

Season 3 | Episode 56

SPOTLIGHT ON:
TEXAS

Spotlight on
Texas: The State
Support Your
Business Can
Expect (Part 2)



John Scott
Texas Secretary of State



Bryan Daniel
Chairman, Texas
Workforce Commission



Gene Marks
CPA, Columnist,
and Host



Denise Hernandez
Owner, True Flavors
Catering, Board
Chair, San Antonio
Hispanic Chamber of
Commerce



Kathryn Hardison
Reporter,
The Real Deal

Gene Marks:

Why do business in the Lone Star State? I'm Gene Marks a CPA, small business owner, and host of the Paychex THRIVE podcast. And today in the Paychex Spotlight on Texas, you'll learn what's driving the economic boom.

Gene Marks:

We have got an esteemed panel, people from Texas that we're going to be talking to about the workforce in Texas. I've got John Scott, I've got Kathryn Hardison, I've got Bryan Daniel, I've got Denise Hernandez.

Gene Marks:

John, I'm going to start with you, or should I call you Mr. Secretary of State? John is the secretary of state of the state of Texas. John, I don't want to insult you or our audience, but please give us a description of what your job is for the state.

Secretary of State John Scott:

Well, so the secretary of state itself, is a position that is about 200 employees. So it's a fairly small agency, especially compared to Chairman Daniel's. When you visit Bryan Daniel and understand how large his group is, you'll have a better perspective in the amount of money they handle for the state. And I'm not trying to minimize what we do. We are very hardworking people, handling about 30-plus percent increase in the number of business fines. So if you want to create a business or do business in Texas, we are the entity that license those. We license everything from sports agents and we are the chief election official. In addition to that, we oversee the state's interaction with foreign governments. Most especially and most recently with Mexico, and principally those four border states. And that's a real easy snapshot of us.

Gene Marks:

That's really helpful. Man, do I have a lot of questions for you about that, but that's not the topic of this conversation. Can I call you John, or should I call you Mr. Secretary?

Secretary of State John Scott:

John is great.

Gene Marks:

John is good.

Secretary of State John Scott:

John is super.

Gene Marks:

Yeah, that's why I love dealing with people from Texas because they don't care. They're very informal and I love that. So good for you. Let's move to Bryan. Bryan Daniel is the chairman of the Texas workforce commission. Bryan, tell us what that means and what you do.

TWC Chairman Bryan Daniel:

Yeah. Over here at the Texas Workforce Commission, we're the state's agency that looks at all aspects of the workforce, from hiring to unemployment to if that ends up being a situation, a number of different programs that we do across the workforce for folks that might be veterans or former foster youth or even people experiencing disabilities. And we also run the childcare subsidy program for the state, that's a federal program that the states run.

TWC Chairman Bryan Daniel:

So we cover a lot of different ground. There's about 4,500 employees here at the Workforce Commission across the state, dealing with all of those different areas. At the end of the day you can really boil it down to two things. One, we're here to make sure that employers can find the top talent that they need. And we're also here to make sure that people who are looking for jobs, job seekers in Texas, our Texas workforce can really maximize their potential in that workforce. And if you just look at those two things alone, it gives us a lot of things to work on. We've got a lot of opportunities here.

Gene Marks:

Yeah. I was just going to ask you what you do the other four days of the week, but I guess you kind of answered that. Bryan, how do you get that job? What is your background?

TWC Chairman Bryan Daniel:

So immediately prior to this job, I was the governor's director for economic development for the state of Texas. That follows about a decade in rural economic development and private sector jobs that I had. So I've done a lot of work in the economic development space and a lot of work in marketing. I was the governor's director of economic development when there was a vacancy on the workforce commission and he asked me if I would be willing to come over here. So the governor appointed me to this job, was confirmed by the Senate in the last legislative session. And my term actually runs through I believe 2025, sometime that year. And so it's a six-year term, which gives us an opportunity to really dig in and get some things done. And it's a wonderful opportunity for me, I'm having an exceptional time doing this. At the same time, it's quite an honor to serve the people of Texas.

Gene Marks:

That is great. Kathryn Hardison is an economic development reporter that covers Texas. Tell us a little bit about what you cover and some of the stuff you've been writing about, Kathryn.

