

Texas Workforce Investment Council Annual Report



Council Purpose

The Texas Workforce Investment Council (Council) assists the Governor and the Legislature with strategic planning for and evaluation of the Texas workforce development system; promotes the development of a well-educated, highly skilled workforce for Texas; and advocates for the development of an integrated workforce development system that provides quality services.

The Council also serves as the State Workforce Investment Board under the federal Workforce Investment Act of 1998.

Council Functions

The Council performs four primary functions in the Texas workforce development system:

- System Planning and Capacity Building
- System Evaluation and Performance Measurement
- System Research and Continuous Improvement
- System Review

Council Products

Council products include a strategic plan for the workforce development system, annual evaluation reports and resource publications, occasional papers and reports on critical emerging issues, and recommendations to the Governor.

Council Strategy

The Council facilitates collaboration, coordination, innovation and leveraging of resources at the system level between system partners. The Council encourages state-level linkages between economic and workforce development and education, and facilitates solutions to identified system gaps through the coordination of interagency efforts and resources.

The Texas Workforce Development System

The Texas workforce development system is comprised of 25 workforce programs and initiatives administered by eight state agencies:

- Economic Development and Tourism, Office of the Governor
- 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

In addition, system partners and stakeholders include local workforce development boards, independent school districts, community colleges, economic development entities, employers and other system users.

Council Members

There are 19 members on the Council. The Governor appoints 14 members representing business, organized labor, education, and community-based organizations. The remaining members are ex officio representatives of the Council's five member state agencies.

Fiscal Year 2006
September 1, 2005 – August 31, 2006



Texas Workforce Investment Council

December 2006

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Vice Chair

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Larry Temple

John W. Wroten

Cheryl Fuller
Director

Dear Fellow Texan:

The Texas Workforce Investment Council (Council) is pleased to present its Annual Report for Fiscal Year 2006. The Council assists the Governor and the Legislature with strategic planning for and evaluation of the Texas workforce development system, which is comprised of eight state agencies and 25 diverse and dynamic programs. The Council's strategic priority is to promote the linkage of education, workforce and economic development in order to leverage resources, increase collaboration among state and local partners, and build the pipeline of skilled workers that Texas must have to prosper in the 21st Century.

The Annual Report provides a brief summary of the Council's activities in Fiscal Year 2006 and features key products that demonstrate the Council's fulfillment of state and federal mandates for each of its primary functions in the workforce system: planning, evaluation, research and review. The Annual Report also highlights the Council's work in Fiscal Year 2006 to facilitate collaboration among system partners and to raise awareness of critical and emerging issues that impact the workforce system.

Finally, the Annual Report includes a snapshot of community and technical colleges, critical partners in the Texas workforce system. Texas' 50 community college districts and the Texas State Technical College system play a vital role in the development of a trained and skilled workforce. The Council looks forward to highlighting other components of the Texas workforce system in future annual reports.

It was a busy and productive Fiscal Year 2006 for the Council and for the Texas workforce system. We look forward to continuing our work in Fiscal Year 2007 to produce products and hold discussions that inform the deliberations and decisions of policy makers, and encourage meaningful partnership and collaboration among workforce system partners and stakeholders.

Sincerely,

Ann Hodge, Chair
Texas Workforce Investment Council

Supporting and Facilitating System Improvement

A critical part of the Council's work is to advocate improvement and enhancements in the workforce system. The Council fulfills this role by supporting and facilitating collaboration among system partners and by providing information to increase awareness of, and support partners' efforts to, address emerging and critical issues.

PARTNER COLLABORATION

System Integration Technical Advisory Committee (SITAC) -

In 2003, the Chair of the Council appointed SITAC to monitor and facilitate implementation of *Destination 2010: FY 2004-FY2009 Strategic Plan for the Texas Workforce Development System*. This eleven-member committee, chaired by the Council Vice Chair includes a representative from each partner agency and from the Texas Association of Workforce Boards. In FY 2006, SITAC continued to convene task groups and monitor implementation of critical long-term objectives, including determining employer use of system services and refinement of the system information gateway, TexasWorkExplorer.com.

