

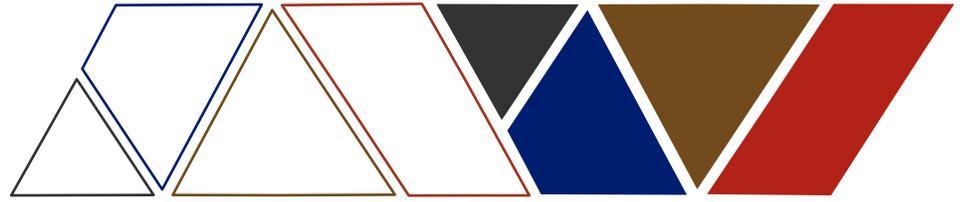
# Skills Development Fund Annual Report Fiscal Year 2017



## Texas Workforce Commission Mission:

To promote and support a workforce system that creates value and offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity.





## Table of Contents

Scope .....	4
Commissioner’s Acknowledgements.....	4
Skills Development Fund Historical Data .....	5
Business Workforce/Economic Development and Educational as Partners.....	6
Skills for Small Business .....	6
Skills for Veterans/Skills for Transition.....	7
Dual Credit Program .....	7
Skills Highlights for FY 2017 .....	8
New Horizons.....	12
Comptroller’s 12 Regions of Texas Map .....	13
Skills Development Fund FY 2017 Statistics .....	14
Table 1 – Total Number of Applications FY 2017.....	14
Table 1a – Skills for Small Business Applications FY 2017.....	15
Table 2 – Total Amount Awarded in each Comptroller Region.....	16
Table 3 – Percentage of Total Funding Awarded.....	17
Table 3a – Comptroller Regions FY 2017 .....	18
Table 4 – Statewide Average and Median Wage .....	19
Table 5 – Average and Median Weekly Wage .....	19
Table 5a – Number of New and Incumbent retrained jobs by Wage Level.....	19
Table 6 – Total Amount of Funds Awarded in FY 2017 .....	20
Table 7 – Total Number of Individuals Trained by Comptroller Region-Regions.....	21
Table 7a – Total Number of Individuals Requesting Training Skills for Small Business.....	22
Table 8 – Total Number of Individuals to be trained by Industry Classification .....	22



## Scope

The Skills Development Fund Annual Report provides an overview of Fiscal Year 2017 activities related to training projects across Texas.

The report highlights Texas Workforce Commission's (TWC) implementation of the Skills Development Fund in partnership with public community and technical colleges, Texas A&M Engineering Extension Service (TEEX), and Independent School Districts to meet workforce training needs for Texas businesses. The report meets the requirements set forth by the 76th Texas Legislature, Regular Session (1999).

## Commissioner's Acknowledgements

Texas has a market-driven workforce system that requires strategic investments and leveraging of resources to maximize returns.

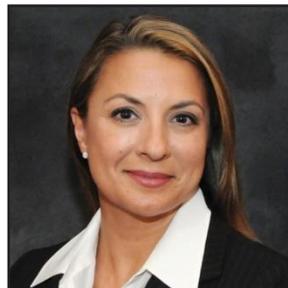
The Skills Development Fund program is Texas' premier customized job-training program providing local training opportunities for Texas businesses and workers. The program allows employees to develop the skills and competencies necessary to meet current industry demands and to ensure a steady supply of qualified workers. The program supports the growth of Texas businesses by helping Texas workers acquire new skills or upgrade existing skills to advance their careers.

Success is achieved through collaboration among businesses, public community and technical colleges, Workforce Development Boards and Economic Development partners.

We look forward to visiting your community and continuing our goal of supporting Strong Partnerships that produce Strong Results.



Chairman Andres Alcantar  
Represents the Public



Commissioner Ruth Hughs  
Represents Employers



Commissioner Julian Alvarez  
Represents Labor



## Skills Development Fund Historical Data

In Fiscal Year (FY) 2017, TWC's skills program:

- received 64 proposal submissions totaling \$30,566,991;
- funded 47 regular skills grants with an average award of \$479,513;
- served 118 businesses;
- supported the creation of 2,771 jobs; and
- assisted with the retraining of 11,575 current workers in existing jobs.

## Employer Contribution

Business partners contribute to the success of Skills Development Fund (SDF) grants through in-kind supports which included, providing trainees' wages during training, the use of training space and equipment, funding a portion of course costs as necessary, the provision of complementary courses that are not part of the Skills Development grant, and salaries for staff who are assisting with the grant. These in-kind business partner contributions totaled over \$15.8 million in FY 2017.