Kathryn Hardison:

Yeah. For about a year and a half, I was really focused on the relocation of companies to Texas, more specifically central Texas, and how that has impacted the workforce there. Companies like Tesla, Apple's been growing their presence there, and now Samsung is headed that way too. Recently I've expanded my focus statewide, and getting to see how this trend of companies from the coast is impacting the entire state.

Gene Marks:

All right. Well, thank you, Kathryn. Now let's move over to Denise who, I know Denise, we were talking before we got started with this, you're chomping at the bit to hear what some of the people in this call are going to say, particularly Bryan and John. So Denise, you're the owner of multiple businesses in the San Antonio area. Tell us about these companies, tell us about yourself.

Denise Hernandez:

Sure. So we have a family owned business called True Flavors Catering. The catering company opened 27 years ago and it was started by my husband, Mark and his brother, chef Johnny Hernandez. And so Johnny Hernandez has traveled the world and Mexico, and really mastered interior Mexican cuisine. But about 13 years ago, we really started to develop our family of businesses and our portfolio. We've got restaurants, we have a commercial linen company, we have corporate dining facilities throughout the San Antonio area as well. And during the pandemic, thanks to our state government, we had pink margarita trucks that were running around the state serving margaritas because we could do liquor to go. So I will say that I definitely use Secretary Scott's services quite often, along with Chairman Daniel, and everything that we do for economic development in our city and all the people that we employ.

Gene Marks:

That's great. So, Denise, let's dig into it right now. As a company, I mean approximately how many employees do you have across the businesses that you own or are involved with?

Denise Hernandez:

You know, that number's always changing. Pre-pandemic we were several hundred, I would say maybe four to 500. We have units that are in the San Antonio airport, so we've got restaurants out there. Right now I'd say we're anywhere between two to three [hundred]. It really depends. Like so many other small businesses, we are still struggling with the labor market and whether it's hiring them, retaining them. So that number is constantly changing for us.

Gene Marks:

Yeah. No offense Denise, I'm not hearing that from anybody. It seems like every business is fine with their employees, they've got plenty of workers. So obviously, I'm just kidding. So what are you doing about that? I mean, how are you finding employees? I mean, there's no secret sauce, there's no silver bullet obviously, but I'm wondering if you could share with our audience just, how are you finding workers?

Denise Hernandez:

Sure. You know, we've had to be creative and I think we're doing a lot of the traditional things, posting online, putting out ads, and a lot of it now has become word of mouth. It's like, "Hey, do you have anybody who's living at home, who's breathing, walking, moving, anybody who wants to work," in that sense sometimes. Because as businesses start to reopen and you see, we do a lot on the catering side, we do a lot of nonprofit work. So we're getting a lot of nonprofit business. And the catering though, is it fluctuates, right? We're not Monday through Friday, nine to 10, or set schedules. So it depends on when events are happening.

Denise Hernandez:

So historically we would all pull from this group of people in the service industry, whether it's my catering company, someone else's catering company, we also work at the convention center, we partner with the operators out there. And so we would all pull from the same group. And that was really kind of what we did. And then we would partner with temp agencies, but the temp agencies are seeing the same problems, the same demands. I know I was sharing with you, pre-COVID we were paying \$17, \$16 an hour. During COVID our price went up to \$19 and today it is \$27 an hour if I want to hire a temp agent, their staff, to come and help us cater an event, load a truck. So it gets really, really challenging.

Denise Hernandez:

Unfortunately we've had to turn away business because we don't ever want to extend ourselves to where we can't offer the quality and the service that we've been known for for the past 27 years. So we've had to really be selective on what business we take to make sure that we can fulfill our obligations. So a lot of it has been reaching out to people we know and just saying, "do you have anyone who's interested in working?" We've gotten competitive. You know, we've had to increase our hourly rate. I'm doing things in house for our employees to make them feel like family, because they feel like sometimes, you're not going to leave family, in my mind you're not going to leave family for 50 cents or 75 cents or a dollar. So we try to do these things to make our employees feel really appreciated and really special. And we've always done that, we've got tenured employees that we were able to hold onto through the pandemic. But now it's just a little more challenging.

