



SKILLS
Development Fund

***HB 700: Skills Development Fund
Effectiveness Study***

***Submitted by the Texas Workforce
Commission to the Texas
Legislature***

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Executive Summary

During the 86th Texas Legislature, Regular Session (2019), House Bill 700 (HB 700) was passed, relating to the use of the Skills Development Fund (SDF) program by certain entities and requiring a study and report regarding the effectiveness of that fund. Section 4(a) of the bill states that the Texas Workforce Commission (TWC) must conduct a study on and develop recommendations for increasing the effectiveness of the SDF program established under Texas Labor Code, Chapter 303. TWC reviewed and collected data in three major objective areas: 1) strategies for better achieving the fund's purposes; 2) improving outcomes; and 3) expanding participation in the opportunities available through the fund.

TWC included an overview of the SDF program including requirements as dictated by statute and code versus those being implemented as overarching program policies. The SDF study included two major components: 1) data processing and analysis using current SDF program data (for example, average number of jobs upskilled); and 2) data collection and analysis using new survey data obtained from SDF partners (for example, perceived success and barriers of the SDF).

After reviewing the data, TWC has concluded that while the current SDF program has been largely successful and beneficial to the state's employer community, there are some opportunities for improvement. TWC's new COVID-19 application process is a dramatic improvement in the timeline for the grant application and award process, which TWC will continue to implement going forward. The more efficient application process will likely result in fewer amendments in the long term, which will ease the administrative burden for grantees.

TWC will continue to closely monitor outcomes for all grantees and will consider new opportunities for measuring success, including the use of performance outcomes to incentivize grantees to help participants complete training and gain industry-recognized credentials. Additionally, in response to the survey, TWC will consider ways to build greater joint accountability between grantees and participating businesses.

Finally, the tremendous amount of feedback received from Local Workforce Development Boards (Boards), colleges, and businesses will inform specific recommendations related to new training category distributions, personally identifiable information (PII) collected, and staffing and equipment needs.

TWC is grateful for the feedback and will continue to strive to keep the SDF program the premiere training program in Texas in support of a world-class workforce.

Purpose of Report

During the 86th Texas Legislature, Regular Session (2019), HB 700 was passed, relating to the use of the SDF program by certain entities and requiring a study and report regarding the effectiveness of that fund. Section 4(a) of the bill states that TWC must conduct a study on and develop recommendations for increasing the effectiveness of the SDF program established under Texas Labor Code, Chapter 303. Recommendations must include: 1) strategies for better achieving the fund's purposes; 2) improving outcomes; and 3) expanding participation in the opportunities available through the fund.

TWC carefully selected the objectives for the study to respond to the effectiveness study areas as mandated in HB 700. The report provides a brief overview of the SDF program followed by detailed descriptions of the analyses completed to develop a better understanding of the SDF program's effectiveness and concludes with recommendations for increasing the program's overall effectiveness.

Skills Development Fund Overview

Background



The SDF is Texas' premier job-training program, providing customized training opportunities for Texas businesses and workers to increase skill levels and wages of the Texas workforce. Success is achieved through collaborations among businesses, the public, technical colleges, Boards, and local economic development partners. The SDF program helps businesses gain a more highly trained workforce and workers upgrade their skills, thereby bolstering the Texas economy. The 28 Boards play a critical role in the alignment of stakeholders and partners. Their knowledge of employer and employee needs serves as a key driver for successful projects, and with the passage of HB 700, they are now eligible applicants. College partners enhance their ability to respond to the evolving needs of industry through the development and provision of customized training curriculum and the purchase of specialized equipment for training.

The SDF program provides training opportunities in new job creation and upskilling. Businesses of all sizes work with stakeholders to develop customized and innovative training and curriculum that are shared statewide and sometimes replicated. Since its inception in 1996, the SDF program has:

- helped 4,522 business partners;

- helped create 119,633 jobs;
- helped upgrade the skills of 385,633 incumbent workers; and
- increased average wages from \$10.33 per hour in Fiscal Year 1996 (FY'96) to \$25.44 per hour in FY'19.

How the SDF Works

SDF Award Timeline and Process	
Start  45 days  90 days	
PROJECT DEVELOPMENT (Outreach Team)	EVALUATION, AWARD, and GRANT MANAGEMENT (Grant Management Team)
Meet with grantee to scope project	Evaluation team reviews and gets clarification as needed
Meet with business partner to discuss training needs	Proposal review and approval by TWC leadership
Begin proposal development/Regulatory Integrity Division (RID) review	Award letter to grantee
Submit first draft of proposal to Grant Management team	Grant award issued and signed by both parties
Submit final draft of proposal to Grant Management team for evaluation	Grant management (for example, day-to-day interactions, project management, and amendments)

The first step in the SDF process is for a business, consortium of businesses, or trade union to identify a training need. Businesses work with eligible grantees to submit proposals to TWC, develop curricula, and conduct training. The SDF grant pays for the training, the grantee administers the grant, and businesses create new jobs and improve the skills of their current workers. TWC accepts grant proposal submissions throughout the year (grants last approximately 12 months) and provides a team of highly skilled professionals to help streamline the development of projects and proposals, review proposals upon submission, and manage projects after the grant is awarded. The proposal submission process currently takes approximately 90 days from start to finish. During the first 45 days, the TWC SDF Outreach and Project Development Team assists with building partnerships and developing the proposal; the process includes meetings between the applicant and business partners.

The prospective applicant then begins proposal development, which includes submission of a business information form for review by TWC's Regulatory Integrity Division (RID) of all potential business partners to ensure that the business is in good standing with the state of Texas. Factors that may also be considered in proposal evaluations include: 1) positive economic impact on the local region where the grant is awarded; 2) the applicant's current and past performance on SDF grants; 3) equitable geographic distribution of grants awarded across the state; 4) the inclusion of small and medium-sized businesses; 5) the fiscal stability of the business partners; and 6) cost per trainee being reasonably close to that of the statewide average for all SDF grants. A first draft of the proposal is submitted for review and technical assistance before the final draft is reviewed by the grants team ending the initial 45-day period.

The proposal is then reviewed, and if approved, an award letter is sent to the grantee at the end of the second 45 days. Once awarded, a grant manager is assigned to manage the project until the grant term ends. The grant manager ensures monthly contact with each grantee and answers questions, processes amendments, and gathers progress reports. The grant manager's main role is to provide technical assistance that ensures that the grantee is on track and meeting all performance targets agreed upon in the award. Once the project is completed, the grant manager helps the grantee close out the project.

[SDF Statute and Code Requirements](#)

Texas Labor Code, Chapter 303, contains several specific requirements that are integrated into the management of the different programs administered and funded by the SDF program. These include the following:

- Wages must meet prevailing wage for occupations in the local labor market area.
- Funds may be used by public community and technical colleges, community-based organizations (only in partnership with a community and technical college or the Texas A&M Engineering Extension Service (TEEX)), Boards, and TEEX for the following job-training purposes:
 - Customized training programs for businesses and trade unions
 - Sponsoring small and medium-sized business networks and consortiums
- Five percent of funds will be used for dual-credit equipment programs to be awarded to lower-division institutions of higher education in partnership with independent school districts (ISDs) and to ISDs in partnership with lower-division institutions of higher education. Projects supported under this program will support courses offered for joint high school- and college-level credit or offered under a college credit career or technical education program that leads to an industry-recognized license, credential, or certificate.
- Funds may be used by public junior colleges or public technical institutes to provide an intensive and rapid response to, and support services for, employers expanding in or relocating operations to Texas, with a focus on employers who will provide complex or high-skilled employment opportunities in this state.
- The agency is required to report annually on the status of the SDF program by reporting certain elements identified in the statute.

In addition to the Texas Labor Code, TWC Chapter 803 Skills Development Fund rules have additional grant requirements, which include the following:

- A limit of \$500,000 for a training project with a single-business partner
- A goal of 60 percent of funds to be used for job retention training
- Equipment costs permitted at no more than 10 percent of program costs for multi-business partner projects
- Administrative costs to be permitted at 10 percent for single-business partners and no more than 15 percent for multi-business projects
- Funds not to be used to pay for trainee wages, drug tests, or instructor travel costs

SDF Policy Parameters

TWC has implemented a variety of policy parameters for the grants to ensure consistent operations and effective use of funds in meeting the training needs of participating businesses. These parameters are in place to ensure geographic distribution of funds throughout the state, distribution throughout various industries, and use of funds by businesses of all sizes.

The different parameters also contribute to positive economic impacts in the areas where the businesses are located.

The SDF policy parameters reflect decisions made by TWC leadership as stewards of these limited state General Revenue (GR) funds and have remained consistent throughout the years of program implementation. These parameters include the following:

- Businesses are not eligible to participate in a second SDF grant for six months after the end date of the first grant.
- Businesses must make a commitment to a wage increase not less than one percent.
- Computing devices (for example, laptops, printers) are typically not allowed to be purchased with grant funds.
- The average cost per trainee is \$1,800. (This target is established and submitted by TWC to the Legislative Budget Board biannually and is based on number of customers served overall by the program.)
- At least 50 percent of the training to be provided by the community college.

To ensure that employers receive training that addresses changing business needs and workforce skills gaps, courses have historically been divided into three categories of training hours: business technical, general technical, and non-technical training. These categories ensure that training dollars are used primarily to increase the skill sets of participants that directly relate to a business' training needs.

Study Methodology

To address HB 700 recommendations for the SDF program (that is, develop a better understanding of and increase the effectiveness), TWC completed a comprehensive study (SDF study) of key SDF program elements using FY'17 and FY'18 SDF grants. The SDF study included two major components: 1) data processing and analysis using current SDF program data (for example, average number of jobs upskilled); and 2) data collection and analysis using new survey data obtained from SDF partners (for example, perceived benefits and barriers of the SDF).

SDF data from partners were collected using a series of carefully designed surveys and webinars with college, business, and Board partners, followed by data analyses. To answer the effectiveness study areas requested in HB 700, TWC selected the following three objectives from the SDF study: 1)

examine strategies for better achieving the fund's purposes; 2) evaluate methods for improving outcomes; and 3) identify ways to expand participation in the opportunities available through the fund. Each objective is addressed in the following sections, coupled with results from data analyses.

Objective 1: Strategies for Better Achieving the Fund's Purpose

There are two major purposes for the SDF program as described in Texas Labor Code, §303.001: 1) removing administrative barriers that impede the response of public community and technical colleges, community-based organizations, Boards, and TEEEX to industry and workforce training needs; and 2) developing incentives for public community and technical colleges, community-based organizations, Boards, and TEEEX to provide customized assessment and training in a timely and efficient manner.

To ensure that the SDF grants are meeting this objective, TWC will:

- ensure that proposals are reviewed according to the timelines to reduce adverse impact on funded projects; and
- review the number of amendments required by grantees during grant terms.

A review of projects from FY'17 and FY'18 show that target goals of 45 days from evaluation to award were not met. In FY'17, 47 regular SDF applications were evaluated with an average of 83 days to evaluate and award a project and only six out of the 47 were processed within the target 45 days. In FY'18, 50 regular SDF applications were evaluated, with an average of 53 days to evaluate and award a project, and only 14 out of the 50 were processed within the target 45 days. These results indicate a longer time to evaluate projects due to several reasons, including:

- application forms not being filled out correctly or missing information;
- questions around feasibility of project (for example, significant amount of training hours and the ability of businesses to release employees from work to train); and
- delay in receiving information to clarify questions.

These delays during the evaluation phase reflect an application being submitted for funding before it is ready for submission. Incomplete forms or applications requiring additional technical assistance result in delays to funding, which impact long-term goals for starting training by a specific date or needing to postpone a project until an application is ready for approval

and award. These delays usually result in numerous amendments required during the grant term.

The number of amendments per year is almost twice the number of projects awarded in each year. Amendments per project range from one to five amendments. Although the agency has adopted a method to approve minor changes requiring only quarterly amendments, these numbers are still high. Course changes and additional time for training represent the largest number of requested amendments and are sometimes indicative of an application that was submitted too early or a business that is not ready to start training as originally anticipated. Changes in business partners and budget adjustments make up a low number of requested amendments. Most projects end up requesting additional time to complete training. In FY'17 and FY'18, 81 and 80 percent of projects requested a time extension, respectively.

	2017 (out of 47 grants)	2018 (out of 50 grants)
Amendments	99	138
Course change	38	74
Extension	42	56
Business or training partner change	11	23
Budget change	8	5

**Amendments may include more than one change; different types of changes are indicated in the table above.*

Amendments typically take 30 days to process from start to finish, and they can be staff intensive for the college and the grant manager. TWC will explore course change amendments to better understand the high number of this type of amendment and whether there is an opportunity to provide flexibility in the administration of these projects.

Time delays during development and evaluation impact any timelines that the business partner and grantee may have for starting training. This results in delayed awards, rescheduled or cancelled training, and in some instances, businesses withdrawing from a project.

While delays during development and evaluation contribute to later changes, TWC also observed that businesses were often not prepared to start training once a grant had been awarded. This, along with other factors, results in a chain reaction of amendments occurring throughout the life of the grant award. Additionally, the administrative strain of amendments on the

grantee, business partner, and grant managers makes it challenging to manage projects effectively.

Due to COVID-19, TWC implemented significant changes to the SDF application and evaluation process, which resulted in much shorter grant evaluation and award timelines. A streamlined application was developed that allowed the TWC Grant Management team to review an application and award a grant quickly. The new process has resulted in grants being awarded within 28 days as opposed to 90 days.

Initial feedback on these changes has been favorable, and TWC continues to streamline and improve processes in order to remove unnecessary barriers to applicants in meeting and responding to the training needs of industry and local business partners on a timely basis.

Objective 2: Evaluate Methods for Improving Outcomes

The SDF program has been largely successful in meeting program outcomes. SDF grants are reported on annually as required by the 76th Texas Legislature, Regular Session (1999). The report includes key measures such as number of applications received, number of trainees, average and median weekly wages paid to trainees, and geographic location of applications. To review the 2017, 2018, and 2019 annual SDF reports, please visit: <https://twc.texas.gov/partners/skills-development-fund-training-providers-workforce-development-partners#grantInformation>.

The TWC Grant Management team performs monthly performance and financial reviews and holds monthly meetings to keep management informed of grantee performance. Projects that have a variance greater than 20 percent from expected performance are provided additional technical assistance via conference call, and those calls often result in amendments and adjustments to training projects. Grant managers are required to contact all grantees at least monthly. This is documented in the contract management tracking system via notes and emails.

To ensure that the SDF grantees are meeting this objective, TWC will:

- compile performance outcomes from all grantee final reports from 2017 and 2018; and
- assemble a table and map reflecting geographic distribution of awards.

Here is a summary of the average success rate for the 2017 and 2018 grantees. Projects are managed with the intent to ensure success for the

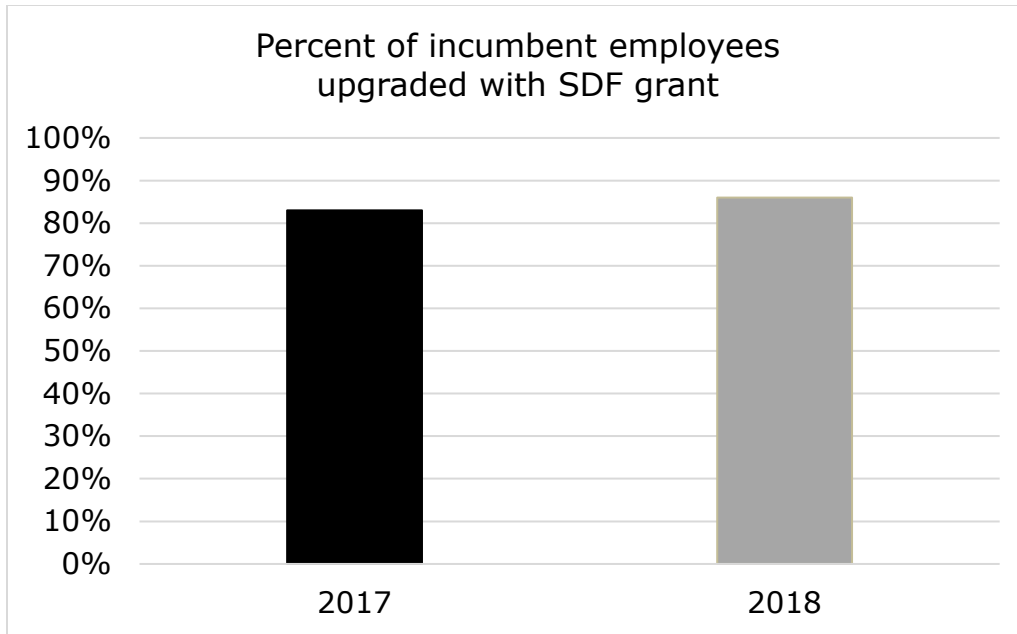
grantee and business partner. In FY'17, 90 percent of grantees successfully met their outcomes, and in FY'18, 82 percent met their outcomes. TWC supports grantees in being successful and is responsive to modifications that allow for quick approval of a needed change to a project. Modifications, and more significant changes, such as adding funds or business partners, alter the project via formal amendment.

In FY'17, 81 percent of projects requested an amendment to extend the end date of their grant, while in FY'18, 80 percent of projects requested a time extension.