Adult Basic Education (ABE) - Since 2003, the Council and its ABE partners – Texas Education Agency/ Texas LEARNS, Texas Workforce Commission, and Texas Higher Education Coordinating Board – have worked to identify issues and develop an action plan that outlines long-term strategies for improvement. In December 2005, the Council approved the ABE strategic action plan to be included in the 2006 update to *Destination 2010*.

In FY 2006, the Council through SITAC continued to facilitate implementation of the ABE strategic action plan. Partners have initiated system enhancements that will improve ABE outcomes, further integrate local service delivery, and ensure ongoing collaboration at the state and local levels.

Texas Industry Cluster Initiative - In October 2004, Governor Rick Perry announced the Texas Target Industry Cluster Initiative, an economic development strategy focusing on areas in which Texas has the greatest potential for strong economic growth. The Council participated in research and development of the initiative as part of implementing the cluster-related long-term objective in *Destination 2010*. In 2005, six industry cluster teams submitted to the Governor their assessment of each cluster and their recommendations to strengthen the clusters. Each team identified the critical need for a skilled, educated workforce.

In FY 2006, state agencies worked together to develop action plans to address the teams' priority recommendations. The Council continued to support the Target Industry Cluster Initiative by facilitating the development of agency action plans and providing other assistance as needed to the Governor's Office.

Apprenticeship and Training Advisory Committee (ATAC) -

The Council's ATAC committee convenes apprenticeship representatives from across the state to provide information, advice, and recommendations to the Council concerning its mandates involving apprenticeship in Texas. In FY 2006, ATAC approved apprenticeship funding formulas and distributed a brochure on the value of apprenticeship training.

INFORMATION AND AWARENESS

State of the Workforce Reports - Periodically, the Council produces short State of the Workforce Reports that provide information or raise awareness of issues that are important to the Texas workforce system. In FY 2006, the Council published the following four reports.

1) *Demographics and Trends of the Texas Welfare Population: Report 2005 (December 2005)* – A companion paper to the Council's annual report on Welfare to Work Initiatives. The paper provided an analysis of caseload and demographic trends of recipients of cash grants through the Temporary Assistance for Needy Families and the State Program for two-parent families.

2) *Workforce System Partners' Response to Hurricanes Katrina and Rita (March 2006)* – A summary of information provided by seven partner agencies on the impact of Hurricanes Katrina and Rita on the programs and services of the Texas workforce development system. The paper included information on initial disaster response efforts as well as ongoing recovery activities.

3) *American Competitiveness in the 21st Century and Key Texas Initiatives (June 2006)* – A literature review of recent additions to the Council's Information Repository. The paper documented emerging and prevalent themes on the challenge of strengthening the education and skills of the workforce in order to sustain and strengthen American competitiveness.

4) *Employer Use of the Workforce System Products and Services (June 2006)* – A review of employer's use of the workforce system products and services, the topic of two of the long-term objectives in *Destination 2010*. The report examined partner agency programs and services that impact Texas employers, and summarized current agency approaches to evaluating employer use of and satisfaction.

Employer Feedback - In September 2005, the Council hosted a roundtable discussion with 12 Texas employers and conducted its fourth survey of Texas employers since 2001. The survey, administered by Texas A&M's Public Policy Research Institute, surveyed over 2,400 employers on their hiring and training needs, as well as their perceptions, use and satisfaction with workforce system programs and services.

Education Roundtable - In June 2006, the Council hosted a roundtable discussion with representatives of higher education. The roundtable gave members and system partners the opportunity to talk with leaders from universities and community and technical colleges regarding the challenge of meeting employer needs and the importance of research and development.

SYSTEM PLANNING AND CAPACITY BUILDING



In State law, one of the primary responsibilities of the Council is to develop and recommend to the Governor a single strategic plan that establishes the framework for the Texas workforce system. *Destination 2010: FY 2004 - FY 2009 Strategic Plan for the Texas Workforce Development System*, is the third plan developed by the Council in collaboration with workforce system partners since the Council's creation in 1993.

