

SKILLS DEVELOPMENT FUND ANNUAL REPORT—FISCAL YEAR 2015



Skills
Development Fund



Train your workforce.
Power your business.



Texas Workforce Commission Mission:

To promote and support a workforce system that creates value and offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity.





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A rapidly shifting global economy impacts Texas businesses daily. This constant transformation requires powerful, nimble tools that respond to operational needs. For two decades, the Texas Workforce Commission (TWC) has supported high-skills, high-demand training through the Skills Development Fund (Skills) for commanding market-driven solutions for Texas businesses. Entering its third decade, the Skills program will continue to build on best practices identified in recent years, to ensure Texas businesses benefit from a highly trained workforce.

As Texas' premier job-training program, Skills is an essential component for the attraction and location of new businesses to Texas, as well as the retention and expansion of companies currently in the state. By funding newly hired and existing workers' development of new or upgraded in-demand skills, participating businesses increase competitiveness in the state, national, and global marketplace; increase innovation and efficiency; and support projected business growth.

Through partnerships between businesses, public community or technical colleges, or the Texas A&M Engineering Extension Service (TEEX), Local Workforce Development Boards (Boards), economic development entities, and TWC, Skills and the Texas workforce system have been key components for targeted workforce solutions for 20 years. With Skills

focusing on high-growth, high-demand industry sectors to assist businesses with their workforce training, the Texas workforce system has become a trusted source for workforce solutions.

FAST FACTS

When providing vital training for high-demand occupations for Texas businesses and workers, TWC aims to ensure the equitable distribution of Skills funds statewide to expand the state's capacity to respond to both rural and urban workforce needs.

In Fiscal Year (FY) 2015, TWC's Skills:

- received 54 proposal submissions totaling \$22,948,961;
- funded 47 grants, with an average award of \$450,315;
- will serve 67 businesses;
- will support the creation of 3,664 new jobs; and
- will retrain 9,431 current workers in existing jobs.

Since its inception in 1996, the Skills program has helped 4,141 employers create 104,850 jobs and upgrade the skills of 224,483 incumbent workers, for a total of 329,333 workers trained. In these two decades, participating workers have received career and/or advancement opportunities and, in many cases, wage gains, as TWC also 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 \$27.10 an hour in FY 2015.

BUSINESS AND EDUCATION AS PARTNERS

Texas businesses have been the key to the success of the Skills program since 1996. Boards and economic development entities assist them through their critical role in helping to identify their local training needs and in bringing together partners.

Single businesses, business consortia, or trade unions identify training needs, whether they are due to skills gaps, site retooling, new product lines, plant expansions, emerging in-demand skills or other opportunities. In partnership with a public community or technical college, or TEEX, a customized training project is developed that will address that need. The customized training plan supports projected business growth plans while addressing participating trainees' skills gaps, creating new jobs or increasing the skills of existing workers to advance their careers.

The TWC Skills grant funds training. A college develops customized curricula, provides assessment services, facilitates training, and administers the grant. Colleges are best positioned to provide this customized service in the local community, being familiar with the specific workforce needs of their

urban or rural population. Relationships with other training providers may be brokered if determined necessary. Once developed, 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 innovative training design.

SKILLS FOR SMALL BUSINESS INITIATIVE

More than 468,000 small businesses are integral to the Texas economy. TWC's Skills for Small Business program provides businesses the opportunity to request workforce training that will respond to their operational needs. This initiative allows small businesses with 99 and fewer workers to select courses they determine necessary for success.





The businesses apply directly to TWC for training provided by the local public community or technical college, or TEEX. TWC arranges funding with the college or TEEX upon approval.

This streamlined process allows small businesses quick, efficient access to needed training.

In FY 2015, nearly \$725,000 was contracted to public community and technical colleges and TEEX for this initiative that is offered in coordination with the Office of the Governor's Small Business Forums.

