

## Board AI Projects Grant Discussion Paper

### Background

The rapid advancement of artificial intelligence (AI) is transforming workforce development, public service delivery, and employer engagement across the nation. Federal and state policymakers have increasingly emphasized the importance of preparing workers for an AI-enabled economy along with the modernization of workforce operations through the responsible adoption of AI technologies.

Recent federal and state actions have encouraged workforce agencies to expand AI literacy, digital skills, and innovative service delivery models. Executive Order 14277, “[Advancing Artificial Intelligence Education for American Youth](#),” highlighted the importance of developing AI competency to support economic competitiveness and workforce readiness. The US Department of Labor’s “[America’s Talent Strategy: Building the Workforce for the Golden Age](#),” discusses ways in which states can leverage statutory authorities to promote flexibility and innovation. This can be done specifically by creating new models of workforce innovation built to match the speed and scale of AI-driven economic transformation.

Additionally, Training and Employment Guidance Letters (TEGLs) [03-25](#) and [05-25](#) encourage states and local workforce systems to leverage Workforce Innovation and Opportunity Act (WIOA) funding to support AI-related training, pilot initiatives, and modernization efforts. [The Texas Workforce System Strategic Plan for Fiscal Years 2024-2031](#) further emphasizes these federal actions in stating that one of the system goals is to “accelerate the development and use of models to support and build system partners’ capacity, responsiveness, continuous improvement, and decision-making.”

TEGL 03-25 reiterates that states may reserve up to 15 percent of their annual WIOA Youth, Adult, and Dislocated Worker program allotments to carry out both required and allowable statewide employment and training activities. Allowable statewide employment and training activities listed at WIOA §134(a)(3) include “developing and implementing innovative programs and strategies designed to meet the needs of all employers in the State.”

### Issue

Staff are proposing two AI-focused initiatives to support Local Workforce Development Boards (Boards). First, is the development of a pilot grant program with \$750,000 in WIOA statewide, to provide with the opportunity to apply for funding to support local innovative workforce service delivery strategies using AI.

Boards may apply for grants between \$25,000 and \$250,000. All applications will be reviewed by a committee of TWC staff that will either make a recommendation for approval or denial.

All grants awarded through this program will be 18–24 months in length. During this time, the project and a follow-up period must be completed to allow for the tracking of outcomes associated with the grant. After awards have been given to the highest-scoring applicants, TWC staff may allocate the remaining funding associated with this program as partial awards to other eligible applicants who were not selected for full funding.

1    **Recommendation**

2    Staff recommends the provision of \$750,000 in WIOA statewide funds in Fiscal Year 2027 to be  
3    awarded through an application process, for Boards to create and implement innovative AI-  
4    driven workforce service delivery strategies.