TWC aims to ensure the equitable distribution of SDF funds statewide to expand the state's capacity to respond to both rural and urban workforce needs.

Since its inception in 1996, the skills program has helped 4,356 employers create 111,383 jobs and upgrade the skills of 245,391 incumbent workers, for a total of 356,774 workers trained. Participating workers have received career and/or advancement opportunities at the completion of training, which includes wages equal to or greater than the prevailing wage in the local area. Statewide, the average wage paid to workers trained with skills grants has increased from \$10.33 an hour in FY 1996 to \$23.54 an hour in FY 2017.



## **Business, Workforce/Economic Development and Education as Partners**

The Skills Development Fund program has successfully provided training opportunities in partnership with businesses, public community and technical colleges, economic development organizations and TEEEX for over 20 years.

Businesses of all sizes have worked with these stakeholders to develop customized and innovative training curriculums that are replicated and shared statewide.

The 28 local workforce boards continue to play a critical role in the alignment of stakeholders and partners. Their knowledge of employer and employee needs and their ability to leverage resources serves as a key driver for successful projects.

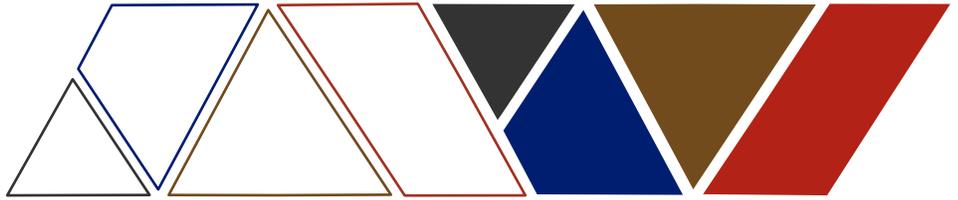
## **Special Initiatives under the Skills Development Fund Program**

### **Skills for Small Business**

By providing training for Texas small businesses and their employees, the Skills for Small Business (SSB) program provides more than 483,430 small businesses, in both rural and urban communities, the opportunity to respond to their operational needs by increasing the skills of their employees.

This initiative provides training opportunities through existing courses offered by the participating local public community or technical college or TEEEX to businesses with fewer than 100 employees.

In FY 2017, more than \$980,000 in training was approved to support small businesses throughout Texas.



## Skills for Veterans/Skills for Transition

The Skills for Veterans initiative provides training opportunities for newly hired veterans. Existing courses offered by the participating local public community, college, technical college, or TEEX enable Veterans to gain additional skills required by their employers.

The Skills for Transition program assist military service members who are preparing to separate from service within 180 days or have been discharged within 180 days with plans to remain in Texas. The program prepares military service members by translating their military skills into civilian terms, locating employment, completing two-to four-year college programs or obtaining the appropriate licensure or certifications to compete in the job market.



In FY 2017 \$700,000 was awarded to assist transitioning military personnel.

## Dual Credit Program

The TWC Dual-Credit grant program addresses local industry demands through expanded joint-credit courses in partnership with local independent school districts and public community, state, or technical colleges.

The program gives school districts the opportunity to expand dual-credit while enhancing career and technical education (CTE) programs utilizing Skills Development Funds.



In FY 2017, TWC's Dual Credit Program:

- received 36 proposals totaling \$5,854,412; and
- awarded six grants, with an average award of \$199,583.



## SKILLS HIGHLIGHTS FOR FY2017



**Northeast Texas Community College (NTCC)**  
**Newly Weds® Foods, Inc. (NWF)**, an independent family-owned business, opened its Mount Pleasant manufacturing site in 2009 and through continued process improvements has grown into the largest producer of customized food coatings and formulated seasonings.

Due to plant growth and positive long-term results gained from a prior SDFs grant, NWF returned to NTCC to build on the previous

coursework through additional customized instruction focusing on quality control and food processing occupations targeted by North East Texas Workforce Solutions.

Utilizing a \$170,267 SDF grant, NTCC provided training addressing recent changes in food ingredient technology as well as advanced industrial skill sets required by NWF's 19 new and 100 incumbent employees. Additionally, the college increased capacity to provide similar instruction to other food processing businesses.