Through the Skills for Small Business Initiative, employees of small businesses have participated in training including automotive repair, web design, solar panel installation, drafting, and medical billing and coding. These types of training help increase the competitiveness and opportunity for growth of small businesses across Texas.

DUAL CREDIT PROGRAM

To support the creation and expansion of dual credit career and technical education in Texas high schools, and address local industry demands, TWC allocated five percent of Skills training dollars to the Dual Credit program.

The grant program expands joint-credit courses in partnerships between local school districts and public community, state, or technical colleges.

Colleges provided TWC with applications that outlined agreements to work alongside school districts in the development or expansion of dual credit and certificate pathways to support high-skill, high-demand occupations.

Programs included curriculum development and enhancement or instructional equipment purchases or repair. Funded projects resulted in model education and training opportunities for high school students in high-demand occupations.

Dual Credit grants awarded statewide support hands-on training and prepare students for careers such as computer network specialists; welders; machinists; electrical and electronics engineering technicians; electrical powerline installers and repairers; and heating, ventilation, and air-conditioning mechanics and installers.

SKILLS SPOTLIGHTS



Austin Community College

Austin Community College (ACC) delivered instruction to nearly 1,430 new and incumbent workers in the Workforce Solutions Capital Area and Rural Capital Area local workforce development areas (workforce areas) through Skills Development Fund initiatives that totaled more than \$3.2 million in FY 2015.

“The training provided through the partnerships with Austin Community College and community providers helps address the high demand for skilled professionals in our community while meeting the economic and social needs of all Central Texans,” said state Sen. Kirk Watson.

Three Skills grants served the finance, information technology, health care, and manufacturing industries. Visa U.S.A. Inc. received cloud computing courses as part of a \$324,192 grant for 54 new and 100 incumbent workers. Six St. David’s HealthCare locations addressed certification and high-skills training needs for 26 new and 683 incumbent nurses and allied health professionals with a \$1 million grant.

A \$1.7 million grant with start-up company Epic Piping LLC provided

precision welding and fabrication training for 554 new workers.

ACC is also a Skills for Small Business recipient. This funding allows them to respond quickly to the demands of small businesses, upgrading worker skills and allowing them to provide more efficient service to customers.

Additionally, ACC supports efforts to train tomorrow’s workforce today. Through a \$224,178 Dual Credit grant, ACC partnered with Manor Independent School District (ISD) to offer Career and Technical Education (CTE) programming to junior and senior high school students. The grant provided hands-on training for computer network specialists; electrical and electronics engineering technicians; electrical powerline installers and repairers; and heating, ventilation, and air-conditioning mechanics and installers.

“Having a skilled nursing workforce is critical for Texas employers such as St. David’s HealthCare as they continuously contribute to our local economies and communities,” said state Rep. Larry Gonzales.

Del Mar College

Del Mar College partnered with two manufacturing businesses establishing operations and creating more than 350 jobs in the Coastal Bend workforce area. M&G Chemicals, one of the three largest global producers of polyethylene terephthalate (PET) for packing applications, is building the world’s largest purified terephthalic acid (PTA)/PET plant in Corpus Christi. The plant will implement specialized technology for PET and PTA production. This technology



Del Mar College also has served area businesses through the Skills for Small Business program. The college provided training in computer-aided drafting, finance, basic electricity, and business management to upgrade team members' skills.

"These Skills Development Fund grants reflect key partnerships forged between Del Mar College and area business. These customized training programs are geared toward localized industries to provide Texas employers the workforce they need while giving employees an opportunity to advance their skillset," said state Rep. Todd A. Hunter.

is new to the region, and even experienced process technicians will require in-depth training to meet company standards. The college was awarded a \$214,940 Skills grant to train 225 newly hired technicians and engineers on chemical process technologies, process logistics, rotary equipment, and distributive controls systems.



