MEETING OF THE TEXAS WORKFORCE COMMISSION

DATE

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CHAIRMAN DANIEL: Thank you. Okay. As soon as Commissioner Demerson reappears on his screen, there he is. Let's call this work session to order. Mr. Serna, how do you want to tackle what we have here?

MR. SERNA: Let's go ahead and start with system performance first with Mariana Vega and LMCI update.

MARIANA VEGA: Hello everyone, good morning Chair Daniel, Commissioners, Mr. Ed Serna. Just for the records, my name is Mariana Vega, I'm the Director for the Labor Market and Career Information Department. I will be providing some labor market updates this morning. So, I am going to share a power point with you if you give me just one second to get that going. Is every, can everybody see that right now?

CHAIRMAN DANIEL: Yes.

MARIANA VEGA: Okay. So, we'll go ahead and start with the local area unemployment statistics part, which is the, mostly the unemployment rate. So, as everyone knows, the Texas season only adjusted unemployment rate did increase by 1.5 percentage points to 8.3 percent in September. The US rate did fall 1/2 percentage point to 7.9 percent over the month. Both the labor force participation rate and the employment population ratio did decrease. The labor force participation rate declined from 64.4 percent to 63.6 percent. We also saw the number of employed decreased almost twice as much as the unemployed increase which points to discouraged workers. The labor force did shrink and the remaining unemployed were a larger share of the workforce. The next slide, we'll be taking a look at, a little closer look at civilian and labor force. Although the civilian labor force did decline over the month, it rose over the year by .6 percent over the year. As far as for the U.S. civilian labor force, it declined both over the month and over the year. As we take a look at the data visualization to the right, here we're analyzing unemployment among Texas MSA's, so we are looking at not seasonally adjusted data and the blue references growth and the orange references decline. So, over half of the MSA's did experience increases to their labor forces. Three of the four largest MSA's experienced 5-digit increases, this was Houston, Dallas, and the Austin area MSA's. The Midland MSA was the area that experienced the largest drop over the year in the civilian labor force with a drop of 5,583. So, the last visualization to the right is the distribution chart. And just in terms of absolute values, most of the changes in the labor force were between 5,500 and 8,000. And so, moving on to employment, so after a revised over the month increase of 111,900 jobs gained in August, employment did grow at a slower pace in September with 40,700 jobs added. All 11 major industries sectors added jobs over the month except for trade transportation and utilities, financial activities, and other services. We did have leisure and hospitality account for over half of the employment gain. It added 23,600 jobs in September, and this is mostly due to restaurants and bars reopening and expanding their business hours. Over the year losses did occur in all industries. Despite this, I can say that employment in Texas has grown over 660,000 jobs since April of this year. Over the year, since last September, Texas has lost 583,600 jobs and this is mostly in the private sector. In this next slide, we graft both government and private sector employment. So, as I mentioned the government sector employment has slowed a bit. It went from 2.2 percent over the month growth in July down to 0.3 percent in September. Private sector employment has been positive for 4 of the last 5 months but it has also tapered off. The private sector added 35,300 jobs in September, and this was after a gain of 81,500 jobs in August. Government added 5,400 in September, state government added 17,100 jobs, but we did see a decrease of 13,000 jobs in local government. So, there was a decline in public education jobs at local schools and state colleges. Most have adopted forms of online learning which has caused some disruption in those types of jobs. Additionally, census jobs have also tapered off. Here in this slide, we're just taking a closer look at industries. So, trade transportation and utilities and leisure and hospitality employment; trade transportation and utilities lost 1,100 jobs over the month of September. In April, the industry has had 3 positive months of employment gains for a total addition of 84,000 jobs during this time. The gain in employment was mostly due to retail trade which has added 85,600 jobs since April. Trade transportation and utilities has added over 10,000 jobs but we are seeing some job loss in wholesale trade. It has lost 12,500 jobs since April. To the right, leisure and hospitality has rebounded significantly. In May and June, this industry added 331,400 jobs. Growth has slowed since then. In the 3 months since June, this particular industry has added 3,100 jobs. Much of the growth in the industry is due to accommodation and food services, but it’s also the area that felt most of the brunt of the job losses caused by the pandemic. Here we see Texas and U.S. employment index to pre-COVID-19 peaks. So, the employment is indexed to February 2020. It was during this time we did see employment peaks both in the U.S. and Texas. Texas, during this time, had over 13 million jobs. So, both Texas and the U.S. saw steep employment declines through April when Texas fell to 89.2 percent of its February peak and the U.S. fell to 85.5 percent. We are seeing some recovery. Since April, both have risen each month in total employment. Texas has reached 94.2 percent of the pre-COVID peak and the U.S. has reached 93 percent and we’re looking at September which is what we released last month. Taking a look at West Texas Intermediate Crude Oil and rig counts, the monthly average rig counts have reached the slowest point in August of this year. There was a slight increase in September. The September average was 108 rigs, the monthly average for October, we’re looking at 122 active rigs. That’s not shown since we are keeping everything or trying to keep everything showing September numbers. As far as the price, it did reach a low average monthly price. Over the last 10 years in April 2020 of $16.55. The West Texas Intermediate Monthly Stock Price did reach $38.31 in June and it has held around this price through September and what we’re seeing as far as the weekly and daily price posting, this is also holding true for October. Here we see Texas layoffs and what this chart is showing is the occupations in Texas that have experience the most layoffs. This data is collected through the current population survey conducted by census. So, the number of layoffs occurring during September 2020 is down 22.5 percent from the previous month. There were 311,944 layoffs in September which was the least number of layoffs over the month since peaking in April in 2020 when there were over a million layoffs. Waiters and waitresses do continue to have the most cumulative layoffs of all jobs and they have been among top 10 layoff by occupation each month since April 2020. So even though they are among the top 10 cumulative layoffs beginning in March, school bus drivers, retail salespeople, they did not report any unemployment due to layoffs in September. So that’s a good sign as far as those occupations, and here we’re taking a look at job postings just because this does show us what is currently in demand. The H-wall index did increase 4.9 percentage points over the month and what this index does is follow online job ads over time. In September, there were 195,385 new job postings and this is seasonally adjusted. What we've seen is that weekly new job postings have been at or above around 47,000 for the last 2 weeks compared to last year, it's up 2,000. Last year, we were seeing an average of 45,000 postings a week. These are your top occupations by job postings. So, we see registered nurses up there. It does continue to be a top advertised job listing. The overall 3 categories that show the most listings are sales and related type occupations, also some administrative support occupations and management occupations. Here we see your top detailed industries. Health care and Social assistance does hold 21.9 percent of all postings or it did over the last month. Your top 3 industries for job postings are Health Care and Social Assistance, Retail Trade and Accommodation and Food Services. And just to summarize a few points that were made throughout this power point presentation, total non-farm employment did rise for the 5th consecutive month after a loss of 1.3 million jobs in April. We did have 2 historic increases averaging 240,000 jobs in April and May. We are seeing that job growth has slowed. In September, we added 40,700 jobs. That's down from the 111,900 jobs that we added in August. All major industries did lose jobs over the year, but in percentage terms, financial activities, government, and professional business services were the industries that were least affected by the downturn. This could be due to the fact that, we have low interest rates, so we have a really strong housing demand. Those industries have been more flexible and have allowed for more telecommuting options for their staff. As far as jobs over the year, Texas did do better than a lot of other states. Texas posted a 4.5 percent decrease in employment over the year. It ranked 16th among all the states percentage wise. After 4 consecutive months of decline, the unemployment rate did increase to 8.3 percent in September. We were at a series high of 13.5 percent in April 2020. We did see the civilian labor force decrease by 171,800 people over the month. The employed fell by 375,500 while the unemployed did rise 203,700. Lastly, we do follow the number of COVID cases reported daily and weekly, according to the Texas Health and Human Services, you know they are on the rise. There was an average of about 1,300 cases daily cases in September 27th, we saw that number increase to 6,400 cases in October 29th. As far as what happens going forward is largely dependent on what happens with COVID so we’re just going to keep an eye on that as well. Our next release is November 20th, that’s when we’re going to release October data. That concludes my presentation. If you have any questions, I’ll be more than happy to answer those.

