

Skills

Development Fund



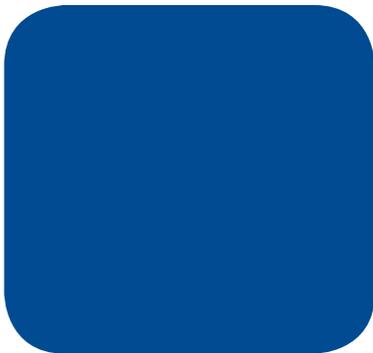
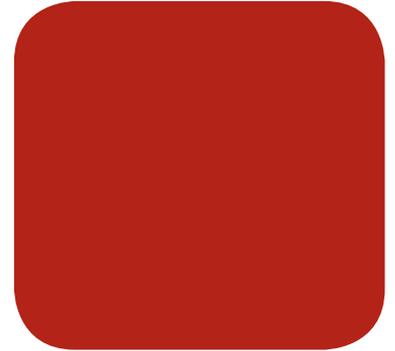
Train your workforce.
Power your business.

2012 Annual Report

Workforce Business Services Mission:
Connect businesses with
value-added workforce solutions,
and develop innovative economic
and workforce strategies.



Texas Workforce Commission



Skills Development Fund Annual Report Fiscal Year 2012





Skills Development Fund Annual Report Fiscal Year 2012

The Texas Workforce Commission (TWC) recognizes the value of skills training to Texas employers. TWC's Skills Development Fund (Skills) is a powerful tool that meets challenges associated with a global economy and the ever increasing training needs of Texas businesses and workers. The Skills program can be the pivotal factor between attracting and retaining businesses to Texas and losing jobs and economic opportunities to other states or countries.

In the competitive global economy, the Skills program is a key component in providing opportunities for businesses to increase their innovation and efficiency, as well as bolster their competitiveness in the marketplace. The fund supports the growth of Texas businesses by helping Texas workers acquire new skills or upgrade existing skills to advance their careers.

In developing Skills projects, a single business, consortium of businesses, or trade union works with a public community or technical college, or with the Texas Engineering Extension Service (TEEX), to create a customized training plan to prepare for projected business growth or help close existing skills gaps. Skills grants fund the training, the college administers the grant, and businesses create new jobs and improve the skills of their current workers to fit their needs.

A market-driven workforce system requires strategic investments and leveraging of resources to maximize returns.



TWC targets training resources to develop the skills and competencies necessary to meet industry demands and ensure a steady supply of qualified, job-ready workers. Since its inception in 1996, Skills has helped 3,901 employers create 91,998 jobs and upgrade the skills of 194,216 incumbent workers, for a total of 286,214 workers trained.

The Texas workforce system strives to be the first place businesses go for workforce solutions. TWC focuses on businesses in high-growth, high-demand industry sectors and actively works to address the training needs in these sectors.

Business and Education As Partners

Business participation is a vital component of the Skills program. A business, consortium of businesses, or trade union identifies a training need, and then partners with a public community or technical college or TEEX to develop a project to fill that need. Businesses target training to create new jobs or develop training to increase the skills of their existing employees. Once developed, the curriculum can be replicated to encourage the sharing of innovative training concepts and ensure the best value for Texas taxpayers. This allows community and technical colleges to strengthen their curricula, and offer the latest in industry-led creativity and innovation to training designs.

In addition to developing customized curricula, the college provides assessment services, facilitates training, and administers the grant. In Skills projects, colleges may provide the training or broker relationships with other training providers.

While the advantages for businesses participating in Skills grants are multifold, workers also benefit from these projects. Participating workers are provided career opportunities and, in many cases, wage gains. TWC pays particular attention when awarding grants to ensure that, at the completion of training, wages are 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 \$23.86 in FY 2012.





Skills For Small Business Initiative

An integral part of the Texas economy is the more than 451,000 small businesses throughout the state. TWC's Skills for Small Business initiative provides them with important opportunities to request training for their employees and improve overall business operations. TWC offers the Skills for Small Business program in coordination with the Office of the Governor's Small Business Forums. This initiative allows small businesses to select courses provided by their local public community or technical colleges, or TEEEX, and obtain the training they determine to be necessary for their success. Businesses apply directly to TWC for training, and TWC arranges funding with the local public community or technical college. This streamlined process allows small businesses quick access to needed training.



