

CHAPTER 837. APPRENTICESHIP TRAINING PROGRAMS

ADOPTED RULES WITH PREAMBLE TO BE SUBMITTED TO THE *TEXAS REGISTER*. THIS DOCUMENT WILL NOT HAVE ANY SUBSTANTIVE CHANGES BUT IS SUBJECT TO FORMATTING CHANGES AS REQUIRED BY THE *TEXAS REGISTER*.

ON JANUARY 4, 2005, THE TEXAS WORKFORCE COMMISSION ADOPTED THE BELOW RULES WITH PREAMBLE TO BE SUBMITTED TO THE *TEXAS REGISTER*.

Estimated publication date of the adoption in the *Texas Register*: January 21, 2005
The rule will take effect February 10, 2005.

The Texas Workforce Commission (Commission) adopts the repeal of Chapter 837 relating to Apprenticeship Training in its entirety, without changes to the proposed text as published in the August 20, 2004, issue of the *Texas Register* (29 TexReg 8083).

The Commission adopts new Chapter 837, relating to Apprenticeship Training Programs, with changes to the proposed text as published in the August 20, 2004, issue of the *Texas Register* (29 TexReg 8083).

Subchapter A. General Purpose and Definitions, §837.2. Definitions

Subchapter B. Funding, §837.26. Funding Distribution Process, §837.27. Administrative Costs Limitation

Subchapter C. Compliance Monitoring, §837.42. Corrective Action

The Commission adopts new Chapter 837, relating to Apprenticeship Training Programs, without changes as published in the August 20, 2004, issue of the *Texas Register* (29 TexReg 8083). The text will not be republished.

Subchapter A. General Purpose and Definitions, §837.1

Subchapter B. Funding, §§837.21–837.25

Subchapter C. Compliance Monitoring, §837.41

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

A. Purpose

B. Background and Authority

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

PART IV. COORDINATION ACTIVITIES

PART V. PUBLIC COMMENTS AND RESPONSES

PART V. RULE REPEAL

PART VI. FINAL RULE

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

A. Purpose

The Commission adopts the repeal of Chapter 837 to remove redundant administrative processes and procedures. The Commission adopts new Chapter 837 to retain only the provisions required

by the Commission and Texas Education Code, Chapter 133, concerning apprenticeship training. These changes will set forth more clearly the criteria regarding apprenticeship training programs.

B. Background and Authority

The Commission reviewed Texas Education Code, Chapter 133, the statute governing apprenticeship training; 40 TAC Chapter 837, the existing Commission rules governing apprenticeship training; and the contract language for apprenticeship awardees. The proposed new rules streamline and clarify apprenticeship training program requirements by eliminating language also found in statute or apprenticeship contracts. Therefore, the following apprenticeship training program requirements are not proposed in the new rule:

Registration with the Bureau of Apprenticeship and Training
Equal Opportunity Standards
Applications
Contract Amendments
Funding Qualifications for a Related Instruction (Apprentice) Class
Qualifications for Funding a Supplementary Instruction (Journeyman) Class
Allowable Expenditures
Cost Categories
Funding Limitations
Allowable Travel Expenses
Maintenance of Accounts
Apprenticeship Training Class Organization Report for Related Instruction
Class Organization Report for Supplementary (Journeyman) Instruction
Expenditure Reports
Close-out Report
Annual Performance Report

The Commission's new rules eliminate repetitive language and simplify and shorten Chapter 837.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

Subchapter A. General Purpose and Definitions

§837.1. Scope and Purpose

The Commission adopts new §837.1, which states the scope and purpose of new Subchapter A. The intent is to consolidate the provisions of Texas Education Code, Chapter 133, and eliminate repetition of information.

§837.2. Definitions

The Commission adopts new §837.2 to provide definitions for Administrator's Guide, apprentice, apprenticeship committee, apprenticeship training program, Bureau of Apprenticeship and Training, contact-hour rate, and local education agency, which are not defined in Texas

Education Code, Chapter 133, or 40 TAC Chapter 800. Contact-hour rate is defined as a method used for funds distribution.

