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1 **CHAPTER 803. SKILLS DEVELOPMENT FUND**
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3 **SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND**
4

5 **§803.1. Scope and Purpose.**
6

- 7 (a) Purpose. The purpose of the Skills Development Fund is to develop customized
8 training projects for businesses and trade unions and to support employers expanding
9 or relocating to Texas by enhancing the ability of public community and technical
10 colleges, Local Workforce Development Boards (Boards), and the Texas A&M
11 Engineering Extension Service (TEEX) to respond to industry and workforce
12 training needs and to develop incentives for Boards, public community and technical
13 colleges, TEEX, or community-based organizations to provide customized
14 assessment and training in a timely and efficient manner.
15
16 (b) Goal. The goal of the Skills Development Fund is to increase the skills level and
17 wages of the Texas workforce.
18

19 *The provisions of this §803.1 adopted to be effective January 29, 2003, 28 TexReg 751;*
20 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
21 *25, 2021, 46 TexReg 580*
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25 **§803.2. Definitions.**
26

27 In addition to the definitions contained in §800.2 of this title, the following words and
28 terms, when used in this chapter, shall have the following meanings unless the context
29 clearly indicates otherwise.
30

- 31 (1) Customized training project--A project that:
32
33 (A) provides workforce training, with the intent of either adding to the
34 workforce or preventing a reduction in the workforce, and is specifically
35 designed to meet the needs and special requirements of:
36
37 (i) employers and employees or prospective employees of the private
38 business or business consortium; or
39
40 (ii) members of the trade union; and
41
42 (B) is designed by a private business or business consortium, or trade union
43 in partnership with:
44
45 (i) a public community college;
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- (ii) a technical college;
 - (iii) TEEX;
 - (iv) a Board; or
 - (v) a community-based organization only in partnership with the public community and technical colleges or TEEX.
- (2) Eligible applicant--An entity identified in Texas Labor Code, Chapter 303, as eligible to apply for funds:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEX;
 - (D) a Board; or
 - (E) a community-based organization only in partnership with the public community and technical colleges or TEEX.
- (3) Executive director--The executive director of the Texas Workforce Commission.
- (4) Grant recipient--A recipient of a Skills Development Fund grant that is:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEX;
 - (D) a Board; or
 - (E) a community-based organization only in partnership with the public community and technical colleges or TEEX.
- (5) Non-local public community and technical college--A public community or technical college providing training outside of its local taxing district.
- (6) Private partner--A sole proprietorship, partnership, corporation, association, consortium, or private organization that enters into a partnership for a customized training project with:
- (A) a public community college;

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- (B) a technical college;
 - (C) TEEX;
 - (D) a Board; or
 - (E) a community-based organization only in partnership with the public community and technical colleges or TEEX.
- (7) Public community college--A state-funded, two-year educational institution primarily serving its local taxing district and service area in Texas and offering vocational, technical, and academic courses for certification or associate's degrees.
- (8) Public technical college--A state-funded coeducational institution of higher education offering courses of study in vocational and technical education, for certification or associate's degrees.
- (9) Texas A&M Engineering Extension Service (TEEX)--A higher education agency and service established by the Board of Regents of the Texas A&M University System.
- (10) Trade union--An organization, agency, or employee committee in which employees participate and which exists for the purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.
- (11) Training provider--An entity or individual that provides training, including:
- (A) a public community college;
 - (B) a technical college;
 - (C) TEEX;
 - (D) a community-based organization only in partnership with the public community or technical college or TEEX; or
 - (E) An individual, sole proprietorship, partnership, corporation, association, consortium, governmental subdivision, or public or private organization with whom a Board, public community or technical college, or TEEX has subcontracted to provide training.