Fast Facts



TWC strives to ensure that Skills program resources are equitably distributed to all areas of the state to expand the state's capacity to respond to workforce needs in both rural and urban areas across the state.

In FY 2012, TWC's Skills Development Fund:

- received 73 proposal submissions for \$25,748,141 in Skills grants;
- funded 50 grants, with an average award of \$448,834;
- served 111 businesses;
- supported the creation of 5,108 new jobs; and
- retrained 14,732 current workers in existing jobs.



Skills Spotlight: McLennan Community College

McLennan Community College (MCC) in Waco addressed the training needs of a consortium of six businesses representing the full scope of diverse manufacturing in the community, from Mars Chocolate North America, one of the largest manufacturers in the area, to a smaller family-owned company, Imperial Woodworks Inc. All six companies in the consortium shared one goal in this challenging economy: to increase efficiencies and remain profitable.



The college was awarded a \$998,874 Skills grant to provide training to 53 new and 693 incumbent workers on the operation and maintenance of complex manufacturing equipment, various productivity software programs, forklift, safety, computer skills, leadership and lean manufacturing. Those trained included production workers, machine operators, team members, corrugator operators and maintenance technicians. To bring about a lean transformation, employees must have expert troubleshooting and preventative maintenance skills to diagnose and repair vital components of their assembly processes in a timely manner.

MCC facilitated several industrial training programs to enhance the skills of the maintenance employees and provided curriculum for Mars Chocolate North America in training adults on technical materials.

“The Skills Development Fund is a vital economic development tool for any community looking to cooperate, coordinate, and compete in today’s rapidly changing economic environment. The ability of businesses large and small to adapt and successfully direct or redirect their workforce in the most efficient way possible adds to the lifeblood of the communities who depend upon them.”

State Rep. Charles “Doc” Anderson

Skills Spotlight: Trinity Valley Community College

Trinity Valley Community College (TVCC) in Terrell partnered with Warehouse and Logistics Inc., a newly established division of Maines Paper and Food Service, to meet the business partner’s training needs for hiring 74 new workers. The company distributes a broad line of products, including fresh, frozen, dry grocery, paper goods and beverages. Customers include restaurants, convenience stores, delis, bars, pizzerias, educational institutions, health care facilities, cruise lines, concessionaires and camps. Due to its technically advanced distribution process, it is essential that the company have workers trained in the latest computer software and warehouse processing.



TVCC was awarded a \$37,624 Skills grant to train employees on industry-leading technology. The latest computer software and warehouse processing training helped warehouse workers to become certified in hazard analysis and critical control points (HACCP), food-handling and sanitation procedures, and forklift/pallet jack operation. Other workers received training in warehouse management, transportation operations, and sales operations. The grant allowed new hires to perform proficiently and productively, enabling the company to positively support their customers’ operations with efficient, cost-effective and accountable food-service product delivery.

“Skills Development Fund grants benefit the local workforce by raising the skill levels and knowledge of our workers. Our local businesses benefit by having skilled workers that contribute to improving their companies. It’s a win-win for both employees and the partnering businesses.”

State Sen. Bob Deuell

Skills Spotlight: Texas State Technical College

TWC awarded Texas State Technical College Harlingen (TSTC) a \$389,173 Skills grant to provide training to a consortium of four manufacturing businesses. They sought training to remain competitive in their industries.

An extensive skills gap analysis was conducted by the college to determine the training needs of each consortium partner. Industrial Tool & Die (ITD Precision) serves the automotive, electronic, oilfield and construction industries. Having grown to be one of the largest metal stamping companies in Texas, ITD is the only such company with two locations and E-Coating, Heat Treating and Insert Molding capability. Penn Aluminum International LLC (Penn Aluminum), manufactures aluminum custom extruded shapes and drawn tubing. It opened a 53,000-square-foot facility in Harlingen that supports the drawn tube product line. Mexican Snacks processes potato and corn chips for the snack-food industry and packages the final food snack for distribution. Valley International Cold Storage (VICS) stores food and related products in a 190,000-square-foot facility. Specializing in frozen vegetables, VICS stores, distributes, and repackages bulk products.