CHAIRMAN DANIEL: Any comments or questions?

COMMISSIONER DEMERSON: Chairman, Mariana, down the line, I would like to look at how we compare with other states. I think you talked about that a little bit and so I may get with you on Texas' unemployment rate and how that looks with other states as well and some of the things we talk about just to see what our other states are doing and if they're doing better in some cases we can ask the question, "what are they doing" if there's anything that we can gleam from them we'll look at that. One other thing, this may not be in your wheelhouse but it's kind of interested in future plans type survey. If we're looking at companies and employers out there in Texas, what are the sentiments of the CEO's, the companies, are they going to have folks back in the buildings, back downtown, those kinds of things? I don't know where we get that type of information, but that's something of interest. It may be one of those situations where, if the pandemic gets better or worse or whatever, what are some of the plans. I know there's some forward thinking that some executives have already taken in regards to their staff either coming back or not coming back along those lines. I don't know if there's anything out there where we're kind of gauging the interest of those employers from the standpoint of their next moves as it relates to the real estate that each of them has. Any thoughts on that, not this meeting but that kind of if you know any organizations that might have that kind of data and if not, it’s something that I’m interested in and I haven’t figured out where I would get that from just yet but that’s something of interest, because that tells the story indicative ways even here in Austin with the folks that are coming back. It allows us to figure out their game plans one way or the other and if they’re not, it also allows them to figure out their game plan one way or the other.