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2 *The provisions of this §803.2 adopted to be effective January 29, 2003, 28 TexReg 751;*
3 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
4 *25, 2021, 46 TexReg 580*

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8 **§803.3. Uses of the Fund.**

- 9
10 (a) The Skills Development Fund may be used by a grant recipient as start-up or
11 emergency funds for the following purposes:
12
13 (1) to develop customized training projects for businesses and trade unions; and
14
15 (2) to sponsor small and medium-sized business networks and consortiums for the
16 purpose of developing customized training.
17
18 (b) TEEEX training activities shall focus on projects that are statewide or are not available
19 from a local public community and junior college district, a local technical college,
20 or a consortium of public community and junior college districts. In developing such
21 projects, TEEEX may participate in a consortium of public community and junior
22 college districts or with a technical college that provides training under Texas Labor
23 Code, Chapter 303.
24
25 (c) Technical college training activities shall focus on projects that are not available from
26 a local public community college, except in the technical college's local service area,
27 and shall be encouraged to focus on projects that are statewide.
28
29 (d) The Skills Development Fund may not be used:
30 (1) to pay the training costs and related costs of an employer that relocates the
31 employer's worksite from one place in Texas to another;
32
33 (2) for the purchase of any proprietary or production equipment required for the
34 training project of a single local employer;
35
36 (3) for wages for trainees; or
37
38 (4) to pay for trainee or instructor travel costs or trainee drug tests.
39
40 (e) The Skills Development Fund may not be used to pay for the lease of equipment if
41 any one of the following four criteria is characteristic of the lease transaction:
42
43 (1) The lease transfers ownership of the equipment to the lessee at the end of the
44 lease term;
45
46 (2) The lease contains a bargain purchase option;

- 1
2 (3) The lease term is equal to 75% or more of the estimated economic life of the
3 leased equipment; or
4
5 (4) The present value of the minimum lease payments at the inception of the lease,
6 excluding executory costs, equals at least 90% of the fair value of the leased
7 equipment.
8

9 *The provisions of this §803.3 adopted to be effective January 29, 2003, 28 TexReg 751;*
10 *amended to be effective January 9, 2006, 31 TexReg 174*

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14 **§803.4. Use of Funds to Encourage Employer Expansion and Recruitment.**
15

- 16 (a) Pursuant to Texas Labor Code §303.0031, the Skills Development Fund may be used
17 to provide an intensive and rapid response to, and support services for, employers
18 expanding in or relocating their operations to Texas, with a focus on recruiting
19 employers that will provide complex or high-skilled employment opportunities in the
20 state.
21
22 (b) Grant funds under this section may be used to:
23
24 (1) provide leadership and direction to, and connections among, out-of-state
25 employers, economic development organizations, Boards, public community
26 and technical colleges to support employers' recruitment and hiring for
27 complex or high-skilled employment positions as necessary to facilitate the
28 employers' relocation to or expansion of operations in Texas; and
29
30 (2) award grants to public community or technical colleges that provide workforce
31 training and related support services to employers that commit to establishing a
32 place of business in Texas.
33
34 (c) Grant funds under this section may be used only to develop:
35
36 (1) customized workforce training programs for an employer's specific business
37 needs;
38
39 (2) fast-track curriculum;
40
41 (3) workforce training--related support services for employers; and
42
43 (4) instructor certification necessary to provide workforce training.

- 1
2 (d) Notwithstanding the use of funds restrictions in §803.3(d)(2), grant funds may also
3 be used to acquire training equipment necessary for instructor certification and
4 employment.
5
6 (e) As a condition of receiving grant funds under this section, grant recipients shall
7 agree to repay the amount received and any related interest if the Agency determines
8 that the grant recipients did not use the funds for the purposes for which the funds
9 were awarded.

10
11 *The provisions of this §803.4 adopted to be effective January 25, 2021, 46 TexReg 580*

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14
15 **SUBCHAPTER B. PROGRAM ADMINISTRATION**

16
17 **§803.11. Grant Administration.**

18
19 Grant recipients must enter into an agreement with the Agency to comply with contract
20 requirements that include, but are not limited to:

- 21
22 (1) submitting all required reports, including financial and performance reports, in
23 the format and time frame required by the Agency;
24
25 (2) maintaining fiscal data needed for independent verification of expenditures of
26 funds received for the customized training project;
27
28 (3) cooperating and complying with Agency monitoring activities as required by
29 Chapter 802, Subchapter D, of this title (relating to Agency Monitoring
30 Activities); and
31
32 (4) submitting contract completion reports:
33
34 (A) The final payment is contingent upon the executive director's, or
35 designee's, determination that a project has met the training objectives,
36 outcomes, and requirements (an attrition rate of up to 15% of the total
37 number of trainees in the contract is allowed).
38
39 (B) The final payment of the contract will be withheld for 60 days after the
40 completion of training and after receipt by the Agency of verification
41 from the employer that the trainees are employed.
42

1 *The provisions of this §803.11 adopted to be effective January 29, 2003, 28 TexReg 751;*
2 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
3 *25, 2021, 46 TexReg 580*

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7 **§803.12. Limitations on Awards.**

8
9 The Agency may impose any or all of the following limitations on the amount of funds
10 awarded under any specific grant:

- 11
12 (1) A limit of \$500,000 for the training project of a single employer;
13
14 (2) A limit of 10% of the grant amount for the allowable purchase of any
15 proprietary or production equipment required for the training project;
16
17 (3) A limit of 10% for administrative costs related to direct training for the
18 training project of a single employer; or
19
20 (4) A limit of 15% for administrative costs related to direct training for the
21 training project of entities other than a single employer.
22

23 *The provisions of this §803.12 adopted to be effective January 29, 2003, 28 TexReg 751;*
24 *amended to be effective January 9, 2006, 31 TexReg 174*

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27
28 **§803.13. Program Objectives.**

29
30 The program objectives in administering the Skills Development Fund are:

- 31
32 (1) to ensure that funds from the program are spent in all local workforce
33 development areas (workforce areas) of this state and expand the state's
34 capacity to respond to workforce training needs;
35
36 (2) to promote collaboration and awareness of potential workforce activities in
37 workforce areas;
38
39 (3) to develop projects that, at completion of the training, will result in wages
40 equal to or greater than the prevailing wage of individuals with similar
41 knowledge and experience in that occupation in the local labor market for the
42 participants in the customized training project;
43
44 (4) to prioritize the processing of grant requests from workforce areas where the
45 unemployment rate is higher than the state's annual average unemployment
46 rate;

- 1
2 (5) to sponsor creation and attraction of high-value, high-skill jobs for the state
3 that will facilitate the growth of industry and emerging occupations; and
4
5 (6) to the greatest extent practicable, award Skills Development Fund grants as
6 follows:
7
8 (A) Approximately 60 percent of the funds may be for job retention training.
9
10 (B) The remaining funds may be for training for job creation.
11

12 *The provisions of this §803.13 adopted to be effective January 29, 2003, 28 TexReg 751;*
13 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
14 *25, 2021, 46 TexReg 580*
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18 **§803.14. Procedure for Requesting Funding.**
19

- 20 (a) An eligible applicant shall present to the executive director or his or her designee, an
21 application for funding, in order to acquire grant funds for the provision of
22 customized training as may be identified by the eligible applicant. Except as
23 provided in subsection (b) of this section, the eligible applicant will request the
24 review and comments of the Board in the applicable workforce area(s), where there
25 is a significant impact on job creation or incumbent worker training, and submit
26 these comments to the executive director or his or her designee with the application
27 for funding.
28
29 (b) An eligible applicant is not required to obtain or provide the comments if the Board
30 informs the applicant that the Board is preparing an application or has submitted an
31 application that has not been approved or rejected. A Board is not required to
32 comment on its own applications.
33
34 (c) An eligible applicant shall submit any updates to the original application for funding
35 in accordance with subsections (a) and (b) of this section.
36
37 (d) TEEX, or the public community or technical college that is a partner to a training
38 proposal for a grant from the Skills Development Fund, may be non-local.
39
40 (e) The training proposal shall not duplicate a training project available in the workforce
41 area in which the private partner or trade union is located.
42
43 (f) Proposals shall disclose other grant funds sought or awarded from the Agency or
44 other state and federal entities for the proposed job training project.
45