Gene Marks:

Kathryn, I mean you cover Texas. So obviously Denise is in the restaurant, food industry, you look at real estate, manufacturing, distribution, even big companies. I mean, I guess I have two questions for you. Number one is, are you seeing obviously the same effects that Denise is seeing, Kathryn? And also, I'm curious to hear what you think the impact, we hear about so many large companies moving into Texas for great reasons, but that also puts pressure on small businesses to compete for the same talent. So talk to me about that.

Kathryn Hardison:

Yeah. Obviously having a company like Tesla that, at this point Elon Musk is estimating eventually needing 20,000 direct workers on the ground, which is so much bigger than what they initially said. But when companies like that come in, obviously that's going to attract people to the state, attract talent, but it's also going to take away talent from some of the smaller manufacturers, the smaller businesses. And to be honest, people that I talk to in the manufacturing sector, they don't know what they're going to do because it's kind of hard to beat out a company like Tesla that doesn't really require you to have a college degree, that lets you have stake in the company, and will even pay you to go to Austin community college for your education.

Kathryn Hardison:

So there's just a lot of things that manufacturers are facing right now. In terms of tech I know that there's quite a few companies that are having to think really creatively about how they reach potential employees, and even having to consider lowering some of their initial standards for what an employee looks like. For example, the college education requirements, or deciding to educate or train on the job. So there's a lot of things that are changing because of some of these massive companies that are coming into the state.

Gene Marks:

So Kathryn, any of the challenges of finding employees, do you think there's any health concerns related to that? Do you think that some employees are not coming back to work, to maybe Denise's restaurant, not that Denise doesn't run a healthy and safe workplace. But do you think they're concerned that over staying at home because we don't want to get COVID. Do you see that in your reporting, Kathryn?

Kathryn Hardison:

I don't necessarily see that in people, maybe part-time workers. I see it more in some of the full-time workers that are just maybe a little bit more picky about where they want to spend their time. Obviously the Great Resignation is part of that. Maybe a company says, "Hey, we're ready to go back to the office. And it's a requirement now." And people just feel more comfortable saying, "Actually I'll just find something else," because we have gotten so used to this environment over the last few years.

Kathryn Hardison:

So personally in my reporting, I've seen more of that with full-time employees. But I've also seen it cause some people to reconsider what they want to do for their career. For example, there's been a lot of people that have left their jobs to become real estate agents recently, for a few different reasons. But one of them is to be able to create your own schedule, to dictate when you go out into public, and how you interact with people.

Gene Marks:

Yeah. That makes sense. If I was living in Texas, I would definitely consider being a real estate agent. There's no question, that seems like a great industry to be in. John, Secretary Scott, let me turn to you next. So every month, Paychex puts out like a small business employment watch, right? It's called the Paychex IHS Market Small Business Employment Watch. And the reason why I bring that up — besides the fact that this is a Paychex podcast and webinar that we're doing — is because month after month, Texas tops the charts. You are like the Beatles of small business employment, in a good way. You show employment growth, leads all other states.

Gene Marks:

Dallas was the top metro in April 2022 of all metropolitan areas for employment growth and Houston is in the top 10. I'm looking at the numbers now. It's very strong in Texas, and I know that's no surprise to you. But Kathryn's just saying that there's big companies are moving in and you've got Elon Musk, who's going to be looking for 20,000 workers coming to the state of Texas to work for him. And Denise is saying that she's —you know, she didn't use the word — but it seems like almost desperate for good employees and talented employees. So again John, Secretary Scott, the question for you is what more will the state of Texas be doing? What are your plans for attracting new workers into the state? Not only to serve those big companies, but also small companies like Denise's.

Secretary of State John Scott:

Well, it's interesting and I've got a couple of stats, let me rattle them off to you. Cause I think it kind of tells how we address the employment issue going forward, and I think it's education. Our state's got 30 million people, it's increasing exponentially, but I think one of the great advantages, we have 24 blue ribbon public schools in 2021. We had the third highest rate, graduation rate amongst all states in the nation amongst Hispanics, fourth highest among black students, third highest for economically disadvantaged. We've got 37 public universities, four year universities. We've got 11 tier one research universities. So our state, and you incorporate the 50 community colleges we have, it is a phenomenal network of education that we have to build that upon.