Training was provided to 94 new and 188 incumbent workers to increase safety, eliminate waste, reduce downtime, improve communication, and promote lean manufacturing practices. The equipment purchased increased the college's capacity to deliver the Advanced Manufacturing Integrated Systems Technology (AMIST) Basic Electricity, AMIST Electric Code, and AMIST Programmable Logic Controllers courses at the business partners' locations. In addition, the training resulted in numerous employee certifications as well as improvements in productivity, product quality, and safety for the business partners. Each of the business partners committed to hiring new employees, as well as committing to wage increases, which was of great benefit economically to Cameron County.

“The Skills Development Fund grants serve a very important role in our state and local communities. By improving the skills of the labor force, enabling workers to advance and earn higher wages, they help ensure our employers remain competitive in the global marketplace.”

State Sen. Eddie Lucio, Jr.



The Future



TWC continues to provide rigorous oversight of Skills projects to ensure quality and accountability. Texas businesses and taxpayers should expect to see a tangible return on their investment in the form of job growth, business expansion, and employee retention.

As the Texas workforce grows and global competition increases the need for specialized competencies, many businesses find that their workforce lacks the skills necessary to excel in an international marketplace. This program was specifically designed to meet that need—to provide the workforce skills that Texas employers demand to remain globally competitive.

Skills grants are a proven component of the state's economic development strategy. Texas businesses and the communities

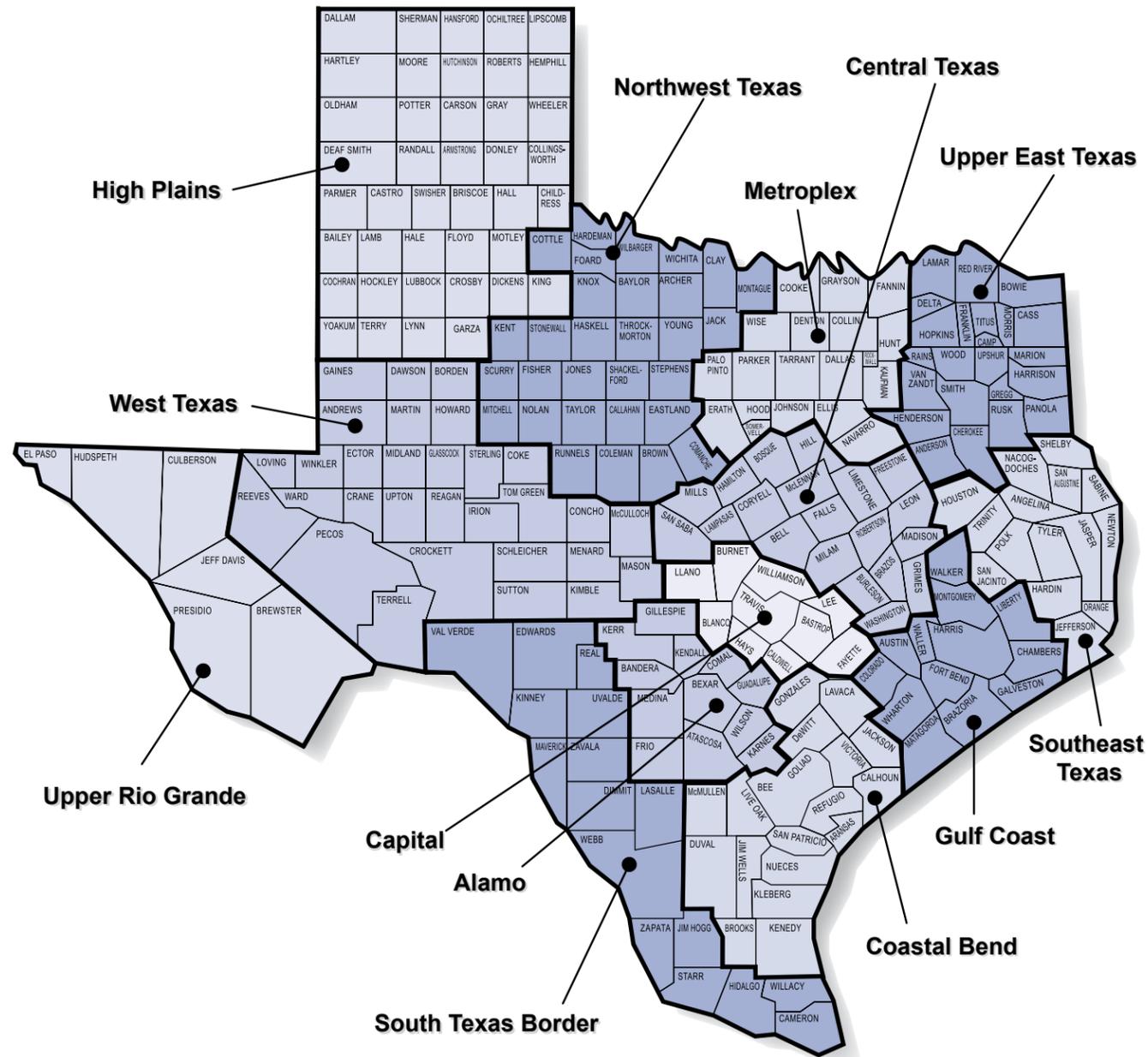
they employ throughout Texas have benefited from a workforce equipped with the skills needed to compete in the 21st century marketplace.