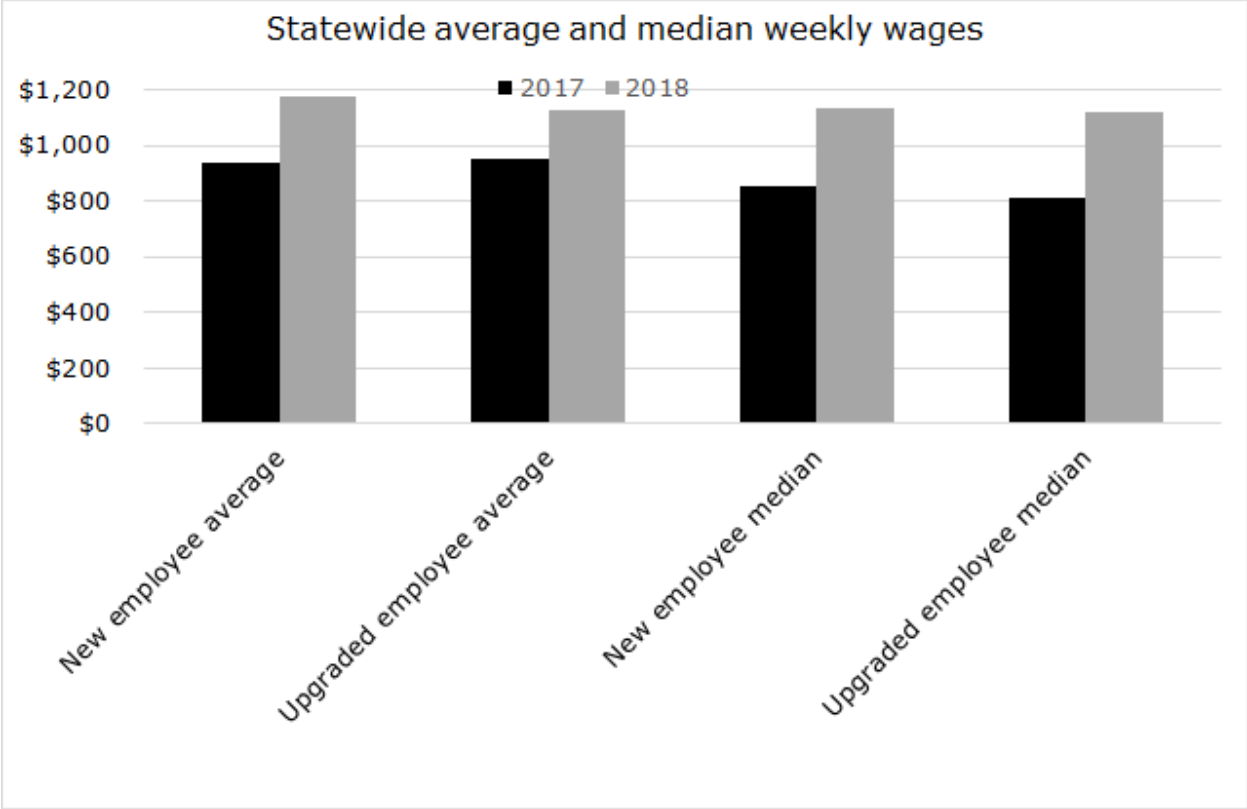
	2017	2018
Applications funded	47	50
Average award size of grants	\$485,839	\$474,616
Average spent per grant	\$438,334	\$390,677
Total awarded (all grants)	\$22,834,452	\$23,730,810
Total spent (all grants)	\$20,601,695	\$19,533,853

The expenditures in 2017 reflect a 91 percent expenditure rate, and the expenditures in 2018 reflect an 82 percent expenditure rate. When looking at all the deliverables' success rates across the two years of SDF grants, 69 percent of the grants achieved 85 percent or higher success rate of target deliverables. The SDF grants allow for some normal attrition, and currently that rate is set at 85 percent, which allows for the natural reduction in training participants due to employee turnover and other issues internal to the employer's HR processes.

A key feature of SDF projects is skill upgrades for participants. In 2017, 83 percent of participating employees had their skills upgraded, and in 2018, 86 percent of participating employees had their skills upgraded.



The expectation is that with new skills come new opportunities for trained employees, including wage increases. Increased wages show the mean and median weekly wages among SDF employees from FY'17 to FY'18. Whereas new employee average weekly pay increased by \$237 (from \$940 to \$1177) between 2017 and 2018, incumbent, upgraded employees' average weekly pay increased by \$177 (from \$950 to \$1127). New employee median weekly pay increased by \$276 (from \$855 to \$1131) between 2017 and 2018, and incumbent, upgraded employees' weekly pay increased by \$309 (from \$814 to \$1123).

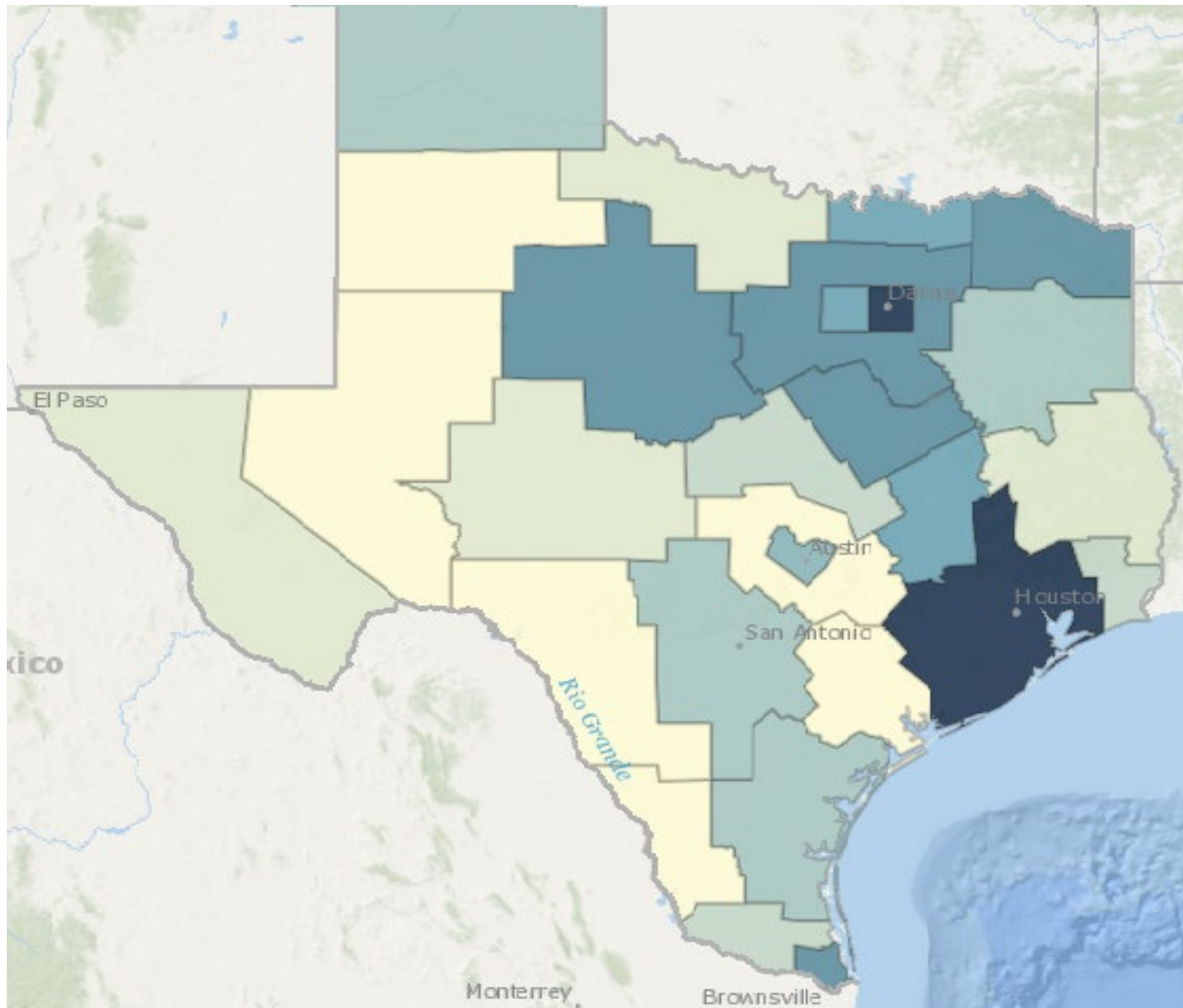


Data include wages for current employees who were trained for upskilling (upgraded) and new employees hired into new positions. The data in this report show that the SDF program is one of the few training programs administered by TWC that demonstrate a quantitative wage increase that is directly attributable to participation in an SDF training grant.

The table and map show the number of SDF grants awarded to each of the Boards in FY'17 and FY'18. Gulf Coast received the most SDF grants overall (15), and Greater Dallas received the most within one year (10).

Board Area	2017	2018	Total
Panhandle	1	2	3
South Plains	0	0	0
North Texas	1	0	1
North Central	4	2	6
Tarrant	1	4	5
Greater Dallas	10	1	11
Northeast Texas	3	3	6
East Texas	1	2	3
West Central Texas	4	2	6
Borderplex	0	1	1
Permian Basin	0	0	0
Concho Valley	0	1	1
Heart of Texas	2	4	6
Capital Area	1	3	4
Rural Capital Area	0	0	0
Brazos Valley	3	2	5
Deep East Texas	0	1	1
Southeast Texas	1	1	2
Golden Crescent	0	0	0
Alamo	1	2	3
South Texas	0	0	0
Coastal Bend	0	3	3
Lower Rio Grande Valley	1	1	2
Cameron	2	4	6
Texoma	1	4	5
Central Texas	2	0	2
Middle Rio Grande	0	0	0
Gulf Coast	8	7	15

The map shows the distribution of grant awards, with the lighter shades indicating few to no grants, and the darker shades indicating a higher number of awards. Gulf Coast and Greater Dallas are the darkest workforce areas, with the highest number of awards.



SDF grant awards in 2017 and 2018 reflect a diverse geographic distribution. There are a few areas of the state that may benefit from additional SDF projects, such as South Plains, Concho Valley, and Golden Crescent.

Additionally, the success rate and wage increases indicate that:

- employers are receiving a positive return on employees' time spent in training;
- employees are successfully completing training with increased skill sets;
- there is a positive economic impact in the local region with wages meeting and exceeding the local prevailing wage;
- employee retention is stable, which contributes to economic stability;
- grants are distributed over a wide geographic area of the state; and
- wage increases contribute to the positive economic impact from skills training.

Objective 3: Identify Ways to Expand Participation in the Opportunities Available through the SDF

SDF staff at TWC works hard to deliver timely technical assistance to current grantees. The team strives to provide opportunities throughout the year for grantees to provide feedback on existing processes by hosting webinars and meetings. Through this work, SDF staff received candid feedback from colleges, businesses, and Boards about making the SDF program as effective as possible from their perspectives.

To ensure that the SDF grants are meeting this purpose, TWC will:

- secure and analyze feedback from community colleges, businesses, and Boards through surveys and webinars to identify successes with the program and barriers to participation; and
- discuss the new role of Boards as grantees and how that will impact the landscape of SDF program.

Initially, TWC developed surveys to assess college and business partner perceptions of the SDF program's successes and barriers, including gauging customer satisfaction with specific elements of the SDF program. Each survey was tailored to a specific audience; the survey questions and results are included in the appendices.

In March 2020, the survey was emailed to 242 representatives from community and technical colleges, 553 business partners, and 641 representatives from Boards and economic development corporations (EDCs). Due to an initial limited response from business partners, TWC decided to increase the study sample size and sent surveys to additional businesses that participated in the program in 2017 or 2018 and other businesses across the state, increasing the rate of response from businesses and providing a more adequate rate of response in line with those received from colleges and Boards.

Once the email survey data collection was complete, follow-up webinars were held with college and business partners to provide an additional forum for sharing feedback about the SDF program. Preliminary analysis of the survey data was done before the webinars to understand which areas needed additional input. Survey results guided the development of the follow-up webinar. To facilitate candid feedback

during the webinars, TWC used a non-SDF facilitator, and SDF staff members were not present.

In total, 42 college participants joined the webinars, 14 Board participants, and 56 business partner participants. Webinar participants understood that their feedback would inform the development of recommendations for increasing the effectiveness of the SDF. During the webinars, TWC presented the survey results and asked follow-up questions using polls and open-ended questions. The survey polls and open-ended questions are presented in the tables as well as results from data collected during the webinar.

Community College Results

The survey and webinars for the colleges align with the SDF purposes of reducing administrative burden and ensuring timely grant awards. The data collection addressed a series of key issues, including staffing, equipment, training needs, and benefits received. The webinars also provided an opportunity for TWC to ask about other areas that were needed to understand why or why not organizations applied for SDF grants, which included administrative burden, timelines, and how often colleges apply.

Due to feedback about the workload involved in managing an SDF grant, TWC asked colleges to share information about how many staff members work on SDF grants in their institutions. In general, 70 percent of college partners indicated that they use one to three full-time staff members to coordinate their SDF program, with 19 percent indicating three or more full-time staff members. Understanding the staff time and commitment that colleges are investing in this program will inform changes that TWC considers to ease administrative burden for the colleges. Colleges have many competing projects so TWC wants to ensure that it supports their work throughout the process.

<i>How many staff members work on SDF grants in your institution (best estimate)?</i>	
1–3 full-time staff members	70%
3+ full-time staff members	19%
1 full-time staff member	11%
1 part-time staff member	-
1–3 part-time staff members	-

The colleges are experts on training provision, and TWC wanted to understand how TWC’s policy requirements around training may be limiting

the current training plans with businesses. Training is currently divided into three categories:

- Business technical—at least 55 percent—occupational-specific and essential (for example, mechanical maintenance, nurse certification)
- General technical—no more than 45 percent—occupational-generic and essential (for example, OSHA, Microsoft Office)
- Non-Technical—no more than 10 percent—occupation-generic and essential (for example, leadership and communication)

Feedback from colleges indicates a preference for training provided with more flexibility in these categories, with 40 percent directed toward business technical, 40 percent for general technical, and 20 percent for non-technical training. 14% selected “Other” and indicated in their comments a preference for no categories, a preference for higher Non-Technical training, and an agreement with the 40/40/20 breakout already listed.

<i>If you had your choice, what training breakout would you recommend?</i>	
40% Business Technical/40% General Technical/20% Non-Technical	46%
50% Business Technical/50% General and Non-Technical	36%
55% Business Technical/45% General and Non-Technical	4%

This is largely due to businesses indicating a need for safety and soft skills training, which fall into the general technical and non-technical categories. Additionally, the colleges provided a lot of feedback related to the training parameters, noting that they have lost businesses that are not able to participate because they do not need technical training. Instead, they want to be able to serve white collar companies with professional courses, which tend to fall into the general technical category. One webinar participant noted that the training categories were the greatest barrier, as they have been receiving more requests for non-technical training over the last several years.

Two other noteworthy concerns regarding training include questions about how to hold the business partner accountable for non-performance. Because the colleges serve as the grantees, they are responsible for any training costs that are not completed and may owe grant funds to TWC if an employer has not fulfilled their training obligation.

One webinar participant noted that 90-day retention is a challenge if all the training a participant has taken is disallowed—not just their last course. TWC had previously allowed the grantee to claim training hours up to the point

when the employee was no longer employed. However, an audit performed by the State Auditor’s Office (SAO) noted that individuals who did not meet the 90-day retention requirement must be considered as not meeting the required performance deliverable, resulting in all training associated with that particular individual as disallowed.

Another variable in the training equation is the colleges’ need for modern equipment and tools to train workers and advance their technology and technical skills. Currently, Chapter 803 recommends up to 10 percent of program costs for equipment purchases for multi-business partners, and projects with single businesses require a waiver from the TWC executive director. Colleges were asked to think about their last equipment purchase and the useful life of that equipment. More than 25 percent indicated about a five- to seven-year life span for most equipment. Equipment costs are an allowable cost in an SDF budget as long as the costs remain at or below 10 percent.

One college stated that “equipment needs not being included in grant awards such as mobile laptops for companies that want all of their training done on-site.” Due primarily to the short lifespan of computer equipment and the educational discounts available to institutions of higher education, laptops have historically not been included in SDF grants. However, the pandemic has forced TWC to reconsider technology purchases that enable virtual training delivery.

<i>Thinking about your last major equipment purchase, what is the useful life of that equipment?</i>	
5-7 years	47%
3-4 years	18%
7-10 years	18%
10+ years	12%
2-3 years	6%

Closely tied to training needs are the curriculum needs of training providers and delivering current content to students. TWC needed to understand if curriculum was being shared among the colleges, especially curriculum that is in high demand such as IT, manufacturing, and health care courses. In 2016, a taskforce made up of community colleges met and developed a recommendation for an online curriculum repository with the idea of sharing curriculum among the colleges to avoid investing in duplicate courses. The requested repository by the taskforce was cost prohibitive at the time, so TWC’s SDF Outreach and Project Development Team developed an abbreviated repository that lists all training and courses funded by the SDF,

including a description of the curriculum, number of course hours, type of training, Classification of Instructional Program (CIP) codes, and key contacts for colleges to contact should another college want to acquire the curriculum. Webinar participants indicated that they do look at the repository annually, and further exploration is needed to enhance cross-college collaboration.

<i>How many of you use the online curriculum repository as a resource?</i>	
I look annually when updated on TWC’s website	58%
I love it! I use all the time	16%
I have looked at it but don’t find it useful	16%
Not aware of it	11%

Another major area that warranted further exploration was partnerships. TWC wanted to understand the benefits for colleges that participating in SDF grants and how that work impacts their long-term working relationships with businesses. When asked, “Did your SDF grant lead to additional partnership opportunities with business partners?” 92 percent of participants responded “Yes.” Furthermore, participants went on to describe the major benefits to their local economy from increased wages for participants and the college’s increased capacity through additional equipment. Colleges also viewed the SDF grants as an opportunity to have higher visibility with business partners and a chance to acquire new curriculum.

<i>If you do regularly apply for SDF grants, please indicate the benefits received for your college and/or business partner(s).</i>	
Directly impacted the local economy through increased wages to employees who increase their skillset with SDF training	78%
Allowed our colleges to increase capacity through additional equipment	78%
Allowed the college to have higher visibility to the business community for other training needs	75%
Allowed our college to increase capacity through additional curriculum	72%
Allowed the college to grow its grants department through additional staff	28%

Participants also confirmed that SDF grants are highly valued by employers and local EDCs. The SDF grants provide an opportunity for colleges to build deep relationships with employers and establish themselves as leaders in support of in-demand industries in their local workforce development area (workforce area). For example, one college built a curriculum to serve key

manufacturers in their service area. Another college was able to create a much-needed corporate college for key advanced technology manufacturers where businesses like Samsung, Applied Materials, and NXP Semiconductor participated in SDF grants. The college built a curriculum, not only for manufacturing technician needs, but that can now be used to serve other key manufacturers.

Businesses also shared key benefits that they are receiving as a result of their participation in SDF grants including increased profits as a result of training, increased employee retention rates, and increased wages, which are directly correlated to participants' training completion and skills upgrade.

<i>Please indicate the benefits received for your business and employees by participating in an SDF grant? Select all that apply.</i>	
Allowed our business to increase profit margins by keeping up with changing trends and technologies through customized training	30%
Led to us increasing wages of all participants who successfully complete training	29%
Allowed us to build career pathways for internal promotions	26%
Increased employee retention rates	24%
Allowed our business to increase the skillset of employees which allows us to fill skills gaps as a result of retirements	14%

TWC wanted to understand the benefits of the SDF program, but it was also important to also understand the barriers to ensure staff is making recommendations that alleviate grantee pain points. The colleges had three main areas perceived as barriers, including reporting requirements, training requirements, and timeline issues around application submission frequency and process.

<i>What are some barriers that you, as a college partner, would like to see addressed to better respond to training needs of local businesses?</i>	
Fewer reporting requirements	19%
Remove the limit on third-party vendor training	13%
Limit on how often businesses are allowed to apply	9%
Online or current application process	9%
Budget constraints	6%

TWC wanted to learn more about specific challenges colleges were facing to be able to craft solutions where feasible.