Secretary of State John Scott:

I think from our standpoint, what we're seeing, and I think that's going to be true for a lot of employers, we're also now tapping into people who live in east Texas, west Texas, in the panhandle. Because we're encouraging our folks to find jobs that can be done from home, to be done, but not to limit it for somebody staying at home in, west of town or east of town. Go to different counties, let's tap into their vast reserve of people who are very well educated, they're great assets to any organization, and we're tapping into them, and we're doing it remotely because that is the future. And it is the only way that you're going to be able to attract people from the state's standpoint, because if I have to drive an hour and a half, I'm finding me another job. And I think if we either accept that fact, and build the next kind of iteration of state government based upon that, we can succeed. If we don't do that and we require people to be at their desk, we're going to have a lot of empty desks.

Gene Marks:

You know, just to follow onto that, and it's a tough job that you've got because in your job, you want to attract companies to your state. You want to attract businesses to grow your economy. And yet you've just heard from two people that are saying like, we need workers as well. You have to juggle, do we attract people into the state of Texas or do we attract more businesses into the state of Texas? Is there a priority among the two?

Secretary of State John Scott:

I think Texas has the benefit, and Chairman Daniel will be able to specifically address this I know, 'cause he knows about everything.

Gene Marks:

Oh I'm going to get to him.

Secretary of State John Scott:

I was going to throw this out, that I think one of the great advantages that Texas has is it's in a positive spiral. I mean, at some point in time, the two kind of feed off of each other and when things are going poorly in your state and we won't name any specific states, but if you're in a state that's got a negative spiral and a negative outlook, it's easy to tell your family if you've just lost your job or it looks like the company you're working for is not doing so well, "let's maybe go to a warmer climate." I mean, we've got with the Dallas Fort Worth metroplex is almost 8 million people living up in it. Houston, the greater Houston area is seven and a half million people. I mean, we have these phenomenally large locations, Austin to San Antonio has become almost one giant massive people in between.

Secretary of State John Scott:

And so if you look at that triangle, and the population, which is probably 80-some-odd percent of the population of the great state, it is full of opportunities, it is full of places to be able to work, but it's also full of resources in the form of people that are willing to work and do the work. Now from Denise's company's standpoint, I think that becomes kind of, it's one of those remote is going to do zero to help her workforce. And I think that's the interesting thing. And I'd love to hear from workforce commission about what that iteration of the world looks like.

Gene Marks:

I'm going to get to Bryan, one minute though, I have one other question for you, Secretary Scott, it has to do with immigration. And again this is not a political podcast, so I don't want to delve into the politics of immigration, but obviously we know that the more legal immigrants I think can help people like Denise and other business owners that are looking for workers. I really don't know the answer to that, which is why I'm asking you Secretary Scott. The state of Texas is very much handcuffed with what you can do from the federal government, but is there anything that your state can do to ease the immigration issue a little bit more from a state perspective, that can help employers like Denise hire more legal immigrants for her business?

Secretary of State John Scott:

So immigration is something that's the exclusive jurisdiction of the federal government. We obviously recently tried to do some stuff to kind of stem the tide, or at least get more of a controlled entrance to the United States down at our border, that the governor implemented and that's still playing out, obviously. And I think it'll continue to play out. But ultimately I think you have to have Congress and the president agree on a package that sets us in kind of a little different path forward than where we are currently, to address that.

Gene Marks:

Yeah. It's just an idea.

Denise Hernandez:

Can I –

Gene Marks:

Please.

Denise Hernandez:

Can I jump in real quick?

Gene Marks:

Of course.

Denise Hernandez:

I'm glad you bring that up because the industry that we are in — hospitality, catering, food, beverage, and even I've got great friends that are in the construction business — I mean, we battle with this all the time, we need skilled labor. And we've got an influx of people coming in, and as God as my witness, I had someone knock on my door just earlier this morning looking for a job. And they come and they'll look for work, and the first thing out of my mouth is, "Do you have a social security? Do you have a TIN number? Like, what do you have?" Cause we're speaking Spanish. Obviously I know that they're coming in from Mexico and through conversation, they're like, "No I don't." And so it's very difficult for me to say, "Well, I'm so sorry," and I do, "We can't work you," and they don't understand why.