"Del Mar College gives students excellent personalized skills training to help them succeed in the workforce and to reach their full professional potential while providing customized services to their employers such as M&G Chemicals and Voestalpine. Through the Skills Development Fund, we are able to invest in our communities, produce a more educated workforce, create job opportunities with higher wages, and stimulate our local economies," said state Sen. Juan 'Chuy' Hinojosa.

El Centro College

Medical Center of Alliance is a new, \$71 million acute-care hospital in the Tarrant County workforce area that includes surgical, imaging, endoscopy, women's, and labor and delivery services, as well as intensive care units. The hospital's all-new workforce, a blend of 192 experienced and entry-level team members, will require a combination of certifications and recertifications for highly skilled positions. El Centro College was awarded a \$527,022 Skills grant to provide targeted training that will result in unparalleled care delivery to the North Fort Worth community.

Voestalpine Texas LLC turned to Del Mar College to prepare 135 new employees for its natural gas-based direct-reduction plant. The plant has an annual capacity of two million metric tons of Hot Briquetted Iron (HBI) used in the production of high-quality steel grades. Production volume will be shipped to existing Austrian steel mills in Linz and Donawitz for production of sophisticated steel grades. Because this is the only HBI facility in Texas, no new hires have HBI processing experience and few have metallurgy experience. The college received a \$192,376 Skills grant to provide briquetting process, crane, and safety training to ensure employees are highly trained in the HBI process.

"Creating partnerships between businesses, non-profit organizations and local community colleges promotes a skilled workforce with training solutions that builds investments for a sustainable future for the great state of Texas," said state Sen. Royce West.

El Centro College also responded to the training needs of AAA Texas, LLC. The company, which provides insurance, automotive, and travel products and services to 1.5 million members through 25 offices statewide, is expanding its

“Creating business partners in the Greater Dallas and Tarrant County area creates avenues for workers to succeed in the job market. Skills Development Fund grants, connecting local businesses and colleges, implement growth and sustainability for local businesses and the community,” said state Rep. Morgan Meyer.

Metroplex presence with 110 new team members. The college received a \$197,835 Skills grant to provide specialized insurance, sales, and customer-service training to the new employees in the Dallas County workforce area.

El Centro College provided training to businesses in the wholesale trade, manufacturing, and services industries through the Skills for Small Business program. The training helped area small businesses upgrade employees’ skills.

“A skilled workforce is essential to our economy. The grant partnerships between community colleges and our healthcare communities will lead to skilled training and future job opportunities. When our business and industry leaders work together with our education institutions it creates a direct path to employment for our students,” said state Rep. Matt Krause.



South Texas College

While Woodcrafters Home Products LLC, Worldwide Inc. and Trostel Ltd. manufacture three different products, they have the same goals: to develop high-quality, eco-friendly products; to position team members for leadership roles; and to adhere to Lean manufacturing principles for increased operational efficiency.

The cabinetry, pet products and rubber seal manufacturers, respectively, partnered with South Texas College (STC) on a \$334,648 Skills Development Fund grant to train 19 new and 198 incumbent workers in the Lower Rio Grande Valley workforce area. Maintenance mechanics, assemblers, machine operators, engineers, and others acquired or upgraded welding, drafting, programmable logic controller, Six Sigma, and management skills.

“I am delighted that the job-training provided at South Texas College through the Skills Development Fund is providing businesses with a well-prepared skilled workforce. By helping workers enhance their job skills, the college is helping our great state remain economically competitive,” said state Sen. Judith Zaffirini, a member of the Senate Natural Resources and Economic Development Committee.

STC reaches out to businesses of all sizes in the Lower Rio Grande Valley workforce area. Through Skills for Small Business, the college provided local utility construction companies that employ 99 and fewer workers with engineering, momentum, and vibration analysis training.

“The Skills Development Fund allows workers to receive upgraded skills that local employers need and makes our Texas employers more competitive in the global market,” said state Sen. Eddie Lucio.



