



**Skills Development Fund
Annual Report Fiscal Year 2014**



Workforce Business Services Mission:
Connect businesses with value-added
workforce solutions, and develop
innovative economic and
workforce strategies.





Skills Development Fund Annual Report Fiscal Year 2014

The Texas Workforce Commission (TWC) recognizes the value of skills training to Texas employers. TWC's Skills Development Fund (Skills) is a powerful tool that meets challenges associated with a global economy and the ever-increasing training needs of Texas businesses and workers. The Skills program can be the pivotal factor between attracting businesses to Texas and retaining them in the state, or losing them to other states or countries.

In the competitive global economy, the Skills program is a key component in providing opportunities for businesses to increase their innovation and efficiency, as well as bolster their competitiveness in the marketplace. The fund supports the growth of Texas businesses by helping Texas workers acquire new skills or upgrade existing skills to advance their careers.

In developing Skills projects, a single business, consortium of businesses, or trade union partners with a public community or technical college, or with the Texas A&M Engineering Extension Service (TEEX). Together, they create a customized training plan to prepare for projected business growth or help close existing skills gaps. Skills grants fund the training, the college administers the grant, and the businesses create new jobs and improve the skills of their current workers.

Local Workforce Development Boards (Boards) play a critical role in identifying local training needs. With their input and established relationships with local community colleges and businesses, TWC is able to assure a broader geographic distribution of Skills funding, reaching workers across the state and impacting local economies in a positive way.

A market-driven workforce system requires strategic investments and leveraging of resources to maximize returns. TWC targets training resources to develop the skills and competencies necessary to meet industry demands and ensure a steady supply of qualified, job-ready workers.

Fast Facts

TWC aims to ensure that Skills resources are distributed equitably across all areas of the state to expand the state's capacity to respond to workforce needs in both rural and urban areas.

In FY 2014, TWC's Skills Development Fund:

- received 64 proposal submissions totaling \$30,088,500; and
- funded 63 grants, with an average award of \$668,474.

The 63 awarded grants:

- will serve 103 businesses;
- will support the creation of 5,779* new jobs; and
- will retrain 10,003 current workers in existing jobs.

**The number of new jobs listed above contains the 2,032 veterans to be trained in the Veteran and Industry Partnership Initiative.*

Since its inception in 1996, the Skills program has helped 4,074 employers create 101,186 jobs and upgrade the skills of 215,052 incumbent workers, for a total of 316,238 workers trained.

The Texas workforce system strives to be the first place businesses go for workforce solutions. TWC focuses on businesses in high-growth, high-demand industry sectors and actively works to address the training needs in these sectors.

Business and Education as Partners

Business participation is a vital component of the Skills program. A business, consortium of businesses, or trade union identifies a training need. The business partners with a public community college, technical college, or TEEEX to develop a project to fill

that need. Businesses target training to create new jobs or develop training to increase the skills of their existing workers. Once developed, the curriculum can be replicated to encourage the sharing of innovative training concepts and ensure the best value for Texas taxpayers. This allows community and technical colleges to strengthen their curricula while offering the latest in industry-led creativity and innovation to training designs.

In addition to developing customized curricula, the college provides assessment services, facilitates training, and administers the grant. In Skills projects, colleges may provide the training or broker relationships with other training providers.

While the advantages for businesses participating in Skills projects are multifold, workers also benefit. Participating workers are provided career and/or advancement opportunities and, in many cases, wage gains. TWC pays particular attention when awarding grants to ensure that, at the completion of training, wages are equal to or greater than the prevailing wage in the local area. Statewide, the average wage paid to workers trained with Skills grants has increased from \$10.33 an hour in FY 1996 to \$22.36 an hour in FY 2014.