As businesses' needs continue to change, TWC looks for ways to increase the efficiency of its customer service processes. Beginning with the 2011 Annual Texas Workforce Conference and continuing with visits to several colleges, TWC obtained input from colleges and business partners on ways to improve the Skills program. As a result, TWC will begin implementing a new contracting model to allow greater flexibility in the development and management of Skills projects.



COMPTROLLER'S 13 REGIONS OF TEXAS

(Chapter 303.006 Labor Code)



The following data satisfies the requirements set forth by the 77th Legislature for an annual report of Skills Development Fund program statistics. The data in Tables 1 and 3 thru 7 align with the Comptroller's 13 regions of the state.

Table 1 shows the total number of applications submitted, the total number of applications approved, and the total number of applications declined for each region of the state.

TABLE 1

Region	Number of Applications Submitted	Number of Applications Approved	Number of Applications Declined	Number of Applications Withdrawn
Alamo	5	4	0	1
Capital	5	4	0	1
Central Texas	6	4	1	1
Coastal Bend	3	2	0	1
Gulf Coast	10	9	0	1
High Plains	1	1	0	0
Metroplex	25	22	1	2
Northwest Texas	2	1	0	1
South Texas Border	6	6	0	0
Southeast Texas	2	1	0	1
Upper East Texas	5	3	0	2
Upper Rio Grande	2	1	0	1
West Texas	1	1	0	0
Statewide Total	73	59	2	12

Note: Some applications were submitted by colleges that had partnered with businesses in different Comptroller Regions. In these cases, the application was counted once in each region. Also, a grant was awarded to a college in the Metroplex region; however, the business decided to withdraw its participation prior to contract initiation.

Table 2 shows the average and median weekly wage levels of individuals trained under the FY 2012 program. The data includes wages for current employees who were retrained and those who were hired into new positions.

TABLE 2

All Trainees	Statewide Average Weekly Wage	Statewide Median Weekly Wage
Current Employees (Retrained)	\$1,003.77	\$975.49
New Hires	\$812.40	\$763.98

Table 3 shows the average and median weekly wage levels of all of individuals trained under the FY 2012 program. These wage levels are presented for each region of the state.

TABLE 3

Region	Average Weekly Wage	Median Weekly Wage
Alamo	\$1,009.15	\$1,016.31
Capital	\$1,055.04	\$919.23
Central Texas	\$1,043.66	\$949.93
Coastal Bend	\$524.70	\$493.31
Gulf Coast	\$1,240.07	\$1,303.09
High Plains	\$708.40	\$573.20
Metroplex	\$804.55	\$768.27
Northwest Texas	\$738.00	\$685.20
South Texas Border	\$499.46	\$452.29
Southeast Texas	\$942.80	\$913.20
Upper East Texas	\$805.98	\$726.81
Upper Rio Grande	\$1,364.00	\$1,364.00
West Texas	\$752.80	\$745.20

Table 4 shows the total amount of funding awarded in each region of the state and the percentage those amounts represent of total dollars awarded on a statewide basis. The second and third columns of the table show data for FY 2012 only, and the last two columns show cumulative data from program inception (FY 1996) through FY 2012.