*“Keeping up with the latest technology is important for employers and employees alike. This grant helped Northeast Texas Community College assist our local workers to be prepared for the jobs of today and tomorrow.” – State Senator Bryan Hughes*

*“Community Colleges like Northeast Texas Community College play a critical role in ensuring a good supply of skilled labor. Our Skills Development Fund allowed a local employer – Newly Weds Foods – to work with our local community college to train workers for valued local jobs.” – State Representative Cole Hefner*



### Frank Phillips College

Hilmar Cheese Company in Dalhart manufactures cheese and cheese by-products for national brands and private labels. To maintain product quality and consistency, Hilmar partnered with Frank Phillips College in a \$53,625 SDF grant to upgrade and standardize the skills of 10 new and 21 incumbent employees.



To provide the required advanced industrial welding training, equipment was installed at the college's Dalhart campus eliminating the necessity of the college transporting equipment from their Borger campus. The addition of on-site equipment also enabled the college to provide a welding program to other Dalhart area employers.

The Panhandle Workforce Development Board estimates that this targeted, relatively small grant has a regional economic impact of \$1.5 million.

*“Job creators, including the agricultural production of food and fiber, are vital to the sustainability and further economic development of our rural Texas communities. The Skills Development Fund grant helped us support good jobs in the Panhandle by partnering with one of our community colleges for the benefit of local workers and employers.” – State Representative Four Price*

*“The Skills Development Fund helped an important Panhandle employer train the workers it needed to succeed, and it also helped train welders for other local businesses too. It was a true win-win, helping our workers qualify for good jobs and our employers thrive.” – State Senator Kel Seliger*



### The Texas A&M Engineering Extension Service (TEEX)

TEEX partnered with six (6) businesses to form a manufacturing consortium. The consortium included Blue Bell Creameries, Accredo Packaging, AkerBioMarine, Samson Controls, Thrustmaster of Texas, and United States Gypsum. The consortium was awarded \$2,103,227 to train 121 new and 638 incumbent employees.

Blue Bell Creameries, located in Brenham,

Texas was the lead business in the consortium. The grant provided customized instruction in machine tending, lean manufacturing, powered industrial truck – operator, welding, AutoCad, OSHA 10, overhead crane operator, internal auditor, and programmable logic control (PLC) system control. The customized training included in this project increased the technical and workforce skills for employees of the six business partners. In total, the partners received over 35,400 hours of customized training.

*“There’s a reason the Lone Star State is number one in capital investment and we want to continue to drive that economic growth pattern. Collaboration with other businesses is essential, as is the availability of a skilled Texas workforce. The Texas A&M Engineering Extension Service (TEEX) grant brings together businesses to establish important customized training for manufacturing. This training increases essential workforce skills needed in Texas.” – State Senator Lois Kolkhorst*

*“The people of Texas win when great local employers collaborate with the Texas A&M Engineering Extension Service and the Skills Development Fund. This grant helps local workers upgrade their skills that are used in good-paying local jobs.” – State Representative John Raney*



### Texas State Technical College (TSTC)

TSTC serves seven distinct regions of Texas and the workforce boards in those areas including: Heart of Texas, Rural Capital Area, Gulf Coast, Cameron County, East Texas, North Central Texas, and West Texas. TSTC utilizes skills funds to help industry meet their training needs in each of these regions.



TSTC-West-Texas in Abilene, in partnership with Jonell Filtration was awarded a SDF grant in the amount of \$210,320 to train a total of 106 employees a combination of 7 new and 99 incumbent employees. Participating trainees came from maintenance, mechanical and heavy support occupations at Jonell’s Breckenridge plant. They participated in a customized 1,440 hours of industrial training held at their facilities.

Jonell Filtration, located in Breckenridge, Texas, is an independent subsidiary of Filtration Group. They manufacture filters primarily for the petroleum industry. Jonell Filtration is considered a very large “job shop” due to the variety of parts and inventory depth for quick-turn projects.

