 2004, 2005 and 2006 data published in the data addendum.

Entered Employment Analysis

Entered Employment –

number and percent of all program participants who secure employment after exiting a program.

The data sets in the Entered Employment report card are from those workforce development system programs and services that have the acquisition of employment as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the fourth data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from earlier reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for Adults is from 78.03% for Veterans E&T to 95.53% for the Skills Development Fund. Five of the eight programs reported performance at over 85%. An overall increase of 1.58% was noted for this group, with a three-year increase of 5.37%.

Veterans E&T increased 1.25% from 2006 and 8.29% for the three-year period. Last year, the Texas Workforce Commission (TWC) noted that the agency is now able to utilize the Wage Record Interchange System and Federal Employment Data Exchange System databases to identify employment with employers who do not file UI wages in Texas, thus the possible increase in the employment rate.

Adults with Barriers

The data range for this group is from 35.71% for Senior Community Service Employment Program (SCSEP) to 94.07% for the Self-Sufficiency Fund. Of the eight programs, five reported entered employment rates of over 71%. Overall performance increased slightly (0.28%) from 2006, while the three-year change rate was 14.60%.

The largest one-year decrease (-9.59%) was reported for SCSEP; however, the rate increased 16.28% since 2004. In 2007, 110 of 308 participants entered employment, compared to 193 of 426 in 2006 and 212 of 1,091 in 2004. TWC indicated that a new contractor was responsible for reporting data this year; however, many of the customers were those of the former contractor. TWC further noted that the data may not be indicative of actual performance as the new contractor was not familiar with the former contractor's record keeping and some of the data was incomplete.

The Rehabilitation Services program posted increases of 0.31% and 21.09% for the one- and three-year periods respectively. However, both the number entering employment (numerator) and number served (denominator) declined significantly. The 2007 numerator was 11,132, compared to 12,944 last year and 19,669 in 2004. At 54,980, 2004 was the high mark for the denominator, which declined to 22,889 in 2006 and 19,577 this year. The Health and Human Services Commission's Division of Rehabilitative Services (DRS) noted that the number entering employment declined due to the increased number of consumers with more significant disabilities who require multiple services over an extended time period. The denominator change may be attributable to multiple factors: (1) as noted last year and consistent with federal guidelines from the Rehabilitative Services Administration, DRS has taken substantive steps to reduce caseloads since baseline data was reported in 2004; and (2) the number of both successful and unsuccessful case closures has declined. The decline in the number of unsuccessful plan closures is due to counselors' response to DRS initiatives to enhance the quality of up-front planning and eligibility determinations.

Youth

For the two programs, entered employment outcomes ranged from 66.65% for Youth (WIA I) to 72.72% for Perkins Secondary (Career and Technical Education). Performance decreased 2.07% from 2006, and declined 0.65% over the three-year period.

Performance for the Youth (WIA I) program increased 8.80%, with a three-year rise of 14.53%. TWC is working to align the program with the federal vision for youth programs, focusing more on out of school youth. Such individuals are more likely to be seeking employment than education.

Total

Of the 1,501,430 program participants, 1,174,107 (78.20%) entered employment. This represents an increase of 1.15% from 2006 and a three-year increase of 5.60%.

The absolute number of individuals served and entering employment rose in 2007. The number of customers served (denominator) was 1,501,430, up from 1,387,555 the previous year. Similarly, the number entering employment (numerator) rose from 1,069,064 in 2006 to 1,174,107, with 10 of 18 programs reporting increases. The numerator increase is attributable to TWC's Employment Services program, which accounted for 759,371 in 2006 and 865,092 this year.

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Employment Retention¹⁵

2007 Employment Retention Report Card

Adults	Actual	Percent	Change 2006-2007	Cumulative 2004-2007
CTC Academic	12,022	82.61%	0.04%	0.37%
CTC Technical	22,954	89.20%	-0.05%	0.97%
Skills Development Fund	11,623	93.72%	0.77%	9.24%
TAA/NAFTA	3,247	90.88%	-0.61%	2.90%
Veterans E&T	46,833	84.27%	-0.86%	2.83%
Employment Services	816,138	82.08%	-0.45%	1.62%
Dislocated Workers (WIA I)	8,021	88.17%	-1.73%	0.19%
Adults (WIA I)	19,475	86.56%	-0.24%	2.10%
Adults Total	940,313	82.64%	-0.44%	1.80%
Adults with Barriers				
Blind Services	563	84.16%	-0.88%	-1.12%
Rehabilitation Services	8,925	87.07%	1.01%	4.34%
Adult Education (WIA II)	906	53.23%	-6.72%	-2.91%
Food Stamp E&T	12,697	75.79%	1.62%	6.96%
Project RIO	8,734	65.06%	-0.24%	-8.44%
Self-Sufficiency Fund	4,203	85.43%	0.53%	24.78%
TANF Choices	25,755	75.22%	0.74%	2.90%
Adults with Barriers Total	61,783	75.39%	0.33%	1.33%
Youth				
Perkins Secondary	76,563	84.76%	-0.05%	7.87%
Youth Total	76,563	84.76%	-0.05%	7.87%
Total	1,078,659	82.34%	-0.37%	2.11%

¹⁵ Percentage point differences reflect revised Evaluation 2004, 2005 and 2006 data published in the data addendum.

Employment Retention Analysis

Employment Retention –

number and percent of all program participants who retain employment at a specified point after exiting a program.

As with Entered Employment, the data sets in the Employment Retention report card are from those workforce development system programs and services that have the acquisition and maintenance of employment as a significant, intended outcome for participants. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnotes.

As this is the fourth data point for those Formal measures approved by the Governor in October 2003, comparison between data sets from earlier reports and this report is possible. In the future, more in-depth longitudinal analysis will be included as additional data points become available.

Data

Adults

The data range for employment retention for Adults is from 82.08% for Employment Services to 93.72% for the Skills Development Fund. For the group, retention fell 0.44% in 2007, but rose 1.80% from 2004.

Performance for individual programs remained relatively stable, with the largest change from 2006 attributed to the Dislocated Workers (WIA I) program which decreased 1.73%.

Adults with Barriers

The data range for Adults with Barriers is from 53.23% for Adult Education (WIA II) to 87.07% for Rehabilitation Services. An overall increase of 0.33% was noted for the group, with a three-year improvement of 1.33%.

Last year, the Health and Human Services Commission (HHSC) reported making significant changes to the Rehabilitation Services program since baseline data was reported in 2004. With agreement from the federal Rehabilitation Services Administration, the Division of Rehabilitative Services (DRS) changed the program's focus from volume to quality. Production benchmarks and caseload sizes were reduced, allowing staff to focus on better upfront planning, making good eligibility determinations, and conducting comprehensive assessments that help the counselors and consumers identify appropriate vocational goals and service plan. For the retention measure, the population served (denominator) declined from 15,924 in 2004 to 10,250 in 2007, as did the number retaining employment (numerator) which was 13,175 in 2004 and 8,925 in 2007. Although these absolute numbers declined each of the past three years, the retention rate increased annually, rising from 82.74% in 2004 to 87.07% this year.

Employment retention for the Adult Education (WIA II) program decreased 6.72% and 2.91% from 2006 and 2004 respectively. The Texas Education Agency (TEA) reports that the 2007 decline is due in part to a larger number of student seed records that could not be located in UI wage records, the data source for documenting retention.

While 2006 to 2007 data comparisons for the Project RIO program indicated a minor decrease of 0.24%, there was a three-year decline of 8.44%. The Texas Workforce Commission previously reported that in September 2003 the tracking system for local boards to enter Project RIO client information changed from a mainframe system to The Workforce Information System of Texas (TWIST), thereby ensuring a high degree of accuracy for data capture and reporting. Notably, the absolute numbers reported have increased greatly. For 2004, 760 of 1,034 served retained employment compared to 8,734 of 13,425 clients this year.

Youth

Youth data includes only one program and the performance for Perkins Secondary (Career and Technical Education) declined slightly (-0.05%) from 2006. From 2004 to 2007, employment retention increased 7.87%.

Total

Of the 1,310,085 program participants who entered employment, 1,078,659 (82.34%) retained employment. This represents a slight decrease (-0.37%) from 2006, but a three-year increase of 2.11%.

After declining in 2006, the absolute number of individuals served and retaining employment rose in 2007. The number of customers served (denominator) was 1,310,085, up from 1,261,121 the previous year. The number retaining employment (numerator) rose from 1,042,960 in 2006 to 1,078,659, reflecting increases by 12 of the 16 programs. As with Entered Employment, the largest increase was reported for the Employment Services program, with 25,937 more individuals retaining employment.

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Customers Served¹⁶

2007 Customers Served Report Card			
	Actual	Change 2006-2007	Cumulative 2004-2007
Adults			
CTC Academic	323,047	3.23%	16.49%
CTC Technical	179,908	3.20%	1.01%
Apprenticeship Chapter 133	3,511	0.80%	-2.47%
Skills Development Fund	21,964	74.30%	59.17%
TAA/NAFTA	4,086	-36.19%	-55.18%
Veterans E&T	100,093	4.48%	11.53%
Employment Services	1,414,103	-5.03%	-7.06%
Dislocated Workers (WIA I)	14,373	-10.99%	-29.07%
Adults (WIA I)	46,517	4.62%	43.81%
Adults Total	2,107,602	-2.20%	-1.78%
Adults with Barriers			
Blind Services	9,630	0.55%	-5.92%
Rehabilitation Services	68,573	-2.37%	-41.06%
Adult Education (WIA II)	130,649	-7.01%	-0.88%
Food Stamp E&T	44,626	13.94%	70.89%
Project RIO	29,033	8.43%	15.51%
Self-Sufficiency Fund	2,882	6.58%	-22.88%
SCSEP	1,164	20.50%	56.66%
TANF Choices	57,490	-14.35%	-47.87%
Postsecondary	6,073	4.03%	-17.52%
Secondary Windham Academic	74,829	3.23%	5.29%
Secondary Windham Technical	11,160	0.61%	-6.91%
Adults with Barriers Total	436,109	-2.32%	-15.29%
Youth			
Perkins Secondary	943,920	3.22%	8.80%
Secondary Education	1,275,472	1.79%	6.69%
Youth (WIA I)	18,619	-16.63%	-18.63%
Secondary Academic (TYC)	5,604	-8.03%	-3.18%
Secondary Technical (TYC)	4,113	-6.97%	0.51%
Youth Total	2,247,728	2.15%	7.25%
Total	4,785,366	-0.22%	0.76%

¹⁶ Percentage point differences reflect revised Evaluation 2004, 2005 and 2006 data published in the data addendum. Educational achievement includes participant outcomes for both educational and training programs. Data subsets (duplicates) include Postsecondary. The card total has been adjusted to provide an unduplicated count.

Customers Served Analysis

Customers Served –

number of employers and individuals who received system services, including program participation.

As with all other Formal measures, the data sets in the Customers Served report card are from Texas' workforce development system programs and services. Data limitations other than those general limitations, such as time-lag of UI wage matching, are contained within the card footnote.

This is the fourth data point for this Formal measure approved by the Governor in October 2003. While Customers Served is typically defined and treated as a lag measure, it was recommended for inclusion as a Formal measure for two reasons:

- ▶ Customers Served may be used as a lead measure for the purpose of system strategic planning given its tie to program infrastructure usage and capacity; and
- ▶ Total Customers Served indicates the number of individuals served by system programs and services. It should be noted that a given individual may receive services from one or more programs, either concurrently or at different points in time. Thus, the absolute number of individuals served is typically less than the total presented on the Customers Served report card as it represents aggregate, program-level participation counts. While known duplicates cannot be removed from program-level data, adjustments have been calculated at the System report card level, footnoted as a point of reference on page 11.