THE FUTURE

The Skills Development Fund is an investment in Texas' businesses and workforce. This outlay strengthens the state's businesses through partnerships with community colleges and, on the whole, helps both urban and rural communities increase global competitiveness. To ensure that Skills continues to support these efforts, TWC continually seeks feedback from its stakeholders on how to improve the program.

In the last two years, TWC engaged a workgroup of TWC Skills Development Fund, Local Workforce Development Board and Community College staff. This workgroup focused on process improvement using the tenets of Integrated Theory of Constraints and Lean business principles, known at TWC as Rapid Process Improvement (RPI). The outcomes of this workgroup led to changes to the application and review processes that benefit all stakeholders. Application documents were streamlined to reduce redundancies and clarify most pertinent information for a successful application, and Skills projects are developed, evaluated and written into contract at a target of 90 days.

In addition to process improvements, a training program was developed and implemented to increase the number of local staff who are able to promote the Skills program and its benefits to businesses. This program has trained more than 160 practitioners statewide since its implementation.

As the Skills program moves from its second to its third decade of serving Texas businesses, it will continue to explore and implement new and

innovative ways to meet the workforce training needs of businesses. Currently, TWC is developing a new campaign to focus training programs in rural communities. Our goal will be to increase the number of projects that are funded in rural areas of the state while working to strengthen and retain the workforce in rural communities. Plans will launch in FY 2016.

Colleges have requested that a repository be established for all curriculum developed for the Skills program. To accomplish this, a task force led by colleges has been formed to further develop this concept and recommend solutions. We thank the colleges for bringing this idea forward, and for volunteering to serve on this task force.

Instead of a specific wage parameter, high-demand jobs that are high skill and meet prevailing wage requirements will remain the focus of the Skills Development Fund. The average targeted cost per participant has increased to \$1,800 for Skills Development Fund projects funded in FY 2016. New hire trainees in both the Skills for Veterans initiative and Skills for Small Business program can receive training valued at up to \$1,800, as well.

Through continued partnerships with economic development, workforce development boards, and college partners, and with an ongoing focus on continuous process improvement, businesses will be in a position to respond to rapidly shifting markets and the workforce will be equipped with skills to meet the needs of the 21st century global marketplace.

The following data satisfies the requirements set forth by the 77th Texas Legislature, Regular Session (2001), for an annual report of Skills Development Fund program statistics. The data in all tables, except for Tables 4 and 8 align with the Texas Comptroller of Public Accounts (Comptroller's) 13 regions of the state.

TABLE 1

Table 1 shows the total number of applications submitted for funding in FY 2015, the total number of applications approved, and the total number of applications withdrawn for each region of the state.

REGION	NUMBER OF APPLICATIONS SUBMIT ¹	NUMBER OF APPLICATIONS APPROVED	NUMBER OF APPLICATIONS WITHDRAWN
Alamo	2	2	0
Borderplex	2	1	1
Capital	5	4	0
Central Texas	4	4	0
Coastal Bend	2	2	0
Gulf Coast ²	9	6	1
High Plains ²	3	2	0
Metroplex	16	15	0
Northwest Texas	3	3	0
South Texas Border	2	2	0
Southeast Texas	1	1	0
Upper East Texas	5	5	0
West Texas	N/A	N/A	N/A
Statewide Total	54	47	2

¹ Some applications were submitted by colleges that had partnered with businesses in different Comptroller regions. In these cases, the application was counted once in each region.

² The "Number of Applications Submitted" includes proposals submitted but not awarded prior to the end of the fiscal year.

TABLE 2

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 show data for FY 2015 only, and the last two columns show cumulative data from FY 1996 (program inception) through FY 2015.