Destination 2010 includes nine strategic goals, twenty-two long-term objectives, and three types of performance measures: system, strategy-critical, and capacity building. *Destination 2010* also includes strategic action plans that identify the accountable agency and include timelines for implementation of each long-term objective. The plan reflects the overarching strategic issues and strategies identified and developed by system partners and the Council in late 2003. While it fulfills the role and legislative planning responsibilities of the Council, more importantly, it provides a solid foundation and pathway for attainment of the plan's vision:

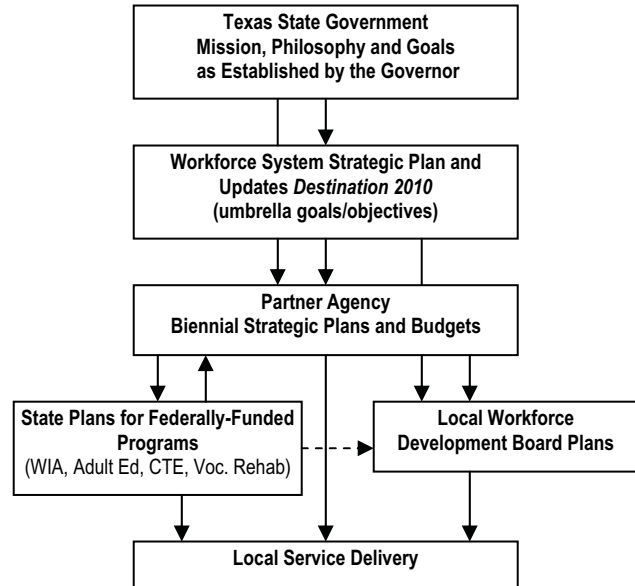
Texas has a world-class workforce system that promotes a higher quality of life through economic, employment, and educational success.

The dynamic nature of the planning process provides for annual progress evaluations and recommendations for further action. The Strategic Action Plans are modified in the form of annual updates to indicate accomplishments and milestones achieved as well as other applicable changes such as the addition of dependencies or tracking measures.

The Council approved the 2006 Update to *Destination 2010* in March 2006. The update was subsequently approved by the Governor. The changes of significance in this update were to performance targets. Because partner agencies were successful in meeting the original targets set in 2003, the 2006 update contained new targets that were revised upward.

Destination 2010 does not duplicate other Texas workforce plans, but provides a complimentary and overarching framework within which system partners can focus on

important issues that cross agencies and work together to strengthen critical intersections in the pipeline of skilled workers that Texas must have to compete successfully in the 21st century. The following flowchart shows how *Destination 2010* links to the strategic and operational plans of partner agencies and local boards:



State agencies are required to submit an updated five-year strategic plan each biennium. State law requires that state agency plans demonstrate alignment to the strategic goals and objectives in the system strategic plan. In FY 2006, state agencies submitted to the Governor and Legislature, their plans for FY 2007-2011. As agencies submitted their plans in June and July 2006, the Council reviewed each of the eight agency plans to determine the degree of alignment.

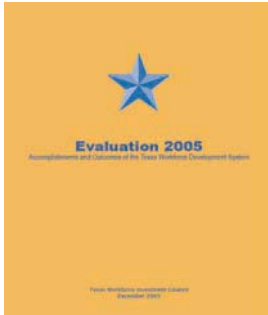
State law also requires that local workforce development boards demonstrate alignment to the statewide goals and objectives in *Destination 2010*. In early 2006, following review in the fourth quarter of FY 2005 of the plan modifications submitted by the 28 local boards, the Council recommended approval by the Governor of the local workforce board plans for October 1, 2005 to September 30, 2006.

SITAC annually recommends updates to the strategic plan and reports to the Council on plan implementation.

Future Actions

In FY 2007 and FY 2008, the Council will begin work in preparation for the next system strategic planning cycle, which will commence in FY 2009. Planned activities in FY 2007 include a review and analysis of agency internal/external assessments, submitted in 2006 as part of agencies' 2007 – 2011 strategic plans. SITAC will also begin work on strategies to increase employer use and satisfaction of workforce system programs and services.

SYSTEM EVALUATION AND PERFORMANCE MEASUREMENT



The Council is responsible for evaluating the effectiveness of the Texas workforce system by carrying out specific duties in state and federal law. One of the Council's primary system evaluation products is an annual report to the Governor and the Legislature. In FY 2006, the Council published its sixth annual report: *Evaluation 2005*:

Accomplishments and Outcomes of the Texas Workforce Development System. The report describes the progress by workforce system partners to implement the system strategic plan and provides data on the outcomes of workforce system programs.