Data

Adults

The data range for Adults is from 3,511 customers served by Chapter 133 Apprenticeship programs to 1,414,103 customers served by Employment Services through local boards' workforce centers. The nine programs in this segment reported serving 2,107,602 individuals, marking a decrease of 2.20% from 2006 and 1.78% for the three-year period. A significant increase was reported for the Skills Development Fund (74.30%). Large declines were reported for TAA/NAFTA (-36.19%), Dislocated Workers (WIA I, -10.99%) and Employment Services (-5.03%).

According to the Texas Workforce Commission (TWC), the Skills Development Fund received a major increase in funds for FY 2007. Senate Bill (SB) 1 (79th Legislature) appropriated \$20.5 million from funds generated by House Bill (HB) 2421 (79th Legislature). With the additional funds, TWC was able to provide services to significantly more trainees.

The large decreases reported for three TWC programs can be considered positive in nature:

- ▶ *TAA/NAFTA* – The number of clients served in the TAA program is based on trade-related layoffs. Due to continued improvement in the Texas economy, fewer clients needed TAA services resulting in a 36.19% decrease. This is further evidenced by the three-year decline of 55.18%.
- ▶ *Dislocated Workers (WIA I)* – Given the improved Texas economy, fewer clients needed these services, accounting for the decrease of 10.99% from 2006 and 29.07% from 2004.
- ▶ *Employment Services* – Unemployment insurance (UI) claimants historically comprise over 60% of the customers served by this program. The number of UI claimants filing initial claims declined more than 13% from FY 2006, resulting in fewer claimants (-5.03%) seeking services from the workforce system.¹⁷

¹⁷ While this data appears to contradict the employment and retention outcomes, it should be noted that customer service data is reported for a more recent time period and is not affected by the time lag associated with UI wage records. Therefore, changes in the economy that are reflected in the Employment and Retention Rates may not be applicable to Customers Served.

Adults with Barriers

The data range for Adults with Barriers is 1,164 customers served for the Senior Community Service Employment Program to 130,649 customers served by Adult Education (WIA II) and literacy programs. The 11 programs in this segment reported serving 436,109 individuals, a decrease of 2.32% and 15.29% from 2006 and 2004 respectively.

Significant increases were reported for four TWC programs:

- ▶ *Senior Community Service Employment Program* – TWC is working to meet a new U.S. Department of Labor goal of increasing the number served by transitioning participants from subsidized to unsubsidized employment, then filling the subsidized slots with new participants. The number of customers served rose 20.50% and 56.66% from 2006 and 2004 respectively.
- ▶ *Food Stamp E&T (FSE&T)* – Program performance rose 13.94%, with a three-year increase of 70.89%. TWC noted that local boards continue to increase outreach to the program's General Population¹⁸ to 100%. FSE&T mandatory work registrants are classified as either the General Population (i.e., Food Stamp recipients with families), or as an Able-Bodied Adult without Dependents (ABAWDs). The increased outreach was due in part to the additional 100% federal (ABAWD-only) funds allocated to the local boards again in FY 2007. This enabled boards to use other FSE&T funds to serve more General Population and voluntary program participants.
- ▶ *Project RIO* – TWC has been working with the Texas Department of Criminal Justice to implement HB 2837 (79th Legislature). HB 2837 requires improved data sharing to allow staff to more effectively identify Project RIO-eligible customers who are being served by the workforce system. This system improvement has allowed TWC to more fully report services to RIO customers, resulting in increases of 8.43% since 2006 and 15.51% since 2004.
- ▶ *Self-Sufficiency Fund* – Grantees are encouraged to leverage support services from the local board and other community resources. This allows grantees to serve individuals at a lower cost, which may lead to an increased service level (6.58%) as reported this year.

Decreases exceeding the 5% variance range were reported for two of the 11 programs in this subgroup: TANF Choices (-14.35%) and Adult Education (WIA II, -7.01%).

According to TWC, the impact of TANF reauthorization¹⁹ is only beginning to be seen in FY 2007. At the state level, TANF Choices performance is affected by state law that does not permit service to Child-Only cases through this program²⁰, as well as by current work requirement exemptions for a significant portion of the adult TANF population. The federal TANF reauthorization requires services to both populations; however, due to state law and Health and Human Services Commission rules they are served as volunteers. In addition, HB 2292 (78th Legislature) implemented a pay for performance model that has continued to have a significant impact on reducing the number of adult TANF recipients. The program posted declines of 14.35% and 47.87% from 2006 and 2004 respectively.

Since the 2004 baseline year, the first decrease (-7.01%) was reported for the Adult Education (WIA II) program. The Texas Education Agency attributes the decline to several factors, including:

- ▶ The state changed the process of handling students, moving from a revolving door to a managed enrollment system that focuses on smaller class sizes. In many programs, class size has dropped from 40 or more students to approximately 25 per instructor.
- ▶ Given the federal focus on increasing the transition from school to work, postsecondary education or training, local programs have redirected a portion of their resources in specialty instruction (e.g., counselors to manage student transition to work and/or training).

¹⁸ TWC website, revised April 25, 2007.

¹⁹ P.L. 109-171, signed February 8, 2006.

²⁰ The statute that prohibited services to Child-Only cases was changed for FY 2008 (SB 589, 80th Legislature).

Youth

The data range for Youth is 4,113 customers served through Secondary Technical programs administered by the Texas Youth Commission (TYC) to 1,275,472 customers served by Secondary Education. The five programs in this segment reported serving 2,247,728 individuals. This reflects an increase of 2.15% from 2006 and 7.25% for the three-year period.

The number of customers served under Youth (WIA I) decreased 16.63%. TWC is following the federal youth program vision by eliminating stand-alone summer youth programs. As noted in the Educational Achievement report card section, TWC is increasing the focus for educational activities toward out-of-school youth.

TYC-administered programs served fewer individuals this year, with decreases reported for both the Secondary Academic (-8.03%) and Secondary Technical (-6.97%) programs. TYC reported three major reasons for the declines:

- ▶ SB 103 (80th Legislature) required numerous changes at TYC, such as excluding misdemeanants from commitment to TYC and terminating TYC control of youth at age 19 rather than age 21.
- ▶ TYC began preparations for closing the John Shero State Juvenile Correctional Facility, with the Texas Department of Criminal Justice assuming jurisdiction of the building. Youth attending this residential facility were either reassigned to another facility or, if eligible, released to parole.
- ▶ The McLennan County State Juvenile Correctional Center Unit I was renovated and began operating as an Orientation and Assessment Unit for boys in September. To accommodate this change, the facility ceased school operations in July and youth attending school were either reassigned to another facility or, if eligible, released to parole.

Total

Partners in Texas' workforce development system served 4,785,366 individuals for an overall decrease in the customers served from 2006 of 0.22%, yet an increase of 0.76% from 2004.²¹ Of the 25 programs, service levels rose for 16.

The increase in the total number of customers served reflects positively on Texas' workforce system as the programs with the largest absolute increases can be correlated with continued improvement in Texas' economy, which has been growing steadily over the past three years. As noted earlier, programs associated with negative economic conditions such as layoffs (e.g., TAA/NAFTA, Dislocated Workers) saw a decline again this year.

Notably, TWC reported that 106,202 employers received services, including those awarded Skills Development Fund (380) or Self-Sufficiency Fund (294) grants. Overall, service to employers increased 17.28% from 2006 and 185.18% over the three-year period. TWC attributes the rise to the continued increase in the number of employers using the WorkInTexas.com Internet application.

²¹ Postsecondary performance numbers of 6,073 in the Adults with Barriers segment were subtracted from the aggregate of all programs to achieve the unduplicated performance total and percent.

LESS FORMAL MEASURES AND BENCHMARKS (TIER 2) _____

Agency Action Plans

Approved by the Governor in October 2003, the eight Less Formal measures presented below were derived from the Agency Action Plans (AAPs) contained in *Destination 2010*. These AAPs apply to actions and responsibilities at the individual agency level and are directly linked to programmatic Long Term Objectives (LTOs) contained in the Customers Key Performance Area.

In the Evaluation 2004 report, benchmarks were established for each Less Formal measure. Less Formal measures are those specified in Texas Government Code, Section 2308.104, which are critical to the implementation of the workforce development system strategic plan.

Actions and Outcomes

Critical Success Factor for the Programmatic LTOs: Current and future workers will access and be successful at the programs necessary to gain knowledge and skills for tomorrow's economy. The system will maximize participant outcomes in critical points in the continuum of education to employment.

Agency Action Plan Objectives

- ▶ Reduce student dropouts from public schools between grades 7 and 12.

Secondary Dropout definition: Percentage dropout (annual²²) for grades 7-12, based on the agency definitions and exclusions.

Benchmark: Not applicable²³

Secondary Dropout percentage: 2.57%

Data: 51,481 individuals counted as a dropout from a population of 2,016,470.

Change from data reported in 2006: Not available

Cumulative change 2004-2007: Not available

Explanatory information: Beginning this year, dropout data reported to the Council conforms to the requirements of the National Center for Education Statistics (NCES), as required by Senate Bill (SB) 186 (78th Legislature). A detailed explanation of the definitional differences is provided as an attachment to the Evaluation 2004 report.

*The Council requested data for the 2004-2006 reporting cycles years in order to calculate longitudinal trend information. Estimated data submitted by the Texas Education Agency (TEA) is published in the **Data Addendum**; however, it has not been used to calculate changes rates due to the limitations outlined in the addendum.*

²² This measure reflects the annual dropout rate (i.e., the percentage of students who drop out of school during one school year) reported by TEA in accordance with the NCES definition. In addition, TEA publishes a longitudinal dropout rate (i.e., the percentage of students from a class of beginning 7th or 9th graders who drop out before completing high school). The longitudinal rate for grades 7-12 was 9.1% this year. See the **2008 – Issues for Consideration and Action** section for additional information from TEA's *Secondary School Completion and Dropouts in Texas Public Schools, 2005-06* report (August 2007).

²³ The 2004 benchmark (0.91%) is no longer applicable given the change to NCES reporting definition and methodology. Data received for the 2007 reporting cycle will be used as the benchmark in future Evaluation reports.

- ▶ Increase exiting secondary students pursuing academic and/or workforce education.

Educational Transition definition: Percentage of public high school students who graduated in the previous fiscal year and who enrolled in higher education in the next fiscal year.

Benchmark (established by data submitted for 2004 report): 53.02%

Educational Transition percentage: 54.53%

Data: 131,142 individuals counted as transitioning from a population of 240,485.

Change from data reported in 2006: 0.61%

Cumulative change 2004-2007: 1.51%

- ▶ Increase the Texas higher education participation rate (i.e., the percentage of the population enrolled in higher education).

Educational Participation definition: Percentage of the Texas population enrolled in higher education.

Benchmark (established by data submitted for 2004 report): 5.16%

Educational Participation percentage: 5.30%

Data: 1,234,625 individuals counted as enrolled from a Texas population of 23,287,869.

Change from data reported in 2006²⁴: -0.03%

Cumulative change 2004-2007: 0.14%

Explanatory information: Of the 1,234,625 enrolled individuals, the participation rate by demographic group was as follows – Black, 142,226 (11.52%); Hispanic, 333,392 (27.00%); White, 624,199 (50.56%); and Other, 134,808 (10.92%).

- ▶ Decrease number of Temporary Assistance for Needy Families (TANF) recipients returning to the program.

TANF Recidivism definition: Percentage of current adult recipients on Temporary Assistance for Needy Families (TANF) who have returned to TANF cash assistance one or more times within the last five years.