REGION	AMOUNT AWARDED BY REGION FY 2015	PERCENT OF STATEWIDE FUNDS AWARDED FY 2015	TOTAL AMOUNT OF FUNDS AWARDED BY REGION FY 1996–2015	PERCENT OF TOTAL STATEWIDE FUNDS AWARDED FY 1996–2015
Alamo	\$995,056	5%	\$34,425,417	10%
Borderplex	\$35,3349	2%	\$10,289,319	3%
Capital	\$3,669,066	17%	\$15,203,951	4%
Central Texas	\$2,650,043	13%	\$24,450,548	7%
Coastal Bend	\$407,316	2%	\$16,966,781	5%
Gulf Coast	\$3,704,598	18%	\$57,114,432	16%
High Plains	\$609,785	3%	\$8,364,553	2%
Metroplex	\$5,388,614	25%	\$89,982,125	26%
Northwest Texas	\$1,675,685	8%	\$12,868,307	4%
South Texas Border	\$559,648	3%	\$25,355,283	7%
Southeast Texas	\$215,240	1%	\$10,213,803	3%
Upper East Texas	\$936,408	4%	\$25,035,465	7%
West Texas	N/A	0%	\$12,546,047	4%
Statewide Grant	N/A	0%	\$463,548	0.1%
Statewide Total	\$21,164,809¹	100%	\$343,279,579	98%²

¹ Amount awarded includes dual credit awards.

² The training funds provided to Toyota Motor Manufacturing, Texas, prior to FY 2015 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 1996-2015") does not equal 100 percent.

TABLE 3

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

The second column shows data for FY 2015 only, and the last column shows cumulative data from FY 1996 (program inception) through FY 2015.

REGION	PERCENT OF STATEWIDE FUNDS AWARDED FY 2015	PERCENT OF STATE'S POPULATION ¹	PERCENT OF STATE'S CIVILIAN LABOR FORCE ²	PERCENT OF STATEWIDE UNEMPLOYED ²	PERCENT OF GRANT APPLICATIONS FY 2015	PERCENT OF STATEWIDE FUNDS AWARDED FY 1996–2015
Alamo	5%	9%	9%	8%	2%	10%
Borderplex	2%	3%	3%	1%	4%	3%
Capital	17%	8%	8%	7%	11%	4%
Central	13%	4%	4%	3%	7%	7%
Coastal Bend	2%	3%	3%	3%	4%	5%
Gulf Coast	18%	25%	25%	26%	17%	16%
High Plains	3%	3%	3%	3%	6%	2%
Metroplex	25%	27%	28%	30%	30%	26%
Northwest Texas	8%	2%	2%	2%	6%	4%
South Texas Border	3%	7%	5%	9%	4%	7%
Southeast Texas	1%	3%	3%	4%	2%	3%
Upper East Texas	4%	4%	4%	4%	9%	7%
West Texas	0%	2%	3%	2%	0%	4%
Statewide Grant	0%	0%	0%	0%	0%	0.1%
Statewide Total	100%	100%	100%	100%	100%	98% ³

¹ Source: U.S. Census Bureau, July 1, 2014, county population estimates.

² Source: Labor Market & Career Information, TWC FY 2015 estimates (September 1, 2014 – August 31, 2015).

³ The training funds provided to Toyota prior to FY 2015 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 1996-2015") does not equal 100 percent.

TABLE 4

Table 4 shows the statewide average and median weekly wage levels of individuals to be trained under new FY 2015 grants.

The data includes wages for current employees who will be retrained and those who will be hired into new positions.

ALL TRAINEES	STATEWIDE AVERAGE WEEKLY WAGE	Statewide Median Weekly Wage
Current Employees (Retrained)	\$1,062	\$1,040
New Hires	\$1,141	\$1,109

TABLE 5

Table 5 shows the average and median weekly wage levels of all individuals to be trained

under new FY 2015 grants. These wage levels are presented for each region of the state.

