

CHAPTER 803. SKILLS DEVELOPMENT FUND

ADOPTED RULES TO BE PUBLISHED IN THE *TEXAS REGISTER*. THIS DOCUMENT WILL HAVE NO SUBSTANTIVE CHANGES BUT IS SUBJECT TO FORMATTING CHANGES AS REQUIRED BY THE OFFICE OF THE SECRETARY OF STATE.

ON **MARCH 24, 2026**, THE TEXAS WORKFORCE COMMISSION ADOPTED THE RULES BELOW WITH PREAMBLE TO BE SUBMITTED TO THE *TEXAS REGISTER*.

Publication Date of the Adoption in the *Texas Register*: **April 10, 2026**

The Rules are Effective: **April 13, 2026**

The Texas Workforce Commission (TWC) adopts amendments to the following sections of Chapter 803, relating to the Skills Development Fund:

Subchapter A. General Provisions Regarding the Skills Development Fund, §§803.1 - 803.3

Subchapter B. Program Administration, §803.14

Amended §§803.1 - 803.3 and §803.14 are adopted *without changes* to the proposed text, as published in the December 26, 2025, issue of the *Texas Register* (50 TexReg 8516), and, therefore, the adopted rule text will not be published.

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the amendments to Chapter 803 is to implement Senate Bill 856 (SB 856) as enacted by the 89th Texas Legislature, Regular Session, 2025. SB 856 amended Texas Labor Code, Chapter 303, by adding the Texas A&M Engineering Experiment Station (TEES) as an eligible applicant for the Skills Development Fund.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND

TWC adopts the following amendments to Subchapter A:

§803.1. Scope and Purpose

Section 803.1(a) is amended to add "the Texas A&M Engineering Experiment Station (TEES)" in accordance with SB 856.

§803.2. Definitions

Section 803.2(1)(B) is amended to add TEES to the definition of "Customized training project" in accordance with SB 856.

Section 803.2(2) is amended to add TEES to the definition of "Eligible applicant" in accordance with SB 856.

Section 803.2(4) is amended to add TEES to the definition of "Grant recipient" in accordance with SB 856.

Section 803.2(6) is amended to add TEES to the definition of "Private partner" in accordance with SB 856.

New §803.2(10) adds the definition of "Texas A&M Engineering Experiment Station."

Existing §803.2(10) is renumbered as §803.2(11).

Existing §803.2(11) is renumbered as §803.2(12) and amended to add TEES to the definition of "Training provider" in accordance with SB 856.

§803.3. Uses of the Fund

Section 803.3(b) is amended to add TEES in accordance with SB 856.

SUBCHAPTER B. PROGRAM ADMINISTRATION

TWC adopts the following amendments to Subchapter B:

§803.14. Procedure for Requesting Funding

Section 803.14(d) and (h)(6) and (8) are amended to add TEES in accordance with SB 856.

TWC hereby certifies that the rules have been reviewed by legal counsel and found to be within TWC's legal authority to adopt.

PART III. PUBLIC COMMENTS

The comment period ended on January 26, 2026.

TWC received a comment from the Texas Healthcare and Bioscience Institute.

COMMENT: The commenter expressed support for including TEES as an eligible applicant for the Skills Development Fund, stating that it is an important step in strengthening Texas' workforce training infrastructure in support of industry and economic development.

RESPONSE: The Commission appreciates the comment. No changes were made in response to this comment.

PART VII. STATUTORY AUTHORITY

These rules are adopted under Texas Labor Code, §301.0015(a)(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rules relate to Title 4, Texas Labor Code, particularly Chapter 303.

CHAPTER 803. SKILLS DEVELOPMENT FUND

SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND

§803.1. Scope and Purpose.