Subchapter B. Funding

§837.21. Notice of Available Funds

The Commission adopts new §837.21 that states the manner in which the Commission announces the availability of funds by posting public notice in a variety of publications in order to reach the broadest audience. New §837.21 also provides the fiscal year dates for apprenticeship training programs.

§837.22. Eligible Applicants

The Commission adopts new §837.22(a), which defines local education agencies as the entities eligible to apply for apprenticeship funds. New §837.22(b) establishes the requirements for local education agencies to act as the fiscal agents for the funds.

§837.23. Local Workforce Development Board Review

The Commission adopts new §837.23 to provide the opportunity for Local Workforce Development Boards (Boards) to review and comment on applications for apprenticeship training programs. As set forth in Texas Government Code Chapter 2308, Boards are responsible for the planning and oversight of all workforce training and services and the evaluation of all workforce development programs in the local workforce development areas (workforce areas). The Boards serve as a single point of contact for local businesses to communicate their skill needs and influence the direction of all workforce development programs in the workforce areas. The Commission believes that Board review of the apprenticeship training program applications will further coordination between Boards and the apprenticeship training programs.

§837.24. Funding Qualifications for Apprenticeship Training Programs

The Commission adopts new §837.24 to set forth the funding qualifications for apprenticeship training programs currently set forth in §837.63, which the Commission adopts to repeal.

§837.25. Priority for Distributing Funds

The Commission adopts new §837.25 to prioritize the distribution of funds for apprenticeship training classes currently set forth in §837.62, which the Commission adopts to repeal.

§837.26. Funding Distribution Process

The Commission adopts new §837.26 to identify the funding distribution process currently set forth in §837.43, which the Commission adopts to repeal.

§837.27. Administrative Costs Limitation

The Commission adopts new §837.27 to establish an administrative cap on apprenticeship training program funds as set forth in §837.82, which the Commission adopts to repeal.

Subchapter C. Compliance Monitoring

§837.41. Program and Fiscal Monitoring

The Commission adopts new §837.41 to stipulate the Agency's monitoring provisions for the apprenticeship training programs currently set forth in §837.100, which the Commission adopts to repeal.

§837.42. Corrective Action

The Commission adopts new §837.42 to address corrective action for noncompliance under 40 TAC §800.174.

PART III. COORDINATION ACTIVITIES

In the development of these rules for publication and public comment, the Commission sought the involvement of each of Texas' twenty-eight Local Workforce Development Boards, the Apprenticeship and Training Advisory Committee (ATAC), the Apprenticeship and Training Association of Texas (ATAT), and several apprenticeship training programs. The Commission provided the concept brief to each of these groups for consideration and review. During the rulemaking process, the Commission considered all information gathered in order to develop a rule that provides clear and concise direction to all parties involved. In addition, the Commission held a public hearing on October 18, 2004.

PART IV. PUBLIC COMMENTS AND RESPONSES

Public comments were received from:

1. Felipe Viesca, Dallas, Ft. Worth & North Texas Painters Local Union No. 53 Joint Apprenticeship and Training
2. A. C. McAfee, North Texas Electrical Joint Apprenticeship and Training Committee
3. Randy Jennings, CenTex Independent Electrical Contractors, Inc.
4. Lloyd Quinney, Quinney Electric, Inc.
5. Renea Beasley, Independent Electrical Contractors of Texas
6. Marlin K. Daniel, Bexar Electric LTD
7. Mike Benke, Tim Smoot Electric
8. Gary Sodd, Sodd Electric Co., Inc.
9. S. R. Randall, Randall Electric
10. Mark McComas, Fort Worth ISD
11. Tom Jones, Independent Electrical Contractors–Fort Worth/Tarrant County
12. Jacky D. Martin, JBI Electrical Systems, Inc.
13. Marvin J. Jarzombek, Iron Workers Local #66 Joint Apprenticeship Committee