TABLE 4

Region	Amount Awarded by Region FY 2012	Percent of Statewide Funds Awarded FY 2012	Total Amount of Funds Awarded by Region FY 1996-2012	Percent of Total Statewide Funds Awarded FY 1996-2012
Alamo	\$2,568,473.92	11.45%	\$30,832,328.03	10.91%
Capital	\$1,247,293.26	5.56%	\$8,842,513.72	3.13%
Central Texas	\$2,935,181.00	13.08%	\$18,446,837.84	6.53%
Coastal Bend	\$802,644.00	3.58%	\$12,069,906.32	4.27%
Gulf Coast	\$3,504,738.11	15.62%	\$45,264,429.90	16.02%
High Plains	\$202,048.00	0.90%	\$7,220,441.49	2.56%
Metroplex	\$6,780,253.87	30.21%	\$65,742,302.20	23.27%
Northwest Texas	\$415,126.00	1.85%	\$9,830,594.88	3.48%
South Texas Border	\$2,303,383.00	10.26%	\$23,966,240.34	8.48%
Southeast Texas	\$342,962.00	1.53%	\$8,328,285.73	2.95%
Upper East Texas	\$1,119,168.00	4.99%	\$22,921,577.11	8.11%
Upper Rio Grande	\$35,954.43	0.16%	\$9,498,832.54	3.36%
West Texas	\$184,467.42	0.82%	\$10,465,632.80	3.70%
Statewide Grant	N/A	0.00%	\$463,548.00	0.16%
Statewide Total	\$22,441,693.00	100.00%	\$273,893,470.89	96.93% ¹

¹ The training funds provided to Toyota prior to FY 2012 are not factored into the data reflected in the above table due to the unique nature of these projects. As a result, the total percentage in the last column ("Percent of Total Statewide Funds Awarded FY 1996-2012") does not equal 100 percent.

Table 5 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;
- the civilian labor force;
- the number of unemployed persons; and
- the number of grant applications submitted to TWC by public community and technical colleges.

The second column of the table shows data for FY 2012 only, and the last column shows cumulative data from program inception (FY 1996) through FY 2012.

TABLE 5

Region	Percentage of Statewide Funds Awarded FY 2012	Percent of State's Population ¹	Percent of State's Civilian Labor Force ²	Percent of Statewide Unemployed ²	Percent of Grant Applications FY 2012	Percentage of Statewide Funds Awarded FY 1996-2012
Alamo	11.45%	8.97%	8.51%	8.06%	6.85%	10.91%
Capital	5.56%	7.39%	8.06%	6.86%	6.85%	3.13%
Central	13.08%	4.41%	4.13%	4.03%	8.22%	6.53%
Coastal Bend	3.58%	2.98%	3.14%	2.81%	4.11%	4.27%
Gulf Coast	15.62%	24.25%	24.64%	24.80%	13.70%	16.02%
High Plains	0.90%	3.31%	3.51%	2.64%	1.37%	2.56%
Metroplex	30.21%	26.83%	27.81%	27.37%	34.25%	23.27%
Northwest Texas	1.85%	2.14%	2.18%	1.82%	2.74%	3.48%
South Texas Border	10.26%	6.78%	5.60%	8.19%	8.22%	8.48%
South East Texas	1.53%	3.01%	2.83%	3.72%	2.74%	2.95%
Upper East Texas	4.99%	4.36%	4.34%	4.40%	6.85%	8.11%
Upper Rio Grande	0.16%	3.30%	2.73%	3.60%	2.74%	3.36%
West Texas	0.82%	2.26%	2.50%	1.69%	1.37%	3.70%
Statewide Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
Statewide Total	100.00%	100.00%	100.00%	100.00%	100.00%	96.93% ³

¹ Source: U.S. Census Bureau, July 1, 2011, county population estimates.

² Source: Labor Market & Career Information, TWC FY 2012 estimates (September 1, 2011 – August 31, 2012).

³ The training funds provided to Toyota prior to FY 2012 are not factored into the data reflected in the above table due to the unique nature of the project. As a result, the total percentage in the last column ("Percentage of Statewide Funds Awarded FY 1996-2012") does not equal 100 percent.

Table 6 shows the total amount of funds awarded in FY 2012 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.

