



Overview

The Skills Development Fund provides customized training opportunities for Texas businesses and their employees, to increase the skill levels and wages of the Texas workforce. Training providers can use grant funds for curriculum development, training materials, instructor certifications, and training equipment additions or upgrades.

Public community or technical college, the Texas Engineering Extension Service (TEEX), a community-based organization in partnership with one of these entities, or a local workforce development board. Colleges also act as training providers, while Workforce Development Boards can either partner with a college or rely on third-party training providers. By keeping the new and customized courses in their catalogs, the colleges gain an enhanced ability to respond to the evolving needs of industry. The business partners receive grant-funded training to upskill their employees, and as a result, Texas enjoys a stronger economy and a more attractive workforce for companies interested in relocating to or expanding in the state.

The Texas Workforce Commission administers funding for the program to support collaborations among businesses, eligible grant applicants, and local economic development partners. For Fiscal Years 2020-2021, the Texas Workforce Commission was appropriated nearly \$45 million to support high-quality customized training projects statewide through the Skills Development Fund.

Grant Information

The Skills Development Fund has two distinct programs associated with it: Skills Development Fund, and Recruit Texas. Public, accredited, two-year colleges, TEEX, and local Workforce Development Boards are the eligible grant applicants, fiscal agents, and coordinators for training funded through the Skills Development Fund. A community-based organization may also partner with one of these entities.

Grants used to assist a single business may be limited to \$500,000. The grant can fund tuition, curriculum development, instructor fees, and training materials. Grant funds may not be used to pay for trainee wages, drug testing, travel costs, and certain equipment purchases.

Skills Development Fund grants emphasize highly technical training curricula appropriate to the participating business partner's industry. This customized training includes:

- Tailored curriculum specific to the business partner's needs;
- Classes conducted at the employer's site or at the training provider's location;
- Flexible class schedules to minimize impact to employers; and
- Addressing company needs in real time using real work situations.

Wages paid to trainees must be equal to or greater than the 25th percentile prevailing wages for the same or similar occupations in the area where the business is located. Additional factors that may be considered in proposal evaluations include:

- Positive economic impact on the local region where grant is awarded;
- Applicant's current and past performance on Skills Development Fund grants;

- Equitable geographic distribution of grants awarded across the state;
- Inclusion of small- and medium-sized businesses;
- Fiscal stability of the business partners; and
- Cost per trainee reasonably close to that of the statewide average for all Skills Development Fund grants.

Training Categories

To ensure participating employers receive the training they need to address changing business needs and workforce skills gaps, training courses funded under the program should conform to the parameters for each training category, as described below:

- **Business Technical** – At least 55% of the total training hours for a Skills Development Fund grant must be business technical courses, which are occupational-specific courses. Industry-specific examples include: metrology, pneumatics, mechanical maintenance, finance, and nurse certification.
- **General Technical** – Up to 45% of the total training hours for a Skills Development Fund grant may be general technical courses, which also includes courses traditionally classified as non-technical. General Technical courses are courses that may be essential to the occupation but may transfer between occupations. General technical training may include, for example, Lean and Six Sigma courses, Occupational Safety and Health Administration (OSHA) courses, and Microsoft Office and other computer courses. Non-technical courses may include “soft skills,” such as leadership and management training, and communication.

How the Skills Development Fund Works

First, a business, consortium of businesses, or trade union identifies a training need. The next step is to partner with an eligible grant applicant to fill the specific training needs. Businesses work with the grant applicant to submit proposals, develop curricula, and conduct training. The Skills Development Fund pays for the training, the eligible applicant administers the grant, and businesses create new jobs and improve the skills of their current workers.

TWC accepts project proposal submissions throughout the year, and each grant typically lasts 12 months.

TWC provides access to a team of highly skilled professionals who provide technical assistance, at no charge, to help streamline the development of projects and proposals. Our team is available to work directly with employers, colleges, Workforce Development Boards, economic development partners, and business partners, throughout the life of the project to ensure employers are getting the training their workers need.

The Skills Development Fund Outreach Team will:

- Provide subject-matter expertise
- Advise and assist partners with developing quality proposals
- Review "draft" proposals prior to formal submission

SDF applicants are highly encouraged to take advantage of technical assistance prior to final proposal submission.