MARIANA VEGA: Definitely and I know there’s a lot of interest in that topic right now. I know of one particular survey that's being conducted by the Bureau of Labor Statistics. It’s a business survey where they’re reaching out to employers to see how they are being affected by the pandemic, what’s going on, what the plans are. I will need to follow up with my BLS contacts to give you an update on that. I know we we’re contacted by them earlier this year. As far as working with them, as far as, you know, for contact information for these employers. So, I know that’s definitely in the works, I’m not sure when the actual results are going to be released. Obviously, they would be really helpful to have earlier than later. I will provide an update on that.

COMMISSIONER DEMERSON: Thank you, Mariana, appreciate it.

MARIANA VEGA: Definitely.

CHAIRMAN DANIEL: Any other questions or comments? All right, thank you, Mariana.

MARIANA VEGA: Thank you.

MR. SERNA: I think we have Adam Leonard next with a performance update and that'll be the last update that we have, sir.

CHAIRMAN DANIEL: Thank you.

ADAM LEONARD: Good morning, Commissioners. Today I'm here to present information regarding our fiscal year 20-year end performance. As you know, we typically go through this almost measure by measure talking about the different factors that may be influencing some of the results that we're seeing. However, this year is really kind of one over driving factor in terms of our numbers. I'm going to share kind of my numbers. I'm going to share kind of my talking points to really try to show you, well I'm not going to share, it's not going to let me. I had sent out yesterday a page that talked about our some of our primary service level-based measures. So, things like the numbers of participants being served, in the various programs, what was happening in UI, hold time, etc. So, if you kind of think about the measures of demand if you will. What you really see is that going from fiscal year 19 to the rolling 12 months through February which of course was kind of the last normal month we had. The numbers are pretty similar. That is, the way we ended fiscal 19 and the 12 months March of 19 through