<i>Which of the following specific challenges is your college facing? Select all that apply.</i>	
Training categories	83%
Occupation Codes	78%
Business Technical Requirement of 55% is too high	71%
Risky if business partner withdraws	67%
Cost/trainee too low	50%
Staffing/time	42%
Administrative limit too low	25%
Equipment limit too low	17%
Limits on third party training providers	13%
Wage look-up	9%
Course descriptions	9%
Budget form	4%
Budget constraints	4%
Reporting requirements	0%

Related to the training barrier issue, and high on the list of barriers, are the issues of business training requirements and businesses withdrawing. Seventy-one percent of respondents noted that the business technical training requirement is too high, and 67 percent indicated that it is risky if businesses withdraw from the project. Many colleges stated that because they are held accountable for successful completion of training by the businesses and receive monetary penalties for grant performance when company partners do not meet grant performance requirements, they are left responsible. Colleges shared that they have limited control over whether a business releases its workers to complete the training. However, because colleges are the grantees, they assume 100 percent of the liability for achieving performance outcomes, and that is not always feasible because they have typically made investments in the training and cannot recover those costs.

TWC also received several comments requesting that reporting requirements be reduced and asking if the data may be entered directly to reduce security risks. In terms of the SDF reporting requirements, information required by the statute includes business information such as type of industry, business size, number of employees, job titles, and wages. TWC also uses the collected data to report on agency performance measures, including customers served. Currently, customers can only be tracked through their

Social Security numbers (SSNs), so the information is culled and used to report on customers served and respond to inquiries from oversight agencies.

TWC is sensitive to the needs of businesses, employees, and the data collected, and is currently reviewing several options that may address this concern including the development of a new training tracking system and case management system for customers served.

Another barrier of note that had not surfaced previously was the issue of occupational codes. During evaluation, staff has identified that the primary reason incorrect codes are used for an occupation is when that occupation is not meeting the required prevailing wage for the area. Applicants will look up similar codes with lower wages and apply a code to the occupation, hoping that the code is accepted, and the wage meets statutory requirements.

One key area that generated a lot of feedback for colleges was the length of the application process. One participant noted that "it takes close to a year to submit a multiple company application, and by the time it is approved, the training plan almost always needs to be modified." This would indicate that a project is taking longer than 45 days to develop during the first phase of project development, which adds more time to the overall and 90-day target.

One of the barriers noted was the limit on how often businesses may apply. Current policies dictate that businesses are only allowed to participate in a grant every six months from the last date of the grant they previously participated in (exceptions are made for businesses hiring new jobs). Respondents indicated that they are maximizing the opportunities for application annually. In contrast, 19 percent of respondents had not applied for an SDF grant in three or more years. Very few eligible applicants had never applied for an SDF grant before.

<i>How often do you apply for SDF grants?</i>	
≥2 times annually	53%
Once annually	22%
No applications in 3+ years	19%
Every other year	3%
Never	3%

However, TWC wanted to understand the reasons why a college would have chosen not to apply. While some noted difficulties in meeting the grant

program requirements, most respondents shared a variety of other reasons why they had not applied.

<i>If you have not applied for an SDF grant in 3+ years, or never applied, why?</i>	
Other (includes areas already discussed such as training, equipment)	73%
The requirements of the grant program are too difficult to maintain.	33%
Our college is too small, without capacity to meet particular training needs.	20%
We find the application process too cumbersome.	20%
We are in a rural area and have limited to no local employer demand for training.	20%

Business Partner Results

SDF grants are awarded to meet businesses’ training needs in real time. Businesses share their specific training needs with colleges that then work to provide that technical training so that new and existing workers can maintain and grow their skills. Some businesses have been frequent users of SDF grants, while others may not be aware of the program. TWC invited businesses to share their experiences with SDF staff to better understand how TWC might continue to support their training efforts.

Out of 145 businesses that responded to the survey, 85 percent participate in an SDF grant about every three years and only 10 percent participate in an SDF grant each year. If a business had not participated in a subsequent SDF grant, TWC wanted to understand the issues preventing them from participating.

<i>If you have not participated in a subsequent SDF grant, what were the issues that prevented you from participating? Select all that apply.</i>	
We find it difficult to release employees regularly for training during work hours.	35%
The requirement for wage increases for incumbent workers is difficult to meet.	15%
The reporting requirements of the grant program are too difficult to maintain.	15%
Limit on how often businesses are allowed to apply	15%
The requirement to provide personally identifiable data for employees.	6%

The college we partnered with could not accommodate our training needs.	4%
The college we partnered with could not accommodate our needs regarding scheduling requirements.	3%

One of the recommendations will discuss timelines in more detail, but of note is a timeline of five to six months for the application process, which is longer than the current process.

<i>How often should businesses partake (months)</i>	
Unlimited	48%
Same (6 months)	32%
Every 3 months	16%
1x/year	4%

Business partners were able to select all of the issues that applied, with the overwhelming majority indicating that it is difficult to release employees from work during the workday to take the training. This is not an uncommon challenge with SDF grants. Businesses work hard to balance daily workload and the need to upgrade employees’ skills. A best practice that businesses have employed is scheduling during low production times, the off-season, and evenings. (Off-season and evening times are sometimes challenging for the grantee to accommodate.) Unfortunately, it is federal labor law that dictates this challenge, especially if an employer makes the training mandatory. When training has been voluntary, there is low participation, and the grantee ends up being the one not meeting performance targets.

Businesses also indicate that TWC’s requirement to increase wages for incumbent workers at the conclusion of training is sometimes difficult. Typically, businesses provide a 1 percent salary increase upon successful completion of training, but TWC has seen as high as 5 percent, and sometimes more.

Other key issues speak more to the administrative burden. Fifteen percent of businesses indicated the reporting requirements are difficult to maintain and they are limited in how often they can apply for SDF grants, both of which are TWC policy requirements. The six-month wait period is a TWC policy that can be revisited. Past experience showed businesses coming back regularly for annual training requirements such as certain safety certifications. The limitation is also in place to allow for the identification and recruitment of new businesses to SDF training. The other reporting requirement that has proven challenging is the collection of PII data of employees. Unfortunately, TWC does not have another option at this time to provide a quick fix but is

currently looking at viable options that would replace the collection and requirement of employee data.

Surprisingly, the requirement for PII was anecdotally expected to be the biggest issue, but it received only a 6 percent response rate. This could mean that it is not an issue, or it could mean that employers with this particular issue were not in the response group. However, when the question was framed slightly differently, and businesses were asked to share their barriers, 25 percent indicated the need for fewer reporting requirements. Currently, grantees are required to collect this information from businesses and upload the data into an online database, which includes the collection of SSNs and other demographic employee data.

<i>What are some barriers you, as a business partner, would like to see addressed to better respond to immediate training needs? Select all that apply.</i>	
Application process	43%
More flexibility on the types of training that can be included in a project (such as technical and safety training)	43%
More flexibility with training partner on scheduling	36%
Cost of training (\$1800 limit per participant)	36%
Type of worker (new vs. incumbent)	30%
Fewer reporting requirements	25%

Businesses cited the application process as one of the major barriers. Businesses spend a lot of time working closely with the TWC SDF Outreach and Project Development Team to prepare an application with detailed training plans, however, given the pace of business, that plan may require changes, even by the time the grant is awarded. TWC strives to continue streamlining the application process and will discuss the new process in our recommendations section.

Businesses also shared key benefits that they are receiving as a result of their participation in SDF grants including increased profits as a result of training, increased employee retention rates, and increased wages, which are directly correlated to participants training completion and skills upgrade.

<i>Please indicate the benefits received for your business and employees by participating in an SDF grant? Select all that apply.</i>	
Allowed our business to increase profit margins by keeping up with changing trends and technologies through customized training	32%

Led to us increasing wages of all participants who successfully complete training	30%
Increased employee retention rates	30%
Allowed us to build career pathways for internal promotions	28%
Allowed our business to increase the skillset of employees which allows us to fill skills gaps as a result of retirements	23%

Board as Grantees

HB 700 presented a new opportunity when Boards were added as eligible applicants for SDF grants. This addition of Boards as eligible grantees has resulted in the evaluation of the overall grant program as it currently exists and all parameters currently in place. The bill amended §303.001(a) to add Boards to the list of entities that are eligible to use SDF grants:

- as an incentive to provide customized training;
- to develop customized training; and
- to sponsor small and medium-sized business networks and consortiums for job training purposes.

Texas Government Code §2308.264 prohibits Boards from directly providing workforce training or one-stop workforce services unless the Board requests and is approved for a waiver based on the lack of an existing qualified alternative for delivery of workforce services in the workforce area. However, Chapter 303, as amended by HB 700, does not state that Boards must provide training directly, and, therefore, does not conflict with §2308.264.

The intent of HB 700 in adding Boards as grantees was to serve areas of the state that are currently underserved due to the lack of a robust presence by other entities that can participate in the SDF program.

Boards are not strangers to SDF grants and have played a critical role in reviewing applications from community colleges to confirm the labor market need for specific technical training and to coordinate training efforts across workforce areas. But, because Boards are new eligible applicants, TWC wanted to explore their thoughts about working with a program from a partner perspective. The Board data were collected via survey and webinar.

First, TWC wanted to know how many Boards were planning on applying for an SDF grant. Seventy-one percent of participants stated that they would apply for a grant. To date, 10 Boards have applied for SDF COVID-19 grants, which is 35 percent of all current eligible Boards.

TWC also wanted to understand the key industries in which Boards are seeing a need for skills training in their workforce areas. Not unexpectedly, manufacturing and healthcare sectors are showing demand in workforce areas followed by transportation and warehousing.

Manufacturing	89%
Health Care and Social Assistance	84%
Transportation and Warehousing	58%
Construction	53%
Retail Trade	16%
Agriculture and Forestry	11%
Educational Services	11%
Finance and Insurance	11%
Wholesale Trade	5%
Mining, Quarrying, and Oil and Gas Extraction	0%
Utilities	0%

TWC looks forward to continuing to work with Boards as SDF grantees and will look for opportunities to leverage their unique expertise of the local workforce system and key partnerships.

Response and Recommendations

Objective 1

In 2020, the COVID-19 pandemic presented a unique challenge to the state and nation. To assist businesses with their retooling efforts in response to the pandemic, TWC developed and implemented a streamlined application process awarding funds to eligible grantees that allowed them to respond to immediate training needs. The overwhelming success of this process coupled with the feedback received in the surveys resulted in TWC carrying over a similar streamlined method in the overall administration of the SDF program, resulting in the immediate awarding of funds to eligible grantees that will allow for a rapid response to businesses' training needs on an ongoing basis.

An approval process that reviews eligibility of businesses and participants, as well as approval of requested training and costs, allows for a response back

to the grantee within days so training can commence almost immediately. These additions are then incorporated through quarterly amendments, reducing the need for multiple changes, time extensions, and adjustments that inhibit a grantee from responding to a business on a timely basis. Grantees are able to continually add new business partners and training through this expedited review and approval process, resulting in less time, fewer amendments, and higher success rates among projects.

Objective 2

TWC is moving toward implementing additional performance outcome requirements to incentivize grantees and businesses to focus on key benchmarks such as training completed, and certifications earned. Grantees would be reimbursed only when participants have reached key milestones reflecting significant progress. This would have the added bonus of grantees not being in a position of owing TWC money if they are unsuccessful, because they would only be able to draw down funds when they meet key benchmarks.

Many of the colleges shared a concern about being fully liable for expenses even though they are not able to control businesses that may not end up fulfilling their role in a training project. The colleges would like for TWC to consider a mechanism that ensures that businesses share responsibility with grantees for successful outcomes. Performance outcomes could support a move toward joint responsibility.

Additionally, TWC commits to continuing to support workforce areas that do not have as many SDF projects to ensure that as many Texans as possible across the state are being served.

Objective 3

TWC received feedback indicating that grantees were interested in reducing the equipment restrictions so that they could provide high-tech training on the latest and most modern equipment needed to upskill workers.

Many grantees and businesses also expressed an interest in being able to apply for grants more frequently. TWC is interested in considering this parameter if the business has achieved success in prior grants and will work to incorporate past performance into their evaluation process.

The most feedback we received was about the training parameters, and TWC is committed to changing the mix of training categories to best meet the

needs of business partners and their specific training needs, especially those that are more connected to the professional world.

TWC is also interested in exploring how to use a unique identifier instead of a SSN to encourage additional businesses to participate in SDF grants. TWC is committed to reviewing reporting requirements and potentially removing PII.

Closing Thoughts

TWC wishes to sincerely thank all of the business partners, colleges, and Boards for providing valuable feedback to support the development of recommendations for this report. Although much of the feedback collected focused on areas for improvement, our partners also offered gratitude for our shared work of providing workforce skills development training that keeps businesses thriving in Texas. One participant noted that “I am firmly convinced that our program fulfills the true legislative intent of SDF and that we are now well positioned to make our area an even more attractive destination for advanced manufacturers who are considering Texas as their future home.” Another stated that while every facet is impactful, we can always use some “fine tuning to make it even more stellar.” In closing, TWC would like to share this final thought from a college partner:

“The TWC state agency is probably the most helpful to industry and to employees and the SDF grant is one of the most powerful tools that community colleges and employers have access to. It has and continues to help many community colleges help businesses become stronger and continue to grow and colleges build their internal capacity. For those reasons, we need to make the SDF an even more impactful tool that helps many more employers and employees in every corner and sector throughout the state. Minor changes will only attain minor improvements in terms of reach and impact. This is the time to be bold and make MAJOR changes to attain MAJOR impact.”

Appendices

Appendix 1.

H.B. No. 700

AN ACT

relating to the use of the skills development fund by certain entities and a study and report regarding the effectiveness of that fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 303.001(a), Labor Code, is amended to read as follows:

(a) The purpose of this chapter is to remove administrative barriers that impede the response of public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service to industry and workforce training needs and to develop incentives for public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service to provide customized assessment and training in a timely and efficient manner.

SECTION 2. Section 303.002(b), Labor Code, is amended to read as follows:

(b) A public community or technical college or the Texas A&M Engineering Extension Service may recover customized assessment and training costs incurred by the institution if:

(1) there is an actual or projected labor shortage in the occupation in which training is provided that is not being met by an existing institution or program in the area; and

(2) the wages at the time of job placement for individuals who successfully complete customized training at the public community or technical college or the Texas A&M Engineering Extension Service are equal to the prevailing wage for that occupation in the local labor market area.

SECTION 3. Sections 303.003(b), (f), (g), and (h), Labor Code, are amended to read as follows:

(b) The skills development fund may be used by public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service as start-up or emergency funds for the following job-training purposes:

(1) developing customized training programs for businesses and trade unions; and

(2) sponsoring small and medium-sized business networks and consortiums.

(f) The Texas A&M Engineering Extension Service shall focus the service's training activities under this chapter on programs that:

(1) are statewide in nature; or

(2) are not available from a local junior college district, a local technical college, or a consortium of junior college districts.

(g) This section does not prohibit the Texas A&M Engineering Extension Service from participating in a consortium of junior college districts or with a technical college that provides training under this chapter.

(h) A community-based organization may apply for money to participate in a training program only in partnership with a community and technical college or the Texas A&M Engineering Extension Service. A community-based organization providing services regulated by the state shall provide evidence of any certification, license, or registration required by law.

SECTION 4. (a) The Texas Workforce Commission shall conduct a study on and develop recommendations for increasing the effectiveness of the skills development fund established under Chapter 303, Labor Code. The recommendations must include strategies for better achieving the fund's purposes, improving outcomes, and expanding participation in the opportunities available through the fund.

(b) Not later than December 1, 2020, the Texas Workforce Commission shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the chairs of the legislative committees with appropriate jurisdiction a report detailing the commission's findings and recommendations under Subsection (a) of this section.

SECTION 5. This Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 700 was passed by the House on April 26, 2019, by the following vote: Yeas 127, Nays 12, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 700 on May 17, 2019, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 700 on May 26, 2019, by the following vote: Yeas 111, Nays 28, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 700 was passed by the Senate, with amendments, on May 14, 2019, by the following vote: Yeas 25, Nays 6; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 700 on May 26, 2019, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor

Appendix 2.

LABOR CODE

TITLE 4. EMPLOYMENT SERVICES AND UNEMPLOYMENT

SUBTITLE B. TEXAS WORKFORCE COMMISSION; WORKFORCE DEVELOPMENT; EMPLOYMENT SERVICES

CHAPTER 303. SKILLS DEVELOPMENT FUND

Sec. 303.001. PURPOSE; DEFINITIONS. (a) The purpose of this chapter is to remove administrative barriers that impede the response of public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service to industry and workforce training needs and to develop incentives for public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service to provide customized assessment and training in a timely and efficient manner.

(b) For purposes of this chapter:

(1) "Assessment" means the evaluation of an employer's workforce needs and requirements.

(2) "Community-based organization" means a private nonprofit organization, including a development corporation and faith-based organization, that:

(A) provides for education, vocational education, rehabilitation, job training, or internship services or programs; and

(B) is exempt from the payment of federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, and its subsequent amendments, by being listed as an exempt entity under Section 501(c)(3) of that code.

Added by Acts 1995, 74th Leg., ch. 655, Sec. 11.03, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 153, Sec. 1, eff. May 20, 1997; Acts 1999, 76th Leg., ch. 1120, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1041 (H.B. [700](#)), Sec. 1, eff. September 1, 2019.

Sec. 303.002. WAIVER. (a) The commission may review and recommend to the legislature the waiver of any requirements set forth in Title 3, Education Code, as they may apply to public community and technical colleges, that impede the ability of such a college to develop in a timely manner customized training for demand occupations in particular industries, including statutes or regulations limiting costs that may be recovered by a public community or technical college from state funds.

(b) A public community or technical college or the Texas A&M Engineering Extension Service may recover customized assessment and training costs incurred by the institution if:

(1) there is an actual or projected labor shortage in the occupation in which training is provided that is not being met by an existing institution or program in the area; and

(2) the wages at the time of job placement for individuals who successfully complete customized training at the public community or technical college or the Texas A&M Engineering Extension Service are equal to the prevailing wage for that occupation in the local labor market area.

Added by Acts 1995, 74th Leg., ch. 655, Sec. 11.03, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 153, Sec. 2, eff. May 20, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1041 (H.B. [700](#)), Sec. 2, eff. September 1, 2019.

Sec. 303.003. SKILLS DEVELOPMENT FUND. (a) To achieve the purposes of this chapter, the skills development fund is created. The fund is composed of:

(1) money transferred into the fund under Section [204.123](#); and

(2) any amounts appropriated by the legislature for the purpose of this chapter from the general revenue fund.

