

High Demand Job Training & Texas Industry Partnership Program
Discussion Paper

Background

The High Demand Job Training (HDJT) and Texas Industry Partnership (TIP) Programs were established to assist communities in supporting the needs of Texas employers in 2014 and 2016, respectively. Both programs leverage available state and local resources to promote training for high-demand occupations. Local Workforce Development Boards (Boards) apply for the programs in coordination with Economic Development Corporations (EDC), private corporations, or foundations to provide a one-to-one match of state Workforce Innovation and Opportunity Act (WIOA) funds. All but six (6) workforce development boards have participated in at least one of the programs since its inception. Those six are on track to participate in FY22 or FY23.

Request, Overview and Summary

On July 5, 2022, Chairman Daniel asked staff to thoroughly investigate both programs' performance and evaluate the feasibility of combing them into a single budgetary line item, as well as establish a supportable funding level.

Each program has historically been allocated \$1 million annually. In reviewing program performance by dollars awarded, the HDJT program, which requires partnership with an EDC, has typically been more frequently utilized by Boards than TIP. Since 2018, more than 85 percent of the funds budgeted for HDJT have been awarded. TIP involves a match from private foundations or business partners. Since 2018, on average, 45 percent of the \$1 million budget is awarded annually. However, staff believes policy updates would improve program interest and increase annual participation in both programs.

Currently, corporations and 501(C)3 private foundations and charitable organizations are allowed to provide a match for the TIP program. To increase program success and provide greater flexibility, the entities allowed to provide a match for TIP could be expanded to include Sole Proprietors; Partnerships; and 501(C)6 groups of businesses (specifically Chambers of commerce, Trade associations, Real estate boards, Professional associations, Boards of trade, and Business leagues). This change would allow greater flexibility at the local level regarding the source of the match and address eligibility questions received from multiple partners in recent years.

Although both programs strengthen partnerships and foster collaboration within our communities through leveraging state and local resources, they operate with slightly different guidelines. In addition to expanding the eligible partners for TIP, staff is proposing that the two programs operate with the same parameters. This will enhance the Boards' ability to develop quality projects in both programs and reduce confusion among partners and applicants regarding allowable uses under each program. For example, each year one or more applicants submits the wrong application, intending to apply for HDJT but completing a TIP application, or vice versa. Similarly, staff has had requests, or even applications, to complete a cluster analysis (workforce study) through HDJT, but it is only on the list of allowable uses for TIP. By creating one application and aligning the parameters of the program with one another, it will reduce administrative time on both the part of the Boards and TWC staff. Further, it would allow the agency to combine the application and budget allocation for these programs and better operate as companion programs depending on the source of the match.

The programs would also benefit by allowing both programs to use either the industries targeted by the Office of the Governor (OOG) or the Target Occupations list. Currently HDJT is limited to Target Occupations and TIP projects must fall into one of the defined industry clusters adopted at the inception of the program. This change would remove the named industries currently on the TIP list and allow the industries to change over time as the state focuses on new or emerging industries. By allowing this flexibility with both programs, we will more effectively work with our local communities to address workforce needs of greatest importance to the area and the state.

Other administrative changes that will increase alignment and flexibility include allowing administrative costs for HDJT as is allowed under TIP and allowing the program to determine allowable uses of leveraged funds (assuming the use is allowable under WIOA rules). Examples of items that could be counted as a match under WIOA include

54 supporting direct training or training-related costs, capital projects for training facilities (if it can be completed
55 during the grant term), and outreach activities.

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58 **Decision Point**

59 Staff has investigated the implications of combining the programs, and without losing the purpose and spirit of
60 each program, have determined that alignment of the programs would help to increase participation. The plan is
61 to align the programs making them as similar as possible with the exception of who is partnering financially. This
62 will provide uniformity in the use of funds and allow for more collaboration within the programs.

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- 64 • Allow the same WIOA-eligible activities for both programs, including workforce training studies (currently
65 allowed under TIP as cluster analysis)
- 66 • Expand the list of eligible entities for partnership under TIP to include sole proprietors, partnerships, and
67 501(C)6 entities, as listed above
- 68 • Allow projects that are focused on Target Occupations or the occupations in industries targeted by the
69 Office of the Governor
- 70 • Grant staff the latitude to determine allowable uses for Leveraged Funds, assuming the match is allowable
71 under WIOA
- 72 • Allow administrative costs to be included in the award amount
- 73 • Streamline the application process with a single application outlining the different funding partner options
- 74 • Allocate \$2 million in WIOA funds annually to be shared for both programs

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