February of 20 were really similar for the most part. Yeah, there were some slight adjustments up or down but on the whole, it looked really, really similar. Then you get to fiscal 20-year end and suddenly everything changes pretty dramatically. And so, we end up with quite a few measures running well below target where high is good and low is not. We end up well above target in areas where high is bad. So, for instance, high is good is when you're talking about the number of participants you're serving in different programs, number of kids in care, that kind of thing. And then high is bad would be things like wait time or the number of claims being filed which of course is a more of broader economic indicator particularly now. So, really though when you look at the numbers, I think that it pretty starkly indicates what exactly happened from basically March forward through the end of the year. These measures don't have lag in them meaning that we're able to report them essentially the month after they occur. But there are other measures that we met for fiscal 20 that are likely going to be impacted for fiscal 21 because there is lag so essentially for many of our outcome measures, the fiscal 20 exiters are going to be the people who are included in fiscal 21 performance. So, a lot of the people who are kind of basically exiting in the midst of the pandemic or whose measurement period maybe they exited before the pandemic and their measurement period for the outcome was in the pandemic. We're going to see some reduction in performance there. We, of course, I believe talked about that when we were briefing on our LAR approach that we looked at trying to account for some reductions in outcomes in future years. So, I do want to emphasize that while our numbers of people served are lower, it's not entirely, it doesn't mean that we haven't been serving people. We obviously moved to remote operations both central office and most board areas. They were offering services remotely, but they were certainly going to be a transition period there as people kind of got used to doing something on an exception basis and making it a primary part of what they did. Also, there were a couple other factors in there such as the in our snap and--choices program since serving those folks. HHSC has waived their participation requirements, which basically means that they're getting benefits and they're not being told that they need to participate with the workforce system on work activities. And so, without that, that kind of drives down the number of people who might be served there. It doesn't mean that can't outreach or serve some of these folks, it just means that there's a little bit less pressure to do so because there's not a messaging that says, "Okay, you've qualified for benefits but now you need to go work with your local workforce center to try to improve your employability and get you a job". So, there's a certain amount of things that were happening out there. In addition, I think that if you think about when the pandemic occurred in the year, which is to say a little over half-way through the year, this was an unprecedented event. None of us alive have seen this before, at least not as adults. The economic data and such that was available back in 1918 is not really comparable. We can't go back and look at that and kind of figure out what kind of impact that's going to have on service delivery. So, this is not like the great recession. This is being driven, you know, more by what happened with the virus. Now obviously, the reason I'm mentioning that is I think that we're going to probably see a greater impact on performance in 20 than in 21 on some of these service level measures. Some of that has to do with the fact that a period of adjustment will be over for kind of our operations will have been doing this for 6 plus months, we also will be seeing with work search turned back on effective this week, that now we're probably going to be seeing increased demand from UI claimants and people looking for additional assistance finding work. I would tend to think that our participant served numbers will go up in those areas. In addition, I think that one of the things that we saw during the great recession was that early on economic activity in terms of hiring and things like that really fell off even though the unemployment rate was stable. It went from 4 1/2 to 8 percent or whatnot and during that period, everybody was very uncertain about what are the implications for my business, can I afford to fill this vacancy I have, what should I do. They didn't know, then after a little while, they knew. The unemployment rate stayed at close to 8 percent for several years, but hiring picked up, return to work improved and the reason is is because employers got a sense of what their operations would look like during that type of an economy. I would guess that we'll see similar things going forward here. Yes, there may be more unpredictability, more volatility as we see increases and decreases in COVID related diagnosis, but on the whole, people tend to loosen up a little bit once they start to understand the environment that they're working in. Once they have some information to make decisions on. On page two of the material that I shared, I wanted to talk about the again, that you can really kind of see the falloff of the number of people being served so this table in the middle of page two talks about the number of Wagner Paiser participants being served and the number of employers being served by month from July of 19 through September of 20 in the case of employers. I don't have September of 20 for Wagner Paiser yet. On the whole, we had a little bit of a period of adjustment in terms of serving people with the new work in Texas system that went online in August. There was a learning curve for staff to understand how to record things. So, the first few months they were depressed but as you can see when you get to January, February, March we were back-- or January and February in particular we were back at around 50,000 people being served per month on average and then that started to fall off as we got to March where it went to 43,000, April when it went to 36,000. And then, more recently though, June, July, we started seeing those numbers started coming back up again closer to 50,000 although August was about 45,000. One of the things that we realized when we were looking at this data is that most of our measures are tied to federal constructs. By which I mean the concept of who a participant is is based on federal definitions and WIOA and we realize that that's not telling the full story of service in our system, because of course, the reason that we spent money on a new work in Texas system was to provide job seekers with better tools for self-service, right? So if we look at towards the bottom of page two, I've laid out the number of participants service verse reportable individuals from July of 18 through June of 19 and then July of 19 through June of 20. As you can see here, the number of participants dropped from 573,000 and change in the period ending June 19 to about 411 and 1/2 thousand people in the period ending June of 20, but the number of reportable individuals went up considerably. It went up from 383,000 to 1.1 million and so the total number of job seekers who were interacting with the system and being served either through self-service or through staff assistance, which does include remote services increased from 957,000 to 1.5 million. Again, I would tend to think that those numbers could very well go up here as we see the claimants who hadn't been subject to work search now being subject to work search engaging with the system using the tools that are available. So, that's kind of the big picture of what we saw in terms of, you know, our impact on performance measures when it comes to our federal reporting, because most of those are exit based and outcome based, we do fairly well on those. For our measures that we report to the legislature and the governor's office, we typically refer to as the LBD measures, because it's their IT system that we use, we did considerably worse that we've done in the past and this is largely driven by the fact that we have so many measures that are numbers served and average cost per person served and that kind of thing. So, I'm happy to answer any questions you may have about either the material I've covered or the material that was provided in the notebook which was the normal monthly reports.

CHAIRMAN DANIEL: Any questions or comments?

COMMISSIONER ALVAREZ: [unintelligible] want to say great work, Adam, this is very helpful, thank you for that and explaining it in a way where I can understand it.

ADAM LEONARD: Well, it's incumbent on the speaker to ensure communication is effective right so we always try to make sure that what we're putting together is better than what we put together last time.

COMMISSIONER DEMERSON: No questions here.

ADAM LEONARD: All right then thank you and I'll see you at a future meeting on various target related issues.

CHAIRMAN DANIEL: Again, thank you. Mr. Serna.

MR. SERNA: There it is, sorry, I couldn't find my unmute button, sir. That is the last performance presentation that we had.

CHAIRMAN DANIEL: All right, any other items of business come before this commission meeting?

MALE: No, sir.

CHAIRMAN DANIEL: Motion to adjourn. Commissioner Alvarez?

MR. SERNA: I think he's got sound problems. Perhaps Commissioner Demerson.

COMMISSIONER DEMERSON: I move that we adjourn.

MR. SERNA: Commissioner Alvarez, are you going to second that motion?

COMMISSIONER ALVAREZ: Yes, can you hear me?

CHAIRMAN DANIEL: We can, your audio is distorted on our end. We can't understand what you're saying.

CHAIRMAN DANIEL: I believe he said he would second, I am in agreement and we are adjourned. Thank you.