*“The Texas economy is the envy of the nation thanks to our pro-business policies and employers who are engaged at every level. Recently, the Skills Development Fund sponsored technical training at TSTC in partnership with a local energy employer. Partnerships such as this, where business and higher education can work together for the benefit of people in our region, serve to reinforce the ongoing success of the “Texas Miracle.” – State Senator Charles Perry*



## NEW HORIZONS



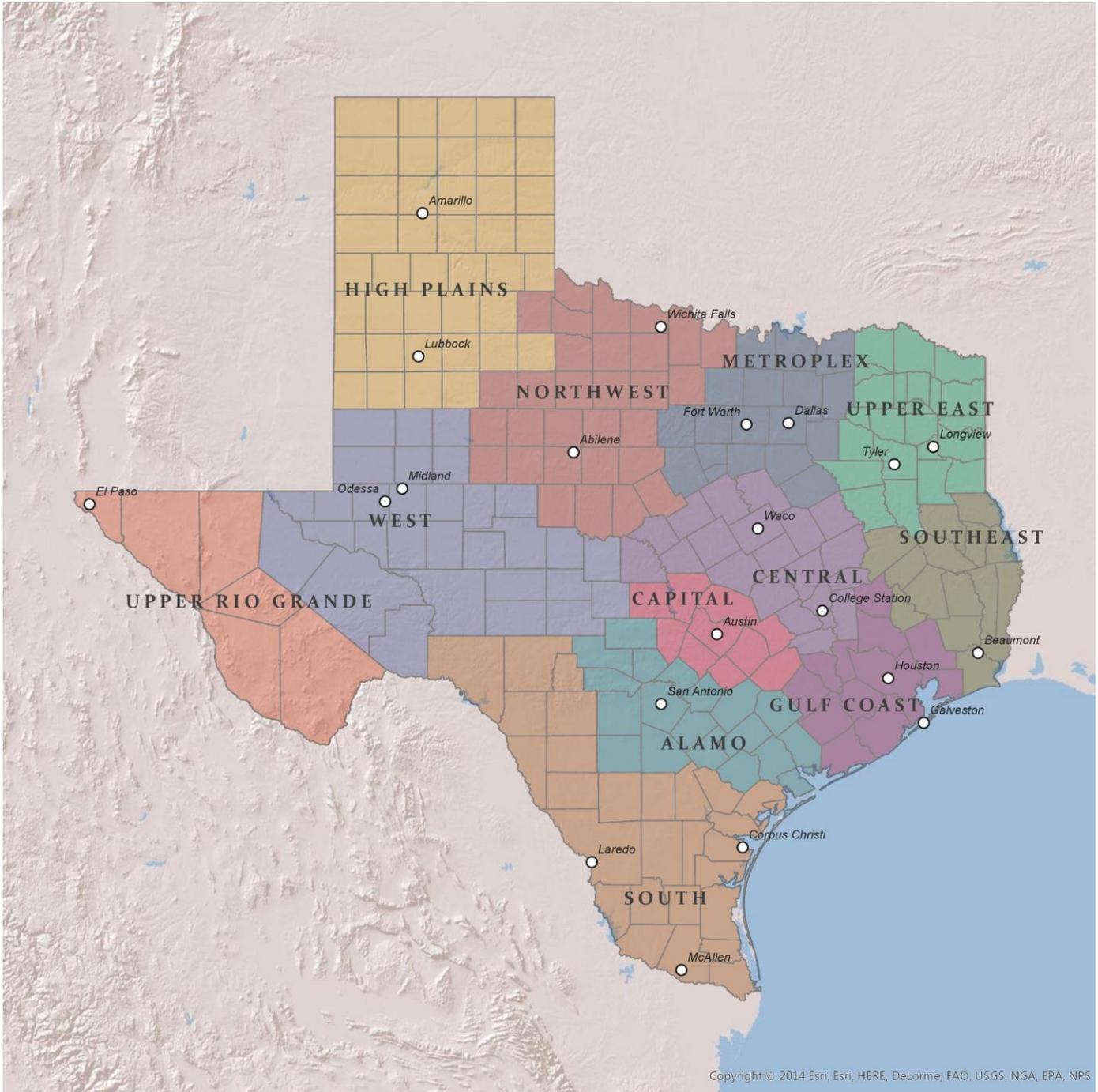
In the years since its inception, the Skills Development Fund has continuously adapted to meet the talent development needs of businesses. In recent years, whether by legislative action or other allowable means, the Skills Development Fund has placed a greater emphasis on developing a talent pipeline, training veterans, and increasing training resources for small businesses in Texas.

Legislative action has allowed funding for Dual Credit programs and the participation of

Independent School Districts, to address future workforce needs. This early stage effect on the talent pipeline found in high school students, has been especially useful in rural communities. In addition, passage of recent legislation to create the Recruit Texas program allows for “fast track” customized training at an accelerated pace to assist businesses relocating to Texas or expanding their operations within our state.