Benchmark (established by data submitted for 2004 report): 43.68%

TANF Recidivism percentage: 42.87%

Data: 10,405 individuals counted as returning to TANF from a population of 24,269.

²⁴ The Texas Higher Education Coordinating Board reported that the incorrect migration scenario was used for population projections in 2006. Corrected 2006 data indicates a 5.33% total participation rate. Of the 1,218,248 enrolled individuals, the participation rate by demographic group was as follows – Black, 139,770 (11.47%); Hispanic, 318,899 (26.18%); White, 628,008 (51.55%); and Other, 131,571 (10.80%).

Change from data reported in 2006: -1.77%

Cumulative change 2004-2007: -0.81%

Explanatory information:²⁵ While the rate fell 1.77%, this is a positive change. In addition, both the number returning to TANF (numerator) and total served (denominator) declined significantly over the three-year period, falling from 25,585 of 58,569 returnees in 2004.

- ▶ Increase the percentage of adult offenders placed in jobs prior to release.

Pre-release Placement definition: Percentage of offenders released from Texas Department of Criminal Justice (TDCJ) facilities into society that were employed prior to release.

Benchmark (established by data submitted for 2004 report): 0.99%²⁶

Pre-release Placement percentage: 8.86%

Data: 2,793 individuals counted as obtaining employment prior to release from incarceration, from a population of 31,517.

Change from data reported in 2006: 3.44%

Cumulative change 2004-2007: 7.87%

- ▶ Increase constructive activity rate (i.e., placements and other positive outcomes, including pursuing academic and/or workforce education) for youthful offenders.

Constructive Activity definition: Percentage of youth who have been on parole for at least 30 days, and who are employed, and/or attending school, college, GED preparation, vocational or technical training.

Benchmark (established by data submitted for 2004 report): 51.31%

Constructive Activity percentage: 57.50%

Data: 2,105 youths counted as continuing on to additional education or employment from a population of 3,661.

Change from data reported in 2006: -0.60%

Cumulative change 2004-2007: 6.18%

²⁵ The Health and Human Services Commission (HHSC) reports that the decline in the TANF caseload is largely attributable to full-family sanctions put in place in September 2003. The volume of applications processed has declined from approximately 34,000 per month in August 2003 to an average of 26,000 per month for the last half of FY 2007. Additionally, there is a 78.6% denial rate at application, primarily due to the needs test, and a 20.5% denial rate at recertification for the most current 12 month period.

²⁶ 2004 data represents a partial fiscal year data set, accounting for the low percentage. This was a new initiative for which data collection began in early 2004.

▶ Achieve job growth increases.

Jobs Created definition: The number of newly created, non-transient jobs as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.

Benchmark (established by data submitted for 2004 report): 6,772

Jobs Created: 8,332

Data: 6,355 new jobs attributed to Skills Development Fund training and 1,977 new jobs attributed to Self-Sufficiency Fund activities.

Change from data reported in 2006: 8.92%

Cumulative change 2004-2007: 23.04%

Explanatory information: The 8.92% increase in jobs created from 2006 to 2007 was attributable to the Skills Development Fund, which accounted for 4,144 and 6,355 jobs created in FY 2006 and FY 2007 respectively. This represents a 53.35% increase for the one-year period, and a 9.46% increase since 2004. According to the Texas Workforce Commission, the mix of grants varies from year to year, as does the number of jobs created.

Jobs Retained definition: The number of job positions retained as a direct result of training through the Skills Development Fund and the Self-Sufficiency Fund.

Benchmark (established by data submitted for 2004 report): 12,715

Jobs Retained: 13,610

Data: 13,367 jobs retained due to Skills Development Fund training and 243 jobs retained due to Self-Sufficiency Fund activities.

Change from data reported in 2006: -16.96%

Cumulative change 2004-2007: 7.04%

Explanatory information: The 16.96% decrease in jobs retained from 2006 to 2007 was also largely due to Skills Development Fund performance which accounted for 15,989 jobs retained in FY 2006 and 13,367 jobs (-16.40%) retained in FY 2007. As noted above, the mix of grants varies each year, with many grant contracts spanning state fiscal years.

The Texas economy gained additional jobs through economic development programs administered by the Economic Development and Tourism Division in the Office of the Governor. Data on the jobs gained through these programs, including the Economic Development Bank and domestic expansion and recruitment, are captured as 'Jobs Announced'. Due to definitional differences, Jobs Announced data are not combined with Jobs Created data from the Skills Development and Self-Sufficiency Funds and, therefore, are not included in the System report card. For Jobs Announced data, refer to page 36.

SYSTEM ACCOMPLISHMENTS (TIER 3)

Strategic Action Plans

Strategic Action Plans (SAPs) are the high-level plans that identify the major tasks, milestones, timeframes and performance measures necessary for achieving the 22 Long Term Objectives (LTOs) and/or system goals outlined in *Destination 2010*. As previously noted, targets and/or dates were established or revised for some LTOs as part of the 2007 Update to *Destination 2010*.

Typically, SAPs span multiple years and assign accountability to system partner(s) for each major task or milestone. They are driven by the LTOs, Critical Success Factors, Partner Strategy Statements and overall Mission of the strategic plan.

Two types of SAPs are included in *Destination 2010*:

- ▶ *System* – System SAPs affect the overall workforce development system and require a high degree of support and collaboration across system partners. They are directly linked to the system LTOs, crossing all three Key Performance Areas: System Processes, Integration and Infrastructure; Customers; and System Capacity Building.
- ▶ *Agency* – Agency Action Plans (AAPs) apply to the actions and responsibilities of one or more partner agencies. They are linked to the programmatic LTOs in the Customer Key Performance Area and affect a subset of the overall system through the delivery of direct programs and services.

Actions and Outcomes

SAP – *The Council Chair creates, enables and implements Council Advisory Committee that deploys cross agency teams to ensure system collaboration and integration. Committee will be appointed by Q1/04 and will resolve a subset of at least 3 cross system issues by Q4/07.*

Background – Operational since December 2003, the System Integration Technical Advisory Committee (SITAC) was established by the Council Chair to oversee implementation of the system strategic plan, *Destination 2010*. SITAC is chaired by the Vice Chair of the Council, with 10 other members representing partner agencies and the Texas Association of Workforce Boards.

SITAC is authorized to create and deploy cross-agency teams in order to attain collaborative solutions to issues associated with the system strategic plan's LTOs. In addition, SITAC monitors partner agency efforts related to adult basic education and literacy, addressed in the next section of this report.

- ✓ **2007 Action** – During 2007, work continued on several priority LTOs. Significant progress was made in several areas, including:
 - ▶ Internet-based information gateway;
 - ▶ adult basic education and literacy; and
 - ▶ employer use of and satisfaction with system products and services, which is addressed by multiple LTOs.

More detailed information is provided in this section and in the **Adult Basic Education and Literacy** section.

SAP – All system partners and associated workforce service providers will participate in the scope and development of a system-wide universal information gateway designed to provide a consistent and universal framework for all system customers and provider information on system projects, services and solutions. System providers and customers will achieve uniform utilization by Q2/08.

Background – The Texas Work Explorer Portal website was developed as a web information gateway that serves as the primary information source about the workforce system. The site is not intended to replace partner agency or local board websites but rather to provide an overarching information source for internal and external customers – providing ready access to consistent and accurate information about available programs and services.

Following a collaborative planning and design effort, the pilot site came online in January 2005. Stakeholder focus groups were held in order to obtain feedback related to the site's structure, usability and accessibility. Several enhancements were completed, based in part on focus group feedback. In addition, links to Spanish information on partner agency websites were added in response to Senate Bill (SB) 213 (79th Legislature) and information was added for the new partner agency, the Texas Veterans Commission.



2007 Action – To increase visibility and credibility, and for long term cost effectiveness, the website was relocated to TexasOnline, Texas' official website. The updated Texas Work Explorer Portal (<http://www.texasworkexplorer.com>), with new features incorporated, came online in April 2007. System partners are responsible for regular site reviews in order to maintain and update their respective content areas.

SAP – Increase system-wide, the number of employers using system products and services by a percentage growth rate to be determined, by Q4/09.

Background – To increase employer use of programs and services, efforts must be made to overcome lack of awareness of, and confidence in, available offerings. Programs must be created or modified in ways that simplify access and procedural requirements.

In 2006, SITAC's assessment of system partners' programs and services was updated. The *Employer Services* briefing paper is accessible through the Texas Work Explorer Portal website and is posted at <http://www.governor.state.tx.us/divisions/twic/reports/view>.

The revision was completed as one component of a 2006 State of the Workforce (SOW) Report that also outlined recommendations for continued work by SITAC. In addition, the SOW included a preliminary assessment of partner agency current and planned evaluation efforts related to employer use of and satisfaction with system products and services.



2007 Action – Since partner agencies were surveyed in 2006, some agencies have planned or implemented changes related to this LTO. For example:

- ▶ *Windham School District (WSD)* operationalized plans for a new standardized employer survey to be used at Career Awareness Days and Job Fairs. Now required by WSD operating procedures, implementation of the unit-level survey began in February 2007.
- ▶ *Texas Workforce Commission (TWC)* implementation of the new federal Workforce Investment Streamlined Performance Reporting (WISPR) System began in FY 2007, making Texas one of only two states to opt for early implementation. After final system specifications are released by the U.S. Department of Labor, TWC will finalize a project timeline and assess options for the Employer Services Report component, including whether to incorporate one or more State Determined Performance Measures.

As directed by the Council, staff worked with SITAC to implement the SAP and to begin preparations for the next strategic planning cycle that will occur in 2008-2009. Individual action plans were developed with the eight partner agencies. Some plans build on work undertaken since the 2006 baseline survey, while others represent new agency initiatives.

Work is underway on agency plans that address, as applicable:

- ▶ *Evaluation* – Employer use of programs/services (including use of performance data/information);
- ▶ *Evaluation* – Employer satisfaction with programs/services; and
- ▶ *Agency-specific items*.

SAP – *Employer Customer Satisfaction level will achieve a 0.1 increase biennially in the combined satisfactory and above satisfactory categories in the Council's System Employer Survey.*

Background – The Council's Employer Survey was conducted biennially in 2002, 2004 and 2006. Data was collected from a cross-industry sample of Texas employers, including both users and non-users of the workforce system. Based on 2004 survey results, a benchmark of 4.6 (6 point scale) overall satisfaction rate was established. The target improvement rate was set at greater than or equal to a 0.1 increase.

Information obtained at the Council's 2005 employer roundtable was used to enhance the 2006 survey to better identify: usage and satisfaction trends; real and perceived barriers to system access; real and perceived gaps in services needed; and opportunities to make the survey a more effective method for measuring system usage and satisfaction levels. In 2006, employers' overall satisfaction rate remained steady at 4.6 (6 point scale).



2007 Action –

- ▶ *State of the Workforce (SOW) Report* – Presented to the Council in June, the *Summary of Challenges & Opportunities Reported by System Partners* report provided a snapshot of common opportunities and challenges from the perspective of partner agencies, as reported in their FY 2007-2011 agency strategic plans. It also briefly compared those challenges and opportunities with employer feedback obtained through the 2005 employer roundtable and 2006 Employer Survey. The SOW provides background information to support the Council's next system strategic planning efforts, scheduled to begin next year.
- ▶ *Employer Survey Development* – Planning for the Council's biennial employer survey began in late 2007. The 2008 Employer Survey will be designed to address issues raised through the Governor's cluster initiative, addressed below, and the new Governor's Competitiveness Council.