- (a) Purpose. The purpose of the Skills Development Fund is to develop customized training projects for businesses and trade unions and to support employers expanding or relocating to Texas by enhancing the ability of public community and technical colleges, Local Workforce Development Boards (Boards), the Texas A&M Engineering Extension Service (TEEX), and the Texas A&M Engineering Experiment Station (TEES) to respond to industry and workforce training needs and to develop incentives for Boards, public community and technical colleges, TEEX, TEES, or community-based organizations to provide customized assessment and training in a timely and efficient manner.
- (b) Goal. The goal of the Skills Development Fund is to increase the skills level and wages of the Texas workforce.

§803.2. Definitions.

In addition to the definitions contained in §800.2 of this title, the following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

- (1) Customized training project--A project that:
 - (A) provides workforce training, with the intent of either adding to the workforce or preventing a reduction in the workforce, and is specifically designed to meet the needs and special requirements of:
 - (i) employers and employees or prospective employees of the private business or business consortium; or
 - (ii) members of the trade union; and
 - (B) is designed by a private business or business consortium, or trade union in partnership with:
 - (i) a public community college;
 - (ii) a technical college;
 - (iii) TEEX;
 - (iv) TEES;

- (v) a Board; or
 - (vi) a community-based organization only in partnership with the public community and technical colleges, TEEEX, or TEES.
- (2) Eligible applicant--An entity identified in Texas Labor Code, Chapter 303, as eligible to apply for funds:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEEX;
 - (D) TEES;
 - (E) a Board; or
 - (F) a community-based organization only in partnership with the public community and technical colleges, TEEEX, or TEES.
- (3) Executive director--The executive director of the Texas Workforce Commission.
- (4) Grant recipient--A recipient of a Skills Development Fund grant that is:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEEX;
 - (D) TEES;
 - (E) a Board; or
 - (F) a community-based organization only in partnership with the public community and technical colleges, TEEEX, or TEES.
- (5) Non-local public community and technical college--A public community or technical college providing training outside of its local taxing district.
- (6) Private partner--A sole proprietorship, partnership, corporation, association, consortium, or private organization that enters into a partnership for a customized training project with:

- (A) a public community college;
 - (B) a technical college;
 - (C) TEEX;
 - (D) TEES;
 - (E) a Board; or
 - (F) a community-based organization only in partnership with the public community and technical colleges, TEEX, or TEES.
- (7) Public community college--A state-funded, two-year educational institution primarily serving its local taxing district and service area in Texas and offering vocational, technical, and academic courses for certification or associate's degrees.
- (8) Public technical college--A state-funded coeducational institution of higher education offering courses of study in vocational and technical education, for certification or associate's degrees.
- (9) Texas A&M Engineering Extension Service (TEEX)--A higher education agency and service established by the Board of Regents of the Texas A&M University System.
- (10) Texas A&M Engineering Experiment Station (TEES)--A higher education agency and station established by the Board of Regents of the Texas A&M University System.
- (11) Trade union--An organization, agency, or employee committee in which employees participate and which exists for the purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.
- (12) Training provider--An entity or individual that provides training, including:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEX;
 - (D) TEES;

- (E) a community-based organization only in partnership with the public community or technical college, TEEEX, or TEES; or
- (F) An individual, sole proprietorship, partnership, corporation, association, consortium, governmental subdivision, or public or private organization with whom a Board, public community or technical college, TEEEX, or TEES, has subcontracted to provide training.

§803.3. Uses of the Fund.

- (a) The Skills Development Fund may be used by a grant recipient as start-up or emergency funds for the following purposes:
 - (1) to develop customized training projects for businesses and trade unions; and
 - (2) to sponsor small and medium-sized business networks and consortiums for the purpose of developing customized training.
- (b) TEEEX and TEES training activities shall focus on projects that are statewide or are not available from a local public community and junior college district, a local technical college, or a consortium of public community and junior college districts. In developing such projects, TEEEX or TEES may participate in a consortium of public community and junior college districts or with a technical college that provides training under Texas Labor Code, Chapter 303.
- (c) Technical college training activities shall focus on projects that are not available from a local public community college, except in the technical college's local service area, and shall be encouraged to focus on projects that are statewide.
- (d) The Skills Development Fund may not be used:
 - (1) to pay the training costs and related costs of an employer that relocates the employer's worksite from one place in Texas to another;
 - (2) for the purchase of any proprietary or production equipment required for the training project of a single local employer;
 - (3) for wages for trainees; or
 - (4) to pay for trainee or instructor travel costs or trainee drug tests.
- (e) The Skills Development Fund may not be used to pay for the lease of equipment if any one of the following four criteria is characteristic of the lease transaction:
 - (1) The lease transfers ownership of the equipment to the lessee at the end of the lease term;