Through innovation and adaptation, the Skills Development Fund remains proactive, relevant and promotes the competitiveness of Texas businesses.

# Comptroller's 12 Regions of Texas



# Texas Workforce Commission

## Skills Development Fund

### Fiscal Year 2017 Annual Report

(Texas Labor Code Section 303.006)

The following data satisfies the requirements set forth by the 76th Texas Legislature, Regular Session (1999), for an annual report of Skills Development Fund program statistics. The data in all tables align with the Texas Comptroller of Public Accounts (Comptroller's) 12 regions of the state.

**TABLE I:** Shows the total number of applications submitted for funding in FY 2017, the total number of applications approved, withdrawn, cancelled after award, and disapproved for each region of the State.

Region	Number of Applications Submitted <sup>1</sup>	Number of Applications Approved	Applications Withdrawn	Number of Applications Cancelled (after Award)	Number of Applications Disapproved
Alamo	5	3		1	
Capital	3	2			
Central	14	10			
Gulf Coast	19	13	1		
High Plains	7	3			1
Metropolitan	27	20		1	
Northwest	9	6			
South	25	9			
Southeast	2	1			
Upper East	7	4			
Upper Rio Grande	1	1			
West <sup>2</sup>	1	0			
<b>Statewide Total</b>	<b>120</b>	<b>72</b>	<b>1</b>	<b>2</b>	<b>1</b>

Notes:

<sup>1</sup> Some applications were submitted by colleges that had partnered with businesses in different Comptroller regions. In these cases, the application is counted in each region, sometimes, multiple times.

<sup>1</sup> Number of applications submitted includes some applications that were not awarded during FY 2017, as well as 30 proposals submitted for dual credit funding that were not funded. Skills for Small Business applications received and awarded are noted in the next table, Table 1a.

<sup>2</sup> One Dual Credit application from the West region was not funded.

**TABLE 1a:** Shows the number of Skills for Small Business applications received and awarded per college.

Region	Number of Applications Submitted	Number of Applications Approved
Alamo	NA	NA
Capital	1	1
Central	5	5
High Plains	NA	NA
Gulf Coast	6	6
Metroplex	5	5
Northwest	3	3
South	5	5
Southeast	1	1
Upper East	6	6
Upper Rio Grande	NA	NA
West	NA	NA
<b>Statewide Total</b>	<b>32</b>	<b>32</b>

Notes:

- Skills for Small Business projects are awarded to community colleges. The above number of applications reflects grant awards to colleges and not individual applications received from small businesses. Only regions with awards are shown above.

**Table 2:** Shows the total amount of funding awarded in each Comptroller region of the State, and the percentage those amounts represent of total dollars awarded on a statewide basis. The second and third columns show data for FY 2017 only, and the last two columns show cumulative data from FY 1996 (program inception) through FY 2017.

Region	Amount Awarded by Region FY17 <sup>1</sup>	Percent of Statewide Funds Awarded FY17	Total Amount of Funds Awarded by Region, Cumulative Since Inception FY96–FY17	Percent of Total Statewide Funds Awarded, Cumulative FY96–FY17
Alamo	\$644,640	3%	\$55,997,416	14%
Capital	\$546,952	2%	\$17,368,834	4%
Central	\$3,623,236	14%	\$30,767,861	8%
Gulf Coast	\$3,775,630	15%	\$64,569,378	16%
High Plains	\$122,531	0.5%	\$9,270,529	2%
Metroplex	\$11,894,724	46%	\$113,885,125	28%
Northwest	\$1,465,708	6%	\$14,815,496	4%
South	\$2,117,817	8%	\$38,075,478	9%
Southeast	\$207,138	1%	\$11,249,735	3%
Upper East	\$1,135,503	4%	\$27,681,278	7%
Upper Rio Grande	\$100,000	0.4%	\$11,569,027	3%
West <sup>2</sup>	\$0	0%	\$12,983,601	3%
<b>Statewide Total</b>	<b>\$25,633,879</b>	<b>100%</b>	<b>\$408,233,757</b>	<b>100%</b>

Notes:

<sup>1</sup> The above table includes all grant awards made from the Skills Development Fund, including awards to dual credit projects, awards for the Skills for Transition program, and all Skills for Small Business dollars awarded since inception of the program in 2010.