SAP – *Develop, approve, fund and implement a strategic alliance business model that targets a minimum of three strategic industry clusters by Q1/06. These alliances are targeted to industries that hold long term strategic relevance to the State.*

Background – In October 2004, Governor Perry announced a long term, strategic job creation plan designed to focus state efforts in six industry clusters: advanced technologies and manufacturing; aerospace and defense; biotechnology and life sciences; information and computer technology; petroleum refining and chemical products; and energy.

As part of the cluster initiative, representatives from industry, economic development, academia and trade associations developed recommendations on improvements to education, workforce training, transportation, and regulatory policies. Final team reports were disseminated and the team chairs presented their findings to the Governor in September 2005. While each team made specific recommendations for policy or project implementation, common themes were identified, including: (1) workforce and education; (2) capitalization and commercialization; (3) business climate; and (4) collaboration.

The Texas Education Agency (TEA), Texas Higher Education Coordinating Board (THECB) and TWC specified key priority areas for strategy development and are collaborating in an effort to strengthen the workforce system as a whole.



2007 Action – TEA, THECB and TWC continued to work on independent and joint projects addressing education and training issues that affect the ability of Texas employers to find qualified employees in a timely manner. Project examples include:

- ▶ *Career and Technical Education* – TEA’s career and technical education initiative – *AchieveTexas* – centers on establishing career pathway systems for all schools. TEA has adopted the U.S. Department of Education’s Career Clusters, which include 16 broad career clusters and 81 pathways, many of which support the Governor’s industry cluster initiative.²⁷ Career pathway programs of study have been created for each of the 16 career clusters and can be accessed at http://www.achievetexas.org/POS_Covers.htm.

The Perkins Act, reauthorized in 2006, required the development of a new state plan. Texas’ one year transition plan was approved by the U.S. Department of Education in July and the new five year plan is in development.

- ▶ *College Readiness Standards and Course Redesign*²⁸ – Vertical teams were formed to develop and recommend standards for English/language arts, mathematics, science, and social studies. In late October, THECB approved the draft standards and released them for public comment. A similar process will be followed by TEA, with final action expected by TEA and THECB early next year. THECB is working with TEA, local school districts and higher education faculty to ensure academic rigor by aligning high school curricula with the new college readiness standards.

In addition, THECB is working on the multi-phase Course Redesign Project. Selected institutions of higher education are reviewing and revising entry-level, lower-division academic courses. The project’s goal is to have widespread adoption of course designs that promote student success, especially in the first year of college.

- ▶ *Grant Program* – TWC’s Meeting Industries’ Critical Workforce Needs program continued to support the development of market-driven education and training programs. Using federal Workforce Investment Act funds, additional grants were awarded in:
 - March: (1) over \$1.15 million for two programs for the energy cluster and (2) almost \$2.85 million for three programs for the aerospace and defense cluster; and
 - July: almost \$1.85 million was awarded for four programs: (1) two for advanced technologies and manufacturing; (2) one for petroleum refining and chemical products; and (3) one for issues that were identified across several clusters.

²⁷ TEA, *AchieveTexas* Implementation Guide, 2006.

²⁸ Required by House Bill (HB) 1 (79th Legislature, Third Called Session).

- ▶ *Skills Assessment* – During 2007, work continued on TWC’s multi-phase Strategic Workforce Assessment Project (SWAP)²⁹. SWAP is designed to create datasets and interactive data tools to help (1) economic development organizations and employers conduct strategic workforce planning related to the clusters and (2) workforce and technical education programs meet critical and emerging needs.
- ▶ *State Training Inventory (STI)*³⁰ – STI provides information about Texas’ education and workforce training providers, including public, private and proprietary institutions. It was designed to assist employers, workforce planners, students and the public with information helpful for locating education and training programs and estimating worker supply.
- ▶ *State of the Workforce (SOW) Report* – In addition to agency efforts, the *Texas Industry Cluster Initiative* State of the Workforce (SOW) Report was presented to the Council in June, providing an update on Texas’ regional industry cluster initiatives and the degree to which they align to and complement the Governor’s statewide target industry cluster initiative. A survey completed by all 28 local boards and six of the eight Metro 8 Chambers of Commerce served as the basis for the report. The SOW is posted at <http://www.governor.state.tx.us/divisions/twic/reports/view>.

SAP – Expand existing program or create a new program that enables employers to directly, readily and accountably access funds for new hire or incumbent worker training by Q2/05.

Background – The Skills Development Fund (SDF) and the Texas Enterprise Fund (TEF) are the two primary funding sources for employer training needs, as well as relocation and expansion efforts.

HB 2421 (79th Legislature) addressed the funding mechanism for these two funds. Employers subject to UI taxes pay an Employment and Training Investment Assessment of 0.1% of wages paid; however, the initial contribution rate and replenishment tax components of the unemployment insurance tax are reduced by 0.1%. Funds collected through this assessment are deposited into a holding fund and allocated according to a specific formula. Revenue collection began in FY 2006.³¹



2007 Action –

- ▶ *Program Funding* – The new holding fund created a stable funding source with established funding ratios for the TEF and SDF. As required by HB 2421³², transfers of \$20 million to the SDF and over \$67.7 million to the TEF were made in September. The SDF has an appropriation of over \$50 million for FY 2008-2009, an increase of over \$10 million.
- ▶ *Jobs Announced* – In FY 2006, 16,142 jobs were announced as a result of economic development activities, with 8,007 attributable to the TEF and 8,135 to the Economic Development Bank, Aerospace and Aviation, and Domestic Expansion and Recruitment programs. These successful recruitment and expansion activities, which gained significant new job opportunities for Texans, were often paired with the SDF to ensure the availability of an appropriately skilled workforce.

²⁹ Accessible through TWC’s Texas Industry Profiles website at <http://www.texasindustryprofiles.com>.

³⁰ Accessible through TWC’s Texas Industry Profiles website at <http://www.texasindustryprofiles.com>.

³¹ Legislative Budget Board Fiscal Note for HB 2421 (enrolled version), 79th Legislature, May 28, 2005. HB 2421 specified that for FY 2007, 67% of available funds be transferred to the TEF, with the remaining 33% transferred to the SDF. For FY 2008 and future years, the split changed to 75% to the TEF and 25% to the SDF.

³² Texas Labor Code §§ 204.121-123.

SAP – Design and implement a methodology and system for identifying and assessing employer needs with the first complete assessment and recommendations delivered by Q1/05.

Background – Using direct employer input, employer skill needs can be more readily met, and education and training options can be designed to meet future employment needs in a more effective and timely manner. This is critical as the state increases economic development activities in an effort to become increasingly competitive in today's global market.

The cluster initiative relates directly to this LTO as the assessment process provided input and recommendations from industry, academic, economic development and trade representatives.

Local boards continue to expand the variety of available online, in-house and on-site services, including those offered by their Business Services Units. As part of their local planning process, boards are required to identify the skills needed within their workforce area. While this does not represent system-wide information, it can provide useful information for the state's 28 workforce areas. The 2006 board plans addressed this requirement in different ways, in particular as related to industry clusters. Some boards use complex data, integrated with qualitative information, to prioritize employer needs, while others primarily use qualitative information to arrive at decisions.

The Council's June 2006 State of the Workforce Report included a preliminary assessment of partner agency current and planned evaluation efforts related to employer use of and satisfaction with system products and services. Baseline surveys³³ indicated that employer involvement was common in program planning stages; however, there were few formal, systemic evaluation efforts in place.



2007 Action –

- ▶ *Agency Plan Development* – As previously noted, Council staff worked with the eight partner agencies to develop individual agency action plans related to employer use of and satisfaction with system products and services. Several of the plans represent new agency initiatives to address program evaluation through new or modified data collection efforts with employers, as well as the use of existing performance data/information.
- ▶ *Cluster Initiative* – Cluster recommendations specific to education and workforce training were included among priority implementation tasks identified by partner agencies in 2006, with related work continuing this year.
- ▶ *Local Board Plans* – In their 2007 plan modifications, local boards were asked to report on activities following the original plan's effective date. In general, few significant changes were noted; however, a related example was reported by South Texas:

Example – Last year, the South Texas board, in collaboration with Laredo Community College, Zapata Chamber of Commerce and Economic Development Center held a focus group with employers from the oil and gas industry where agreement was reached that a more skilled, trained workforce was needed. Skills sets and training programs for the industry will be identified in a focus group setting, and the South Texas board will be working with partners to develop training programs that address employers' needs. In addition, the board plans to hold focus groups for additional industry clusters in 2008.

³³ Workforce system partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training. Many of these, in particular the many programs administered by TWC and by local workforce development boards (e.g., programs funded under the Workforce Investment Act) were not included in the survey, as information about applicable federal and state performance reporting requirements is documented and readily available. Baseline survey conducted in April 2006 with the exception of the Texas Veterans Commission (April 2007).

SAP – Develop system to review workforce education programs and make recommendations to revise or retire them as appropriate to the current and future workforce needs identified in coordination with employers. This system capacity will be operational by 2008.

Background – The timely provision of demand-driven education and training is essential to the state’s future economic success. Such options are needed to support the needs of secondary and postsecondary students and incumbent workers. In addition, the ability to meet the training needs of employers is a valuable economic development/recruitment resource.

The Council has collaborated with the THECB and the Texas State Leadership Consortium for Curriculum Development (TSLCCD) to ensure that the state’s community and technical colleges have the information needed to meet the emerging needs of Texas employers. TSLCCD developed a process and product guide to facilitate the development of statewide curricula. TSLCCD was also responsible for annual recommendations to the THECB on the development of technical education programs/courses with statewide relevance.

THECB implemented policy and funding changes for 2006-2007, including replacing TSLCCD with a different state-level consortium. The new Texas State Leadership Council (TSLC) was charged with creating and sustaining technical education programs in Texas by supporting *Closing the Gaps*³⁴ initiatives funded by the Perkins Act.

Local boards may choose not to fund certain training programs, or may provide direct input to training providers of employers’ training needs. Boards are responsible for reviewing training programs to assess their applicability for meeting current and future skills needs in their workforce area or other areas of the state. Based on information in the 2006 board plans, most boards included a clear description of their processes for identifying target occupations and approving training providers; however, only a few described how they use these and other means to recommend revision or retirement of training programs.



2007 Action –

- ▶ *Perkins State Leadership Projects* – Additional policy and funding changes were implemented for 2007-2008 in conjunction with the THECB Commissioner’s effort to align all activities and resources with *Closing the Gaps*. FY 2008 State Leadership projects are fewer in number, funded at higher levels, will have higher impact in the state, and will show direct alignment with *Closing the Gaps*. A competitive process was used to allocate over \$3.2 million for projects addressing curriculum development, professional development, and recruitment and retention.³⁵ The Council will continue to work with TSLC as work proceeds on LTO implementation.
- ▶ *Local Board Plans* – As part of this year’s plan modifications, local boards were asked to report on activities following the original plan’s effective date. While few significant changes were included; a notable example was reported by Central Texas:

Example – *During a yearlong study of the local workforce pipeline, the Central Texas board is addressing business needs by working with key business and education partners to address occupational demands, attract qualified instructors, expand training opportunities and identify needed employees. Workforce education programs are being reviewed for revision or retirement in order to better prepare local labor supply chains in four industry clusters facing critical labor shortages: service, education, medical and licensed special trades.*

³⁴ THECB, *Closing the Gaps by 2015*: The Texas Higher Education Plan.

³⁵ THECB, Agenda Item X-D: Report on allocation of Carl D. Perkins Vocational and Technical Education Act funds to colleges and consortia for Basic Grant, Tech-Prep, and State Leadership activities for program year 2007-2008 (July 19, 2007 meeting).