14. Keith F. Hershey, Tower Electric
15. Christopher Bean, Independent Electrical Contractors, Texas Gulf Coast, Inc.
16. Robert Chambers, Chambers Electric
17. Steve Dement, Joint Apprenticeship & Training Committee of Pipe Fitters Local Union 21
18. John E. Gray, South Texas Electrical Joint Apprentice and Training Committee
19. John Garza, Sheet Metal Workers Local 67 Area Joint Apprenticeship
20. Gilbert Peters, Jupiter Electric and Service Co.
21. Gilbert Ferrales, National Electrical Contractors Association
22. Joe D. Hall, Advanced Electric Company
23. Michael Waidley, Beaumont Independent School District
24. Richard Levy, Texas AFL-CIO and the Texas State Building and Construction Trades Council
25. Robert Cross, Apprenticeship and Training Association of Texas – Houston
26. Eddie Moran, San Antonio Area Plumbers and Pipefitters Joint Apprenticeship and Training Committee
27. Wayne Kelly, Kel-Tex Electric Inc.
28. John C. Quebe, KenMor Electric Company, LP
29. Ronald C. Kolle
30. Mr. Schultz, Associated Builders and Contractors, South Texas Chapter
31. Bruce Wilson, Sheet Metal Workers Apprenticeship
32. Danny Prosperie, Electrical Training Center
33. Ann Hodge, Chair, Texas Workforce Investment Council

The comment summaries and responses are as follows:

§837.2 DEFINITIONS

COMMENT: Several commenters stated that key language in the definitions was not included in the proposed rules. The commenters indicated that language specifying that an apprentice's employment must be with a private sector employer should be included in the rules. The commenters also stated that the requirement that apprentices be registered with the U.S. Department of Labor's Bureau of Apprenticeship and Training should be contained in the rules. One commenter indicated that the definition of apprentice should include the requirement that related instruction is in addition to full-time employment.

RESPONSE: The Commission agrees with the commenters and has modified the definition of apprentice to include these recommendations.

COMMENT: Several commenters expressed concern that the Administrator's Guide was not mentioned in the proposed rule. The commenters stated that the Administrator's Guide provided comprehensive details regarding apprenticeship programs.

RESPONSE: The Commission agrees that the Administrator's Guide is a comprehensive tool for the local education agencies and apprenticeship programs. However, the Commission also maintains that the Administrator's Guide is an operational or "how to" guide. A definition of the

Administrator's Guide, which includes the Agency's Web site address for accessing the Administrator's Guide, has been added to the proposed rule.

§837.21 NOTICE OF AVAILABLE FUNDS

COMMENT: One commenter stated that the proposed rules do not adequately ensure that all existing programs and eligible program sponsors receive notice of available funding.

RESPONSE: The Commission is concerned that the prior method of providing notice of available funds through the *Texas Register* did not provide adequate notice because of limited readership. By identifying specific venues in rule, the Commission's ability to provide wider notification is limited. The Commission believes that it will reach the broadest audience possible by providing notice in venues such as the Agency's Web site and the Texas Marketplace. Therefore, the proposed rule will not be modified.

§837.23 LOCAL WORKFORCE DEVELOPMENT BOARD REVIEW

COMMENT: One commenter stated that because of the Texas Workforce Investment Council's (TWIC) statutory responsibilities to advocate for and facilitate an integrated workforce development system in Texas, TWIC supports greater coordination and collaboration between Boards and local apprenticeship training programs in order to ensure a skilled, available workforce. However, the commenter recommended that necessary steps be taken to avoid unintended consequences that may affect program delivery such as a delay in funding and/or an additional administrative burden on local programs due to the new local board review process.

RESPONSE: The Commission appreciates the commenters' concerns and agrees with TWIC's support of cooperation between local apprenticeship programs and Boards. The Commission further agrees with the commenter's concern that no unintended consequences occur; therefore, it has directed staff to take steps to ensure that no delays in funding occur because of Board review.

COMMENT: The majority of commenters opposed the requirement that Boards have the opportunity to review and comment on the application for apprenticeship training program funding.