(b) The skills development fund may be used by public community and technical colleges, community-based organizations, local workforce development boards, and the Texas A&M Engineering Extension Service as start-up or emergency funds for the following job-training purposes:

(1) developing customized training programs for businesses and trade unions; and

(2) sponsoring small and medium-sized business networks and consortiums.

(b-1) The commission by rule may establish and develop additional job incentive programs that use the skills development fund to create incentives for public community and technical colleges in partnership with one or more employers, including prospective employers who commit to establishing a place of business in this state, to provide workforce training in an effort to create and retain employment opportunities in this state. Under a program established under this subsection, the commission may commit money to a prospective employer described by this subsection contingent on the employer's establishment of a place of business in this state.

(b-2) In addition to the purposes described by Subsections (b) and (b-1), in each state fiscal biennium, an amount of money from the skills development fund not to exceed five percent of the amount of general revenue appropriated to the skills development fund for that biennium may be used as provided by this subsection. Funds available to the commission from other sources may also be used as provided by this subsection. Funds may be awarded under this subsection to a lower-division institution of higher education to be used under an agreement

with a school district, or to a school district to be used under an agreement with a lower-division institution of higher education, to support courses offered for joint high school and college-level credit or offered under a college credit career or technical education program that leads to an industry-recognized license, credential, or certificate. Appropriate uses of funds awarded under this subsection include purchasing or repairing necessary equipment for a course and developing a course curriculum. A course or program supported under this subsection must:

(1) have the endorsement of, or a letter of support from, at least one employer in this state; and

(2) be targeted to address the needs of high-demand fields or occupations, as identified by the applicable local workforce development board.

(c) Money from the skills development fund may not be used to pay the training costs and other related costs of an employer who relocates the employer's worksite from one location in this state to another in-state location.

(d) The executive director, or a person appointed by the executive director who is knowledgeable in the administration of grants, is responsible for the distribution of money from the skills development fund.

(e) It is the intent of the legislature that, to the greatest extent practicable, money from the skills development fund shall be spent in all areas of this state.

(f) The Texas A&M Engineering Extension Service shall focus the service's training activities under this chapter on programs that:

(1) are statewide in nature; or

(2) are not available from a local junior college district, a local technical college, or a consortium of junior college districts.

(g) This section does not prohibit the Texas A&M Engineering Extension Service from participating in a consortium

of junior college districts or with a technical college that provides training under this chapter.

(h) A community-based organization may apply for money to participate in a training program only in partnership with a community and technical college or the Texas A&M Engineering Extension Service. A community-based organization providing services regulated by the state shall provide evidence of any certification, license, or registration required by law.

(i) In this section, "lower-division institution of higher education" means a public junior college, public state college, or public technical institute.

Added by Acts 1995, 74th Leg., ch. 655, Sec. 11.03, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 153, Sec. 3, eff. May 20, 1997; Acts 1999, 76th Leg., ch. 1120, Sec. 2, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1485, Sec. 2.01, eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1289 (H.B. [2169](#)), Sec. 1, eff. June 19, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 1047 (H.B. [3028](#)), Sec. 1, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 988 (H.B. [18](#)), Sec. 8, eff. June 19, 2015.

Acts 2019, 86th Leg., R.S., Ch. 1041 (H.B. [700](#)), Sec. 3, eff. September 1, 2019.

Sec. 303.0031. USE OF SKILLS DEVELOPMENT FUND TO RECRUIT CERTAIN EMPLOYERS. (a) In this section, "public junior college" and "public technical institute" have the meanings assigned by Section [61.003](#), Education Code.

(b) In addition to the purposes described by Section [303.001](#), the commission may use the skills development fund to provide an intensive and rapid response to, and support services for, employers expanding in or relocating their operations to this state, with a focus on recruiting employers who will

provide complex or high-skilled employment opportunities in this state.

(c) The commission may use funds available for the purpose of this section to:

(1) provide leadership and direction to, and linkage among, out-of-state employers, economic development organizations, local workforce development boards, public junior colleges, and public technical institutes to address the employers' needs for recruitment and hiring for complex or high-skilled employment positions as necessary to facilitate employers' relocation to or expansion of operations in this state; and

(2) award grants to a public junior college or public technical institute providing workforce training and related support services to employers who commit to establishing a place of business in this state.

(d) A grant awarded under this section may be used only for:

(1) developing:

(A) customized workforce training programs for an employer's specific business needs;

(B) fast-track curriculum;

(C) workforce training-related support services for employers; or

(D) instructor certification necessary to provide workforce training; and

(2) acquiring training equipment necessary for instructor certification and employment.

(e) The executive director, or a person appointed by the executive director who is knowledgeable in the administration of grants, is responsible for the distribution of grant money under this section.

(f) The commission may solicit and accept gifts, grants, and donations from any public or private source for the purpose of this section.

(g) The commission may require, as a condition of receiving money under this section, that a recipient agree to repay the amount received and any related interest if the commission determines that the money was not used for the purposes for which the money was awarded.

(h) Money may not be used under this section to pay any training costs or other related costs of an employer to relocate the employer's worksite from one location in this state to another location in this state.

(i) The commission may adopt rules as necessary to implement this section.

Added by Acts 2017, 85th Leg., R.S., Ch. 325 (H.B. [108](#)), Sec. 1, eff. September 1, 2017.

Sec. 303.0035. USE OF MONEY IN HOLDING FUND (GENERAL REVENUE ACCOUNT 5069) FOR SKILLS DEVELOPMENT. Money in the holding fund (general revenue account 5069) may be used only for the purposes for which the money in the skills development fund created under Section [303.003](#) may be used.

Added by Acts 2005, 79th Leg., Ch. 1115 (H.B. [2421](#)), Sec. 5, eff. June 18, 2005.

Sec. 303.004. FUND REVIEW; REPORT BY CERTAIN WORKFORCE TRAINING PROVIDERS REQUIRED. (a) The Texas Higher Education Coordinating Board shall review all customized training programs biennially to verify that state funds are being used appropriately by public community and technical colleges and the Texas A&M Engineering Extension Service under this chapter.

(b) Not later than October 1 of each even-numbered year, the Texas A&M Engineering Extension Service and each public community or technical college that provides workforce training under this chapter shall:

(1) conduct a review of the service's or college's training programs to:

(A) determine the effectiveness of the programs in improving the wages of participants who complete the programs; and

(B) identify strategies for improving the delivery of workforce training in order to more effectively impact economic development in this state; and

(2) submit to the commission a detailed written report summarizing the results of the review for inclusion by the executive director in the report to the governor and the legislature required by Section [303.006](#)(c).

(c) If the Texas A&M Engineering Extension Service or a public community or technical college fails to submit a report required by Subsection (b) (2):

(1) the service or college must refund to the comptroller any unexpended state funds received by the service or college under this chapter for the state fiscal biennium in which the report was due; and

(2) the commission may not award any additional grant to the service or college under this chapter until the service or college has complied with that reporting requirement.

Added by Acts 1995, 74th Leg., ch. 655, Sec. 11.03, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 153, Sec. 4, eff. May 20, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 911 (H.B. [1297](#)), Sec. 1, eff. June 14, 2013.

Acts 2017, 85th Leg., R.S., Ch. 566 (S.B. [634](#)), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 566 (S.B. [634](#)), Sec. 2, eff. September 1, 2017.

Sec. 303.005. PARTICIPATION IN ADDITIONAL PROGRAMS; APPLICATION REQUIREMENTS; PRIORITY. (a) An employer may not apply both to a public community or technical college for customized training and assessment from the college through a

grant issued to the college under the skills development fund program established under this chapter and for a grant under the Texas Enterprise Fund program established under Subchapter E, Chapter [481](#), Government Code, unless the employer and the college file an application for concurrent participation in both programs that complies with any rules adopted by the Texas Workforce Commission on concurrent participation.

(b) In awarding any grant under this chapter, the commission shall consider giving priority to training incentives for small businesses.

Added by Acts 1999, 76th Leg., ch. 1485, Sec. 2.02, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 1115 (H.B. [2421](#)), Sec. 6, eff. June 18, 2005.

Sec. 303.006. REPORTING REQUIREMENTS. (a) In this section:

(1) "Employee" means an individual who performs services for another under a contract of hire, whether express or implied, or oral or written.

(2) "Employer" means a person that employs one or more employees.

(3) "Existing employer" means an employer that:

- (A) has been liable to pay contributions under Subtitle A, Title 4, for more than one year;
- (B) has employees; and
- (C) is in compliance with the reporting and payment requirements of Subtitle A, Title 4, as determined by the Texas Workforce Commission.

(4) "In-kind contribution" means a noncash contribution of goods and services provided by an employer as all or part of the employer's matching share of a grant or project.

(5) "Job" means employment on a basis customarily considered full-time for the applicable occupation and industry.

(6) "Large employer" means a business entity that employs at least 500 employees.

(7) "Medium employer" means a business entity that employs more than 99 but fewer than 500 employees.

(8) "Micro-employer" means a business entity that employs not more than 20 employees.

(9) "Program" means the skills development fund program created under this chapter.

(10) "Small employer" means a business entity that employs more than 20 but fewer than 100 employees.

(11) "Trainee" means a participant in a project funded under this chapter.

(12) "Wages" means all forms of compensation or remuneration, excluding benefits, payable for a specific period to an employee for personal services rendered by that employee.

(b) In implementing provisions under this section regarding the classification of this state into regions, the executive director shall use the uniform service regions established by the comptroller under Section 120, Article V, Chapter 19, Acts of the 72nd Legislature, 1st Called Session, 1991 (the General Appropriations Act).

(c) The commission shall include in the commission's supplemental annual report to the governor and the legislature under Section [301.065](#)(c) a report on the status of the program established under this chapter.

(d) The annual report must include for that fiscal year:

(1) the total number of applications submitted, the total number of applications approved, and the total number of applications rejected by region of the state;

(2) the average and median weekly wage levels of trainees under this chapter entering or returning to the workforce, broken down by:

(A) current employees undergoing retraining;

(B) new hires; and

- (C) region of the state;
 - (3) the average and median weekly wage levels of trainees under this chapter entering or returning to the workforce, broken down by region of the state;
 - (4) the number and percentage of trainees covered by health care insurance coverage, workers' compensation insurance coverage, and other analogous benefit programs;
 - (5) the total amount of money awarded in each region of the state and the percentage that amount represents of the total amount of money awarded on a statewide basis;
 - (6) a comparison of the percentage of total dollars awarded to each region versus each region's percentage of:
 - (A) the state's population;
 - (B) the civilian labor force;
 - (C) the number of unemployed persons; and
 - (D) the number of qualified grant applications submitted to the commission by public community and technical colleges;
 - (7) the total amount of money awarded to micro-employers, small employers, medium employers, and large employers, reported by region of the state; and
 - (8) the total number of jobs created or persons retrained under the program:
 - (A) by region of the state;
 - (B) by occupation classified by the two-digit standard industrial classification;
 - (C) by wage level; and
 - (D) whether attributable to:
 - (i) relocation of businesses to this state;
- or
- (ii) training or retraining of employees of existing employers.

Added by Acts 1999, 76th Leg., ch. 1485, Sec. 2.02, eff. Sept. 1, 1999.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 266 (S.B. [1413](#)), Sec. 5,
eff. September 1, 2019.

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER A	GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND
RULE §803.1	Scope and Purpose

(a) Purpose. The purpose of the Skills Development Fund is to enhance the ability of public community and technical colleges and the Texas Engineering Extension Service (TEEX) to respond to industry and workforce training needs and to develop incentives for public community and technical colleges, TEEX, or community-based organizations only in partnership with the public community and technical colleges or TEEX 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.

Source Note: The provisions of this §803.1 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER A	GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND
RULE §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; or

(iv) a community-based organization only in partnership with the public community and technical colleges or TEEX.

(2) Grant recipient--A recipient of a Skills Development Fund grant that is:

(A) a public community college;

(B) a technical college;

(C) TEEX; or

(D) a community-based organization only in partnership with the public community and technical colleges or TEEX.

(3) Non-local public community and technical college--A public community college or technical college providing training outside of its local taxing district.

(4) Private partner--A person, 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; or

(D) a community-based organization only in partnership with the public community and technical colleges or TEEX.

(5) 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.

(6) 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.

(7) Texas Engineering Extension Service (TEEX)--A higher education agency and service established by the Board of Regents of the Texas A&M University System.

(8) 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.

(9) Training provider--An entity or individual that provides training, including:

(A) a public community college;

(B) a technical college;

(C) TEEX;

(D) a community-based organization only in partnership with the public community college or technical college or TEEX; or

(E) a person, sole proprietorship, partnership, corporation, association, consortium, governmental subdivision, or public or private organization with whom a public community or technical college or TEEX has subcontracted to provide training.

Source Note: The provisions of this §803.2 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER A	GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND
RULE §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) TEEX 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, TEEX 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% 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% of the fair value of the leased equipment.
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Source Note: The provisions of this §803.3 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER B	PROGRAM ADMINISTRATION
RULE §803.11	Grant Administration

Grant recipients must enter into an agreement with the Agency to comply with contract requirements that include, but are not limited to:

- (1) submitting all required reports, including financial and performance reports, in the format and time frame required by the Agency;
- (2) maintaining fiscal data needed for independent verification of expenditures of funds received for the customized training project;
- (3) cooperating and complying with Agency monitoring activities as required by Chapter 800, Subchapter H of this title (relating to Agency Monitoring Activities); and
- (4) submitting contract completion reports:
 - (A) The final payment is contingent upon the executive director's, or designee's, determination that a project has met the training objectives, outcomes, and requirements (an attrition rate of up to 15% of the total number of trainees in the contract is allowed).
 - (B) The final payment of the contract will be withheld for 60 days after the completion of training and after receipt by the Agency of verification from the employer that the trainees are employed.

Source Note: The provisions of this §803.11 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER B	PROGRAM ADMINISTRATION
RULE §803.12	Limitations on Awards

The Agency may impose any or all of the following limitations on the amount of funds awarded under any specific grant:

- (1) A limit of \$500,000 for the training project of a single employer;
- (2) A limit of 10% of the grant amount for the allowable purchase of any proprietary or production equipment required for the training project;
- (3) A limit of 10% for administrative costs related to direct training for the training project of a single employer; or
- (4) A limit of 15% for administrative costs related to direct training for the training project of entities other than a single employer.

Source Note: The provisions of this §803.12 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER B	PROGRAM ADMINISTRATION
RULE §803.13	Program Objectives

The following are the program objectives in administering the Skills Development Fund:

- (1) To ensure that funds from the program are spent in all areas of this state and expand the state's capacity to respond to workforce training needs;
- (2) To develop projects in workforce areas through collaboration with the Boards;
- (3) To develop projects that, at completion of the training, will result in wages equal to or greater than the prevailing wage of persons with similar knowledge and experience in that occupation in the local labor market for the participants in the customized training project;
- (4) To prioritize the processing of grant requests from workforce areas where the unemployment rate is higher than the state's annual average unemployment rate; and
- (5) To sponsor creation and attraction of high-value, high-skill jobs for the state that will facilitate the growth of industry and emerging occupations.
- (6) To the greatest extent practicable, the Agency will award Skills Development Fund grants as follows:
 - (A) Approximately 60% of the funds may be for job retention training; and
 - (B) The remaining funds may be for training for job creation.

Source Note: The provisions of this §803.13 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER B	PROGRAM ADMINISTRATION
RULE §803.14	Procedure for Requesting Funding

-
- (a) After obtaining 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, a private partner or a trade union, together with a public community or technical college or TEEX, shall present to the executive director, or designee, a proposal requesting funding for a customized training project or other appropriate use of the fund.
- (b) TEEX, 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.
- (c) The training proposal shall not duplicate a training project available in the workforce area in which the private partner or trade union is located.
- (d) Proposals shall disclose other grant funds sought or awarded from the Agency or other state and federal entities for the proposed job training project.
- (e) 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.
- (f) 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 public community or technical college or TEEX 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 or TEEK;
 - (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 (e) of this section; and
 - (12) Any additional information deemed necessary by the Agency to complete evaluation of a proposal.
-

Source Note: The provisions of this §803.14 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER B	PROGRAM ADMINISTRATION
RULE §803.15	Procedure for Proposal Evaluation

(a) The executive director, or designee, shall evaluate each proposal considering the purposes listed in §803.3(a) of this subchapter, the program objectives listed in §803.13 of this subchapter, and procedures in §803.14 of this subchapter, along with the prevailing wage for occupations in the local labor market area, the financial stability of the private partner, the regional economic impact, and any other factors unique to the circumstances that the Agency determines are appropriate.

(b) The Agency shall notify the Board in the applicable workforce area when the Agency is evaluating a proposal so as to inform the Board of potential workforce activities in the workforce area.

(c) If the Agency determines that a proposal is appropriate for funding through the Skills Development Fund, the executive director, or designee, shall enter into a contract with the grant recipient on behalf of the Agency.

Source Note: The provisions of this §803.15 adopted to be effective January 29, 2003, 28 TexReg 751; amended to be effective January 9, 2006, 31 TexReg 174

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TITLE 40	SOCIAL SERVICES AND ASSISTANCE
PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER C	PROGRAM ADMINISTRATION AFTER AWARD OF CONTRACT
RULE §803.31	Notice to Local Workforce Development Board

The Agency shall inform the Board in the applicable workforce area of final decisions made regarding Skills Development Fund grants in the workforce area.

Source Note: The provisions of this §803.31 adopted to be effective January 9, 2006, 31 TexReg 174

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PART 20	TEXAS WORKFORCE COMMISSION
CHAPTER 803	SKILLS DEVELOPMENT FUND
SUBCHAPTER C	PROGRAM ADMINISTRATION AFTER AWARD OF CONTRACT
RULE §803.32	Waivers

The executive director, or designee, may suspend or waive a section of this chapter, not statutorily imposed, in whole or in part upon a showing of good cause and a finding that the public interest would be served by such a suspension or waiver.

Source Note: The provisions of this §803.32 adopted to be effective January 9, 2006, 31 TexReg 174

Appendix 4.



SKILLS

Development Fund

Effectiveness Study - Community Colleges

Facilitated by: Karen Latta, TWC Project Manager

Today's Objectives

Review Skills Survey Responses

Explore Suggested Changes & Recommendations

Gather Additional Input

Share Timeline & Next Steps

Skills Study

- Your input will inform the development of "*recommendations for increasing the effectiveness of the skills development fund*...including strategies for better achieving the fund's purposes, improving outcomes, and expanding participation in the opportunities available through the fund."
- Report is due December 1, 2020

Ground Rules for Today's Discussion

Thank you for joining us!
We value your feedback and time!