During 2007-2008, each of the four sectors will be the focus of a pipeline mapping meeting in which employers, educators and other interested parties will identify critical occupations and review and validate knowledge, skills and credentials associated with those occupations.

SAP – *Increase the awareness, access rates, participation, and relevance of services to small and mid-size businesses throughout the State. The results of these efforts will achieve an increase in usage (to be determined) of system products, services, and solutions by a date to be specified.*

Background – Economic Development and Tourism (EDT) and TWC provide a variety of employer services, including many targeted to small and mid-size businesses. An overview of current services is provided in the previously referenced *Employer Services* briefing paper.

The Texas Business Portal³⁶ website was launched in March 2005, simplifying the process of fulfilling state reporting and licensing requirements. Senate Bill (SB) 96 (79th Legislature) provided for the expansion of Internet services by requiring state agencies to make all forms available online.



2007 Action –

- ▶ *Agency Plan Development* – As previously noted, individual partner agency plans were developed to address employer use of and satisfaction with system products and services, and other agency-specific items. Plan implementation began in mid-2007.
- ▶ *Skills Development Grants* – HB 2421 also required TWC to consider giving priority to training incentives for small businesses when awarding Skills Development Fund (SDF) grants.³⁷ FY 2007 represents the first complete reporting cycle for which this change was effective. A total of 55 SDF grants were awarded, with the breakdown by employer type as shown in the following table:

Business Type (No. of employees)	Total Dollars Awarded	% of Total
Micro (<21)	\$ 567,020.69	2.26%
Small (21-99)	2,093,407.91	8.35%
Medium (100-499)	6,078,150.39	24.26%
Large (500+)	16,321,229.02	65.13%
Total	\$25,059,808.01	100.00%

The average grant amount was \$464,081.³⁸ According to TWC, SDF grants often include a consortium of businesses, which may be composed of micro, small, medium and/or large employers. For FY 2007, the number of grants in which those business types were a partner included: 32 micro, 49 small, 81 medium and 119 large businesses.

³⁶ Accessible at <http://www.business.texasonline.com>.

³⁷ TWC Workforce Investment Act Rules: 40 TAC § 803.3(a)(2), effective January 9, 2006.

³⁸ TWC reports the average calculation was based on 54 grants, excluding training funds provided to Toyota due to the magnitude and multiyear nature of the project.

- ▶ *Website Development* – Required by SB 96, no-fee access is to be developed for all business permits and occupational licenses listed on TexasOnline (<http://www.state.tx.us>), the official website for the State of Texas. In May, the Consolidated Business Application website³⁹ was enhanced to allow users to apply and pay for new permits for retail, convenience store and restaurant business types.
- ▶ *Small Business Services* – EDT's Small Business section assists small and historically underutilized businesses (HUBs). Periodically, Small Business Summits are held at various locations to provide information on topics such as financing growth and expansion, payroll tax and tax credits, exporting opportunities, finding qualified employees and doing business with the state.

³⁹ Accessible at http://www.texasonline.state.tx.us/cba_web/com/cba/util/Controller.jspf.

ADULT BASIC EDUCATION AND LITERACY

Mandate and Background

Texas Government Code § 2308.1016 mandates that the Council facilitate the efficient delivery of integrated adult education services in Texas, in part by evaluating the adult education and literacy services administered by the Texas Education Agency (TEA) and the Texas Workforce Commission (TWC). The Council is directed to develop and implement immediate and long-range strategies for any identified problems, including those related to duplication of planning efforts and lack of client information sharing.

As part of its annual report to the Governor and Legislature, the Council is required to report on the results of measures taken to address any identified problems. This represents the fourth annual report to the Governor and the Legislature.

Since 2003, the Council and its adult basic education (ABE) partners – TEA/Texas LEARNS⁴⁰, TWC and the Texas Higher Education Coordinating Board (THECB) – have worked to identify issues, document and report on the status of key areas within ABE in Texas and develop an action plan that outlines long term strategies for improvement.

In December 2004, the Council approved the revised Strategic Action Plan (SAP) and assigned oversight responsibility to the System Integration Technical Advisory Committee (SITAC), the Council committee charged with implementation of the system strategic plan. The revised SAP was included in the 2005 Update to *Destination 2010*, which was approved by the Council in March 2005 and subsequently signed by the Governor. Updated annually, it is one of the most complex SAPs in the plan, containing 16 major tasks.

The Workforce Literacy Resource Team (WLRT), with representatives from employers, local adult education providers, local boards, Texas LEARNS and the three agencies, was formed last year. The WLRT meets regularly to address the team's primary goal of increasing collaborative efforts among employers, local boards and ABE providers.

Key Actions

During 2007, significant progress was made with regard to SAP implementation. TEA, THECB and TWC continued to provide regular reports at SITAC meetings, including updates on the tasks outlined below. Specific actions are grouped by the agencies' four overarching goal areas:

Collaborative Planning

- ▶ *Planning Efforts* – Each agency submits draft federal and state-level plans to the other two ABE partner agencies for review and comment. This year, TWC prepared the WIA State Plan Modification for submission to the U.S. Department of Labor. Agency strategic plans and the THECB's Strategic Plan for Texas Public Community Colleges are submitted biennially to the Office of the Governor and the Legislative Budget Board with the next submission due in 2008.
- ▶ *State and Local Communication* – Coordinated by the WLRT, communication and planning efforts continued to increase among the three agencies, as well as with local

⁴⁰ Under an agreement with TEA, Texas LEARNS provides nondiscretionary grant management functions, program assistance and other statewide support services to Texas' adult education and family literacy providers. TEA is responsible for all discretionary, policy and monitoring functions.

adult education and workforce service providers:

- Agency staff solicit input from system stakeholders and utilize email distribution lists and a website to gather input for planning efforts and to distribute best practices and project information.
 - Information on best practices and grant opportunities is shared through small group meetings, state and regional conferences, email distribution lists, Internet postings and publications.
 - ‘SHOP TALK’⁴¹ information releases are readily available to interested parties.
 - In May, TWC issued a policy letter⁴² addressing the coordination of adult education and rapid response services to those affected by layoff or business closures.
- ▶ *P-16 Council* – All three agencies sit as a member on and participate in P-16 Council activities. The Developmental Education subcommittee is working on the transition of adult basic education students to postsecondary programs.
 - ▶ *Local Board Planning Guidelines* – In 2006, TWC revised the local board planning guidelines, in part to require local boards to describe how they (1) coordinate services with adult education programs and (2) share workforce service information between ABE providers and customers. No significant changes were noted in the 2007 board plan modifications.
 - ▶ *Local Partnerships* – WLRT members facilitated the formation of a partnership among a local adult education program, the Gulf Coast local board, the Houston Business Roundtable and TWC. The partnership, in conjunction with a local community college, submitted a successful grant application to TWC. Harris County Department of Education will implement a training program designed to increase the number of qualified and skilled limited English proficiency (LEP) workers in the petrochemical construction industry by integrating academic, occupational and technology training.

Segment Customers and Increase Service Options

- ▶ *Management Information System* – Operational since August 2005, TEA’s revised management information system has been upgraded to further speed the reporting process. The Texas Educating Adults Management System (TEAMS) allows daily tracking of contact hours, including proxy hours for distance learning participants. A training tutorial is available through the TEA website and group sessions are offered on a regular basis.
- ▶ *Transition to Higher Education* – Last year, a P-16 subcommittee made developmental education a priority, with focus groups held to obtain ABE students’ perspective on their needs for successful transition to postsecondary education. Texas LEARNS presented findings for a study⁴³ of ABE transition to postsecondary education to the P-16 Council. To date, no action has been taken by the P-16 Council.

⁴¹ Accessible through the Texas LEARNS website at <http://www-tcall.tamu.edu/texaslearns/st/sttoc.htm>.

⁴² Accessible through the TWC website at <http://www.twc.state.tx.us/boards/wdletters/letters/34-07.doc>.

⁴³ U.S. Department of Education, Office of Vocational and Adult Education, Adult Basic Education to Community College Transitions Project.

- ▶ *Distance Learning* – In 2006, Texas LEARNS and the GREAT⁴⁴ Teacher Training Centers identified and began nine pilot projects designed to train a group of teachers and administrators in the fundamentals of distance education. Project teachers and administrators completed an online course and worked to develop screening processes to determine if English as a Second Language (ESL) students can effectively acquire English skills through distance education. One hundred forty participants enrolled for 5,541 hours, with 89 of 97 post-tests showing gains.
- ▶ *Contact Hours Reporting* – Texas LEARNS previously participated in a federal focus group to make recommendations to the U.S. Department of Education (ED) about better ways to report distance learning contact hours. This year, ED issued *Implementation Guidelines* that included new procedures for reporting distance learners.⁴⁵ Effective in June 2007 for federal reporting purposes, states will now include students in distance education with at least 12 contact hours.
- ▶ *Funding Mechanisms* – One of the SAP's major tasks is to evaluate and recommend changes to the funding allocation methodology and performance-based contacting model for ABE grants. TEA planned to build on an ED study of states with performance-based or incentive funding; however, of 10 states identified, Texas' size was not comparable to states with similar state funding levels. The State Adult Education Advisory Committee is reviewing an ED report⁴⁶ that is based on case studies in three states, with plans to develop next steps early in 2008.
- ▶ *Adult Technology Training for Individuals with Limited English Proficiency* – TWC issued a Request for Proposals to increase individuals' ability to find employment in high demand occupations and career paths. Targeted for individuals with limited English proficiency, the one year grants will integrate occupational training, vocational ESL, technology application training and GED test preparation (if required for employment or training). In October, four grants were awarded with a total funding amount of almost \$700,000.
- ▶ *LEP Field Guide* – TWC issued the *LEP Guide for Workforce Professionals*⁴⁷ to assist local boards, workforce center staff, and education and training professionals with the delivery of services to participants with limited English proficiency. The guide includes four modules that address: intake and case management; nontraditional occupations and entrepreneurial opportunities; scorecards for evaluating training services; and comprehensive assessment. Local board training began in September, with regional sessions planned through mid-2008.

Increase Employer Access and Utilize Industry Approaches

- ▶ *Employer Services* – Ideas regarding service offerings for employers have been collected from system stakeholders. Work continues by TEA and TWC to facilitate the implementation of allowable services at the local level through the sharing of best practices and through special initiatives such as the Rider 82 projects outlined below.

⁴⁴ The Project GREAT Adult Education and Family Literacy Regional Centers of Excellence are Texas LEARNS' answer to the professional development needs of adult education and family literacy practitioners. Eight Centers are funded as federal State Leadership activities by TEA and Texas LEARNS, one in each state service region. Centers are managed by the grantees in collaboration with Texas LEARNS, TEA and regional adult education directors.

⁴⁵ *Implementation Guidelines: Measures and Methods for the National Reporting System for Adult Education* (June 2007).

⁴⁶ *Performance-based Funding in Adult Education* (August 2007).

⁴⁷ Version 1.0 (2007) is accessible at <http://www.twc.state.tx.us/boards/guides/guides.html>.

Employer participation is increasing in events such as the Adult Education and Workforce Conference, held in August in San Antonio.⁴⁸ The *Aligning Pathways* conference featured an employer panel addressing the qualifications and skills needed to obtain, retain and be successful in jobs in their organizations.