Skills for Small Business

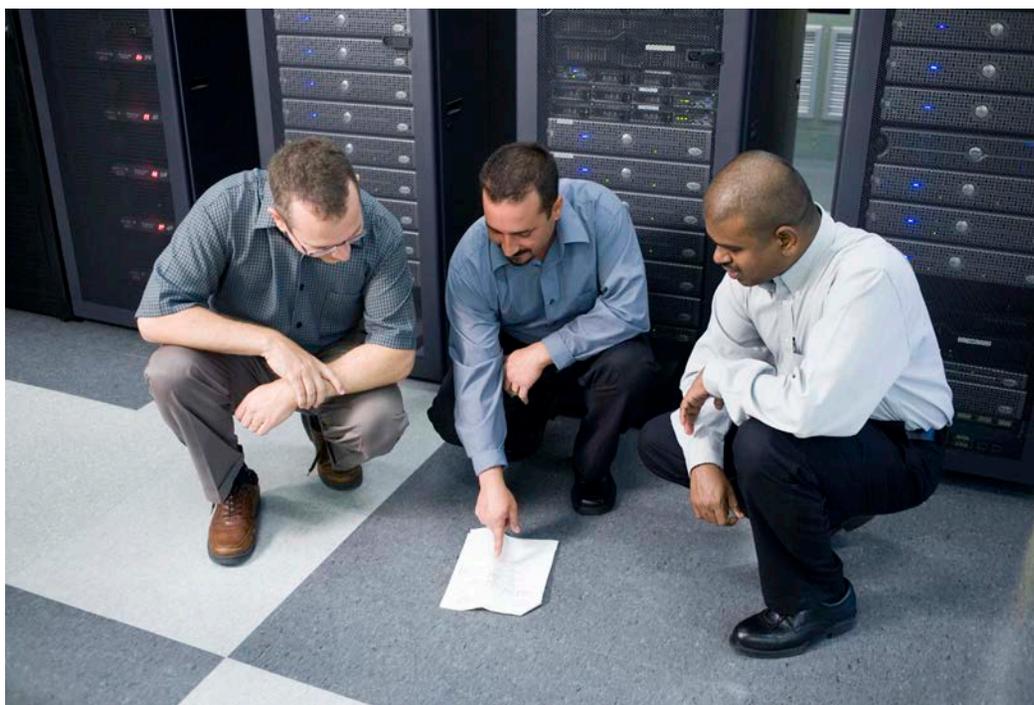
An integral part of the Texas economy is the more than 460,000 small businesses throughout the state. TWC's Skills for Small Business initiative provides

them with important opportunities to request training for their workers and improve overall business operations. TWC offers the Skills for Small Business initiative in coordination with the Office of the Governor's Small Business Forums. This initiative allows small businesses to select courses provided by their local public community colleges, technical colleges, or TEEX, and obtain the training they determine to be necessary for their success. Businesses apply directly to TWC for training, and TWC arranges funding with the local public community or technical college. This streamlined process allows small businesses quick access to needed training.



Veteran and Industry Partnership (VIP)

In FY 2014, TWC introduced the Veteran and Industry Partnership (VIP) program, a new initiative designed to help U.S. military veterans get the advanced training needed for specific occupations in the expanding information technology, advanced manufacturing and petrochemical industries. TWC has dedicated training dollars from the Skills Development Fund to focus specifically on training veterans in parts of the state where demand is high for occupations in the three targeted industries. Local community colleges will administer VIP training for occupations that have been identified as high-demand by private-industry representatives and Boards in each of the targeted regions. Fast-track, accelerated training will prepare veterans for employment in high demand occupations.





Skills Spotlights



Brookhaven College

Brookhaven College partnered with Maxim Integrated Products Inc. and General Aluminum Company of Texas LP to upgrade the skills of manufacturing professionals in the Workforce Solutions Dallas County region. Both companies needed a highly trained workforce to meet customer demands. Brookhaven College was awarded a \$477,181 Skills grant to train 87 new workers and 423 incumbent workers for these manufacturing companies.

Maxim Integrated Products Inc. invents highly integrated solutions that make technology seamless. The training provided through the Skills grant resulted in opportunities for employees to

become certified in production and inventory management. The company's success is based on its employees outperforming the competition through innovation. The training increased employees' skills, ensuring that the company's products provide the value and quality customers expect.

