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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.

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.

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.

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.

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.

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.

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.

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.