- ▶ *Industry-Specific Curriculum Development [Rider 82⁴⁹]* – In 2005, the Legislature required TEA to develop demand-driven workplace literacy and basic skills curriculum. The project targets adults with limited English language proficiency.
 - TEA has a Memorandum of Understanding with El Paso Community College, funded through 2007, to develop industry-specific curriculum for the target industries of health care, sales and service, and construction and manufacturing trades. Initial curriculum development is complete, with revisions based on pilot site feedback due by April 2008.
 - Last year, Texas LEARNS and TEA contracted with an independent consultant to develop the teacher training materials. A two-site ‘soft launch’ was completed and teacher training for five pilot sites began in April 2007. Pilots run through December 2007 and regular implementation will begin early next year.
 - Teacher manuals with instructional strategies for each industry-related curriculum have been distributed and training is underway. The manuals cover recruitment and orientation, student assessment, instructional scope and sequence, and other related topics.
 - Two handbooks addressing planning and preparation for the delivery of workforce-related ABE/ESL instruction are available.⁵⁰ Partnerships are also being developed with volunteer councils and a volunteer tutor training component has been added.
 - Texas A&M University is collecting results data for the project.

Intensive Professional Development

- ▶ *Content Standards* – At the June *Texas...Reaching New Standards* statewide conference, the new content standards and benchmarks⁵¹ for ABE/Adult Secondary Education and ESL learners were unveiled and professional development was provided on how to teach using them. Ongoing training and assistance with developing lesson plans using the standards and benchmarks is available through the GREAT Centers.

⁴⁸ Third annual conference hosted by the South Central GREAT Center, Education Service Center Region 20, Adult Education and Literacy Programs in the South Central region, Alamo WorkSource and the City of San Antonio.

⁴⁹ Senate Bill (SB) 1 (79th Legislature) – General Appropriations Act 2006-2007 Biennium, Article III: Education, TEA Rider 82: **Development of Workplace and Workforce Literacy Curriculum.** “Out of Federal Funds ... the Commissioner shall allocate an amount not to exceed \$850,000 in fiscal year 2006 for the development of a demand-driven workplace literacy and basic skills curriculum. The Texas Workforce Commission shall provide resources, industry-specific information and expertise identified as necessary by the Texas Education Agency to support the development and implementation of the curriculum.”

⁵⁰ Accessible through the Texas Center for the Advancement of Literacy & Learning website at <http://www-tcall.tamu.edu/litresources/workres.htm>.

⁵¹ *Texas Adult Education Content Standards and Benchmarks for ABE/ASE and ESL Learners: Implementation Guide*, Version 1.0 (June 2007). Accessible through the Texas Center for the Advancement of Literacy & Learning website at <http://www-tcall.tamu.edu/taesp/guide/cover.html>.

- ▶ *Teacher Training Services* – As noted above, concurrent with the Rider 82 industry curriculum development effort, an independent contractor developed related teacher and administrator training materials. Training is underway for teachers representing each adult education program.
- ▶ *Advisory Committee Orientation* – Utilizing a training module to assist ABE fiscal agents with the selection and orientation of local advisory board members, training and ongoing technical support is available through the GREAT Centers.

Next Steps

Reauthorization of the federal Workforce Investment Act (WIA) of 1998 is still pending in Congress. Following reauthorization, an interagency team will be convened to collaborate on state plan development including incorporation of SAP language. In addition, work will proceed to increase consistency with regard to TEA/Texas LEARNS and TWC application and contracting processes, as well as evaluation and reporting requirements.

In addition to tasks related to the projects mentioned above, additional work is planned for 2008 including:

- ▶ *Ongoing Collaboration and Customer Analysis* – Through the Workforce Literacy Resource Team and other collaborative projects, the partner agencies plan to build on efforts of the past three years. For example, additional ideas will be generated to define the role of ABE providers in the provision of services to employers, incumbent workers and job seekers. Both the distance learning and Rider 82 industry curriculum pilots are expected to provide information and resources for future efforts.
- ▶ *Incumbent Worker Services* – Incumbent workers have been encouraged to participate in the Rider 82 industry curriculum pilots. As a result of that process, TEA will develop policy and procedures for the development and implementation of customized workplace ABE and/or ESL services to support the literacy needs of incumbent workers.
- ▶ *Compliance Checks* – TEA will continue to monitor compliance with federal and state statute and regulations through compliance reviews of every continuation and competitive grant application.
- ▶ *Planning Efforts* – Agency strategic plans and the THECB's Strategic Plan for Texas Public Community Colleges are submitted biennially to the Office of the Governor and the Legislative Budget Board. The next submissions are due in 2008.

SITAC will continue to monitor SAP implementation progress during the coming year. The plan will be modified, as applicable, to align with new federal legislative and regulatory requirements that result from WIA reauthorization.

TEXAS' LOCAL WORKFORCE DEVELOPMENT BOARD ALIGNMENT WITH *DESTINATION 2010*

Mandate and Background

Chapter 2308.101(a)(5), Texas Government Code, requires that the Council review local plans for workforce development and make recommendations to the Governor for approval. In addition, Chapter 2308.304(b)(4) specifies that the plan must include a strategic component that sets broad goals and objectives for local workforce programs, and outcomes must be consistent with statewide goals, objectives and performance standards. The strategic plan for Texas' workforce development system, *Destination 2010*, establishes these statewide goals and objectives through FY 2009. *Destination 2010* contains 22 Long Term Objectives (LTOs) that have associated Strategic Action Plans (SAPs) to guide implementation. The state's local workforce development boards are responsible partners/owners of seven LTOs. The Council currently requires board alignment with six of the seven.

In 2007, local boards were required to update information in the second year of their two-year strategic and operational plan for the period October 1, 2006 to September 30, 2008. During the plan modification review process, Council staff analyzed the key components of the six required LTOs and relevant portions of each plan update. The goal of this analysis was to determine those strategies and actions that addressed the key elements of each LTO and supported systemic implementation of the goals, objectives and Critical Success Factors outlined in *Destination 2010*.

Local boards provided:

- ▶ a narrative response describing current and planned activity to address three key areas for system improvement: (1) screening and placement services; (2) customized training; and (3) employability skills in the workforce;
- ▶ a response to each required LTO indicating whether or not there were any changes to their plan regarding strategies and activities that address the LTO; and
- ▶ a brief description of annual performance from the effective date of the current local plan.

Local Board Alignment

At the conclusion of the review process, all 28 local plans were successful in demonstrating alignment to *Destination 2010*. The Council considered the plan modifications at their September meeting, and recommended final approval by the Governor as required under Title I of the Workforce Investment Act, the Wagner-Peyser Act and other applicable statutes. The Governor approved the plans following receipt of the Council's recommendation.

The following section provides an aggregate analysis and examples of board plan alignment to LTOs:

LTO – *Increase system-wide, the number of employers using system products and services by a percentage growth rate to be determined, by Q4/09.*

Local boards reported conducting active outreach to area employers. Most boards have a Business Services Unit or similar function designed to engage employers, determine their workforce needs and connect them to services in the local area. Employer engagement most frequently occurs in organized forums, through traditional marketing methods or by personal contact. The majority of boards reported this strategy as their primary approach to increasing employer use of system products and services.

Example – The South Plains WorkSource sponsors mini-job fairs to assist employers who have an immediate need for workers. This initiative has been especially successful with large

employers such as Wal-Mart and has increased the board's visibility among the employer community. Six events are planned per year. To date, 13 job fairs have been held, including two annual region-wide job fairs.

The board has offered business seminars and workshops both in Lubbock and in rural counties. Workshops are often offered in collaboration with partners such as the Small Business Development Center. The board has sponsored or co-sponsored major events such as the 2006 Business Expo and the 2006 HUB Forum. The board also partners with the Chamber of Commerce and Chamber staff market and promote WorkSource services to members during events and sales calls to potential members.

Results of these initiatives include a survey of 1,000 employers, outreach to at least 1,000 employers annually, and at least 150 new users by the contract end date.

LTO – *Employer Customer Satisfaction level will achieve a 0.1 increase biennially in the combined satisfactory and above satisfactory categories in the Council's System Employer Survey.*

Boards use a variety of formal and informal methods to determine satisfaction of area employers, including direct contacts, formal and informal surveys, and focus groups. Based on feedback from these sources, the majority of boards reported an overall increase in employer customer satisfaction. In addition, most boards use two performance measures as proxies of employer satisfaction, reporting that by meeting their market share and customer loyalty targets for the past performance year, they increased satisfaction levels among employer customers.

Example – The Capital Area WorkSource offers employer satisfaction surveys at each Career Center facility. Contractor staff review results and make recommendations accordingly. In addition, through its competitively secured grants, Capital Area works directly and indirectly with employers in high-growth industries. This interaction allows the board to gauge employer satisfaction by actions taken through the grants to meet employers' needs.

LTO – *Increase by 2% per year (from actual rate of previous year), the percentage of persons receiving vocational rehabilitation services from HHSC who remain employed after exiting the program.*

Most boards described a partnership, as agreed to in a formal Memorandum of Understanding (MOU) with the Health and Human Services Commission's (HHSC) Department of Assistive and Rehabilitative Services (DARS) and/or other disability entities regarding the delivery of services for people with disabilities. In addition, a few boards reported specific strategies with DARS and community partners to improve service coordination.

Example – With a MOU in place to obtain resources and services needed by customers and increase the percentage of persons receiving rehabilitative services, Cameron County continued to cultivate partnerships with organizations outside the workforce center. The board coordinated training with DARS personnel and disability specialists so that center staff could identify and provide appropriate referrals.

Additional funds were obtained through the Work Incentive Grant (WIG) program and a plan of action was formulated to utilize grant funds to increase awareness of disability issues affecting workers and job seekers. Activities and services will continue next year.

Cameron Works was one of 14 boards funded by the U.S. Department of Labor to promote a Disabilities Initiative. The purpose of the Navigator Program Initiative is to provide project

guidance, promote ongoing resource mapping, provide center staff guidance and/or training, and expand employer linkages to programs such as employer and business tax credits. The initial grant covers services for the 18-month period ending March 30, 2008.

LTO – *Design and implement a methodology and system for identifying and assessing employer needs with the first complete assessment and recommendations delivered by Q1/05.*

As reported last year, boards continue to be at various stages in their work to develop or articulate a comprehensive methodology to identify and assess employer needs. The boards reported using a variety of qualitative methods to determine employer needs, including personal contact, focus groups and various networking opportunities. In addition, they reported the use of data-based methods such as labor market analyses and surveys.

Example – At the Central Texas Workforce Center, employers' needs are primarily identified by Business Services staff. For job orders, this staff works directly with employers to define job postings, thus improving chances for an appropriate match. In addition to job orders, the staff works with business clusters to identify common skills needs, labor shortages, and business solutions. For target (i.e., high economic impact) businesses, the staff meets one-on-one to identify and develop business-specific solutions. Such customized services are often provided as a value-added, fee-based service.

Central Texas Workforce staff members continue to participate in multiple activities focused on identifying, assessing, and addressing local employer needs. Examples include:

- working with Temple's Manufacturing Business Consortium to identify skills-based training opportunities;
- working with contractors on Fort Hood to identify necessary skills and develop veterans to fill current and future job postings; and
- actively participating on local Chambers of Commerce, including membership on the Executive Committee and Workforce Committees.

LTO – *Develop system to review workforce education programs and make recommendations to revise or retire them as appropriate to the current and future workforce needs identified in coordination with employers. This system capacity will be operational by 2008.*

Boards are responsible for defining target occupations for their workforce area and for approving training providers through the state's Eligible Training Provider System. While boards may not have direct authority to retire workforce education programs, these two critical responsibilities offer an opportunity to influence delivery of training programs that meet current business needs.

Boards may choose not to fund certain training programs, or may provide direct input to training providers of employers' training needs. Most boards included a clear description of their processes for identifying target occupations and approving training providers. Several boards briefly described how they use these and other means to recommend revision or retirement of programs that may no longer meet local employer needs.