General Aluminum Company of Texas LP was recently acquired by MI Windows and Doors Inc., one of the nation's largest suppliers of vinyl, aluminum, and composite windows and doors. Training was provided in programmable logic controller maintenance, measuring techniques, paint training, and hydraulics to develop needed skill sets and maintain product quality. The training helped support the company's goal of developing the best caliber of employee through continuous skill improvement.

"The Skills Development Fund helps hundreds of Texas employers and thousands of workers connect with workforce training each year. I applaud TWC and Brookhaven College for their efforts to provide Texas businesses with a ready and skilled workforce."

— State Rep. Bennett Ratliff



Grayson College

Grayson College in Denison partnered with newly built Panda Sherman Power LLC to train 24 of the site's 27 employees in the operation and maintenance of state-of-the-art power-generation equipment. A \$62,114 Skills grant prepared a highly specialized workforce in electric motor controls, pump system maintenance, water chemistry, and valve maintenance. Upon training completion, Mechanical Technicians; Plant Engineers; Plant Clerks; Control Room Operators; and Instrumentation, Controls, and Electrical Technicians will earn an average hourly wage of \$39.17.

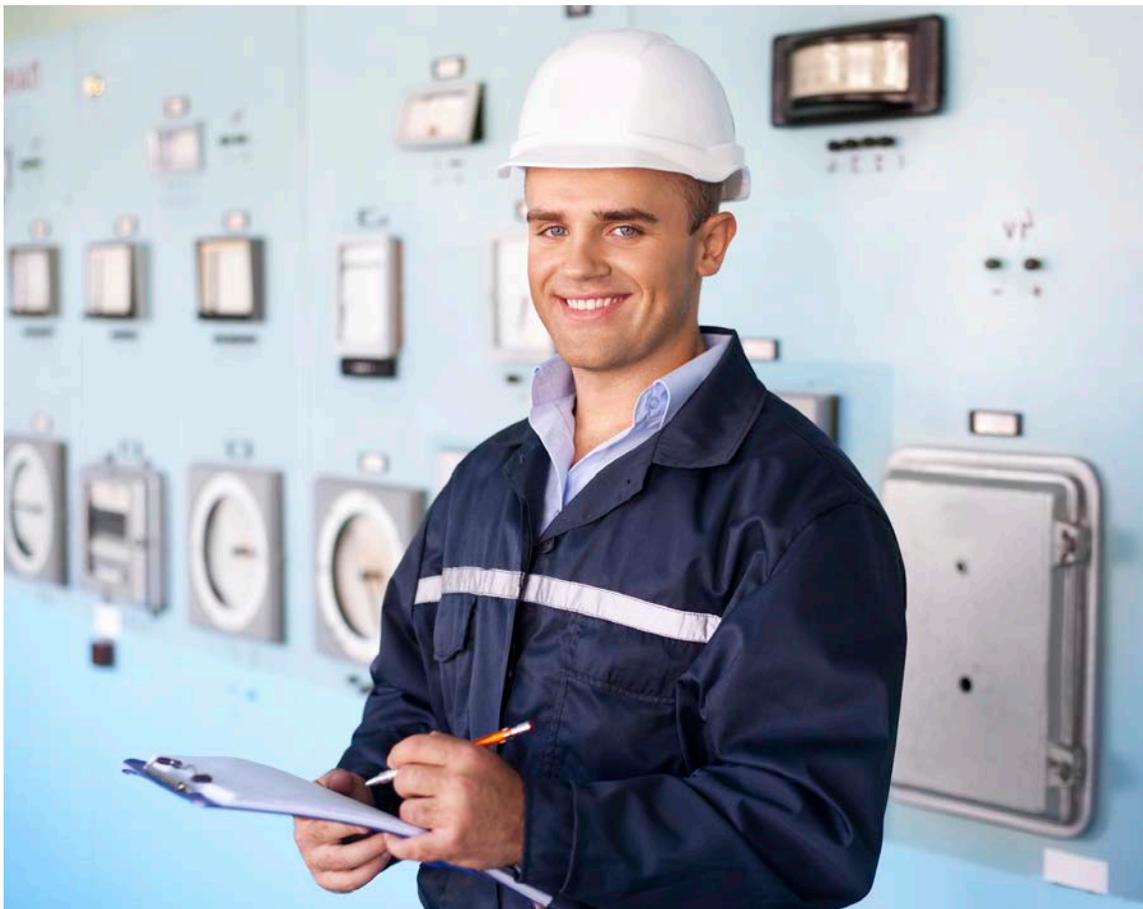
Through a total of five Skills grants worth more than \$1.3 million in FY 2014, Grayson College