Not Up for Discussion	Up for Discussion
New HB700 Changes (i.e., eligible applicants)	Current Skills Grant Parameters (i.e., Limit on third-party training)
Current Training Information Form (TIF) reporting requirements (i.e., SSNs)	Current Skills Grant Policies (i.e., Limit training to workers in non-executive positions)
Specific Scenarios Related to Existing Grants	Current Skills Grant Practices (i.e., grant timelines and documents)

Skills Year In Review

Since its inception in 1996, the Skills program has:

- Helped 4,522 business partners create 119,633 jobs
- Upgraded the skills of 385,633 incumbent workers
- Increased average wages paid to workers from \$10.33/hour in FY1996 to \$25.44/hour in FY2019

Skills Year In Review Continued

In FY 2019, TWC received:

- 76 Regular Proposal Submissions totaling \$25,313,114
- Funded 38 Regular Skills grants with an average grant award of \$434,688
- Served 72 businesses
- Supported the creation of 3,568 jobs
- Assisted with the upskilling of 9,115 incumbent jobs
- All 12 Comptroller regions had a Skills project awarded in their region.

Statute requires that we report data by Comptroller region.

Refresh on Current Skills Grants Parameters*

- Participants must be paid wages that are equal to or greater than the prevailing wage for their occupation in the local labor market.
- Limit of \$500,000 for training project of a single-business partner
 - Equipment costs are currently allowed at 10% of program costs for multi-business partner projects
- A goal of 60% of funds will be for job retention training
- Administrative costs are currently allowed at:
 - 10% for single-business partners
 - 15% for multi-business partner projects
- Funds may not be used to pay wages for trainees, trainee drug tests or instructor travel costs

*As prescribed by Statute Chapter 303 and Rule Chapter 803

Refresh on Current Skills Grants Policies

Training hours divided into three different categories:

- Business Technical: 55%
 - General Technical: 45%
 - Non-Technical: 10%
- Cost per trainee is limited to \$1800 (this target is established and submitted to the Legislative Budget Board biannually, and is based on number of customers served overall by the program)
 - Businesses are not eligible to participate in a 2nd Skills grant for 6 months following the end date of the 1st grant
 - Business must make a commitment to a wage increase
 - Computing devices (laptops, scanners and projectors) typically not allowed
 - At least 50% of the training provided should come directly from the college

Refresh on Current Skills Grants Process

Outreach Team	Contracts Team
Meets with College	Regulatory Integrity Division (RID) Review
Meets with Business Partner	Proposal Review
Begins Proposal Development	Award Letter
Submits First Draft to Contracts Team	Grant Award
Submits Final Draft to Contracts Team for Evaluation	Grant Management including Amendments and Budget Adjustments



Current Skills Application Package

Private Partner Information Form (PPIF)

- Collects basic information of the business partner to perform the Regulatory Integrity Division (RID) background check
- Collects job titles and wages paid to perform prevailing wage checks

Proposal Submission Form

- Application submitted by grantee and includes overview of the training project, summary of training, course descriptions and information on partnerships and curriculum development

Workforce Development Board Review and Comment Form

- Currently required to meet current Skills rules for Board review of an application in their local workforce area

Curricula and Budget Management (CBM) Form

- Collects all courses, costs, cost per trainee, and equipment and administrative costs

Survey Responses

Answer Choices	Responses
Twice or more per year	53.13%
Once a year	21.88%
Every other year	3.13%
We have not had a grant in over three years	18.75%
We have never applied for a Skills Grant	3.13%
Total Responses: 32	

Q1: How often do you apply for grants under the Skills Development Fund (SDF)?

Answer Choices	Responses
We are in a rural area and have limited to no local employer demand for training	20.00 %
Our college is too small and does not have the capacity to meet particular training needs	20.00 %
We find the application process too cumbersome	20.00 %
The requirements of the grant program are too difficult to maintain	33.33 %
Other Comments (please specify):	73.33 %
Total Responses: 15	

Q2: If you have not had a grant in over three years, or have never applied for a grant, please indicate reasons for not applying more often, or for never applying for a grant.

We are in a rural area and have almost no local employer demand

*If you are in a rural area, please share your strategies for connecting to the limited employers in your area and how we might support your work in this area

*If you are not in a rural area, we are interested in understanding more about your strategies for employer engagement and how we might support your work in this area

Please enter responses into the chat now – we'll take a few minutes for you to do that now!

Our college does not have the capacity to meet particular training needs

Describe the training needs that your college does not currently have to capacity to meet including sector and specific occupations in the chat.

Please select the sector(s) in the poll and share specific occupations in the chat. For example, CNC Programming Engineer

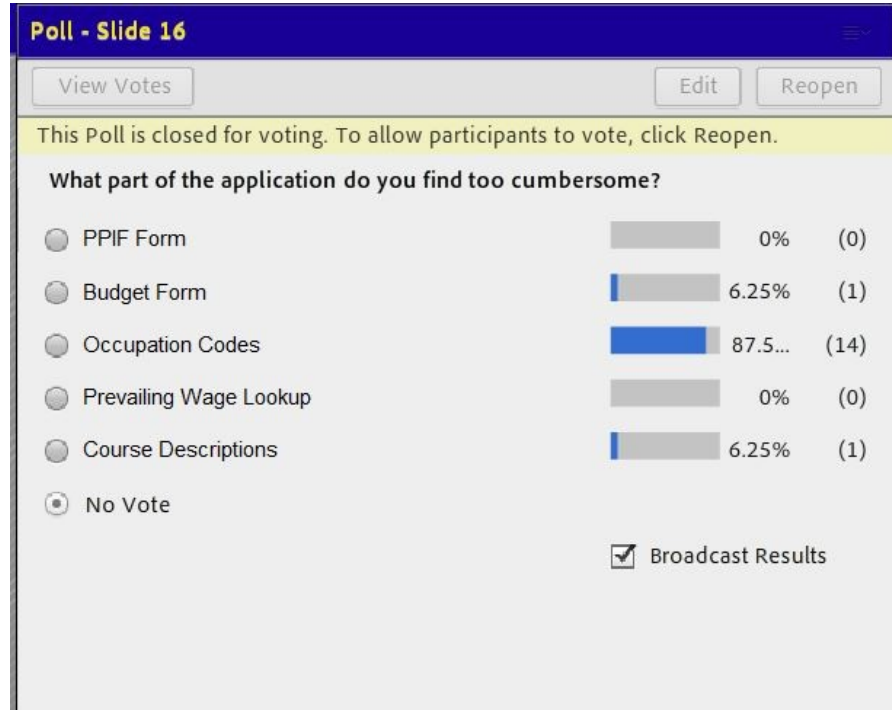
We find the application too cumbersome

What part of the application do you find too cumbersome?

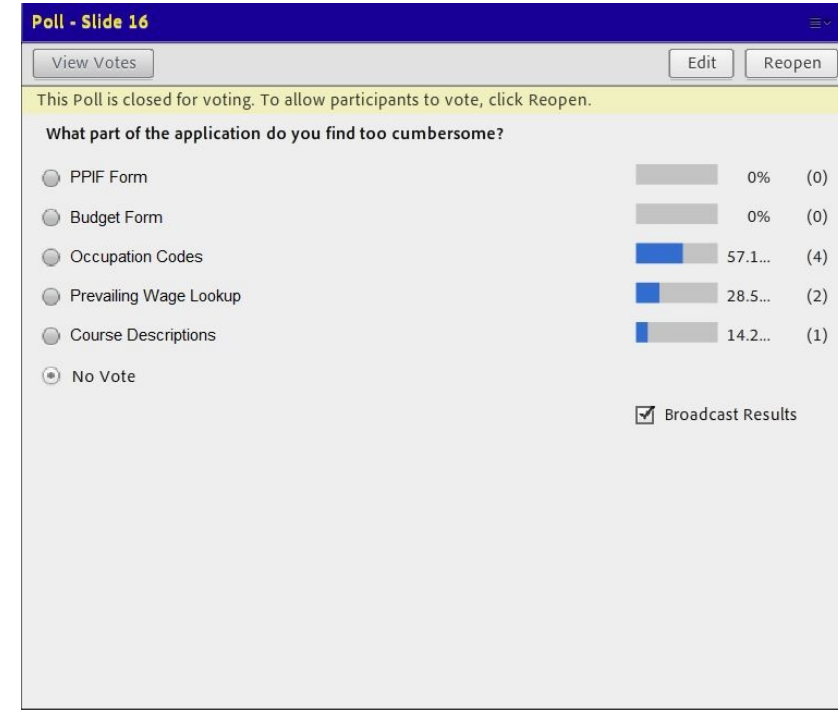
- A. PPIF Form
- B. Budget Form
- C. Occupation Codes
- D. Prevailing Wage Lookup
- E. Course Descriptions

Poll Results

URBAN COLLEGES



RURAL COLLEGES



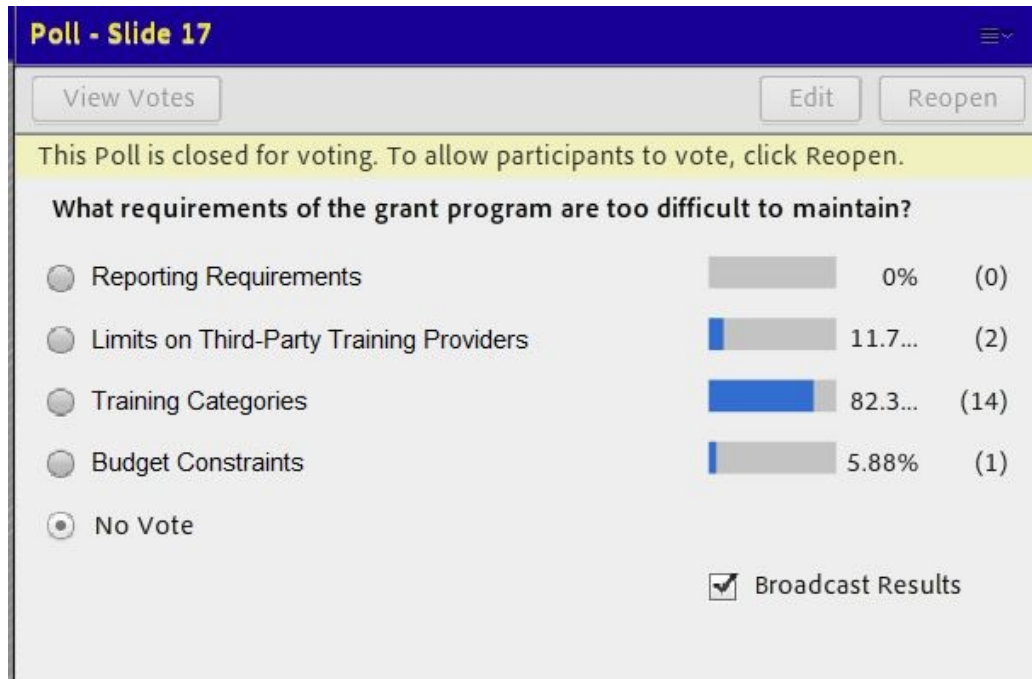
The requirements of the grant program are too difficult to maintain

What requirements of the grant program are too difficult to maintain?

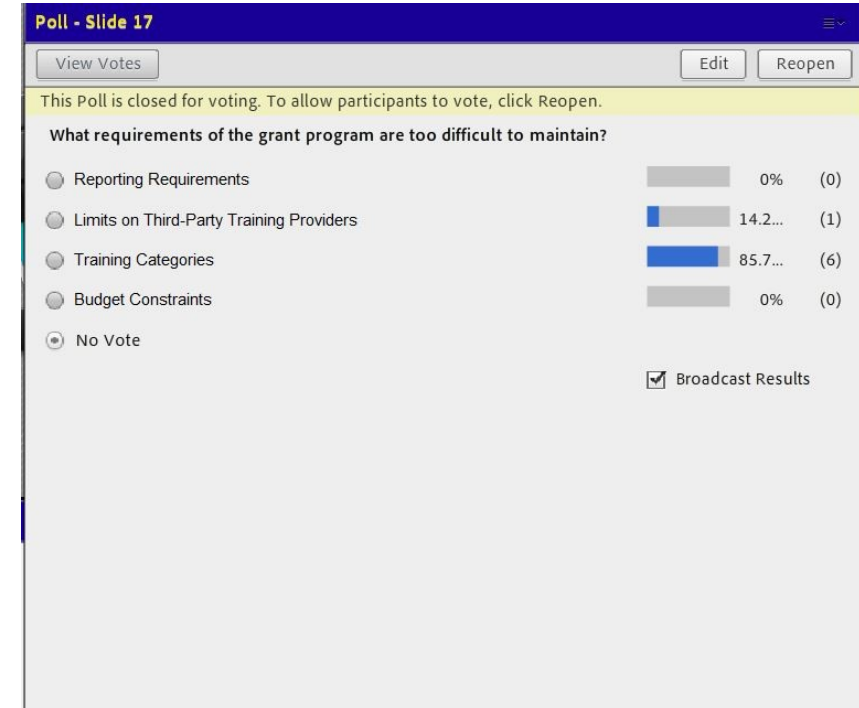
- A. Reporting Requirements
- B. Limits on Third-Party Training Providers
- C. Training Categories
- D. Budget Constraints

Poll Results

URBAN COLLEGES



RURAL COLLEGES



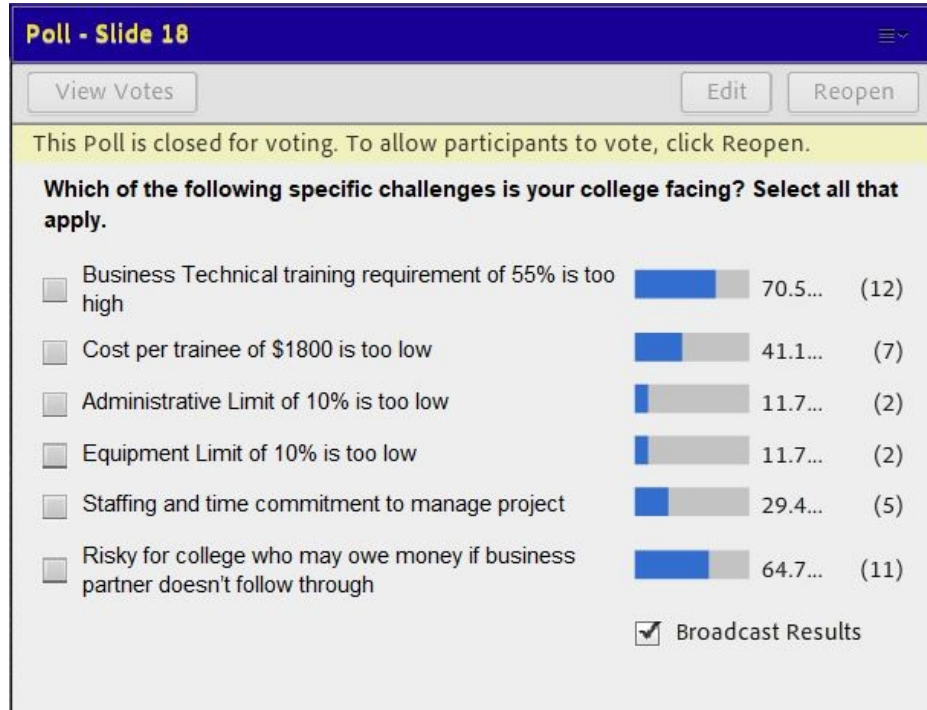
Other Reasons

Which of the following specific challenges is your college facing? Select all that apply.

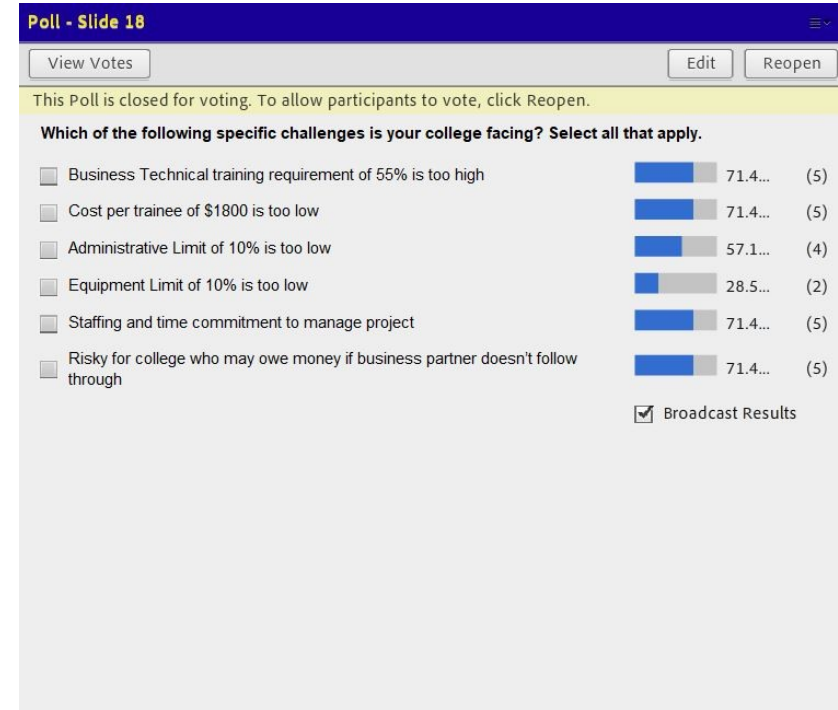
- A. Business Technical training requirement of 55% is too high
- B. Cost per trainee of \$1800 is too low
- C. Administrative Limit of 10% is too low
- D. Equipment Limit of 10% is too low
- E. Staffing and time commitment to manage project
- F. Risky for college who may owe money if business partner doesn't follow through

Poll Results

URBAN COLLEGES



RURAL COLLEGES



Other Reasons for Not Applying

Process:

- Apply regularly and currently have projects
- Getting approvals is becoming more difficult and timelines to contract are lengthy
- I know for a fact some of my colleagues do not attempt SDF because it is not worth the risk
- With the limit on total funding and on administrative costs, one of our full-time staff usually has to manage SDF awards on top of their regular job and it's hard to get buy-in for that

Employers:

- Companies are requesting higher-technology training than we can currently provide
- Difficulty in getting employers to commit to the grant and training

Answer Choices	Responses
SDF has allowed our college to increase capacity through additional curriculum	71.88%
SDF has allowed our colleges to increase capacity through additional equipment	78.13%
SDF has allowed the college to have higher visibility to the business community for other training needs	75.00%
SDF has allowed the college to grow their grants department through additional staff	28.13%
SDF has directly impacted the local economy through increased wages to employees who increase their skillset with SDF training	78.13%
Other Comments (please specify)	28.13%

Total Responses: 32

Q3: If you do regularly apply for SDF grants, please indicate the benefits received for your college and/or business partner(s).