Evaluation 2005 reports the Council's work in fulfillment of four legislative requirements:

- Report annually on implementation of the workforce system strategic plan;
- Report annually on Formal and Less Formal measures for the workforce system;
- Facilitate integrated adult basic education services through implementation of the Strategic Action Plan for improved adult education services in Texas; and
- Assess the degree to which the system is effective in achieving state and local objectives, as determined by reviewing local board plans and progress reports to determine alignment with *Destination 2010* long-term objectives.

In *Evaluation 2005*, system performance is presented in a series of five report cards that contain data reported by partner agencies on the Formal and Less Formal measures for the workforce system. The Council endorsed and the Governor approved the current measures in late 2003. The measures capture at both the program and system levels critical outcomes that the Texas workforce system delivers through the efforts and actions of seven partner agencies and their local delivery entities, including local workforce development boards and workforce centers, community and technical colleges, correctional facilities for adults and youth, and independent school districts.

As shown below, the System Report Card in *Evaluation 2005* 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. In addition to this system report card, the series includes four Formal Measure report cards and analysis for each.

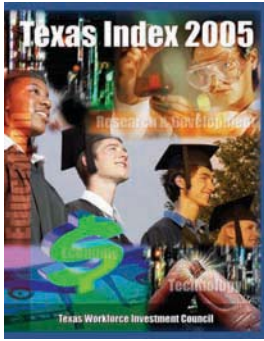
2005 Workforce System Report Card			
Formal Measures	Actual	Percent	Change
	2004-2005		
Entered Employment	919,346	67.92%	2.19%
Employment Retention	1,103,692	79.93%	0.96%
Educational Achievement	435,917	76.74%	0.39%
Customers Served	4,468,450	N/A	-3.74%
Less Formal Measures			
Educational Transition	129,705	53.12%	0.10%
Educational Participation	1,171,405	5.25%	0.09%
Secondary Dropout	16,434	0.85%	-0.05%
Constructive Activity	1,725	57.69%	6.38%
TANF Recidivism	16,591	46.00%	2.32%
Pre-release Placement	1,043	3.17%	2.19%
Jobs Created	6,168	N/A	-8.92%
Jobs Retained	17,371	N/A	36.62%

The Council's evaluation of the workforce system includes a number of other responsibilities and products. Occasional papers, called State of the Workforce Reports, evaluate emerging and critical issues that affect the workforce system. In addition, the Council evaluates the workforce system by examining both quantitative and qualitative feedback from Texas employers and other system stakeholders, gathered through roundtable discussions, the Council's biennial survey of Texas employers, and other state and national research. Council activities to evaluate the workforce system also include analysis and recommendations regarding specific programs and services as mandated or requested by the Governor or Legislature. For example, in FY 2006, the Council released its sixth annual report on the status of welfare to work initiatives in Texas.

Future Actions

In FY 2007, the Council will consider approval of *Evaluation 2006: Accomplishments and Outcomes of the Texas Workforce Development System*, the third publication to feature the report card series, and the Council's seventh annual evaluation of the Texas workforce development system. *Evaluation 2006* will continue to analyze both annual and trend data for the system's Formal performance measures.

SYSTEM RESEARCH AND CONTINUOUS IMPROVEMENT



Integral to the Council's work is collection and analysis of demographic and economic data, as well as state and national publications on current and emerging trends. This research informs the Council's system planning and evaluation activities, and is the focus of several Council products.

financial capital are paramount to building Texas' assets for the future.

The Index includes an Indicator Report Card that lists the 39 indicators in alphabetical order, with a corresponding trend arrow. The directional arrows are used to indicate positive ↗, non significant ⇌, or negative ↘ change from the last reporting cycle, and ● indicates that comparative data is unavailable. The watch alert flag symbol ⚠ is used to denote an indicator to watch in the next reporting cycle. Below is an excerpt that shows part of the Indicator Report Card.