1 (g) Applicants shall indicate whether they are submitting concurrent proposals for the
2 Skills Development Fund and the Texas Enterprise Fund. For the purposes of this
3 subsection, "concurrent proposal" shall mean:

4
5 (1) a proposal for the Skills Development Fund that has been submitted and is
6 pending at the time an applicant submits a proposal for the Texas Enterprise
7 Fund; or

8
9 (2) a proposal for the Texas Enterprise Fund that has been submitted and is
10 pending at the time an applicant submits a proposal for the Skills Development
11 Fund.
12

13 (h) Proposals shall be written and contain the following information:

14 (1) The number of proposed jobs created and/or retained;

15
16 (2) A brief outline of the proposed training project, including the skills acquired
17 through training and the employer's involvement in the planning and design;
18
19

20 (3) A brief description of the measurable training objectives and outcomes;

21
22 (4) The occupation and wages for participants who complete the customized
23 training project;
24

25 (5) A budget summary, disclosing anticipated project costs and resource
26 contributions, including the dollar amount the private partner is willing to
27 commit to the project;
28

29 (6) A signed agreement between the private partner or trade union and the Board,
30 public community or technical college, or TEEX outlining each entity's roles
31 and responsibilities if a grant is awarded;
32

33 (7) A statement explaining the basis for the determination that there is an actual or
34 projected labor shortage in the occupation in which the proposed training
35 project will be provided that is not being met by an existing institution or
36 program in the workforce area;
37

38 (8) A comparison of costs per trainee for the customized training project and costs
39 for similar instruction at the public community or technical college, TEEX, and
40 the Board;
41

42 (9) A statement describing the private partner's or trade union's equal opportunity
43 employment policy;
44

45 (10) A list of the proposed employment benefits;
46

1 (11) An indication of a concurrent proposal as required by subsection (e) of this
2 section; and

3
4 (12) Any additional information deemed necessary by the Agency to complete
5 evaluation of a proposal.
6

7 *The provisions of this §803.14 adopted to be effective January 29, 2003, 28 TexReg 751;*
8 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
9 *25, 2021, 46 TexReg 580*

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13 **§803.15. Procedure for Proposal Evaluation.**
14

- 15 (a) The executive director, or designee, shall evaluate each proposal considering the
16 purposes listed in §803.3(a) of this subchapter, the program objectives listed in
17 §803.13 of this subchapter, and procedures in §803.14 of this subchapter, along with
18 the prevailing wage for occupations in the local labor market area, the financial
19 stability of the private partner, the regional economic impact, and any other factors
20 unique to the circumstances that the Agency determines are appropriate.
21
22 (b) The Agency shall notify all eligible grant applicants when the Agency is evaluating a
23 proposal so as to promote collaboration and awareness of potential workforce
24 activities in the workforce area.
25
26 (c) If the Agency determines that a proposal is appropriate for funding through the Skills
27 Development Fund, the executive director or designee shall enter into a contract with
28 the grant recipient on behalf of the Agency.
29
30 (d) Skills Development Fund applicants on corrective action pursuant to Chapter 802,
31 Subchapter G, shall not be eligible to receive a Skills Development Fund grant.
32

33 *The provisions of this §803.15 adopted to be effective January 29, 2003, 28 TexReg 751;*
34 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*
35 *25, 2021, 46 TexReg 580*
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39 **SUBCHAPTER C. PROGRAM ADMINISTRATION AFTER AWARD OF CONTRACT**
40

41 **§803.31. Notice to Local Workforce Development Board.**
42

43 The Agency shall inform the Board in the applicable workforce area of final decisions
44 made regarding Skills Development Fund grants in the workforce area.
45

46 *The provisions of this §803.31 adopted to be effective January 9, 2006, 31 TexReg 174*

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§803.32. Waivers.

The executive director, or designee, may suspend or waive a section of this chapter, not statutorily imposed, in whole or in part upon a showing of good cause and a finding that the public interest would be served by such a suspension or waiver.

The provisions of this §803.32 adopted to be effective January 9, 2006, 31 TexReg 174

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