REGION	AVERAGE WEEKLY WAGE	MEDIAN WEEKLY WAGE
Alamo	\$1,738	\$1,696
Borderplex	\$650	\$510
Capital	\$1,248	\$1,196
Central Texas	\$1,018	\$1,060
Coastal Bend	\$1,327	\$1,318
Gulf Coast	\$1,253	\$1,158
High Plains	\$1,257	\$1,312
Metroplex	\$1,055	\$1,015
Northwest Texas	\$698	\$677
South Texas Border	\$596	\$490
Southeast Texas	N/A	N/A
Upper East Texas	\$752	\$766
West Texas	N/A	N/A

TABLE 6

Table 6 shows the total amount of funds awarded in FY 2015 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.

REGION	MICRO (<21 EMPLOYEES)	SMALL (21-99 EMPLOYEES)	MEDIUM (100-499 EMPLOYEES)	LARGE (500+ EMPLOYEES)
Alamo ¹	\$0	\$0	\$0	\$898,379
Borderplex	\$0	\$0	\$0	\$353,349
Capital ¹	\$0	\$0	\$0	\$3,444,888
Central Texas	\$0	\$124,274	\$30,408	\$2,495,361
Coastal Bend	\$0	\$0	\$0	\$407,316
Gulf Coast	\$0	\$198,352	\$317,179	\$3,189,067
High Plains	\$0	\$0	\$0	\$609,785
Metroplex ¹	\$15,460	\$350,642	\$871,838	\$4,099,152
Northwest Texas ¹	\$0	\$19,507	\$0	\$1,338,989
South Texas Border ¹	\$0	\$0	\$334,648	\$0
Southeast Texas ¹	\$0	\$0	\$0	\$0
Upper East Texas ¹	\$0	\$0	\$237,697	\$481,661
West Texas	\$0	\$0	\$0	\$0
Statewide Total	\$15,460	\$692,775	\$1,791,770	\$17,317,947
Statewide Percent of Total	0.1%	3.5%	9.0%	87.4%

¹ The Dual Credit grants for these regions (Alamo, Capital, Metroplex, Northwest Texas, South Texas Border, Southeast Texas, and Upper East Texas) were not factored into the data reflected in the above table due to the unique nature of these projects.

TABLE 7

Table 7 shows the total number of individuals to be trained under new FY 2015 grants by regions 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.

REGION	TOTAL NUMBER OF TRAINEES
Alamo ¹	648
Borderplex	286
Capital ¹	1,705
Central Texas	3,219
Coastal Bend	360
Gulf Coast	1,681
High Plains	281
Metroplex ¹	3,074
Northwest Texas ¹	975
South Texas Border ¹	217
Southeast Texas ¹	N/A
Upper East Texas ¹	649
West Texas	N/A
Statewide Total	13,095
Statewide Percent of Total	0.1%

¹ The Dual Credit grants for these regions (Alamo, Capital, Metroplex, Northwest Texas, South Texas Border, Southeast Texas, and Upper East Texas) were not factored into the data reflected in the above table due to the unique nature of these projects.

Of the 13,095 trainees, 100 percent will be offered one or more benefits options such as health care, workers' compensation, or other analogous benefits programs.

Of the 3,664 new hires to be trained through Skills grants in FY 2015:

- 2,918 will be from existing Texas employers; and
- 746 will be from employers relocating to Texas.

All of the 9,431 incumbent workers to be trained through Skills grants in FY 2015, will be from existing Texas employers.

TABLE 8

Table 8 shows the total number of individuals to be trained under the FY 2015 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.

INDUSTRY	TOTAL NUMBER OF TRAINEES
Aerospace & Defense	0
Agricultural	0
Construction	438
Finance & Insurance	465
Health Care	3,528
Information Technology	1,000
Manufacturing	7,138
Mining	0
Retail Trade	53
Services	349
Transportation & Warehousing	47
Utilities	0
Wholesale Trade	77
Statewide Total	13,095

Note: The Dual Credit grants were not factored into the data reflected in the above table due to the unique nature of these projects.

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