Denise Hernandez:

I had one lady who was like, "well, can't you just pay me cash?" I was like, "No, it doesn't work that way. We'd be in a lot of trouble." Because they're desperate to work, they want to work. And I agree with Secretary Scott, we need to find an agenda on the federal level that allows the people who are coming in and using our resources, an opportunity for a better life for their family. You know, if they're here, then let's give them an opportunity to work. And so we see this on a day to day basis where there are so many people who are ready and hungry and willing —we just can't do it.

Gene Marks:

Yeah. And if I could even just add to that. Again, somebody who lives in the Northeast part of the country, it's frustrating that it still remains obviously a federal issue because it's a separate country we're talking about, Mexico, but it has such a huge impact on Texas. Which is why I asked you Secretary Scott, is there anything that the state itself can be doing to help ease this issue? And your answer was "It is what it is." It's up to the federal government to do what they got to do.

Gene Marks:

All right, Bryan, you're not getting away now. I've got lots of questions for you, and this is all related to workforce and workforce development. So, like you've heard from both Denise and Kathryn about the challenges that businesses are having finding people, there's training issues. So here's my first question to you. And Denise please take this in the spirit that it's given. I meet a lot of business owners that they're struggling, they're challenged to find workers for their business, and yet they are not aware, fully aware, of all of the programs that are available to them or the states make available to them. And I wanted your comment on that, Bryan.

Gene Marks:

First of all, this whole conversation is to spread awareness among Texas business owners. So number one is, do you agree that more awareness needs to be spread among business owners, is number one, for the programs that you offer? Number two is, what more can you be doing as part of the workforce commission to spread that awareness? And then let's talk about some of the programs that you guys are offering that can help Denise and some of the people that Kathryn's reporting on. So it's a three part question, if that helps.

TWC Chairman Bryan Daniel:

Absolutely. No, it's a great question, all three parts of it. The first thing is I don't think there's enough awareness. I think there's opportunities that we could take and others to really help business owners understand. It's a challenge right now, it was actually slightly a challenge pre pandemic. As things shifted during the pandemic, the challenge has shifted with it, but not necessarily in the right direction, in terms of finding the talented folks that people need to work at their business. So of course we need more awareness and we do a number of things here at the workforce commission to increase that awareness. But I think there's always more that we can be doing to reach those business owners that need that kind of help.

TWC Chairman Bryan Daniel:

In terms of what we can do to help business owners, it's really a more complicated equation than just matching up somebody who's looking for a job with somebody who needs to hire someone, because there's so many different industries in the state and there are skills that are transferable. Number one skill that businesses tell us they're looking for when they're hiring someone are simply customer service skills. And so that's a skill that you can gain in any number of places that you might work and have the opportunity to apply that in the workplace. But at the same time, if you're in catering, or if you're in computer manufacturing, or you're in nursing or truck driving, those particular jobs require very specific skills and very specific credentials that you would need to get. And so our ability to help employers kind of runs in some parallel lines at times. So we can help match you with the available talent pool, if you're an employer, or if you're a job seeker, we can help match you with employers that are looking for work.

TWC Chairman Bryan Daniel:

We have 180 offices through our workforce boards statewide, and there's an opportunity to plug in and get both online help and actually talk to a real life TWC partner or employee that can help you match up between employers and job seekers. But at the same time, if you're realizing that you're in a field where you would like to perhaps change fields or go a little bit different direction, there's opportunities for us to help employers find folks that are ready to make that change and do the necessary up-skilling or re-skilling that they might need to do that job.

TWC Chairman Bryan Daniel:

Now, I think this is going to be pretty key moving forward. I think this notion of re-skilling or up-skilling, whether in place or in preparation of making a little bit of a change, I think that needs to become an increased focus for both employers and job seekers. From the employer angle, the fact is skills that we gain today, six months a year from now are starting to look a little bit tired, sometimes obsolete. Because the rate at which technology is helping us do our jobs is increasing exponentially. And so we've got to do some things to keep up with that. And I think for many employers, re-skilling their current workforce is a great way to make an investment in that workforce, show some connection to that workforce, probably keep them in place to continue to work for that employer.

