

1 **Workforce Innovation Fund**  
2 **Discussion Paper**

3 **Background**

4 The Texas economic landscape includes more than 650,000 employers and 3 million small  
5 businesses across the state, supporting more than 15.1 million jobs. According to seasonally  
6 adjusted Current Employment Statistics data from the Feb. 2024 release, Texas added 357,600  
7 jobs to the economy during state fiscal year 2023, which marks a 2.6% annual growth rate. Many  
8 of those job gains have come to fields in which the Texas workforce is experiencing significant  
9 skills gaps. To maintain its economic edge, Texas must support innovative workforce  
10 development programs that ensure workers have the skills necessary to succeed in an economy  
11 that is evolving as fast as it is growing.

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13 Since the early 2000’s, TWC has awarded a number of monetary awards to Local Workforce  
14 Development Boards at the annual Texas Workforce Conference, in an effort to incentivize and  
15 recognize outstanding performance and innovative programs and services for employers,  
16 workers, and communities. In 2023, TWC awarded a total of \$1.125 million in Board awards.

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18 **Issue**

19 On March 18, 2024, the Texas Workforce Commission’s (TWC) three-member Commission  
20 (Commission) requested that staff develop an Innovation Fund to replace monetary Board  
21 awards to provide Boards with the opportunity to develop projects and apply for funding to  
22 support locally-sourced innovation in workforce development.

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24 Staff are proposing the development of an Innovation Fund with \$1 million in WIOA statewide  
25 funds to support projects that meet the following requirements:

- 26 • Project is not within the scope of the Board’s existing contractual obligations;
- 27 • Project and services provided are allowable uses of WIOA Statewide funding;
- 28 • Project aligns with Commission priorities adopted in TWC’s Strategic Plan;
- 29 • Project is scalable for potential use beyond the life of initial Innovation Fund grant and/or  
30 the grant recipient’s Board area; and
- 31 • Project has a clearly defined impact on the local workforce ecosystem, with measurable  
32 outcomes.

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34 Boards could apply for grants between \$25,000 and \$250,000, with Innovation Fund applications  
35 reviewed by a committee of TWC staff that will make a recommendation for approval or denial  
36 based on the parameters outlined above.

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38 All grants awarded through the Innovation Fund will be eighteen (18) to twenty-four (24) months  
39 in length and require a follow-up period within the life of the grant cycle to allow TWC and  
40 Board staff to track outcomes associated with the program. In the event that TWC has a balance  
41 of Workforce Innovation and Opportunity Act (WIOA) statewide funds, staff will be given  
42 latitude to transfer additional funds into the Innovation Fund to support future demand.

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2 **Recommendation**

3 Staff recommends creation of the Innovation Fund as described above using \$1 million in WIOA  
4 statewide funds. Any future modifications to the Fund and/or monetary amounts will be made by  
5 the Commission as needed.