will train nearly 1,000 new and current workers in the Workforce Solutions Texoma region in the health care, manufacturing, and service industries. Regional growth compelled training for Texas Health Presbyterian Hospital-WNJ and Texoma Medical Center to enhance patient care; improve nursing skills; cross-train staff; and provide industry-recognized certifications. In addition, these training projects aligned with the goals for the TWC Healthcare Innovation Project, established to meet the ever-growing need of healthcare workers in the State. Increased domestic and global demand for Kwikset Corporation resulted in machining, industrial maintenance, and metal stamping training.

Lastly, startup National Government Services Inc. needed training for the complex processing of medical insurance claims, as well as federally required Medicare instruction.

"The entire community profits through collaborations between area businesses and Grayson College. The Skills Development Fund not only provides benefits for the employers and employees, but for the economy and the state of Texas."

— State Rep. Larry Phillips





Lamar State College – Orange

E.I. DuPont De Nemours and Company in Orange turned to Lamar State College for Skills-funded training that addressed two critical areas: a production and maintenance skills gap that retirements exacerbated; and the need for a strong emergency response team due to DuPont's chemical processes. A \$728,937 grant provided technical training for 61 new and 458 incumbent workers in the Workforce Solutions Southeast Texas region.

Less-tenured team members participated in National Center for Construction Education and

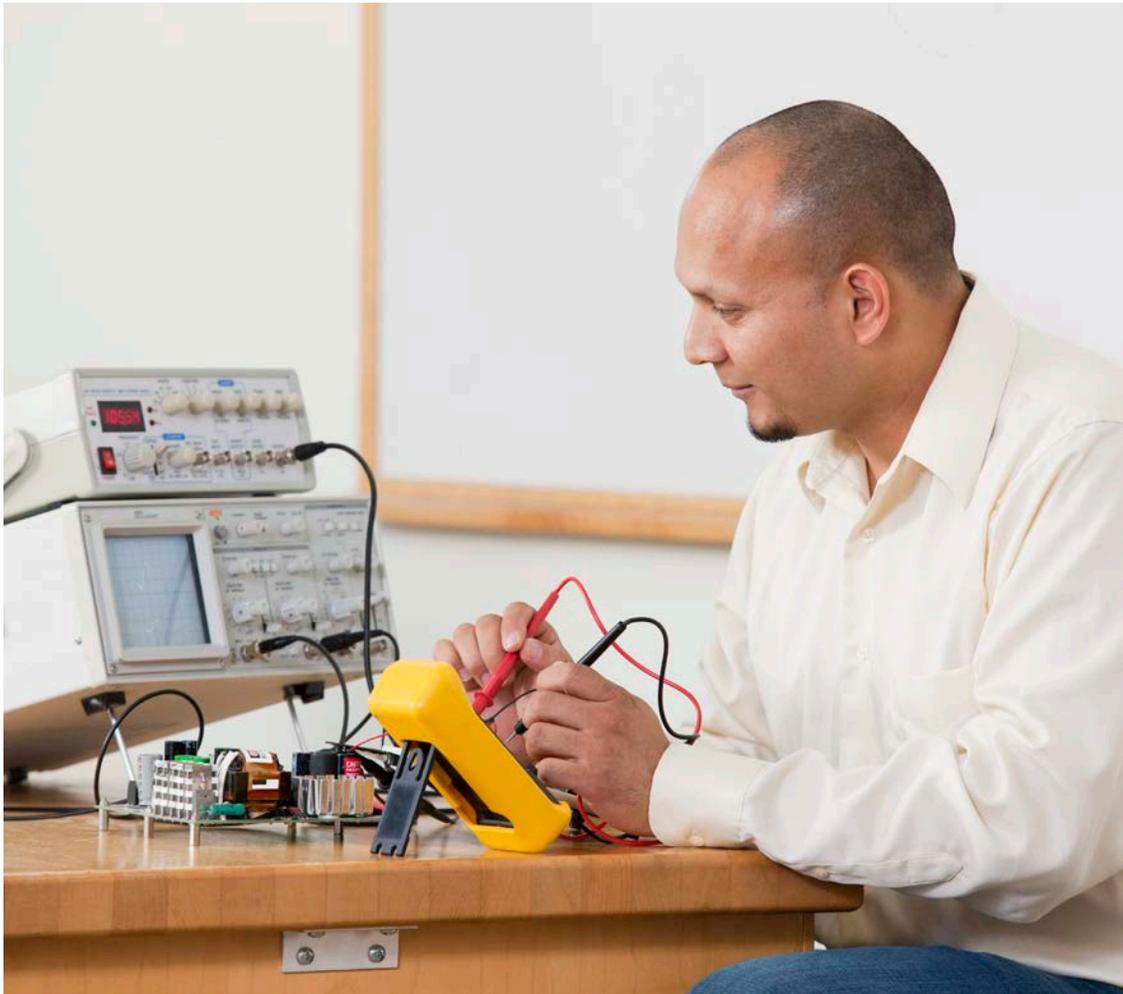
Research (NCCER) training, as well as classes that provided advanced electrical troubleshooting, gas chromatography, millwright, and pipefitter skills. Training increased DuPont's manufacturing quality and decreased downtime. To support the company goal of site wide safety and readiness, the emergency response team/fire brigade received fire brigade, fire extinguisher, and emergency response training.