TWC Chairman Bryan Daniel:

We tend to categorize things at the workforce commission in terms of high skill, middle skill, low skill. But the fact is, is there's re-skilling that can take place across all of that particular continuum of skills. If we look at catering we might think, we've been talking about that, if we look at catering, we might think that there might be some jobs that have less sort of skills required, some entry level kinds of jobs. And then there's going to be some jobs like a chef, that's going to require a number of credentials for that person. But my bet would be that any good catering owner, anybody who owns a catering business and is doing well in the community that they're in, is looking for ways to make sure that that person who starts off busing tables at an event might someday find their way to the kitchen to be that next chef for the company.

TWC Chairman Bryan Daniel:

The reason for that is company culture. We have a culture at each of our companies, and we want to make sure that our employees can fully experience that company culture and know that they have a place where they can succeed and really move forward for their family. So our skills development program is a tool that employers can use to train their employees. We've got a number of job training opportunities for employees at our workforce offices and online at the workforce commission, through our metrics learning platform. And there's quite a few of these programs that can typically focus in on one or more areas and really help zero in on what it is where we might be missing in the equation, and how we add that thing into the equation.

Gene Marks:

Okay. So Denise, do you want to jump in? If I'm you, my question to Bryan, is that, "Okay, I am looking for people here. You're telling me that there's all these different programs that are available, which is great. So, just what do I do?" I mean is that a fair question? Unless you have something to add to that.

Denise Hernandez:

No, I mean, I agree with what Chairman is saying. I am the board chair for the San Antonio Hispanic Chamber of Commerce this year. And our mission is we serve small businesses, we serve Hispanic businesses, and I would say that there have been, on occasion, where I will reference people to the Workforce Commission website. And we use it, we use it, I'm very familiar with both gentlemen and what they do in their agencies, because the small business owners, we go there. And it is a little challenging because what happens is we do — and you're absolutely right Chairman Daniel — we've had people who started as dishwashers in our restaurants and who've worked their way up to general managers. And I believe in what you just said, it is about culture and taking care of your people.

Denise Hernandez:

But you know, sometimes you get that stellar employee and then sometimes you get the ones that, they're just passing through. And especially in our industry where, for wait staff, it's part-time work or it's weekend work. And you know, we're not an industry that can go virtual. I just can't. I need people, I need bodies, I need boots on the ground, right? And so serving, catering, loading equipment, that's not a virtual option for us. And so that has somewhat been our challenge.

Denise Hernandez:

Because you're right, people want, we've learned that we can do a lot virtually, we've learned that we can pivot, and we can be just as successful sometimes in certain industries. And so they want that opportunity. And I understand, I get it. I'm a mom of four, and so I want to be home with my kids too, when they get home after school. And so we're learning to maneuver in a new world where we do use some of these resources, but sometimes they're not easy to access, right? Or sometimes you're on hold for a really long time and you don't have the bandwidth in your office where someone can wait on hold for an hour or two hours. And so sometimes we do run into problems that put little roadblocks up ahead of us. But as small business owners, we learn to adapt, we learn to figure things out. Entrepreneurs, we've got a lot of grit.

Gene Marks:

Right, right. Kathryn, do you see the companies that you cover in Texas, there's only so much that the Workforce Commission can do. There's only so many people available. So what do you see from some of the people that you cover, big and small, that they're doing to mitigate this lack of labor? Is it technology they're investing in? Is it pushing their people harder? More hours in a day? I'm curious to what you're seeing.

Kathryn Hardison:

Hmm. I'm trying to think of how I would answer that. I mean, when it comes to manufacturing for example, robots, that's a good answer. But I mean really I'm seeing a lot of what Denise is saying she's experiencing. And I think another part of that is that there are a lot of re-skilling and up-skilling programs right now that are being used to take employees and create these skills for some of the more trained jobs, to fill those holes. And so it's taking away from the hospitality industry, which is really ... Sorry Bryan, do you want to say something?

Gene Marks:

Go ahead Bryan.