- (2) The lease contains a bargain purchase option;
- (3) The lease term is equal to 75 percent or more of the estimated economic life of the leased equipment; or
- (4) The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased equipment.

SUBCHAPTER B. PROGRAM ADMINISTRATION

§803.14. Procedure for Requesting Funding.

- (a) An eligible applicant shall present to the executive director or his or her designee, an application for funding, in order to acquire grant funds for the provision of customized training as may be identified by the eligible applicant. Except as provided in subsection (b) of this section, the eligible applicant will request the review and comments of the Board in the applicable workforce area(s), where there is a significant impact on job creation or incumbent worker training, and submit these comments to the executive director or his or her designee with the application for funding.
- (b) An eligible applicant is not required to obtain or provide the comments if the Board informs the applicant that the Board is preparing an application or has submitted an application that has not been approved or rejected. A Board is not required to comment on its own applications.
- (c) An eligible applicant shall submit any updates to the original application for funding in accordance with subsections (a) and (b) of this section.
- (d) TEEX, TEES, or the public community or technical college that is a partner to a training proposal for a grant from the Skills Development Fund, may be non-local.
- (e) The training proposal shall not duplicate a training project available in the workforce area in which the private partner or trade union is located.
- (f) Proposals shall disclose other grant funds sought or awarded from the Agency or other state and federal entities for the proposed job training project.
- (g) Applicants shall indicate whether they are submitting concurrent proposals for the Skills Development Fund and the Texas Enterprise Fund. For the purposes of this subsection, "concurrent proposal" shall mean:
 - (1) a proposal for the Skills Development Fund that has been submitted and is pending at the time an applicant submits a proposal for the Texas Enterprise Fund; or

- (2) a proposal for the Texas Enterprise Fund that has been submitted and is pending at the time an applicant submits a proposal for the Skills Development Fund.

(h) Proposals shall be written and contain the following information:

- (1) The number of proposed jobs created and/or retained;
- (2) A brief outline of the proposed training project, including the skills acquired through training and the employer's involvement in the planning and design;
- (3) A brief description of the measurable training objectives and outcomes;
- (4) The occupation and wages for participants who complete the customized training project;
- (5) A budget summary, disclosing anticipated project costs and resource contributions, including the dollar amount the private partner is willing to commit to the project;
- (6) A signed agreement between the private partner or trade union and the Board, public community or technical college, TEEX, or TEES outlining each entity's roles and responsibilities if a grant is awarded;
- (7) A statement explaining the basis for the determination that there is an actual or projected labor shortage in the occupation in which the proposed training project will be provided that is not being met by an existing institution or program in the workforce area;
- (8) A comparison of costs per trainee for the customized training project and costs for similar instruction at the public community or technical college, TEEX, TEES, and the Board;
- (9) A statement describing the private partner's or trade union's equal opportunity employment policy;
- (10) A list of the proposed employment benefits;
- (11) An indication of a concurrent proposal as required by subsection (g) of this section; and
- (12) Any additional information deemed necessary by the Agency to complete evaluation of a proposal.

- (i) An applicant may, with the approval of the executive director or his or her designee, submit a proposal for funding that does not contain or identify all of the required elements under subsection (h) of this section. The release of any funding is contingent upon the applicant's submission, and the Agency's approval, of all the required elements in subsection (h) of this section.