RESPONSE: Although this is new language in rule, in Fiscal Year 2004 local education agencies were required to provide a copy of the application for apprenticeship training program funding to the Boards for review and comment. The Commission adds this language in rule based upon Texas Government Code §2308.302, which states that Boards have the responsibility for the planning and oversight of all workforce training and services and the evaluation of all workforce development programs in the workforce areas. Boards will not approve apprenticeship applications or recommend funding limitations; rather, the review and comment are intended to ensure that the Boards are aware of apprenticeship training programs in their area. The Commission has directed staff to take steps to ensure that no delays in funding occur because of Board review.

§837.26 FUNDING DISTRIBUTION PROCESS

COMMENT: Three commenters expressed concern over the funding distribution process. One commenter questioned what defines approved hours or approved contact hours and who approves the hours.

RESPONSE: The rule requires that an apprenticeship training program must be certified and registered with the Bureau of Apprenticeship and Training to receive funding. As part of the certification and registration process, the Bureau of Apprenticeship and Training approves the number of contact hours for each course.

COMMENT: Commenters also questioned the absence of language regarding the attendance of apprentices on the third class meeting or the second and fourth class meetings for the computation of the contact-hour rate.

RESPONSE: Contact-hour rate computations are based on the official class organization report submitted by the local education agency to the Bureau of Apprenticeship and Training. An apprentice's attendance is still required at either the third class meeting or the second and fourth class meetings. However, the Commission believes that this process is more appropriately located in the Administrator's Guide than in rule.

COMMENT: Certain commenters expressed concern over the delays in the notification of the final contact-hour rate and final funding.

RESPONSE: The Commission agrees with the commenters' concerns over the delays in funding. Therefore, the Commission has directed staff to ensure that contact-hour rates are finalized and notification is given as soon as possible after receiving the official class organization report from the Bureau of Apprenticeship and Training, in order for contracts to be amended, as appropriate.

§837.27 ADMINISTRATIVE COSTS LIMITATION

COMMENT: One commenter expressed concern over the exclusion of the 15 percent administrative limit on apprenticeship training program funding.

RESPONSE: The Commission agrees with the commenter and modified the rule to include an administrative costs limitation on apprenticeship training program funding.

GENERAL COMMENTS

COMMENTER: One commenter stated concerns over the use of the terms Commission and Agency. The commenter was unsure whether Agency meant the Texas Workforce Commission or local education agency.

RESPONSE: The Texas Workforce Commission's General Administration rules, 40 TAC Chapter 800, Subchapter A, define Commission as the body of governance of the Texas

Workforce Commission composed of three members appointed by the Governor as established under Texas Labor Code Chapter 301. Agency is defined as the unit of state government established under Texas Labor Code Chapter 301 that is presided over by the Commission and administered by the Executive Director. In Chapter 837, local education agency is referred to only as local education agency.

COMMENT: One commenter expressed concern over the removal of certain procedural contract language (i.e., allowable travel expenses) from the rule and stated this type of language should be in the rules and contracts.

RESPONSE: The Commission disagrees that the contract language should remain in rule. The changes were proposed to streamline the rules and make them less cumbersome and repetitive by removing information already found in statute or more appropriately communicated in contracts.

COMMENT: The majority of commenters were opposed to the repeal of Chapter 837. Although many expressed agreement with the Commission's desire to streamline and eliminate duplication in the current rule, the commenters did not understand the need to repeal the rule in its entirety.

RESPONSE: The Commission appreciates that the commenters were apprehensive as a result of repealing the entire Chapter 837. However, such practice is customary in rule making in order to streamline, eliminate duplication, and remove administrative processes and procedures that are routinely handled as a part of the contracting process. Much of the current rule simply reiterates Chapter 133 of the Texas Education Code. There is no need to repeat the requirements already found in the statute that is the governing authority for this program. The Commission believes that the key elements have been included in the rule and the most effective—and least confusing—means of removing the many administrative processes and procedures is to repeal the entire current rule and propose a new rule.