SDF Has Allowed Our College to Increase Capacity Through Additional Curriculum

1025	College	College	Data Science with Deep Learning	11.0802	40	Bus. Tech	<p>Data Science with Deep Learning</p> <p>This course on the interdisciplinary field of data science and machine learning is at the intersection of computer science, statistics, and business. Trainees will also gain practice communicating their results and insights about how to build systems that are more intelligent using the data that was gathered. Topics include: Programming languages tools; Clean, parse and filter data; Data modeling techniques; Machine learning algorithms; and Predictive models.</p> <p>After completion of training trainees will be able to:</p> <ul style="list-style-type: none"> • Acquire, clean, and parse large sets of data using Python. • Choose the appropriate modeling technique to apply to data. • Programmatically create predictive data models using machine learning technique. • Apply probability and statistics concepts to create and validate predictions about your data. • Communicate your results to an appropriate audience. 	Information Technology
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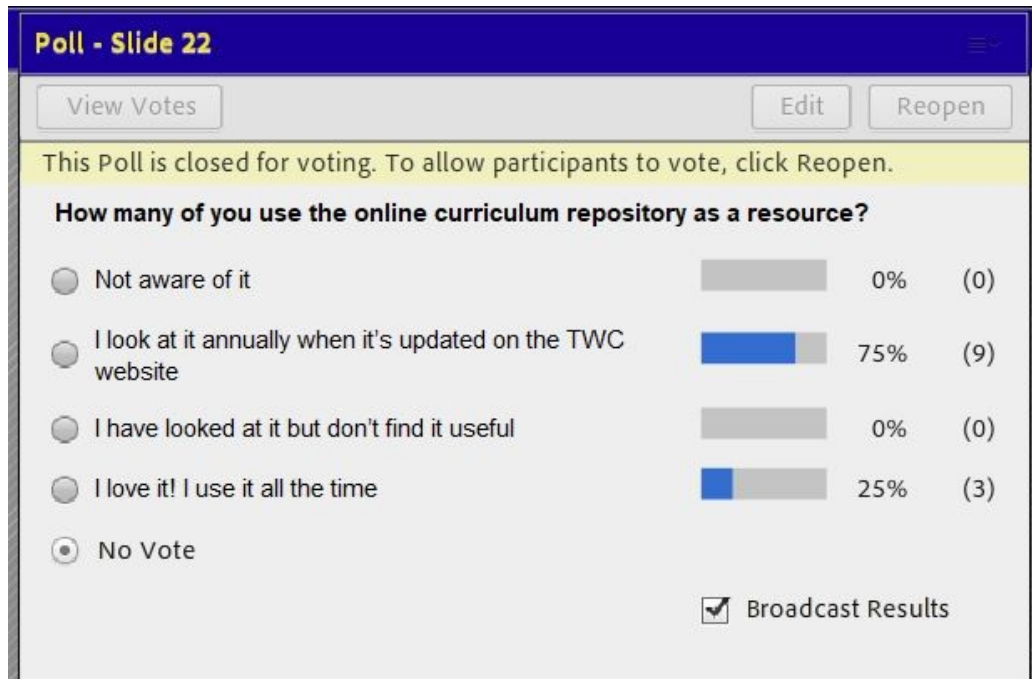
Increase Capacity Through Additional Curriculum

How many of you use the online curriculum repository as a resource?

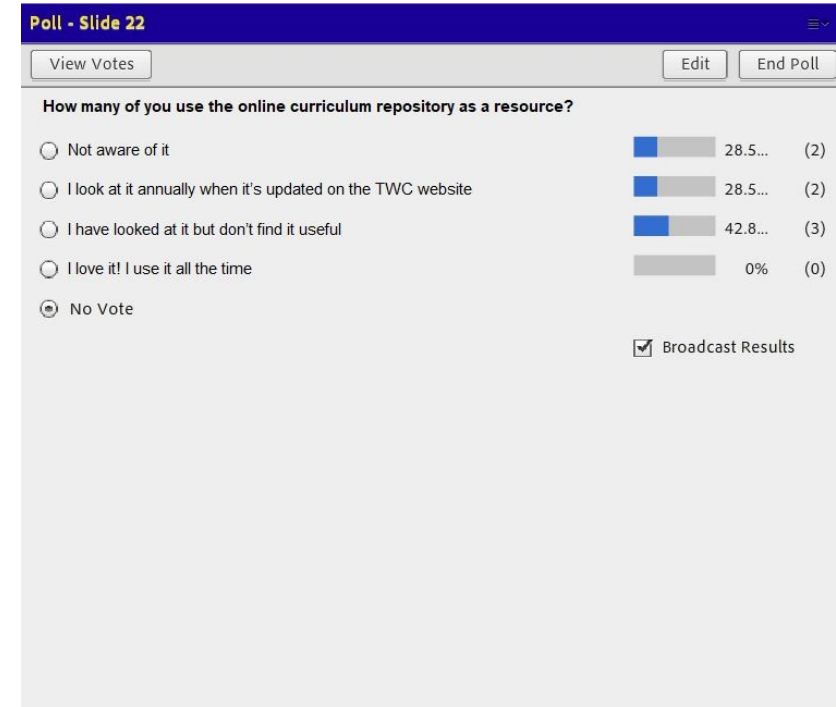
- A. Not aware of it
- B. I look at it annually when it's updated on the TWC website
- C. I have looked at it but don't find it useful
- D. I love it! I use it all the time

Poll Results

URBAN COLLEGES



RURAL COLLEGES



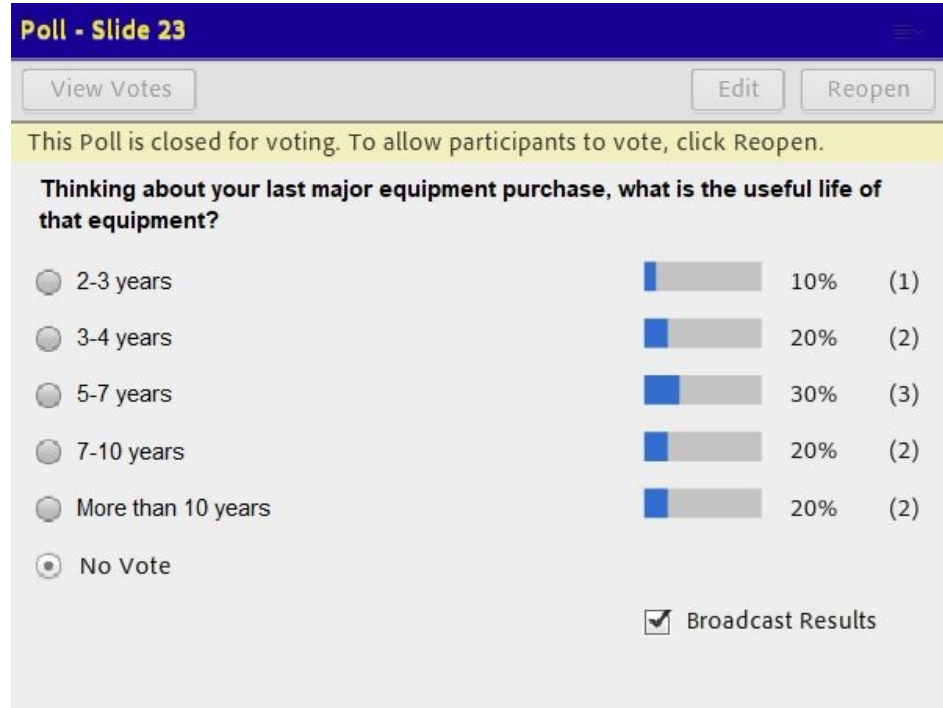
SDF has allowed our colleges to increase capacity through Additional Equipment

Thinking about your last major equipment purchase, what is the useful life of that equipment?

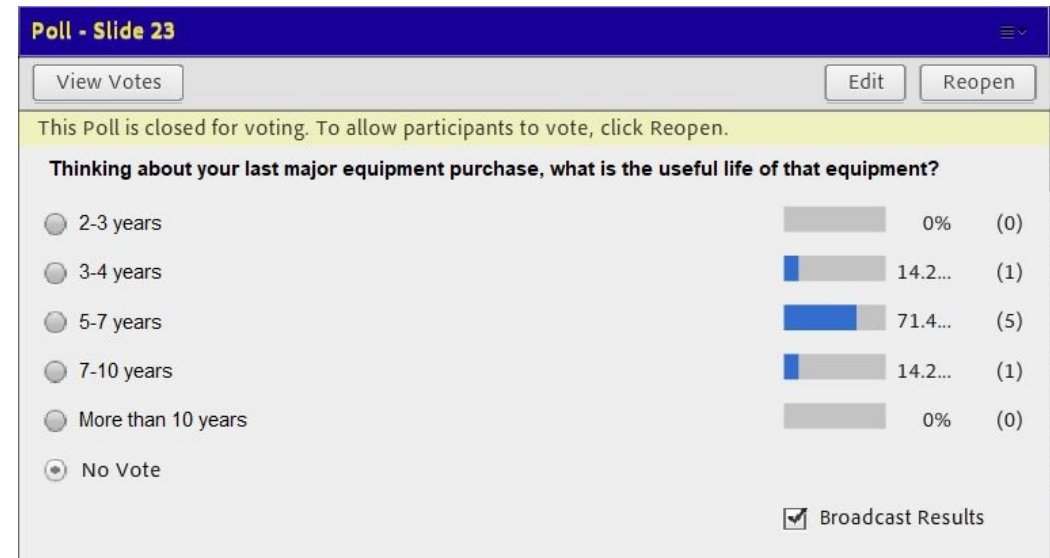
- A. 2-3 years
- B. 3-4 years
- C. 5-7 years
- D. 7-10 years
- E. More than 10 years

Poll Results

URBAN COLLEGES



RURAL COLLEGES



SDF has allowed the college to have higher visibility to the business community for other training needs

Did your Skills grant lead to additional partnership opportunities with business partners?

- A. Yes
- B. No

Describe some of those additional types of works and impacts that occurred as a result of your partnerships.

Poll Results



URBAN COLLEGES

Poll - Slide 24

[View Votes](#) [Edit](#) [Reopen](#)

This Poll is closed for voting. To allow participants to vote, click Reopen.

Did your Skills grant lead to additional partnership opportunities with business partners?

<input type="radio"/> Yes		100%	(17)
<input type="radio"/> No		0%	(0)
<input checked="" type="radio"/> No Vote			

Broadcast Results

RURAL COLLEGES

Poll - Slide 24

[View Votes](#) [Edit](#) [Reopen](#)

This Poll is closed for voting. To allow participants to vote, click Reopen.

Did your Skills grant lead to additional partnership opportunities with business partners?

<input type="radio"/> Yes		71.4...	(5)
<input type="radio"/> No		28.5...	(2)
<input checked="" type="radio"/> No Vote			

Broadcast Results

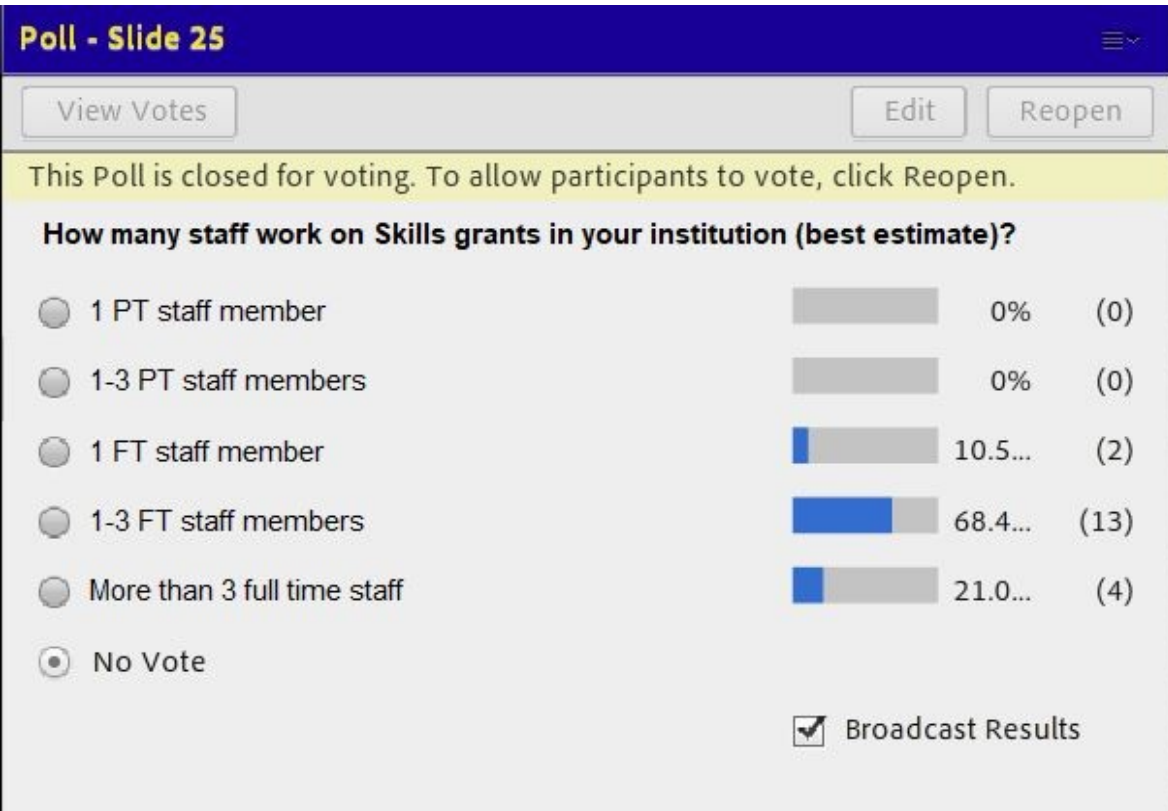
SDF has allowed the college to grow their grants department through Additional Staff

How many staff work on Skills grants in your institution (best estimate)?

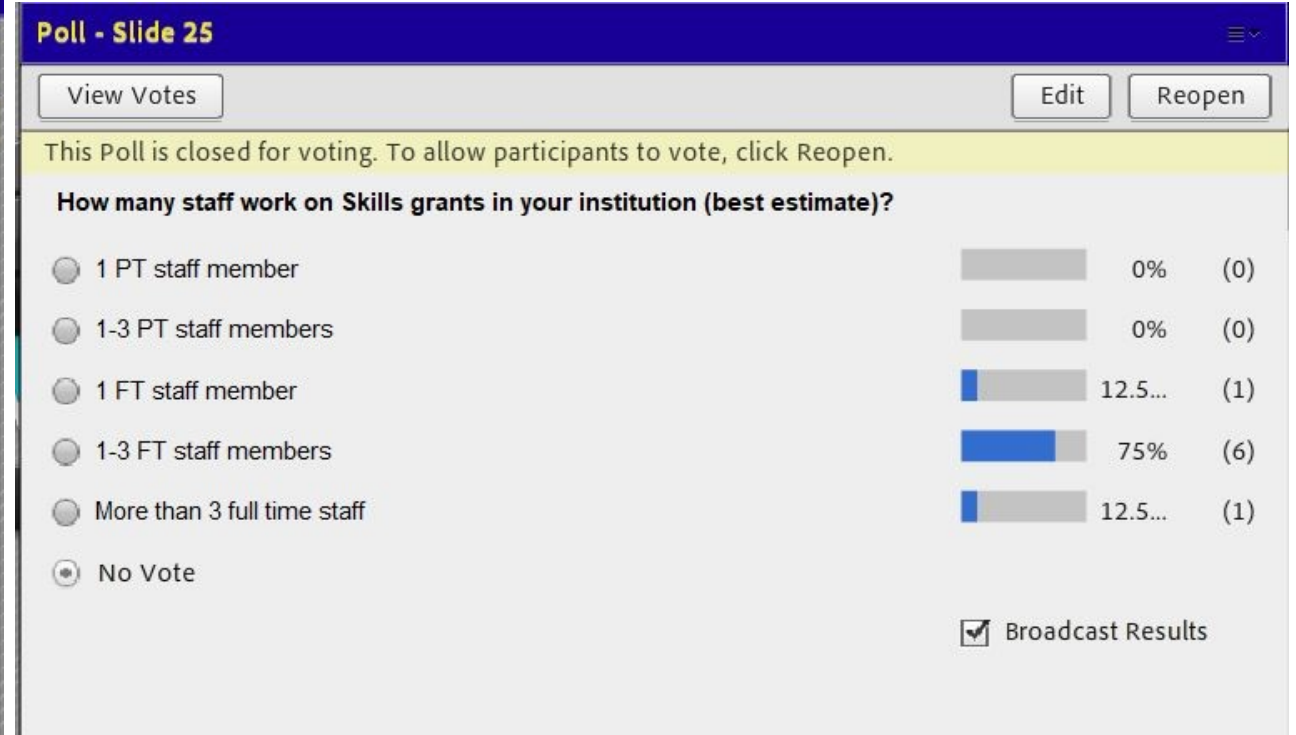
- A. 1 PT staff member
- B. 1-3 PT staff members
- C. 1 FT staff member
- D. 1-3 FT staff members
- E. More than 3 full time staff

Poll Results

URBAN COLLEGES



RURAL COLLEGES



Other Reasons for Applying

- Cultivating relationships with several companies that will result in applications -- Equipment and deeper relationships with companies
- Increases Contact Hours generated by the College
- Customized curriculum development
- Better trained workforce
- Highly valued by employers and local Economic Development Corp
- Built a curriculum that can be expanded to serve key manufacturers in our service area
- Critical to creating a strong relationship with all our advanced manufacturing partners and elevated the college's profile across the entire manufacturing community

Answer Choices	Responses
Online or Current application process	9.38%
Fewer Reporting Requirements	18.75%
Budget constraints	6.25%
Equipment restrictions	0.00%
Limit on how often businesses are allowed to apply	9.38%
Third-party vendor training	12.50%
Other Comments (please specify):	43.75%
Total Responses: 32	

Q4: What are some barriers you, as a college partner, would like to see addressed to better respond to training needs of local businesses?