In FY 2006, the Council produced the *Texas Index 2005*, a year annual research publication providing a snapshot of the state's general workforce, education, and economic health. It will be produced annually for distribution to the Council, the Governor, policy makers, and workforce system partners and stakeholders.

The Index provides trend data for 39 economic indicators across four domains: Participant Access and Contribution; Training and Education; Research and Development; and Market Composition and Characteristics. The *Texas Index*, its domains and indicators within those domains, are empirical evidence of a value proposition that contains four critical, interrelated elements: intellectual capital, human capital, financial capital, and a rising standard of living for Texas citizens. The state's efforts to improve intellectual, human and

One of the Council's primary research tools is the Information Repository (IR). Instituted in January 2005, the IR is designed to be an "early warning" system for emerging workforce issues, providing a streamlined and topic-driven method for collecting, cataloging and organizing all retained information. The system is organized into ten key content areas which allow users to quickly scan and locate items.

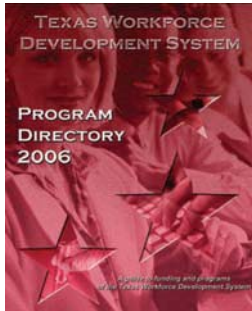
Information in the IR is collected from 16 primary and 27 secondary websites, which are checked biweekly and monthly. Website sources include government agencies, associations, research organizations, and other sites representing the content areas relating to the work of the Council. Several critical national and state issues from the IR were the subject of a June 2006 State of the Workforce report entitled *American Competitiveness in the 21st Century and Key Texas Initiatives*.

Indicator Report Card			
Trend	Indicator	Value	Page
↗	Academic-Performed R&D Expenditure per \$1000 of Gross State Product	\$3.26	30
↗	Average Annual Pay per Worker	\$37,475.00	41
↗	Average Annual Unemployment Rate	6.10%	39
↗	Bachelor's Degrees Granted as a Percent of the 18-24 Year Old Population	3.46%	20
↗	Employer Firm Births	127,231	42
↗	Export Orientation	\$0.14	47
↗	Exports per Capita	\$5,213.20	47
↗	Gross State Product per Capita	\$37,697.31	46
↗	Industry R&D Expenditure per \$1000 of Gross State Product	\$13.83	30
↗	Labor Productivity	\$41.88	40
↗	Number of Patents	6,378	27
↗	Per Capita Income	\$30,464.00	11
↗	Percent of Bachelor's Degrees Granted in Science and Engineering	24.10%	22
↗	Percent of Graduate Degrees Granted in Science and Engineering	26.10%	22
↗	Percent of Households with Computers	67.70%	13
↗	Percent of Households with Internet Access	54.10%	13
↗	Percent of Population 25 Years and Older with High School Diploma	⚠ 78.30%	18
↗	Percent of Population Enrolled in Degree-Granting Institutions	5.22%	19
↗	Texas Budget Surplus as a Percent of Gross State Product	0.16%	45
↗	Total R&D Expenditure per \$1000 of Gross State Product	\$18.30	30
⇌	National Assessment of Educational Progress Test Scores – Math	277	23
⇌	National Assessment of Educational Progress Test Scores – Science	144	23
⇌	Patents per Capita	0.03%	27
⇌	Workforce Educational Achievement	13.89	17
↘	Associate Degrees Granted as a Percent of the 18-24 Year Old Population	1.38%	20

Future Actions

In early FY 2007, the Council will publish the *Texas Index 2006*, featuring updated data since the publication's first release. Also in FY 2007, the Council will begin to gather additional comparative data, both U.S. and international, for inclusion in future releases. In a global economy, this comparative data will assist policy makers to understand Texas' competitive position in order to capitalize on its strengths and address opportunities for improvement.

SYSTEM REVIEW



Both state and federal law require the Council to review and comment on certain state and local plans, proposals and reports. The purpose of the Council's review may be to ensure alignment with the goals and objectives in the system strategic plan, to make a recommendation to the Governor, or both.