Trainees who completed training successfully had the opportunity to receive up to 12 industry-recognized, portable certifications. Upon completing training, General Mechanics, Fire Brigade Firefighters, Maintenance Specialists, Chemical Engineering Technicians, and Laboratory Technicians earned an hourly wage of \$35.37.

“The Skills Development Fund Grant helps Lamar State College in Orange to provide beneficial opportunities which help employers like E.I. DuPont De Nemours and Company in Orange close the skills gap in production and maintenance. They will also be able to fulfill the need of a much needed emergency response team. Strong partnerships like this between companies and colleges are important to contributing to the success of fostering talent in the petrochemical industry in Texas.”

— State Sen. Robert Nichols





North Central Texas College

North Central Texas College partnered with GE Manufacturing Solutions (GEMS) to address the company's urgent need to assess, train, and qualify 145 new employees in highly customized technical topics. GEMS, a manufacturer-supplier of freight and passenger locomotives, motorized drive systems for mining trucks, high-quality replacement parts, and other services, recently opened a \$96 million manufacturing plant in Denton County. North Central Texas College was

awarded a \$492,115 Skills grant to train 145 newly hired welders and assemblers in the Workforce Solutions North Central Texas region.

Training was provided in welding, electrical circuit wiring, technical calculation, blueprint reading, and safety skills needed to perform required manufacturing tasks to build and remanufacture transportation-related products. The combination of classroom, hands-on laboratory and online training enabled workers to produce the most advanced locomotives and transportation products that reduce fuel consumption and emissions. A highly trained workforce allows GEMS to secure a competitive edge while meeting quality standards that customers demand.

"This partnership between North Central Texas College, GE Manufacturing Solutions and the Texas Workforce System, will help ensure that North Central Texas manufacturers will have a qualified pool of workers skilled in the latest industry practices."

— State Rep. Drew Springer

The Future

TWC continues to provide rigorous oversight of Skills projects to ensure quality and accountability. Texas businesses and taxpayers should expect to see a tangible return on their investment in the form of job growth, business expansion, and employee retention.