Online or Current Application Process

Modify/shorten the application process-- takes close to a year to submit a multiple company application, and by the time it's approved the training plan nearly always needs modified

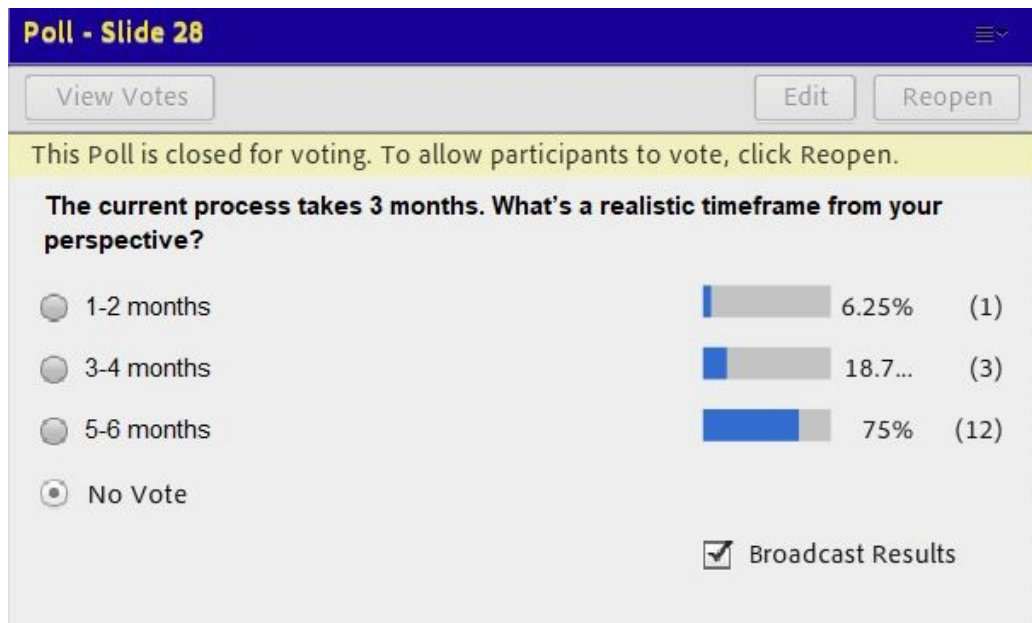
It always seems like business partners decrease the amount of training they need after contracts are signed -- We've had them come back to us within days of getting amendments and contracts approved and say, "Well actually we need this...."

The current process takes 3 months. What's a realistic timeframe from your perspective?

- A. 1-2 months
- B. 3-4 months
- C. 5-6 months

Poll Results

URBAN COLLEGES



RURAL COLLEGES



Fewer Reporting Requirements

We received several comments on reporting requirements, mostly asking if they can be reduced, or if data can be entered directly to reduce security risks

- **Required by statute:** Business information, such as industry, business size, number of employees, job titles, and wages.
- **Agency Required:** TWC utilizes data collected to report out on agency performance measures, including customers served. Currently, customers can only be tracked through their SSNs. This information is culled and used to report on customers served and respond to inquiries from oversight agencies.

Limit on how often businesses are allowed to apply

How often should businesses be able to participate in a Skills grant?

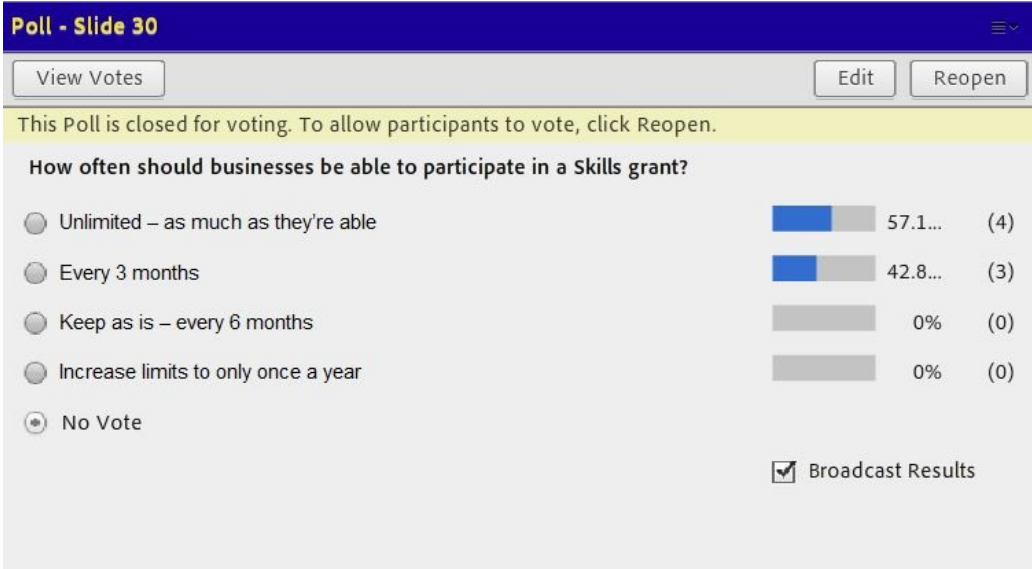
- A. Unlimited – as much as they're able
- B. Every 3 months
- C. Keep as is – every 6 months
- D. Increase limits to only once a year

Poll Results

URBAN COLLEGES



RURAL COLLEGES



Third-Party Vendor Training

“Lack of "vendor" definition in relation to how certain instructors are paid”

Share more about your experiences working with third-party training providers and how that helped or hindered your training project, e.g., they provided training college could not provide so business partner was pleased OR they provided training but it was overpriced.

Training Categories (1 of 3)

Training hours are currently divided into three different categories:

- Business Technical: 55%
- General Technical: 45%
- Non-Technical: 10%

In 2020, you will have noticed a change in your Skills grant deliverables. These were adjusted to allow flexibility between the General Technical and Non-Technical categories, and only requiring a percentage (majority) for Business Technical. This change should allow for more training in the Non-Technical categories as long as Business Technical remains a majority. And yes, this does mean that it can be up to 45% if there is no other General Technical training in your project.

Training Categories (2 of 3)

Training categories— increased requests for non-technical training over the last several years and losing many businesses that cannot participate because they are not technical

Inability to serve white collar companies due to difficulty of matching employer's training needs to business technical courses

Increase the percentage of non-technical and general technical courses

Training Categories (3 of 3)

Another poll question:

If you had your choice, what training breakout would you recommend?

50/50

- 50% Business Technical and 50% General and Non-Technical

55/45

- 55% Business Technical and 45% a combination of General and Non-Technical

20/40/40

- 20% Non-Technical (NT)
- 40% Business Technical (BT)
- 40% General Technical (GT)

Other: [please enter in comments, such as “no categories” or other configurations]

We will take your recommendations under serious consideration!

Poll Results



Poll - Slide 34

[View Votes](#)

This Poll is closed for voting. To allow participants to vote, click Reopen.

If you had your choice, what training breakout would you recommend?

- 50/50
- 55/45
- 20/40/40
- Other: Please enter in comments, such as "no categories" or other configurations
- No Vote

Business Partners

What would be the most beneficial change for you and your business partners?

- A. Reporting Requirements
- B. Remove the limit on third-party training providers
- C. Allow more non-technical training
- D. Hold the business partner more responsible for non-performance
- E. New training breakdown

Other Barriers

Equipment needs not being included in grant awards such as mobile laptops for companies that want all of their training done on-site

College pays **monetary penalties** for grant performance when company partners not meeting grant performance requirements

90-day retention is a challenge when all training a participant has taken is disallowed - not just their last course.

Helpful if budget could **cover expenses for TWC conferences**

Would like to see a **task force seated to address the barriers** noted from this survey

Preliminary Eligibility Review **Obtain Funds in Advance**

Allow SDF Grant to go directly to review for Veteran Grantees

Streamlined Forms Minimize Reporting and Budget Constraints

Regular Status Updates **Provide Transparency**

Timely Evaluation **Consistent Message Delivery**

More Education Tools **Expedited Process**

Simplified **More in-house resources**

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Less Restrictive on 3rd party vendors

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Updated grant process that helps more employers and employees

Upload supporting documents **Businesses Participation**

Reduce Cost of Submission **Easier**

Pre-approved Employers **15-30 Day Approval**

Describe
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What words
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Similar to Skill for Small Business

Enter Data into Portal Flexibility to Support Smaller Businesses

Flexibility to moving trainees between classes Online reporting to reduce risk

Eliminate Problems Review Process Allowance to manage total awarded funds

Enough funding to support position to manage grant based on actual estimated effort

Requires commitment from all parties

Describe your
ideal SDF grant
award and grant
management
process.

What words jump out at
you?

Other Comments (1 of 3)

- “Thank you for all that TWC does for colleges and companies to provide workforce skills development training, that keeps businesses thriving in Texas.”
- “I am firmly convinced that our program fulfills the true legislative intent of SDF and that we are now well positioned to make our area an even more attractive destination for advanced manufacturers who are considering Texas as their future home. ”
- “I think overall every facet of Skills is impactful and the affiliated teams are extraordinary - working diligently to be partner-centric. Some fine-tuning stands to make it more stellar.”
- “TWC has many great people trying really hard to help. I know, and have seen, first had the benefits of SDF, and I applaud this effort to make it better. Thank you.”
- “Your TWC Outreach Coordinators work very hard on behalf of TWC, the employers, and the colleges.”

Other Comments (2 of 3)

- "Whether it is the application process or the management process, it should be transparent and the same across the State. "
- "Review charge back costs when 85% not reached if it is due to terminations. Cost per trainee includes admin. Admin is spent whether that trainee is successful or not. "
- "I think companies need greater accountability in fulfilling their training plans. Currently, only the colleges are held responsible and that makes us extremely wary/careful of who we choose to partner with..."
- "Share vision of how SDFs will be deployed by local workforce boards and how companies will benefit from this change."
- "It would be great if our SDF rep at TWC would have a bank of SDF promotional materials (posters, postcards, brochures, conference banners) readily available that they could work to distribute to businesses in our region and that contain college-specific contact information for employers"
- "Thank you for consideration of a streamlined SDF process. Same could be done for SSB... especially if not allowing non-technical businesses to participate..."

Other Comments (3 of 3)

The TWC state agency is probably the most helpful to industry and to employees and the SDF grant is one of the most powerful tools that community colleges and employers have access to. It has and continues to help many community colleges help businesses become stronger and continue to grow and colleges build their internal capacity. For those reasons, we need to make the SDF an even more impactful tool that helps many more employers and employees in every corner and sector throughout the State. **Minor changes will only attain minor improvements in terms of reach and impact. This is the time to be bold and make MAJOR changes to attain MAJOR Impact.**

Additional Information Gathering

One last question for you...

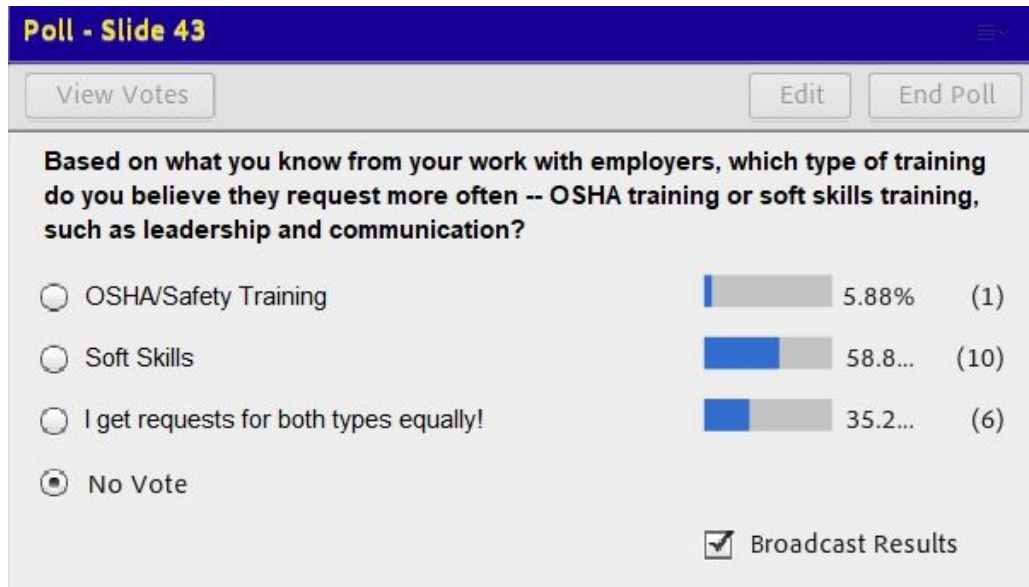
Training Employers Request

Based on what you know from your work with employers, which type of training do you believe they request more often -- OSHA training or soft skills training, such as leadership and communication?

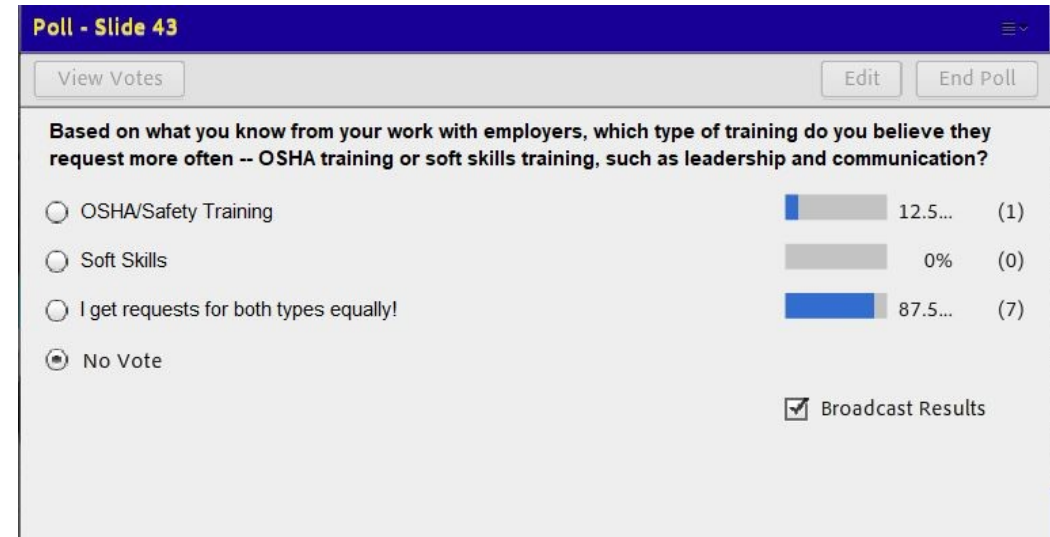
- A. OSHA/Safety Training
- B. Soft Skills
- C. I get requests for both types equally!

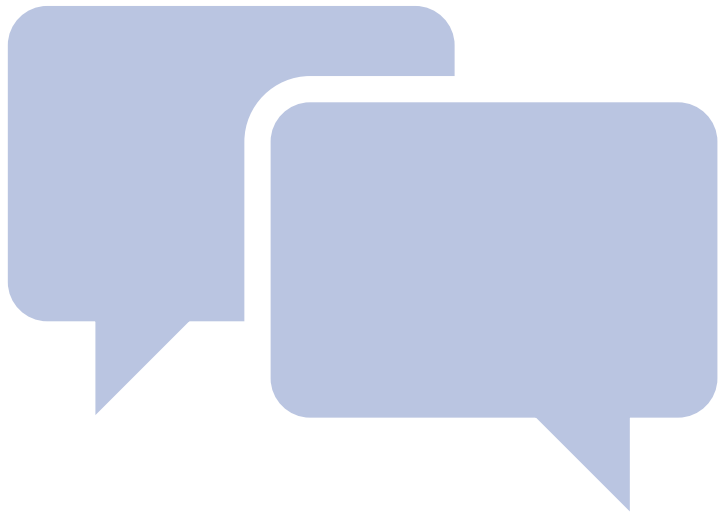
Poll Results

URBAN COLLEGES



RURAL COLLEGES





Closing Thoughts

What's Next For Skills

Currently working on a “new LOTS” system to include:

- Online application process
- Online reporting portal
- Online Business data entry – they enter employee information and PII data remains confidential and secure
- More intuitive online grant management
- Stay tuned!

What's Next for Skills

COVID-19 Response

1. Streamlined application to get funds out to grantees immediately
2. Business partners added to awards as identified
3. Funding is already in place to train businesses as they are added to your project
4. Grant manager pre-approves requested training, and grant is amended quarterly
5. Structure is similar to the Skills for Small Business program

Timeline and Next Steps

- If you think of something else after this webinar today, please email us at garrick.clemente@twc.state.tx.us.
- Study Draft Completed by August 1, 2020
- Approval by Commission on October 1, 2020
- Study Submitted to Legislature on December 1, 2020
- Study Shared on website after being submitted to the Legislature
- We are always open to new ideas!



SKILLS
Development Fund

Thank you for your participation!

Appendix 5.



SKILLS
Development Fund

Effectiveness Study - Community Partners
LWDAs, EDCs, Business Partners

Facilitated by: Karen Latta, TWC Project Manager

Ground Rules for Today's Discussion

Thank you for joining us!
We value your feedback and time!

Not Up for Discussion	Up for Discussion
New HB700 Changes (i.e., eligible applicants)	Current Skills Grant Parameters
Current Training Information Form (TIF) reporting requirements (i.e., SSNs)	Current Skills Grant Policies
Specific Scenarios Related to Existing Grants	Current Skills Grant Practices

Skills Study

- Your input will inform the development of "*recommendations for increasing the effectiveness of the skills development fund*...including strategies for better achieving the fund's purposes, improving outcomes, and expanding participation in the opportunities available through the fund."
- Report is due December 1, 2020

Today's Objectives

Review Skills Survey Responses

Explore Suggested Changes & Recommendations

Gather Additional Input

Share Timeline & Next Steps

Skills Program In Review

Since its inception in 1996, the Skills program has:

- Helped 4,522 business partners create 119,633 jobs
- Upgraded the skills of 385,633 incumbent workers
- Increased average wages paid to workers from \$10.33/hour in FY1996 to \$25.44/hour in FY2019

Skills Year In Review

In FY 2019, TWC received:

- 76 Regular Proposal Submissions totaling \$25,313,114
- Funded 38 Regular Skills grants with an average grant award of \$434,688
- Served 72 businesses
- Supported the creation of 3,568 jobs
- Assisted with the upskilling of 9,115 incumbent jobs
- All 12 Comptroller regions had a Skills project awarded in their region.

Statute requires that we report data by Comptroller region.