TWC Chairman Bryan Daniel:

No, I was going to jump in. I think you're hitting on, you're probably seeing this in your reporting, and you've picked up on what seems like a very subtle wrinkle, but it's actually pretty significant in the workforce. So if you look at college enrollments during the pandemic, they dropped about 8% across the board. But what that did is it altered certain segments of the workforce. So people who are students might look for more flexible labor in the hospitality industry. Well, they're not going to school anymore because of the pandemic, if that's their situation. And so they've left that hospitality job to go into something that's a little more structured that gives a little more pay. They chose hospitality to go to school, 'cause they could work at night or on the weekends. If they're not going to go to school, they choose something that puts them into a job that's perhaps seven to seven each day, or something along those lines. Perhaps manufacturing, advanced manufacturing, something along those lines.

TWC Chairman Bryan Daniel:

That altering of the motivation to go to work is part of what we're seeing in the great realignment, some call it the great resignation. You're seeing people move to different areas of the workforce that they need. So it's leaving shortages in areas where we might not have seen them before, while we're gaining in some other areas. At the same time, we've had five sustained months of increased job growth, we're setting records every month at this point. We've added more jobs in the first quarter of 2022 than we have in any three opening quarters since 1990.

TWC Chairman Bryan Daniel:

So we've not stopped creating new jobs while we're still seeing shifting of the other jobs. And you picked up on that in your reporting and we're starting to see it borne out by the numbers and we're looking for some explanations for it and certainly some solutions, But I find it fascinating that not only did you come across it in your reporting, you were able to put that kind of into perspective in terms of what it means for the workforce. Because I think it's a very subtle element that's going on kind of under the main current that we're seeing.

Kathryn Hardison:

Yeah. For example, central Texas, Austin metro in particular, is one of the fastest recovering economies in all of the US from the pandemic. I think it was maybe number two behind Salt Lake City, Utah, which is

amazing. It means that there's jobs being created all over the place. There's a lot more options, but that doesn't mean that everything is fully recovered. So really, what we've been seeing is that we have gains in all of these areas, but hospitality, the leisure and hospitality sector is where we're still trying to fill jobs that were lost at the onset of the pandemic. And that doesn't necessarily mean, you know, a certain position at a certain hotel still hasn't been refilled or recreated, just simply the number of people working in that sector is a lot lower. And part of that is because some people decided to re-skill or maybe take that Tesla job, you know, and move up to a different sector. So that's really what we're seeing in Austin.

Denise Hernandez:

You know, one of the things that I wanted to share is, we I think the struggle for our industry when it comes to tourism, hospitality, food and beverage, is that we are definitely the industry that passes on that cost, right? And so for us, there's only so much I can charge for a chicken meal or a taco or whatever it might be, when they come in either through the restaurants, or to the catering. And so when we're having to pay wages that are a lot more and they're very competitive, you're absolutely right. You get into an industry that was hit — we were hit first, we were hit the hardest, and we were hit the longest. And I always say this because on an event side, the catering was completely shut down. I mean, as you all know, we weren't doing anything, no one could gather. And so we had to be very creative.

Denise Hernandez:

But now that we're coming back online, a lot of these industry workers — and the thing is, yeah, I wish that we could pay \$27 an hour, who doesn't want a better employee? A skillful employee, an educated employee, because that just makes our job easier. But the problem is, I don't have a customer who wants to incur that cost when I've got 10 or 20 people on the floor for a big catering at \$27 an hour. So it makes it somewhat challenging for us, right?

Denise Hernandez:

And you know, we were talking about, my husband always says, "How is Jeff Bezos going to put me out of business?" Because he's coming after so many different industries in terms of online purchasing. And I chuckled, I'm like, "No don't ever say that. I don't know some kind of catering thing that they might want to do." But we talk about how can we become more effective and efficient? Is it through some kind of automated service in our front of the office, the back of the office, loading trucks, warehouse? I mean, do we have to look at bringing in robots to help restack product? All of these have been really interesting conversations because they feel like we're going to move in that direction, and then when people are ready to come back to work, these jobs are going to be filled in some different way.

Gene Marks:

Yeah. I was in Vegas a few weeks ago and I went to the Paris hotel and to check in they used to have like 15 people behind the check-in counter. There was one person behind the check-in counter and a dozen self-service kiosks, where you put in your confirmation number and stick in your driver's license and it spits out your room key. So I don't know what those kiosks cost, maybe a hundred grand a piece or something, but certainly less than what it would cost to employ somebody.