TABLE 6

Region	Micro (<21 Employees)	Small (21-99 Employees)	Medium (100-499 Employees)	Large (500+ Employees)
Alamo	\$0.00	\$304,848.00	\$0.00	\$2,263,625.92
Capital	\$0.00	\$0.00	\$140,622.68	\$1,106,670.57
Central Texas	\$0.00	\$176,744.46	\$143,105.08	\$2,615,331.45
Coastal Bend	\$0.00	\$0.00	\$0.00	\$802,644.00
Gulf Coast	\$0.00	\$148,855.87	\$136,073.16	\$3,219,809.07
High Plains	\$0.00	\$0.00	\$0.00	\$202,048.00
Metroplex	\$144,623.64	\$663,966.64	\$1,018,800.08	\$4,952,863.50
Northwest Texas	\$0.00	\$0.00	\$234,794.30	\$180,331.70
South Texas Border	\$0.00	\$252,115.47	\$880,913.16	\$1,170,354.36
Southeast Texas	\$0.00	\$74,096.73	\$268,865.27	\$0.00
Upper East Texas	\$0.00	\$0.00	\$417,138.05	\$702,029.95
Upper Rio Grande	\$0.00	\$0.00	\$0.00	\$35,954.43
West Texas	\$0.00	\$0.00	\$0.00	\$184,467.42
Statewide Total	\$144,623.64	\$1,620,627.17	\$3,240,311.80	\$17,436,130.39
Statewide Percent of Total	0.64%	7.22%	14.44%	77.70%

Table 7 shows the total number of individuals trained under the FY 2012 program by region of the state. The total for each region includes the number of trainees who entered new jobs and the number of current workers retrained.

TABLE 7

Region	Total Number of Trainees
Alamo	1,346
Capital	751
Central Texas	4,931
Coastal Bend	392
Gulf Coast	4,368
High Plains	276
Metroplex	4,809
Northwest Texas	162
South Texas Border	20
Southeast Texas	1,438
Upper East Texas	133
Upper Rio Grande	871
West Texas	343
Statewide Total	19,840

Of the 19,840 trainees, 99.95 percent were offered one or more benefits options such as medical insurance, workers' compensation or other analogous benefits programs.

Of the 5,108 new hires trained through Skills grants in FY 2012:

- 4,466 were from existing Texas employers, and
- 642 were from employers relocating to Texas.

Of the 14,732 incumbent workers trained through Skills grants in FY 2012:

- 13,322 were from existing Texas employers, and
- 1,410 were from employers relocating to Texas.

Table 8 shows the total number of individuals trained under the FY 2012 program by industry classification. The total for each industry includes the number of trainees who entered new jobs and the number of current workers retrained.

TABLE 8

Industry	Total Number of Trainees
Aerospace & Defense	0
Agricultural	166
Construction	212
Finance & Insurance	0
Health Care	7,443
Information Technology	1,459
Manufacturing	8,644
Mining	163
Retail Trade	94
Services	1,068
Transportation & Warehousing	575
Utilities	0
Wholesale Trade	16
Statewide Total	19,840

For additional information on the Skills Development Fund,
including proposal submission forms and
frequently asked questions, visit <http://skills.texasworkforce.org>.

Workforce Business Services
(877) 463-1777
skills@twc.state.tx.us

Texas Workforce Commission
101 E. 15th St., Room 426-T
Austin, TX 78778-0001

Equal Opportunity Employer/Program

Auxiliary aids and services are available upon request to individuals with disabilities.

Relay Texas: 800-735-2989 (TTY) and 711 (Voice).

Copies of this publication (12/2012) have been distributed in compliance with the State Depository Law,
and are available for public use through the Texas State Publication Depository Program at the Texas
State Library and other state depository libraries.

<http://www.texasworkforce.org>

ALAMO ★ BRAZOS VALLEY ★
CAMERON COUNTY ★ CAPITAL AREA
★ CENTRAL TEXAS ★ COASTAL BEND ★
CONCHO VALLEY ★ GREATER DALLAS
★ DEEP EAST TEXAS ★ EAST TEXAS ★
GOLDEN CRESCENT ★ GULF COAST ★
HEART OF TEXAS ★ LOWER RIO GRANDE
VALLEY ★ MIDDLE RIO GRANDE ★
NORTH CENTRAL ★ NORTHEAST TEXAS ★
NORTH TEXAS ★ PANHANDLE ★
PERMIAN BASIN ★ RURAL CAPITAL AREA
★ SOUTHEAST TEXAS ★ SOUTH PLAINS
★ SOUTH TEXAS ★ TARRANT COUNTY ★
TEXOMA ★ UPPER RIO GRANDE ★
WEST CENTRAL