Overview of Current Skills Grants Parameters*

- Participants must be paid wages that are equal to or greater than the prevailing wage for their occupation in the local labor market.
- Limit of \$500,000 for training project of a single-business partner
- Equipment costs are currently allowed at 10% of program costs for multi-business partner projects
- A goal of 60% of funds will be for job retention training
- Administrative costs are currently allowed at:
 - 10% for single-business partners
 - 15% for multi-business partner projects
- Funds may not be used to pay wages for trainees, trainee drug tests or instructor travel costs

* As prescribed by Statute Chapter 303 and Rule Chapter 803

Overview of Current Skills Grants Policies

- Training hours are divided into three different categories:
 - Business Technical: 55%
 - General Technical: 35%
 - Non-Technical: 10%
- Cost per trainee is limited to \$1800 (this target is established and submitted to the Legislative Budget Board biannually, and is based on number of customers served overall by the program)
- Businesses are not eligible to participate in a 2nd Skills grant for 6 months following the end date of the 1st grant
- Business must make a commitment to a wage increase
- Computing devices (laptops, scanners and projectors) typically not allowed
- At least 50% of the training provided should come directly from the college

Overview on Current Skills Grants Process

Outreach Team	Contracts Team
Meets with College/Grantee	Evaluation Review and Clarification as needed
Meets with Business Partner	Proposal Review/Approval
Begins Proposal Development/RID Review	Award Letter
Submits First Draft to Contracts Team	Grant Award
Submits Final Draft to Contracts Team for Evaluation	Grant Management including Amendments and Budget Adjustments



45 Days to Develop Application

45 Days to Evaluate and Award Application

Current Skills Application Package

Private Partner Information Form (PPIF)

- Collects basic information of the business partner to perform the Regulatory Integrity Division (RID) background check
- Collects job titles and wages paid to perform prevailing wage checks

Proposal Submission Form

- Application submitted by grantee and includes overview of the training project, summary of training, course descriptions and information on partnerships and curriculum development

Workforce Development Board Review and Comment Form

- Currently required to meet current Skills rules for Board review of an application in their local workforce area

Curricula and Budget Management (CBM) Form

- Collects all courses, costs, cost per trainee, and equipment and administrative costs

Survey Responses

Answer Choices	Responses
Twice or more per year	53.13%
Once a year	21.88%
Every other year	3.13%
We have not had a grant in over three years	18.75%
We have never applied for a Skills Grant	3.13%
Total Responses: 32	

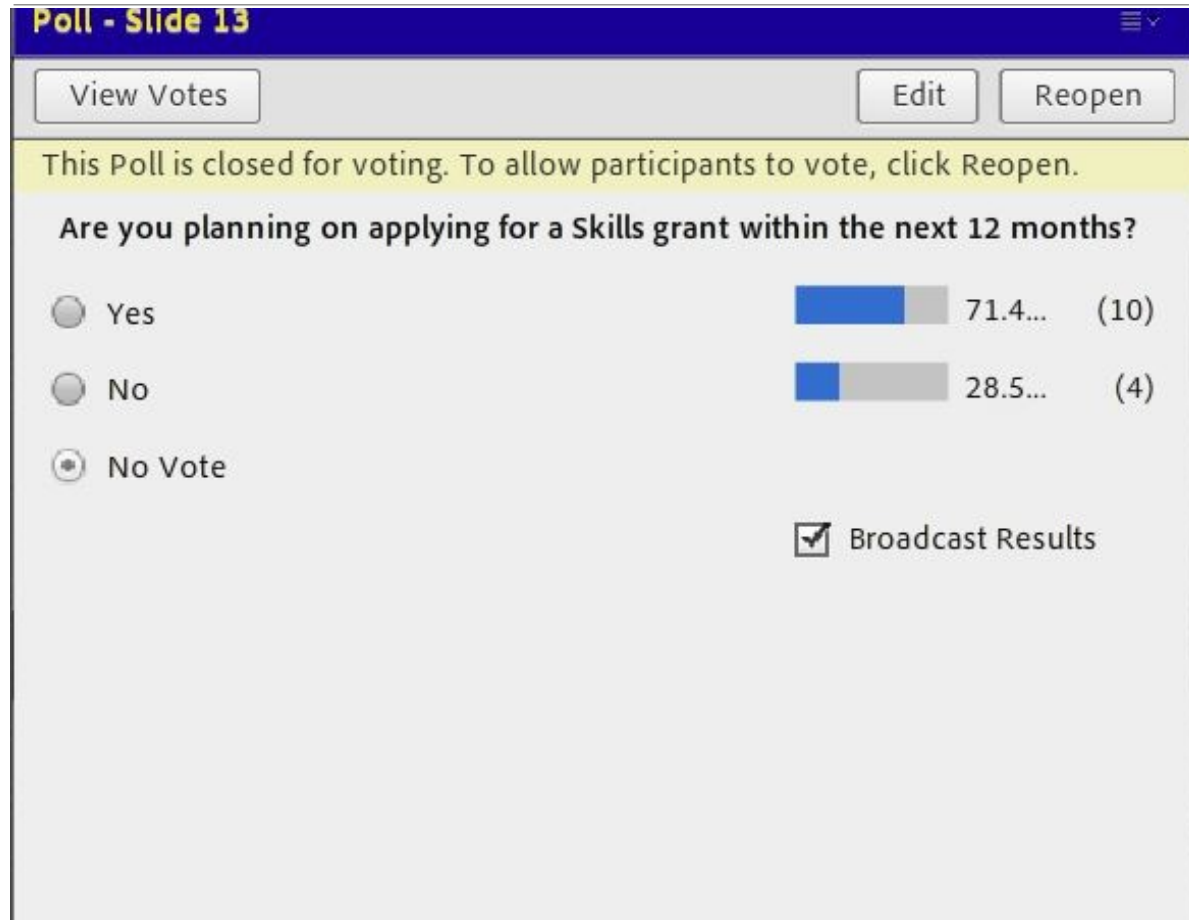
Q1: How often do you apply for grants under the Skills Development Fund (SDF)?

Polling Question

Are you planning on applying for a Skills grant within the next 12 months?

Yes or No

Poll Results



Answer Choices	Responses
We are in a rural area and have limited to no local employer demand for training	20.00 %
Our college is too small and does not have the capacity to meet particular training needs	20.00 %
We find the application process too cumbersome	20.00 %
The requirements of the grant program are too difficult to maintain	33.33 %
Other Comments (please specify):	73.33 %

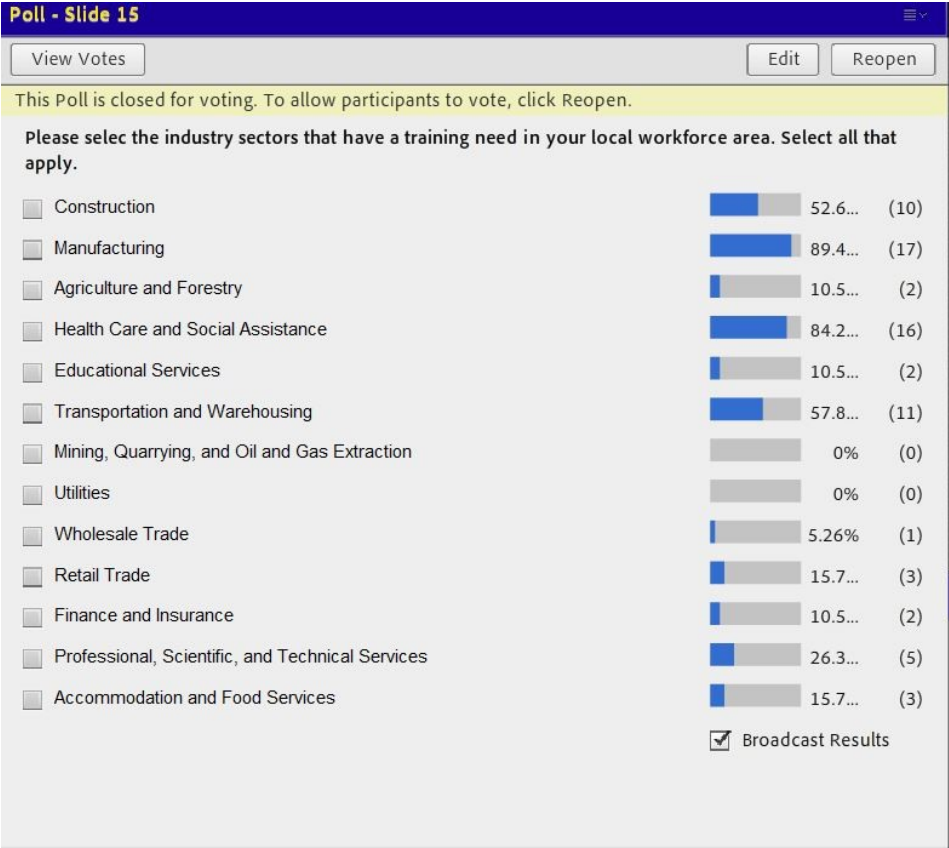
Q2: If you have not had a grant in over three years, or have never applied for a grant, please indicate reasons for not applying more often, or for never applying for a grant.

Training Needs

Please select the industry sectors that have a training need in your local workforce area.

Please share a specific occupation that frequently is in need of training in the chat.

Poll Results



Other Reasons for Not Applying

Process:

- Apply regularly and currently have projects
- Getting approvals is becoming more difficult and timelines to contract are lengthy
- I know for a fact some of my colleagues do not attempt SDF because it is not worth the risk
- With the limit on total funding and on administrative costs, one of our full-time staff usually has to manage SDF awards on top of their regular job and it's hard to get buy-in for that

Employers:

- Companies are requesting higher-technology training than we can currently provide
- Difficulty in getting employers to commit to the grant and training

Answer Choices	Responses
SDF has allowed our college to increase capacity through additional curriculum	71.88%
SDF has allowed our colleges to increase capacity through additional equipment	78.13%
SDF has allowed the college to have higher visibility to the business community for other training needs	75.00%
SDF has allowed the college to grow their grants department through additional staff	28.13%
SDF has directly impacted the local economy through increased wages to employees who increase their skillset with SDF training	78.13%
Other Comments (please specify)	28.13%

Total Responses: 32

Q3: If you do regularly apply for SDF grants, please indicate the benefits received for your college and/or business partner(s).

Other Reasons for Applying

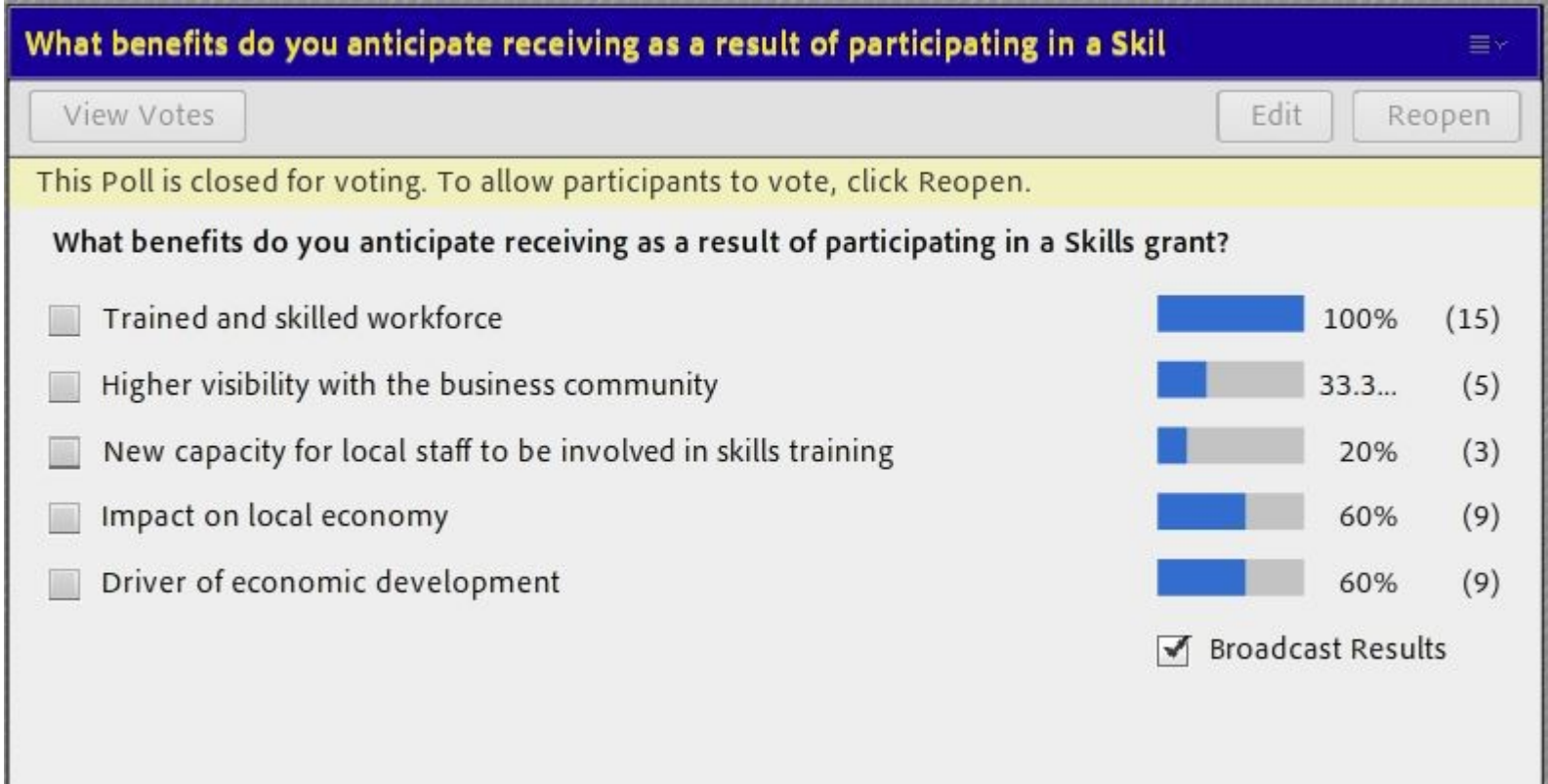
- Cultivating relationships with several companies that will result in applications -- Equipment and deeper relationships with companies
- Increases Contact Hours generated by the College
- Customized curriculum development
- Better trained workforce
- Highly valued by employers and local Economic Development Corp
- Built a curriculum that can be expanded to serve key manufacturers in our service area
- Critical to creating a strong relationship with all our advanced manufacturing partners and elevated the college's profile across the entire manufacturing community

Benefits Perceived

What benefits do you anticipate receiving as a result of participating in a Skills grant?

- Trained and skilled workforce
- Higher visibility with the business community
- New capacity for local staff to be involved in skills training
- Impact on local economy
- Driver of economic development

Polls Results



Answer Choices	Responses
Online or Current application process	9.38%
Fewer Reporting Requirements	18.75%
Budget constraints	6.25%
Equipment restrictions	0.00%
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Q4: What are some barriers you, as a college partner, would like to see addressed to better respond to training needs of local businesses?

Fewer Reporting Requirements

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Skills Grant Timeline

"Modify/shorten the application process -- takes close to a year to submit a multiple company application, and by the time it's approved the training plan nearly always needs modified"

"It always seems like business partners decrease the amount of training they need after contracts are signed -- We've had them come back to us within days of getting amendments and contracts approved and say, "Well actually we need this...."

How long would you expect the timeframe to be for receiving a Skills grant?



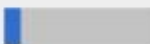
- A. 1-2 months
- B. 3-4 months
- C. 5-6 months

Polls Results

Poll - Slide 22 ☰

This Poll is closed for voting. To allow participants to vote, click Reopen.

How long would you expect the timefram to be for receiving a Skills grant?

<input type="radio"/> 1 - 2 months		55.5...	(10)
<input type="radio"/> 3 - 4 months		33.3...	(6)
<input type="radio"/> 5 - 6 months		11.1...	(2)
<input checked="" type="radio"/> No Vote			

Broadcast Results

Training Categories (1 of 2)

Training hours are currently divided into three different categories:

- Business Technical: 55%
- General Technical: 35-45%
- Non-Technical: 10%

Currently allow for more training in the Non-Technical categories if Business Technical is the majority of the training

*Meaning up to 45% General Technical if there is no other General Technical training in your project.

Training Categories (2 of 2)

“Training categories – increased requests for non-technical training over the last several years and losing many businesses that cannot participate because they are not technical”

“Inability to serve white collar companies due to difficulty of matching employer's training needs to business technical courses”

“Increase the percentage of non-technical and general technical courses”

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Enter Data into Portal **Flexibility to Support Smaller Businesses**

Flexibility to moving trainees between classes **Online reporting to reduce risk**

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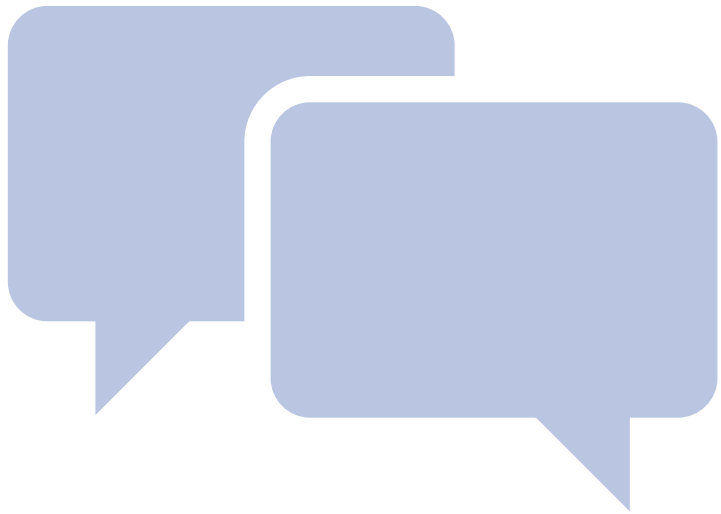
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- “Your TWC Outreach Coordinators work very hard on behalf of TWC, the employers, and the colleges.”

Other Comments (2 of 2)

- "Whether it is the application process or the management process, it should be transparent and the same across the State. "
- "Review charge back costs when 85% not reached if it is due to terminations. Cost per trainee includes admin. Admin is spent whether that trainee is successful or not. "
- "I think companies need greater accountability in fulfilling their training plans. Currently, only the colleges are held responsible and that makes us extremely wary/careful of who we choose to partner with..."
- "Share vision of how SDFs will be deployed by local workforce boards and how companies will benefit from this change."
- "It would be great if our SDF rep at TWC would have a bank of SDF promotional materials (posters, postcards, brochures, conference banners) readily available that they could work to distribute to businesses in our region and that contain college-specific contact information for employers"
- "Thank you for consideration of a streamlined SDF process. Same could be done for SSB... especially if not allowing non-technical businesses to participate..."



Closing Thoughts

What's Next for Skills

COVID-19 Response

- Streamlined application to get funds out to grantees immediately
- Business partners added to awards as identified
- Funding is already in place to train businesses as they are added to your project
- Grant manager pre-approves requested training, and grant is amended quarterly
- Structure is similar to the Skills for Small Business program

Timeline and Next Steps

- If you think of something else after this webinar today, please email us at garrick.clemente@twc.state.tx.us.
- Study Draft Completed by August 1, 2020
- Approval by Commission on October 1, 2020
- Study Submitted to Legislature on December 1, 2020
- Study Shared on website after being submitted to the Legislature
- We are always open to new ideas!



SKILLS
Development Fund

Thank you for your participation!