As the Texas workforce grows and global competition increases the need for specialized competencies, many businesses find that their workforce lacks the skills necessary to excel in an international marketplace. This program was specifically designed to meet that need — to provide the workforce skills that Texas employers demand to remain globally competitive.

Skills grants are a proven component of the state's economic development strategy. Texas businesses and the communities they employ throughout Texas have benefited from a workforce equipped with the skills needed to compete in the 21st century marketplace.

TWC continues to improve the Skills program by implementing Rapid Process Improvement methodologies in reviewing program management, maximizing continuous improvement techniques, and conducting measurement system analyses to increase capacity efficiencies. The Skills program has benefited significantly from these methodologies as a strategy to focus, prioritize, compel solutions, and solve problems while integrating methods and concepts of Lean and Six Sigma.

Skills continues to identify opportunities for further operational efficiencies by using this structured approach to improve overall program management efficiency while increasing the proficiency at which business training needs are met.





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(Chapter 303.006 Labor Code)

The following data satisfy the requirements set forth by the 77th Legislature for an annual report of Skills Development Fund program statistics. The data in all tables, except for Tables 4 and 8, align with the Comptroller's 13 regions of the state.

Table 1 shows the total number of applications submitted for funding in FY 14, the total number of applications approved, and the total number of applications withdrawn for each region of the state.

Table 1

| Region | Number of Applications Submitted | Number of Applications Approved | Number of Applications Withdrawn |
|--------------------|----------------------------------|---------------------------------|----------------------------------|
| Alamo | 3 | 3 | 0 |
| Capital | 2 | 2 | 0 |
| Central Texas | 6 | 6 | 0 |
| Coastal Bend | 6 | 6 | 0 |
| Gulf Coast | 8 | 8 | 0 |
| High Plains | 1 | 1 | 0 |
| Metroplex | 26 | 25 | 1 |
| Northwest Texas | 1 | 1 | 0 |
| South Texas Border | 1 | 1 | 0 |
| Southeast Texas | 3 | 3 | 0 |
| Upper East Texas | 5 | 5 | 0 |
| Upper Rio Grande | 2 | 2 | 0 |
| West Texas | N/A | N/A | N/A |
| Statewide Total | 64 | 63 | 1 |

Table 2 shows the total amount of funding awarded in each region of the state and the percentage those amounts represent of total dollars awarded on a statewide basis. The second and third columns of the table show data for FY 2014 only, and the last two columns show cumulative data from FY 1996 (program inception) through FY 2014.

Table 2

| Region | Amount Awarded by Region FY 2014 | Percent of Statewide Funds Awarded FY 2014 | Total Amount of Funds Awarded by Region FY 1996-2014 | Percent of Total Statewide Funds Awarded FY 1996-2014 |
|--------------------|----------------------------------|--|--|---|
| Alamo | \$1,884,623 | 5% | \$33,430,361 | 10% |
| Capital | \$2,583,613 | 3% | \$11,534,885 | 3% |
| Central Texas | \$2,167,010 | 9% | \$21,800,505 | 7% |
| Coastal Bend | \$2,124,121 | 9% | \$16,559,465 | 5% |
| Gulf Coast | \$1,537,190 | 13% | \$53,409,834 | 16% |
| High Plains | \$424,158 | 2% | \$7,754,768 | 2% |
| Metroplex | \$11,703,419 | 41% | \$84,593,511 | 26% |
| Northwest Texas | \$959,844 | 2% | \$11,192,622 | 3% |
| South Texas Border | \$216,303 | 2% | \$24,795,635 | 8% |
| Southeast Texas | \$1,553,732 | 5% | \$9,998,563 | 3% |
| Upper East Texas | \$965,445 | 8% | \$24,099,057 | 7% |
| Upper Rio Grande | \$437,137 | 3% | \$9,935,970 | 3% |
| West Texas | \$182,366 | 0% | \$12,546,047 | 4% |
| Statewide Grant | N/A | 0% | \$463,548 | 0.1% |
| Statewide Total | \$26,738,962 | 100% | \$322,114,771 | 97% ¹ |

¹ The training funds provided to Toyota prior to FY 2014 are not factored into the data reflected in the above table due to the unique nature of these projects. As a result, the total percentage in the last column ("Percent of Total Statewide Funds Awarded FY 1996-2014") does not equal 100 percent.