Example – In addition to labor market and training provider performance data, the primary mechanism used by the Panhandle board to inform training providers about workforce needs has been their membership on the board's Labor Market Information Committee, where businesses in the area's key industries present information on current/future staffing and skill

requirements. Employers presenting information to the group are asked about which training programs they use or hire from, and how effectively the providers prepare students.

LTO – *Increase the awareness, access rates, participation, and relevance of services to small and mid-size businesses throughout the State. The results of these efforts will achieve an increase in usage (to be determined) of system products, services, and solutions by a date to be specified.*

As noted last year, most boards reported a single set of strategies for businesses of all sizes, rather than differentiated strategies targeted specifically to large, small or mid-size businesses. This was particularly the case in most rural areas where the vast majority of businesses are small employers. However, a few boards described specific strategies for small and mid-sized businesses.

Example – The Middle Rio Grande board and the workforce center operator created the Middle Rio Grande Small Business Network to facilitate business expansion and serve as a clearinghouse to connecting entrepreneurs, businesses in danger of failing, and new businesses to diverse resources for business guidance. The board and center operator have established relationships with businesses, organizations and individuals within the nine-county region that provide technical and funding assistance, mentoring support, research, marketing and access to business workshops and seminars. Outreach to potential clients is achieved through working relationships with business associations, local newspapers, radio stations, ribbon cutting and welcome wagon events, business school graduations, and flyer placement in various business and civic meeting areas.

Local Board Narrative Response

Two **Required** LTOs in *Destination 2010* focus on employer use of and satisfaction with workforce system products and services. LTO CU1.0 targets an increase in the number of Texas employers using workforce programs and services as evidenced by an increase in customers served. LTO CU2.0 focuses on increasing employer awareness, use of and satisfaction with, workforce products and services. This LTO targets an increase in employer satisfaction as demonstrated through the Council's biennial employer survey.

Based on recurrent themes identified in three of its previous surveys, the Council requested information on board innovations, activities and strategies that address: (1) increasing employer use of and satisfaction with screening and placement services, including strategies to increase the quality of referrals to employers; (2) local or regional initiatives and activities to facilitate employers' access to customized training; and (3) local or regional initiatives and activities that address employers' concerns about the lack of employability skills (e.g., teamwork, problem-solving, dependability) in the workforce. The boards provided a narrative response describing current and planned activities to address three key opportunities for system improvement. A summary of the responses, including common activities across the board areas and an example of specific initiatives, follows:

- ▶ *Efforts to increase employer use of and satisfaction with screening and placement services, including strategies to increase the quality of referrals to employers.*

Most boards reported that they are engaged in a variety of activities to increase communication with and outreach to employers in their regions. As previously noted, Business Services Units have been established by most boards to focus on developing relationships with employers through direct contact and personalized service. Unit staff meets with employers to identify their needs, connect employers to services and directly assist employers with job orders. Some boards have charged their

Units with following up with employers that have listed job orders to determine the quality of referrals, both hires and non-hires, made by center staff.

Boards have also implemented other strategies to enhance their hiring and job matching services. They reported assisting employers by working more closely with job applicants to better identify their skills sets. Capital Area Board (*WorkSource*) Career Centers offer job skill determination services including assessments of job candidates at the request of employers. The centers offer typing and spelling tests and record results for future employer access. In one instance, the board created a system whereby spelling and typing tests were given to University of Texas (UT) at Austin candidates and entered into a secure database accessible only by UT personnel. If employers request more specialized assessments, *WorkSource* can provide additional evaluations to job seekers to determine if candidates have the skills contained in the job descriptions. These additional assessments may be provided on a fee-for-service basis.

▶ *Local or regional initiatives and activities to facilitate employers' access to customized training.*

All boards are engaged at some level in funding or facilitating access to customized training for employers. Most boards reported collaborating with employers and community colleges to develop Skills Development Fund (SDF) applications to address the training needs of employers or employer consortia. The SDF successfully merges business needs and local customized training opportunities to increase the skills level and wages of the Texas workforce.

Twelve boards also reported using Statewide and Local Activity dollars to fund locally-developed customized training programs. For example, North Central Texas WorkForce developed the Employee Development Fund (EDF) Program to provide customized training to upgrade and/or enhance the skill sets of currently employed workers or to train new employees who have been screened and selected by and through the North Central Texas WorkForce Centers. The program assists employers with designing, financing, and implementing training projects in partnership with a training provider and the local center.

▶ *Local or regional initiatives and activities that address employers' concerns about the lack of employability skills in the workplace.*

Most boards have received feedback from employers about the need for improved employability skills among the current and future workforce. Employability skills include skills such as active listening, conflict resolution and negotiation, problem solving, reading and numeric calculations. Boards have implemented a variety of initiatives and activities to address this concern, including computer-based training modules on customer service and team building skills, a summer program that includes both classroom training and internships with area employers, and work readiness credentials.

Seven boards purchased Alchemy SISTEM (Standard Industry Skills Training and Education Media) software. SISTEM is an interactive computer-based training program that instructs entry-level workers on critical skills for worker success. For example, the Golden Crescent board purchased this software for specific pre-employment courses and will be providing GED E-Learning at the workforce center.

Six boards reported implementing work readiness credentials to assist employers in identifying potential employees that have received training in specific employability skills. Several other boards are considering similar approaches. For example, Alamo WorkSource is exploring implementation of the National Workforce Readiness Credential. This credential is one of several on the national market to certify attainment of these essential skills.

2008 – ISSUES FOR CONSIDERATION AND ACTION

This report is the fourth evaluation following the implementation of several major initiatives by the Council and system partners. These include the development and implementation of:

- ▶ *Destination 2010*, the strategic plan for the workforce system;
- ▶ Formal and Less Formal performance measures; and
- ▶ the report card series presented in this report.

As noted on page 5, issues included in this section are limited to those that directly relate to the report's scope as outlined on page 1. The Council and the Council's System Integration Technical Advisory Committee (SITAC) will continue to work with system partners to resolve these issues in order to ensure the accuracy and utility of this report in subsequent years.

ISSUE 1 – *Full adoption of the National Center for Education Statistics dropout rate for secondary education.*

Status – Originally identified in 2004, this issue was carried over last year. It has been resolved as, effective with the 2007 reporting cycle (academic year 2005-06), the Texas Education Agency (TEA) is conforming with federal reporting requirements issued by the National Center for Education Statistics (NCES).

Overview – As of 2007, the prior definition and methodology for reporting to the Council no longer apply as TEA changed state reporting to conform with the federal reporting requirements issued by the NCES. A detailed explanation of the definitional differences was provided as an attachment to the Evaluation 2004 report.

The Council requested data for the 2004-2006 reporting cycles in order to establish an accurate longitudinal trend. TEA's estimated data is published in this report; however, it has not been used to calculate change rates in the **Less Formal Measures** section due to the limitations outlined below:

- ▶ **Data Collection** – Prior to the 2005-06 school year, TEA did not collect district dropout counts based on the NCES definition; therefore, prior year (i.e., pre-2007 – academic year 2005-06) counts were estimated based on data submitted in accordance with the state definition.
- ▶ **NCES Algorithm** – TEA did not have access to the algorithm used by NCES to derive a state dropout rate from district data submitted through the Common Core of Data⁵².

The Dropout Rate presented in the **Less Formal Measures** section reflects the annual dropout rate (i.e., the percentage of students who drop out of school during one school year) reported by TEA in accordance with the NCES definition. In addition, TEA publishes a longitudinal dropout rate (i.e., the percentage of students from a class of beginning 7th or 9th graders who drop out before completing high school). For reference, additional information on methods of rate calculation from TEA's *Secondary School Completion and Dropouts in Texas Public Schools, 2005-06* report is provided on the following page.

⁵² U.S. Department of Education's primary database on public elementary and secondary education.

Table 1 ⁵³
Common Methods of Measuring Student Progress Through School

	Annual dropout rate	Completion rate	Longitudinal dropout rate	Attrition rate
Description	The percentage of students who drop out of school during one school year.	The percentage of students from a class of beginning 7th or 9th graders who graduate, receive General Educational Development (GED) certificates, or are still enrolled in the fall after the class graduates.	The percentage of students from a class of beginning 7th or 9th graders who drop out before completing high school.	The percentage change in enrollment between Grade 9 and Grade 12 across years.
Calculation	Divide the number of students who drop out during a school year by the total number of students enrolled that year.	Divide the number of students who drop out by the end of Grade 12, or the number who complete school, by the total number of students in the original 7th- or 9th-grade class. Students who enter the Texas public school system over the years are added to the class; students who leave the system are subtracted.		Subtract Grade 12 enrollment from Grade 9 enrollment three years earlier, then divide by the Grade 9 enrollment. The rate may be adjusted for estimated population change over the three years.
Advantages	<ul style="list-style-type: none"> • Measure of annual performance. • Requires only one year of data. • Can be calculated for any school or district with students in any of the grades covered. • Can be disaggregated by grade level. 	<ul style="list-style-type: none"> • More consistent with the public's understanding of a dropout rate. • Districts have more time to encourage dropouts to return to school before being held accountable. • More stable measure over time. • The completion rate is a more positive indicator than the dropout rate, measuring school success rather than failure. 		Provides a simple measure of school leavers when aggregate enrollment numbers are the only data available.
Disadvantages	<ul style="list-style-type: none"> • Produces the lowest rate of any method. • May not correspond to the public's understanding of a dropout rate. 	<ul style="list-style-type: none"> • Requires multiple years of data; one year of inaccurate student identification data can remove a student from the measure. • Program improvements may not be reflected for several years, and districts are not held accountable for some dropouts until years after they drop out. • Can only be calculated for schools that have all the grades in the calculation and that have had all those grades for the number of years necessary to calculate the rate. Since few high schools have Grades 7 and 8, longitudinal dropout and completion rates are often calculated for Grades 9-12. • Does not produce a dropout rate by grade. 		<ul style="list-style-type: none"> • Produces the highest rate of any method. • Does not distinguish attrition that results from dropping out from attrition resulting from students being retained, moving to other schools, graduating early, etc. • Does not always correctly reflect the status of dropouts; adjustments for growth can further distort the rate. • Cannot be used in accountability systems because it is an estimate.
Remarks	A Grade 7-12 annual dropout rate has been calculated by the Texas Education Agency (TEA) since 1987-88. In 2003, the Texas Legislature required districts and TEA to adopt the national dropout definition beginning with students who left Texas public school in 2005-06.	The completion rate is calculated such that the longitudinal dropout rate and completion rate add to 100 percent.	Dropouts are counted according to the dropout definition in place the year they drop out. Students in the class of 2006 who left school during 2005-06 were subject to the national dropout definition, whereas students from the same class who dropped out in previous years were subject to a different definition.	The attrition rate reported by TEA is not adjusted for growth.
TEA 2005-06	Annual dropout rate Grades 7-12: 2.6% Grades 9-12: 3.7% Grades 7-8: 0.4%	Completion rate Grades 7-12: 90.9% Grades 9-12: 91.2%	Longitudinal dropout rate Grades 7-12: 9.1% Grades 9-12: 8.8%	Unadjusted attrition rate Grades 7-12: 17.4% Grades 9-12: 31.0%

⁵³ Texas Education Agency, *Secondary School Completion and Dropouts in Texas Public Schools, 2005-06*, Table 1, p. 3 (August 2007).

ISSUE 2 – *Continued improvements to the data collection, submission, review and reporting processes.*

Status – First noted in 2006, this issue is being carried over as the Council continues to work with partner agencies to clarify reporting expectations and to incorporate additional process improvements, where applicable.