COMMENT: Several commenters expressed concern with the elimination of the language regarding commingling of funds.

RESPONSE: Texas Education Code Chapter 133 prohibits the commingling of funds. However, the current rule provides an incorrect interpretation of commingling of funds. The current interpretation prohibits any Chapter 133–funded program from receiving funds from other government sources. The prohibition against commingling of funds is intended to ensure that separate accounting is maintained for audit purposes. The Commission believes that the language in Chapter 133 adequately addresses the issue; therefore, the rule will not be modified.

COMMENT: Many commenters stated that the ATAC should have been involved in the process of drafting the proposed rules.

RESPONSE: ATAC members were involved in multiple discussions and had several opportunities to offer alternative solutions to proposed rule changes. In July 2003, several ATAC members met with the former Commissioner Representing Labor regarding possible program changes, and had ongoing conversations with the current Commissioners.

Subsequently, staff briefed ATAC three times regarding possible rule changes, and staff met individually with several representatives of local apprenticeship training programs. Based on input provided regarding the policy concept, as well as input regarding the proposed rule, staff modified the rule language.

COMMENT: Two commenters expressed concern with the impact statements in the proposed rules. One commenter stated that contrary to comments by Mr. Townsend and Mr. Hughes, having more apprenticeship programs competing for the same fixed amount of state revenue for job training will cause a significant proportional decrease in funding for existing apprenticeship programs. Therefore, there will be a significant adverse impact to small business through increased job training costs for employers participating in TWC apprenticeship training programs.

RESPONSE: The Commission disagrees with the commenters' statement regarding the impact findings of Mr. Townsend and Mr. Hughes. The level of funding available or approved to support apprenticeship programs in any year—either in the aggregate or individually among local education agencies—is not affected by this rule. The number of apprenticeship programs that may compete for funding or be approved for funding is not addressed or affected by this rule. The commenters' assertion that there will be "...a significant adverse impact to small business through increased job training costs for employers participating in TWC apprenticeship training programs" as a result of this proposed rule is not reasonable. This outcome is not intended or anticipated by the Commission.

COMMENT: A few commenters stated that more effort should be placed on educating the Boards about apprenticeship training programs. A suggestion was made to have a workshop at the upcoming annual workforce conference.

RESPONSE: The Commission agrees with the commenters that efforts should be increased to provide more information to the Boards regarding apprenticeship training programs. The Commission thanks the commenter for the suggestion, and in response an apprenticeship workshop was included at the November 2004 conference.

PART V. RULE REPEAL

The repeal is adopted under Texas Labor Code §301.0015 and §302.002(d), which provide the Texas Workforce Commission with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of Agency services and activities.

The repeal affects Title 4, Texas Labor Code, and Chapter 133 of the Texas Education Code.

SUBCHAPTER A. GENERAL PURPOSE AND DEFINITIONS

§837.1. Scope and Purpose

§837.2. Definitions

SUBCHAPTER B. REGISTRATION REQUIREMENTS

§837.21. Registration with the Bureau of Apprenticeship and Training

§837.22. Equal Opportunity Standards

SUBCHAPTER C. FUNDING NOTICE AND APPLICATION PROCESS

§837.41. Notice of Available Funds

§837.42. Applications

§837.43. Funding Allocation Process

§837.44. Contract Amendments

SUBCHAPTER D. FUNDING QUALIFICATIONS

§837.61. Eligible Applicants

§837.62. Priority for Allocating Funds

§837.63. Funding Qualifications for all Apprenticeship Training Programs

§837.64. Funding Qualifications for a Related Instruction (Apprentice) Class

§837.65. Qualifications for Funding a Supplementary Instruction (Journeyman) Class

SUBCHAPTER E. USE OF FUNDS AND ACCOUNT MAINTENANCE

§837.81. Allowable Expenditures

§837.82. Cost Categories

§837.83. Funding Limitations

§837.84. Allowable Travel Expenses

§837.85. Maintenance of Accounts

SUBCHAPTER F. COMPLIANCE MONITORING

§837.100. State Monitoring

§837.101. Corrective Action

SUBCHAPTER G. REPORTING REQUIREMENTS

§837.121. Apprenticeship Training Class Organization Report for Related Instruction