Table 3 shows the percentage of total funding awarded to each region of the state, as well as each region's percentage of:

- the state's population;
- the civilian labor force;
- the number of unemployed people; and
- the number of grant applications submitted to TWC by public community and technical colleges.

The second column of the table shows data for FY 2014 only, and the last column shows cumulative data from FY 1996 (program inception) through FY 2014.

Table 3

| Region | Percentage of Statewide Funds Awarded FY 2014 | Percent of State's Population ¹ | Percent of State's Civilian Labor Force ² | Percent of Statewide Unemployed ² | Percent of Grant Applications FY 2014 | Percentage of Statewide Funds Awarded FY 1996-2014 |
|--------------------|---|--|--|--|---------------------------------------|--|
| Alamo | 5% | 9.02% | 8.57% | 7.95% | 3% | 10% |
| Capital | 3% | 7.56% | 8.35% | 6.82% | 3% | 3% |
| Central | 9% | 4.35% | 4.06% | 4.00% | 12% | 7% |
| Coastal Bend | 9% | 2.96% | 3.10% | 2.79% | 4% | 5% |
| Gulf Coast | 13% | 24.50% | 24.90% | 24.36% | 9% | 16% |
| High Plains | 2% | 3.24% | 3.36% | 2.66% | 3% | 2% |
| Metroplex | 41% | 26.92% | 28.02% | 27.50% | 47% | 26% |
| Northwest Texas | 2% | 2.08% | 2.12% | 1.75% | 4% | 3% |
| South Texas Border | 2% | 6.69% | 5.48% | 8.86% | 3% | 8% |
| South East Texas | 5% | 2.91% | 2.67% | 3.70% | 3% | 3% |
| Upper East Texas | 8% | 4.24% | 4.17% | 4.32% | 6% | 7% |
| Upper Rio Grande | 3% | 3.22% | 2.61% | 3.60% | 1% | 3% |
| West Texas | 0% | 2.31% | 2.58% | 1.70% | 1% | 4% |
| Statewide Grant | 0% | 0% | 0% | 0% | 0% | 0.1% |
| Statewide Total | 100% | 100% | 100% | 100% | 100% | 97% ³ |

¹ Source: U.S. Census Bureau, July 1, 2013, county population estimates.

² Source: Labor Market & Career Information, TWC FY 2014 estimates (September 1, 2013 – August 31, 2014).

³ The training funds provided to Toyota prior to FY 2014 are not factored into the data reflected in the above table due to the unique nature of the project. As a result, the total percentage in the last column ("Percentage of Statewide Funds Awarded FY 1996-2014") does not equal 100 percent.

Table 4 shows the average and median weekly wage levels of individuals to be trained under new FY 2014 grants. The data include wages for current employees who will be retrained and those who will be hired into new positions.

Table 4

| All Trainees | Statewide Average Weekly Wage | Statewide Median Weekly Wage |
|-------------------------------|-------------------------------|------------------------------|
| Current Employees (Retrained) | \$968 | \$930 |
| New Hires | \$767 | \$754 |

Table 5 shows the average and median weekly wage levels of all individuals to be trained under new FY 2014 grants. These wage levels are presented for each region of the state.