This report represents the fourth reporting cycle for the Formal measures approved by the Governor in October 2003, as well as the Less Formal measures. As this, and future iterations of annual evaluation reports are produced, it is essential that comparable data sets be reported by agencies, per Formal measure definitions and methodologies, for longitudinal tracking and analysis.

Overview – Implemented in 2004, the annual evaluation report and report card series marked a major change for the Council and its partner agencies in the approach to system evaluation and reporting. As noted previously, statute requires that the report include program-level data, creating challenges related to the submission and presentation of aggregate versus unduplicated data.

The Council strives to utilize existing reporting parameters, as appropriate, within the constraints of statutory mandates. The Council worked with agencies and the Legislative Budget Board (LBB) to establish measures definitions to, where possible, align with existing federal common definitions and the LBB performance measures for the FY 2006-2007 biennium. In addition, the '5% Variance' reporting requirement is aligned to LBB requirements.

Since performance measure definitions and methodologies were negotiated and approved in 2004, the Council and partner agencies have worked to identify and implement process improvements for all work phases associated with preparation of the annual evaluation report. In many cases, agencies have provided supplemental data that aids in presenting a more comprehensive overview of Texas' workforce system outcomes.

For the 2005, 2006 and 2007 evaluation cycles, some partner agencies identified a need to revise prior year data for a variety of reasons. In a few cases, agencies have been asked to resubmit some program data when it was determined that the approved methodology had not been followed for a given reporting cycle(s). The 2005, 2006 and 2007 reports include data addenda provided to publish and disseminate the revised information. Percentage point differences presented in the annual evaluation reports reflect these revised prior year data unless otherwise noted.

As noted in the **Data Addendum**, revisions in this 2007 report have continued for various reasons, e.g.:

- ▶ *Texas Education Agency (TEA)* – The Adult Education (WIA II) Formal measures reported to the Council are based on the federal definitions and methodologies. However, during development of TEA's original management information system, certain data distinctions were not specified; therefore, data reported to the Council incorrectly included certain students.

Further, in 2006 the U.S. Department of Education issued *Implementation Guidelines* that included additional guidance on procedures for collecting measures.⁵⁴ In order to comply with federal guidelines, revised data was required for three Formal measures.

⁵⁴ *Implementation Guidelines: Measures and Methods for the National Reporting System for Adult Education* (July 2006).

- ▶ *Texas Workforce Commission (TWC)* – TWC indicated that a technical correction was made to count only the initial WorkInTexas.com (WIT) service status rather than the frequent status updates that occur for WIT clients. This change affected the calculation of measures such as Employment Services – Customers Served.

Future Considerations – To the extent possible, the definitions and methodologies approved for reporting to the Council are very specific and align with the federal common measures where possible. It is incumbent on partner agencies to communicate those reporting requirements to appropriate staff and to ensure that submitted data meets the agreed-to specifications. In addition, reporting is greatly facilitated when agencies notify the Council in a timely manner of potential changes required by federal or state legislation or by the issuance of new federal regulations or guidance.

During the upcoming system strategic planning cycle, the Council will work with partner agencies to build upon process improvements made during the current cycle. Efforts will be made to further streamline the reporting process while meeting the statutory requirements outlined in the **Evaluation and Framework** section.

ISSUE 3 – *Employer use of workforce system products and services.*

Status – In June 2006, the Council produced a State of the Workforce (SOW) Report addressing employer use of and satisfaction with workforce system products and services, a topic that is the focus of two of the Long Term Objectives (LTOs) in *Destination 2010*. The report included a preliminary assessment⁵⁵ of partner agency current and planned evaluation efforts related to employer use and satisfaction.

At their June 2006 meeting, the Council endorsed the general recommendation that staff work with SITAC to (1) proceed with implementation of the two LTOs and (2) prepare for the system strategic planning process that will occur in 2008-2009. It is anticipated that plan development will begin in late 2008, with the new plan effective September 1, 2009.

In response to the Council's recommendation, this issue was identified last year. It is being carried over as Council staff continues to work through SITAC to implement the Council's recommendation.

Overview – *Destination 2010* includes two LTOs that address increasing employer use of system products and services. A third, related LTO requires system partners to 'design and implement a methodology and system for identifying and assessing employer needs'.

Determining how to define employer 'use' and establishing related *systemwide* target growth rates is difficult given the degree of variability across both agencies and programs (i.e., design mandates, customer prioritization, available data). Thus, SITAC endorsed proceeding with an *agency-specific* focus in order to proceed with LTO implementation.

⁵⁵ Workforce system partners are responsible for the delivery of 25 programs and services focused on education, workforce education and workforce training. Many of these, in particular the many programs administered by TWC and by local workforce development boards (e.g., programs funded under the Workforce Investment Act) were not included in the survey, as information about applicable federal and state performance reporting requirements is documented and readily available.

During 2007, individual action plans were drafted by and approved for all eight partner agencies. Work is underway on agency tasks that address:

- ▶ program evaluation using performance data/information;
- ▶ evaluation of employer satisfaction with programs and services through new survey efforts; and
- ▶ other agency-specific items (e.g., TWC's implementation of the new federal Workforce Investment Streamlined Performance Reporting (WISPR) System).

Utilization of direct employer input will help ensure that employer skill needs are more readily met, with education and training options designed to provide appropriately skilled employees. Timely, effective service delivery is a critical factor as system partners strive to increase employer use rates by helping to ensure the availability of an adequate workforce for Texas' changing economy.

Future Considerations – In early 2008, the Council will work with partner agencies to review and update the plans, as appropriate and necessary. Quarterly updates will be provided to SITAC as implementation proceeds.

Data obtained and lessons learned through implementation of individual agency plans are expected to provide valuable information for the upcoming system strategic planning process.

DATA ADDENDUM TO EVALUATION 2006: ACCOMPLISHMENTS AND OUTCOMES OF THE TEXAS WORKFORCE DEVELOPMENT SYSTEM _____

Introduction

The 2004 evaluative report marked a significant change for the Council and its partner agencies in the overall approach to system evaluation and reporting. For the 2004 evaluation cycle, the Council implemented a new report card series that was designed to exhibit and measure performance across system programs. The Council worked extensively with partner agencies and the Legislative Budget Board (LBB) to streamline measures definitions, where possible, to align with existing federal common definitions and mirroring, to the extent possible, like LBB performance measures.

In preparing the 2007 evaluation, three partner agencies identified a need to revise data provided for the 2004, 2005 and 2006 reports since internal system refinements and revised guidance for the federal common measures had affected their ability to submit consistent, comparable data to that provided for the previously published reports. This addendum is provided to publish and disseminate the revised information submitted by TEA, THECB and TWC.

Texas Education Agency Revised Data

Due to changes in federal reporting requirements, TEA submitted data for two programs and the applicable performance measures.

- ▶ *Adult Education (WIA II)* – The Formal measures reported to the Council are based on the federal definitions and methodologies. During development of TEA's original management information system, (1) the definition of an 'exiter' and (2) the distinction between a short term and long term goal were not specified. As a result, data reported to the Council incorrectly included students who were still attending training and those with long term goals.

Last year, the U.S. Department of Education (ED) issued *Implementation Guidelines* that included additional guidance on procedures for collecting measures.⁵⁶ The revised data includes only participants with a short term goal (i.e., goal attainable during the program year) that meet the definition of an exiter. TEA noted that the majority of students (95%) are below a ninth grade level and generally remain in the program for more than one year in order to raise their educational level. Therefore, the revised data reflects significantly lower absolute numbers (numerator and denominator) for three Formal measures.

- ▶ *Dropout* – As noted in the **2008 – Issues for Consideration and Action** section, TEA is now conforming with federal reporting requirements issued by the National Center for Education Statistics (NCES). TEA submitted data for the 2004-2006 reporting cycles; however, the data represents estimates for the reasons outlined below:
 - *Data Collection* – Prior to the 2005-06 school year, TEA did not collect district dropout counts based on the NCES definition; therefore, the prior year (i.e., pre-2007 – academic year 2005-06) counts were estimated based on data submitted in accordance with the state definition.
 - *NCES Algorithm* – TEA did not have access to the algorithm used by NCES to derive a state dropout rate from district data submitted through the Common Core of Data⁵⁷.

⁵⁶ *Implementation Guidelines: Measures and Methods for the National Reporting System for Adult Education* (July 2006).

⁵⁷ U.S. Department of Education's primary database on public elementary and secondary education.

Revised 2004 data:

Program	Education Achieved	Rate	Number Employed	Rate	Retained Employment	Rate
Adult Education (WIA II)	1,166	50.39%	275	43.31%	343	56.14%

Program	Number Dropping Out	Rate
Dropouts [NCES definition (estimated)]	42,451	3.61%

Revised 2005 data:

Program	Education Achieved	Rate	Number Employed	Rate	Retained Employment	Rate
Adult Education (WIA II)	1,271	60.47%	256	48.67%	460	58.38%

Program	Number Dropping Out	Rate
Dropouts [NCES definition (estimated)]	42,979	3.59%

Revised 2006 data:

Program	Education Achieved	Rate	Number Employed	Rate	Retained Employment	Rate
Adult Education (WIA II)	3,566	86.05%	193	47.77%	732	59.95%

Program	Number Dropping Out	Rate
Dropouts [NCES definition (estimated)]	43,476	3.56%

Texas Higher Education Coordinating Board Revised Data

THECB submitted revised 2004-2006 Customers Served data for two programs: CTC Academic and CTC Technical. The corrections were required to ensure data consistency with the Higher Education Accountability System.

Revised 2004 data:

Program	Number Served
CTC Academic	277,322
CTC Technical	178,115

Revised 2005 data:

Program	Number Served
CTC Academic	303,831
CTC Technical	173,288

Revised 2006 data:

Program	Number Served
CTC Academic	312,939
CTC Technical	174,328

Texas Workforce Commission Revised Data

Due to the reasons outlined below, TWC submitted revised 2004-2006 Customers Served data for three programs:

- ▶ *Employment Services* – The number of Customers Served was reduced due to a technical correction to count only the initial WorkInTexas.com (WIT) service status rather than the frequent status updates that occur for WIT clients.
- ▶ *Project RIO - Adult* – House Bill (HB) 2837 (79th Legislature) required TWC, TDCJ and TYC to establish a data interface to assist in the reintegration of former offenders into the labor force. Improved communications and data sharing enabled TWC to more effectively identify RIO-eligible customers who were receiving workforce services rather than relying on individuals to self-identify as ex-offenders. This change resulted in higher Customers Served counts.

Revised 2004 data:

Program	Number Served
Employment Services	1,521,467
Project RIO - Adult	25,134

Revised 2005 data:

Program	Number Served
Employment Services	1,338,580
Project RIO - Adult	26,449

Revised 2006 data:

Program	Number Served
Employment Services	1,488,944
Project RIO - Adult	26,776

Summary

With the exception of the Dropout Rate, the revised 2004, 2005 and 2006 data submitted by the three partner agencies and reported above was used by the Council to compare and evaluate the data submitted for the 2007 evaluation report. It forms the basis for all comparative analysis included in the 2007 report. As noted throughout the **Report Card Series** section of this report, this revised data was used to calculate percentage point changes.

As noted in *Issue 2* in the preceding section, the Council will continue to work with partner agencies in order to further improve data collection, submission, review, and reporting processes.

Texas Workforce Investment Council

System Partners

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Texas Department of Criminal Justice
Texas Education Agency
Texas Health and Human Services Commission*

*Texas Higher Education Coordinating Board
Texas Veterans Commission
Texas Workforce Commission
Texas Youth Commission*

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The Mission of Texas Workforce Investment Council

*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.*

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