<sup>2</sup> One Dual Credit application from the West region was not funded.

**Table 3:** Shows the percentage of total funding awarded to each region of the State, as well as each region's percentage of the:

- State's population;
- Civilian labor force;
- Number of unemployed people; and
- Number of grant applications submitted to TWC by public community and technical colleges.

The second column shows data for FY 2017 only, and the last column shows cumulative data from FY1996 (program inception through FY 2017).

Region	Percent of Statewide Funds Awarded FY17	Percent of State's Population	Percent of State's Civilian Labor Force	Percent of Statewide Unemployed	Percent of Grant Applications FY17	Percent of Statewide Funds Awarded FY96–17
Alamo	3%	10%	10%	8%	4%	14%
Capital	2%	8%	9%	6%	3%	4%
Central	14%	4%	3%	3%	12%	8%
Gulf Coast	15%	25%	26%	30%	16%	16%
High Plains	0.5%	3%	3%	3%	6%	2%
Metroplex	46%	27%	31%	27%	23%	28%
Northwest	6%	2%	2%	2%	8%	4%
South	8%	9%	7%	11%	21%	9%
Southeast	1%	3%	2%	3%	2%	3%
Upper East	4%	4%	4%	4%	6%	7%
Upper Rio Grande	0.4%	3%	1%	1%	1%	3%
West	0%	2%	2%	3%	1%	3%
<b>Statewide Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources:

Population Data from the U.S. Census Bureau.

Civilian Labor Force and Unemployment data from TWC's LMCI Department Local Area Unemployment Statistics (LAUS) Program.

**Table 3a:** Shows the total amount of funding awarded in each Comptroller region of the State and the Cities benefiting from the awards. The amount represents the total dollars distributed statewide (Refer to Table 2).

Comptroller Regions	Amount	Location
Alamo	\$644,640	San Antonio
Capital	\$546,952	Austin
Central	\$3,623,236	Brenham
		Hillsboro
		Waco
Gulf Coast	\$3,775,630	Channelview
		Galena Park
		Galveston
		Houston
		La Porte
		Oyster Creek
		Seadrift
		Sugarland
		The Woodlands
		Tomball
High Plains	\$122,531	Amarillo
Metroplex	\$11,894,724	Allen
		Carrollton
		Dallas
		Denison
		Grand Prairie
		McKinney
		Plano
		Richardson
		Sherman
		Waxahachie

Comptroller Regions	Amount	Location
Northwest	\$1,465,708	Abilene
		Breckenridge
		Maryneal
		Stephenville
		Sweetwater
		Vernon
		Ranger
South	\$2,117,817	Brownsville
		Corpus Christi
		Ingleside
		Pharr
		McAllen
Southeast	\$207,138	Orange
Upper East	\$1,135,503	Mt. Pleasant
		Paris
		Sulphur Springs
Upper Rio Grande	\$100,000	El Paso
West <sup>2</sup>	\$0	NA

Notes:

<sup>2</sup> One Dual Credit application from the West Region was not funded

**Table 4:** Shows the statewide average and median weekly wage levels of individuals to be trained under new FY 2017 grants. The data include wages for current employees that will be retrained and those who will be hired into new positions.

All Trainees	Statewide Average Weekly Wage	Statewide Median Weekly Wage
Upgraded Jobs	\$940	\$855
New Jobs	\$950	\$814

Notes:

- Does not include dual credit projects – these are equipment only grants, no trainees attached.
- Does not include Skills for Small Business or Skills for Transition projects due to the unique nature of these programs.

**Table 5:** Shows the average and median weekly wage levels of all individuals to be trained under new FY 2017 grants. These wage levels are presented for each region of the State awarded projects.

Comptroller Region	Average Weekly Wage	Median Weekly Wage
Alamo	\$475	\$995
Capital	\$682	\$799
Central	\$745	\$801
Gulf Coast	\$1,064	\$1,149
High Plains	\$905	\$925
Metroplex	\$879	\$935
Northwest	\$765	\$832
South	\$487	\$546
Southeast	\$1,345	\$1,358
Upper East	\$764	\$867
Upper Rio Grande	NA	NA
West	NA	NA

Notes:

- Upper Rio Grande and West did not have individual projects awarded during FY2017.
- Does not include dual credit projects – these are equipment only grants, no trainees attached.
- Does not include Skills for Small Business or Skills for Transition projects due to the unique nature of these programs.