The Council also annually produces a publication that provides a brief review of the programs that comprise the Texas workforce development system. *Program Directory 2006: A Guide to Funding and Programs of the Texas Workforce Development System* (Directory) is intended to be a useful reference for policy makers and workforce system partners and stakeholders across the state. The Directory includes each of the 25 individual programs and services that function as a diverse workforce development system for Texas. Workforce programs and services may be interrelated by virtue of a single customer or similar intended outcomes. These programs and services are intended to interact with each other in order to produce the desired outcome for the customer; the employer or the individual seeking employment. The Directory serves as a companion document to the workforce system strategic plan and for the Council's annual report to the Governor and the Legislature.

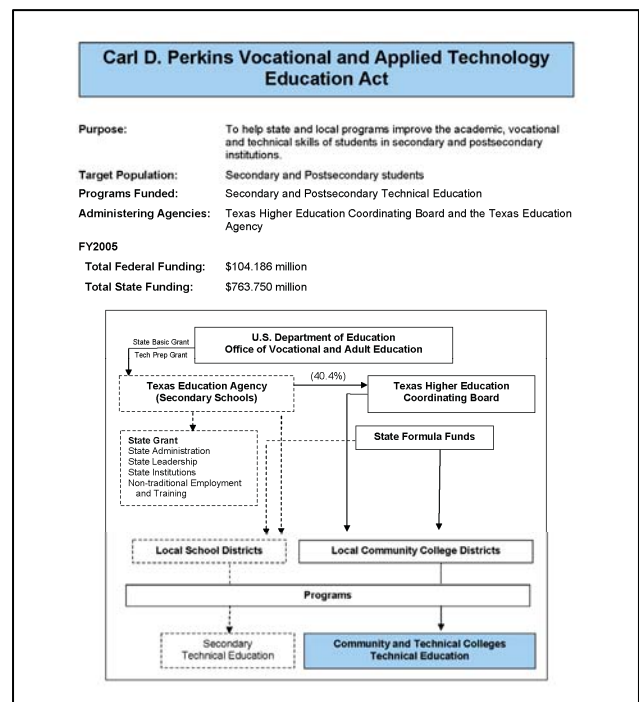
The Directory features a two-page layout for each of the 25 programs, which briefly describes the program's purpose, funding stream and allocations, target population, eligibility, administering agency, history, and types of services. As shown in the sample in the right hand column, the Directory includes a flowchart for each program that depicts the flow of funding from the federal to state to local level.

State law requires the Council to review and comment on state plans required by federal law in order for Texas to receive federal funds. Both state and federal law require the Council to review local workforce board plans to determine the degree to which the local boards have included goals and objectives that are consistent with the goals and objectives in the system strategic plan, *Destination 2010*. The Council also reviews state agency strategic plans for required alignment with *Destination 2010*.

In FY 2006 the Council reviewed both state agency and local board plans for alignment with *Destination 2010*. Review of local board plans is a two-step process. The Texas Workforce

Commission (TWC) reviews local plans for compliance with planning guidelines and requirements. The Council reviews the plans to ensure that the local goals and objectives are consistent with six long-term objectives (LTOs) in *Destination 2010*. In the planning guidelines provided to Local Boards by TWC, the Council requested that each local board describe how planned activities align to the LTOs and how the board planned to address each LTO in the program year covered by the plan. The Council also requested that local boards describe their activities or plans to increase both the relevance and responsiveness of programs and services to employers; enhance job-matching services to meet the needs for both technical and professional positions, in addition to entry-level positions; and "sell the system" to employers so that more are aware of the workforce system and the programs and services available. These three questions were based on feedback from employers at the Council's September 2005 employer roundtable.

Council review of local board plans occurred in the last quarter of FY 2006. In September 2006, the first month of FY 2007, the Council recommended and the Governor subsequently approved the local board plans for Fiscal Years 2007-2008.



Future Actions

In FY 2007, Texas will be required to submit a modified State Plan for Title I of the federal Workforce Investment Act and the Wagner Peyser Act. The Council will review the draft plan and recommend final approval by the Governor. Also in FY 2007, the Council will continue to work with workforce system partners and local boards to improve alignment with the goals and long term objectives in the system strategic plan, *Destination 2010*.