Gene Marks:

Bryan, does that concern you? I mean Kathryn said earlier about robots and manufacturing and I'm seeing this across the country, that a lot of smaller and midsize companies now, this technology is becoming more and more affordable and it is literally replacing employees in different areas of a company. So Bryan, you're like, workforce commission, is that a concern of yours — technology?

TWC Chairman Bryan Daniel:

Yeah. I think technology is always a concern for two reasons. One, that the rate at which companies can adapt to that technology, and certainly we are concerned and do concern ourselves with the displacement of workers. And I think in a lot of instances, what we've seen technology do is it really kind of puts the human workforce into their highest and best use. In other words, it has a tendency to solve some rote kind of functions and allow people to really apply their talents. I think we have to bring re-skilling and up-skilling back into the conversation here because if your job's been replaced by technology, that's more than disruptive to your personal life. But I think there's opportunities for you to continue to look at those jobs that might take advantage of your other skills, that the technology's simply not going to have.

TWC Chairman Bryan Daniel:

One thing the pandemic did, in my opinion, is it accelerated a lot of technology that lets us work from wherever we may be and gives us opportunities to do different kinds of work. And I think for all of us, it's understanding what the best balance is between using that technology to position our company or this agency in the best possible way to do the job that we're doing, to maximize our profits or to maximize our reach, in the case of the Workforce Commission. And then to make sure that our talented workforce are deploying their talents in a way that's A, meaningful to them, and B, advantageous to the mission of our organization.

Gene Marks:

Secretary Scott, I'm going to get to you in just a minute for a final word on this, but before we leave, I do want to ask you Bryan, Chairman Daniel, this is your chance. You're gonna, you're talking to a lot of business owners in Texas. Is there any one specific program that the Workforce Commission oversees, that you think is underused? That you wish more Texas businesses knew about or took advantage of, that could benefit them. Is there anything that comes to mind?

TWC Chairman Bryan Daniel:

That's a good question. The number one program, I would say answers your question is our ability to help employers establish apprenticeship programs. I think there's a number of ways for a company to establish themselves in an apprenticeship program, get an employee to join their company early, even pre-credentials, help them see through those credentials and then become a valuable member of their community. And there's other programs like skills development fund that help with very specific up-skilling, but that apprenticeship program, that's a way to build a long-term workforce.

Gene Marks:

Great answer. All right. That's great. All right Secretary Scott listen, we've been talking with all, we've got a reporter, we've got the workforce commission person, we've got the business owner. There's a lot of challenges they're talking about trying to find employees, higher pay for employees, competition with big companies. But Secretary Scott, meanwhile, Texas' economy is one of like the most robust economies in the country. Like I said earlier, your employment numbers are top of the country. State's doing really well, state's doing really well. So your chance now — you want to attract people to the state and you want to attract companies to the state. Why Texas?

Secretary of State John Scott:

So it's now the ninth largest economy in the world. We recently surpassed Brazil. I think the GDP in Q1 was 10.1%, national average was 6.9%. And again, we're not talking about a state where we have a hundred thousand people, right? We're talking about 30 million people. And one of the huge advantages this state has over anyone else is the amount of trade we do with Mexico. And why is that important? Well, the huge

reason it's important is 47% of all auto parts used in the United States, manufactured in the four border states, of, from Texas and Mexico. Texas has over 1500 foreign companies currently doing business in the state. We have 32 foreign trade zones. So we have this infrastructure, we're used to doing business in a big fashion with an enormous amount of companies.

Secretary of State John Scott:

Recently, I sat down with the ambassador of the United States from Finland and they had almost 500 companies that had been doing business in Russia, robustly. Those companies have been forced to pull out of Russia. This is a story that's mimicked by a number of ambassadors I visited with recently, through the United States, who are looking at opportunities in Texas to move those resources over there. And so it's a similar story that we tell those folks. We're not oil and gas only. We're not technology only. We are a thriving state of agriculture, petrochemical production, and everything in between. And it is a phenomenal base of employees that we have, and it keeps attracting the best and brightest that want to come here and be a part of the success story that is Texas today.

Gene Marks:

Thanks guys for joining. That was a great conversation. I appreciate your time. I want to wish you guys all the best and I'm jealous. I should move down to Texas. You've convinced me. So thank you for your time.