**Table 5a:** Shows the number of new jobs and the number of incumbent retrained jobs by wage level. Wage levels are listed in five-dollar increments.

Average Wage	Total # New Jobs	Total # Upgraded Jobs
\$10.00 to \$15.00	153	367
\$15.01 to \$20.00	519	2,633
\$20.01 to \$25.00	1,313	5,127
\$25.01 to \$30.00	479	1,863
\$30.01 to \$35.00	224	1,035
\$35.01 to \$40.00	83	549
\$40.00+	0	1

Notes:

- Dual credit projects, Skills for Transition projects, and Skills for Small Business projects are not included due to the unique nature of these programs.

**Table 6:** Shows the total amount of funds awarded in FY 2017 to micro-employers, small employers, medium employers, and large employers, as defined by the number of employees working for each business. The data are presented for each region of the State.

Region	Micro (<21 Employees)	Small (21 – 99 Employees)	Medium (100 – 499 Employees)	Large (500+ Employees)
Alamo	NA	NA	NA	\$544,640
Capital	\$3,297	\$2,656	\$181,656	\$244,296
Central	\$4,958	\$252,131	\$726,762	\$2,258,699
Gulf Coast	\$4,698	\$82,561	\$1,093,480	\$2,262,110
High Plains	NA	\$18,040	\$12,628	\$91,863
Metroplex	\$53,031	\$258,527	\$2,966,814	\$8,487,235
Northwest	\$6,990	\$84,006	\$210,304	\$1,041,016
South	\$10,447	\$52,158	\$148,770	\$449,710
Southeast	\$3,141	NA	NA	\$186,138
Upper East	\$10,143	\$12,598	\$94,176	\$894,327
Upper Rio Grande	NA	NA	NA	NA
West	NA	NA	NA	NA
<b>Statewide Totals</b>	<b>\$96,705</b>	<b>\$762,677</b>	<b>\$5,434,590</b>	<b>\$16,460,034</b>

Notes:

- Dual credit projects and Skills for Transition projects are not included in the data due to the unique nature of these projects.

**Table 7:** Shows the total number of individuals to be trained under new FY 2017 grants by regions of the State. The total for each region includes the number of trainees who will enter new jobs and the number of current workers to be retrained.

Region	Total Number of Trainees
Alamo	971
Capital	408
Central	1,899
Gulf Coast	1,889
High Plains	65
Metroplex	6,580
Northwest	977
South	277
Southeast	486
Upper East	794
Upper Rio Grande	NA
West	NA
<b>Statewide Total</b>	<b>14,346</b>

Note:

- Does not include Dual Credit projects; these are equipment only with no trainees attached.
- Does not include Skills for Transition projects due to the unique nature of these projects.
- Skills for Small Business trainees are listed in the table below.

Of the 14,346 trainees, 98 percent will be offered one or more benefits options such as health care, workers' compensation, or other analogous benefits programs.

Of the 2,771 new hires to be trained through Skills grants in FY 2017:

- 2,731 will be from existing Texas employers; and
- 40 will be from employers relocating to Texas.

Of the 11,575 incumbent workers to be trained through Skills grants in FY 2017:

- 11,575 will be from existing Texas employers; and
- 0 will be from employers relocating to Texas.

**Table 7a:** Shows the total number of individuals requesting training through the Skills for Small Business program.

Region	Total Number of Trainees
Alamo	NA
Capital	16
Central	260
Gulf Coast	27
High Plains	NA
Metroplex	95
Northwest	152
South	182
Southeast	9
Upper East	33
Upper Rio Grande	NA
West	NA
<b>Statewide Totals</b>	<b>774</b>

**Table 8:** Shows the total number of individuals to be trained under the FY 2017 program by industry classification. The total for each industry includes the number of trainees who will enter new jobs and the number of current workers to be retrained.

Industry	Total Number of Trainees
Aerospace & Defense	97
Biotechnology	140
Construction	2,381
Healthcare & Social Assistance	2,262
Information Technology	181
Manufacturing	7,549
Retail Trade	3
Services	1,025
Transportation & Warehousing	606
Wholesale Trade	102
<b>Statewide Total</b>	<b>14,346</b>

*Notes:*

- Does not include Dual Credit projects, Skills for Transition projects or Skills for Small Business projects due to the unique nature of these program.



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