Table 5

| Region | Average Weekly Wage | Median Weekly Wage |
|--------------------|---------------------|--------------------|
| Alamo | \$616 | \$542 |
| Capital | \$1,018 | \$1,043 |
| Central Texas | \$735 | \$682 |
| Coastal Bend | \$876 | \$956 |
| Gulf Coast | \$1,157 | \$1,112 |
| High Plains | \$1,500 | \$1,275 |
| Metroplex | \$908 | \$869 |
| Northwest Texas | \$748 | \$744 |
| South Texas Border | \$483 | \$420 |
| Southeast Texas | \$1,196 | \$1,167 |
| Upper East Texas | \$741 | \$667 |
| Upper Rio Grande | \$953 | \$1,117 |
| West Texas | \$617 | \$600 |

Table 6 shows the total amount of funds awarded in FY 2014 to micro-employers, small employers, medium employers, and large employers, as defined by the number of employees working for each business. The data are presented for each region of the state.

Table 6

| Region | Micro (<21 Employees) | Small (21-99 Employees) | Medium (100-499 Employees) | Large (500+ Employees) |
|-------------------------------|--------------------------|-------------------------------|-------------------------------|---------------------------|
| Alamo | \$0 | \$0 | \$382,796 | \$1,501,827 |
| Capital | \$0 | \$123,326 | \$1,097,208 | \$1,363,079 |
| Central Texas | \$19,167 | \$259,758 | \$707,955 | \$1,180,131 |
| Coastal Bend | \$0 | \$63,580 | \$175,445 | \$1,885,096 |
| Gulf Coast | \$4,792 | \$28,829 | \$341,740 | \$1,161,830 |
| High Plains | \$4,792 | \$33,542 | \$7,188 | \$378,637 |
| Metroplex | \$7,188 | \$390,612 | \$2,831,429 | \$8,474,191 |
| Northwest Texas | \$0 | \$44,277 | \$915,567 | \$0 |
| South Texas Border | \$12,017 | \$0 | \$139,052 | \$65,234 |
| Southeast Texas | \$0 | \$0 | \$0 | \$1,553,732 |
| Upper East Texas | \$0 | \$0 | \$170,115 | \$795,330 |
| Upper Rio Grande | \$0 | \$0 | \$0 | \$437,137 |
| West Texas | \$0 | \$0 | \$0 | \$182,366 |
| Statewide Total | \$47,955 | \$943,924 | \$6,768,494 | \$18,978,589 |
| Statewide Percent of Total | 0.2% | 3.5% | 25.3% | 71.0% |

Table 7 shows the total number of individuals to be trained under new FY 2014 grants by region of the state. The total for each region includes the number of trainees who will enter new jobs and the number of current workers to be retrained.

Table 7

| Region | Total Number of Trainees |
|--------------------|--------------------------|
| Alamo | 1,004 |
| Capital | 689 |
| Central Texas | 1,957 |
| Coastal Bend | 1,383 |
| Gulf Coast | 981 |
| High Plains | 290 |
| Metroplex | 6,499 |
| Northwest Texas | 389 |
| South Texas Border | 252 |
| Southeast Texas | 1,035 |
| Upper East Texas | 748 |
| Upper Rio Grande | 367 |
| West Texas | 188 |
| Statewide Total | 15,782 |

Of the 15,782 trainees, 100 percent will be offered one or more benefits options such as health care, workers' compensation, or other analogous benefits programs.

Of the 5,779 new hires to be trained through Skills grants in FY 2014:

- 5,492 will be from existing Texas employers, and
- 287 will be from employers relocating to Texas.

Of the 10,003 incumbent workers to be trained through Skills grants in FY 2014:

- 9,996 will be from existing Texas employers, and
- 7 will be from employers relocating to Texas.

Table 8 shows the total number of individuals to be trained under the FY 2014 program by industry classification. The total for each industry includes the number of trainees who will enter new jobs and the number of current workers to be retrained.

Table 8

| Industry | Total Number of Trainees |
|------------------------------|--------------------------|
| Aerospace & Defense | 37 |
| Agricultural | 0 |
| Construction | 1,953 |
| Finance & Insurance | 0 |
| Health Care | 1,496 |
| Information Technology | 1,232 |
| Manufacturing | 8,633 |
| Mining | 956 |
| Retail Trade | 293 |
| Services | 802 |
| Transportation & Warehousing | 305 |
| Utilities | 24 |
| Wholesale Trade | 51 |
| Statewide Total | 15,782 |



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