§837.122. Class Organization Report for Supplementary (Journeyman) Instruction

§837.123. Expenditure Reports

§837.124. Close-out Report

§837.125. Annual Performance Report

PART VI. FINAL RULES

The new rules are adopted under Texas Labor Code §301.0015 and §302.002(d), which provide the Texas Workforce Commission with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of Agency services and activities.

The rules affect Title 4, Texas Labor Code, and Chapter 133 of the Texas Education Code.

Chapter 837. APPRENTICESHIP TRAINING PROGRAMS

SUBCHAPTER A. GENERAL PURPOSE AND DEFINITIONS

§837.1. Scope and Purpose

The purpose of these rules is to implement the provisions of Texas Education Code, Chapter 133, related to state-funded apprenticeship training programs. These rules may be cited as the apprenticeship training rules.

§837.2. Definitions

In addition to the definitions contained in §800.2 of this title, and the definitions contained in Texas Education Code, §133.001 and 29 C.F.R. §29.2 relating to apprenticeship training, the following words and terms when used in this chapter shall have the following meanings, unless the context clearly indicates otherwise.

- (1) **Administrator's Guide** -- The Administrator's Guide supplements this chapter by providing all required operational details and procedures for planning and submitting an application for apprenticeship training program funding, as well as the annual timeline for submission. The Administrator's Guide may be accessed on the Agency's Web site at www.texasworkforce.org.
- (2) **Apprentice** -- A full-time paid worker, at least 16 years of age except where a higher minimum age standard is otherwise fixed by law, who is employed in the private sector, registered with the U.S. Department of Labor's Bureau of Apprenticeship and Training, and receives related instruction training to learn a skill in a certified apprenticeable occupation.
- (3) **Apprenticeship committee** -- An autonomous local group consisting of members appointed by one or more employers of apprentices, or by one or more bargaining agents representing members of an apprenticeable trade, or by a combination of the two. An apprenticeship committee is designated for each apprenticeship training program to establish instruction standards and goals for a particular craft or crafts, interview and select applicants, and monitor the program and apprentices as described in Texas Education Code §133.003.
- (4) **Apprenticeship training program** -- A training program that provides on-the-job training, preparatory instruction, supplementary instruction, or related instruction in a trade that has been certified as an apprenticeable occupation by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training. The program is a structured system of training designed to prepare individuals for occupations in skilled trades and crafts by

combining training under the supervision of an experienced journeyworker with job-related classroom instruction.

- (5) **Bureau of Apprenticeship and Training** -- The U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training.
- (6) **Contact-hour rate** -- A method used to distribute apprenticeship training funds to local education agencies. The total available funds are divided by the statewide total number of contact hours of apprenticeship training instruction classes submitted to the Agency.
- (7) **Local education agency** -- For purposes of Chapter 837, a public school district or state postsecondary institution, under Texas Education Code, Chapter 133, that serves as a sponsor for an apprenticeship training program pursuant to a contract between the local education agency and an apprenticeship committee.

SUBCHAPTER B. FUNDING

§837.21. Notice of Available Funds

The Commission, following receipt of recommendation by the Texas Workforce Investment Council, shall provide public notice of the amount of funds that will be available to support apprenticeship training programs. The fiscal year for apprenticeship training programs begins on September 1 and ends on August 31 of each year.

§837.22. Eligible Applicants

- (a) Local education agencies are the entities eligible to apply to the Agency for apprenticeship training funding.
- (b) Approved local education agencies shall be the fiscal agents for the funds and are subject to the audit procedures set forth in Texas Education Code §133.005. Approved local education agencies shall contract with the local apprenticeship committee to fund job-related classroom instruction for a registered apprenticeship training program.