System Spotlight on Texas Community and Technical Colleges

Public Community and Technical Colleges

Community colleges are an early 20th century American invention that increased access to higher education by putting publicly funded colleges at close-to-home facilities. According to the American Association of Community Colleges, today there are over 1,173 public and independent community colleges in the United States, with an enrollment of 11.6 million students.

Texas has 50 public community college districts within the State's ten higher education regions. These districts are created by local communities and governed by locally elected boards. They are funded through a combination of locally assessed taxes, tuition and fees and state general revenue appropriations.

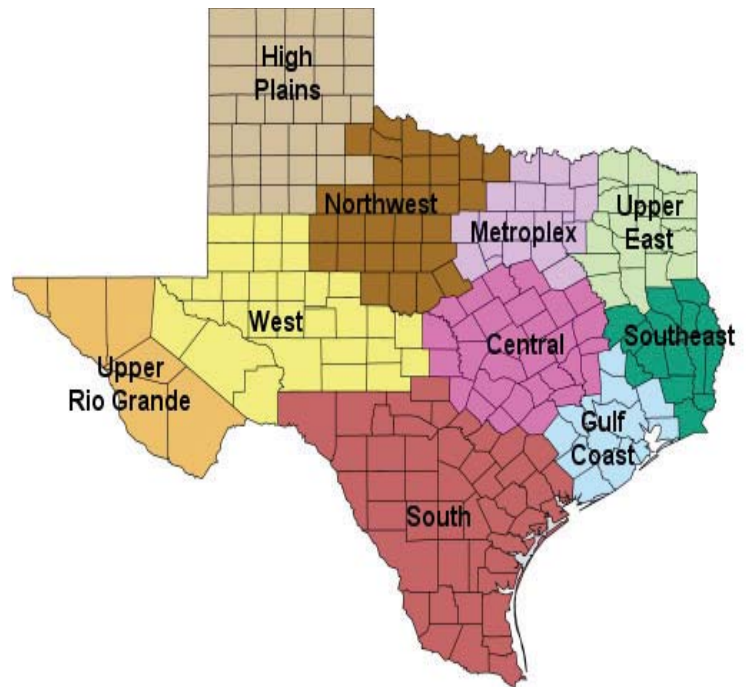
The purpose of each public community college is to provide:

- Technical programs leading to associate degrees or certificates and to employment in skilled occupations;
- Academic transfer courses in arts and sciences;
- Continuing education programs;
- Workforce development programs for local employers; and
- Adult literacy and other basic skills programs for adults.

Over half a million students are enrolled in Texas community and technical colleges. Of the 948,373 undergraduates enrolled in public institutions in fall 2005, 59.7% were enrolled in a two-year college.

Community and technical colleges play a vital role in training the current and future workforce through certificates, associate degrees, and continuing education. They contribute to employers' ability to upgrade the skills of their workforce and therefore to remain competitive. Community colleges also provide pathways for students to transfer to four-year institutions to pursue Baccalaureate and advanced degrees.

Texas Higher Education Regions



Community and Technical College Facts and Figures

76	Community College campuses
4	Technical College campuses
1.82	Billion in General Revenue Appropriations 06-07
566,071	Students enrolled in School Year 2005
32,688	Associate Degrees awarded in FY 2004
21,279	Certificates awarded in FY 2004
\$29,185	Average annual income nationwide for a person with a High School Diploma
\$35,590	Average annual income nationwide for a person with an Associate Degree

Source: Texas Higher Education Coordinating Board (THECB) 2005 College Profile, Texas Higher Education Facts – 2006, and Texas Higher Education Enrollments, October 26, 2006

Texas Population Higher Education Participation and Outcomes

22,859,968	Texas Population
1,184,373	Number of students enrolled in higher education institutions in Texas in Fall 2005
1,600,000	Number of students that must be enrolled by 2015 in order to meet the participation goal in the state's higher education plan.
78.30%	Percent of population 25 years and older with a High School Diploma
24.5%	Approximate percent of Texas' population age 25 and older that holds a bachelor's or higher degree.
13.89	Average level of education completed, in years, by the adult population 25 years and older

Source: U.S. Census, THECB: Texas Higher Education Facts – 2006, Texas Higher Education Enrollments, October 26, 2006, and Texas Workforce Investment Council: Texas Index 2005