§837.23. Local Workforce Development Board Review

The local education agency shall provide one copy of the application for apprenticeship training program funding to the Local Workforce Development Board (Board) for review and comment and one copy to the Agency. Boards may submit comments to the Agency and the local education agency concurrently.

§837.24. Funding Qualifications for Apprenticeship Training Programs

To qualify for funding, each apprenticeship training program shall:

- (1) be sponsored by a local education agency pursuant to a contract between the local education agency and an apprenticeship committee;
- (2) be certified and registered by the Bureau of Apprenticeship and Training prior to the applicable fiscal year;
- (3) provide the local education agency with a validated copy of its written, national standards as approved by the Bureau of Apprenticeship and Training (or where national standards do not exist, individual program standards approved by the Bureau of Apprenticeship and Training); and
- (4) comply with Commission rules and Texas Education Code, Chapter 133.

§837.25. Priority for Distributing Funds

The purpose of the apprenticeship training funds is to supplement the costs of the job-related classroom instruction for eligible registered apprenticeship training programs. Funds for apprenticeship training classes are distributed based on the following priority, unless otherwise determined by the Commission:

- (1) related instruction, or "apprenticeship," classes that consist of organized, off-the-job instruction in theoretical or technical subjects required for the completion of an apprenticeship program for a particular apprenticeable trade;
- (2) supplementary instruction, or "journeyworker," classes that consist of instruction designed to provide new skills, or upgrade current skills, for persons employed as journeyworkers in apprenticeable trades; and
- (3) preparatory instruction classes that consist of instruction lasting six months or less that teach the basic skills required for an individual to comply with the terms of the individual's apprenticeship agreement.

§837.26. Funding Distribution Process

- (a) Funds are distributed to the eligible local education agencies by the Commission in a two-step process consisting of planning estimates and final distributions. Details of the annual distribution process, including the timeline, are set forth in the Administrator's Guide located on the Agency's Web site at www.texasworkforce.org.
- (b) Planning Estimates.
 - (1) Each local education agency shall report to the Agency the number of approved class hours, estimated number of registered apprentices, and estimated number of contact hours of job-related instruction classes for the prospective fiscal year. The estimated contact hours are determined by the number of registered apprentices anticipated to enroll in a class, multiplied by the number of approved hours that the class will be conducted during the year.

- (2) The estimated number of contact hours must be submitted by the local education agency and received by the Agency on or before the respective due dates as annually prescribed by the Agency.
 - (3) The Agency, after determining the preliminary contact-hour rate, shall notify each local education agency of its planning estimates for the prospective fiscal year.
- (c) Final Distributions.
- (1) Each local education agency shall report to the Agency the number of approved class hours, number of registered apprentices, and number of contact hours of job-related instruction classes for the fiscal year.
 - (2) The approved number of contact hours must be submitted by the local education agency and received by the Agency on or before the respective due dates as annually prescribed by the Agency.
 - (3) The Agency, after determining the final contact-hour rate, shall notify each local education agency of its final distribution based on the final contact-hour rate.

§837.27. Administrative Costs Limitation

Costs that are allowable, necessary, and reasonably incurred by a local education agency to properly administer and manage the funds, such as salaries for local education agency supervisors and administrative supplies, are considered administrative costs. Administrative costs may not exceed 15 percent of the total contract.

SUBCHAPTER C. COMPLIANCE MONITORING

§837.41. Program and Fiscal Monitoring

The Agency will monitor apprenticeship training programs for compliance with applicable laws, regulations, policies, and guidelines, as well as for effectiveness, including the provisions set forth in 40 TAC Chapter 800, Subchapter H. The Agency may conduct on-site visits in accordance with a monitoring instrument, which will be available to the local education agencies for prior review. Unannounced visits may be made at the discretion of the Agency.

§837.42. Corrective Action

Failure to comply with applicable laws, regulations, policies, the Administrator's Guide, and other guidelines may result in corrective action, pursuant to 40 TAC §800.174, which shall include technical assistance and may lead to withdrawal of funds at the Commission's discretion.

