

Texas
Workforce
Commission



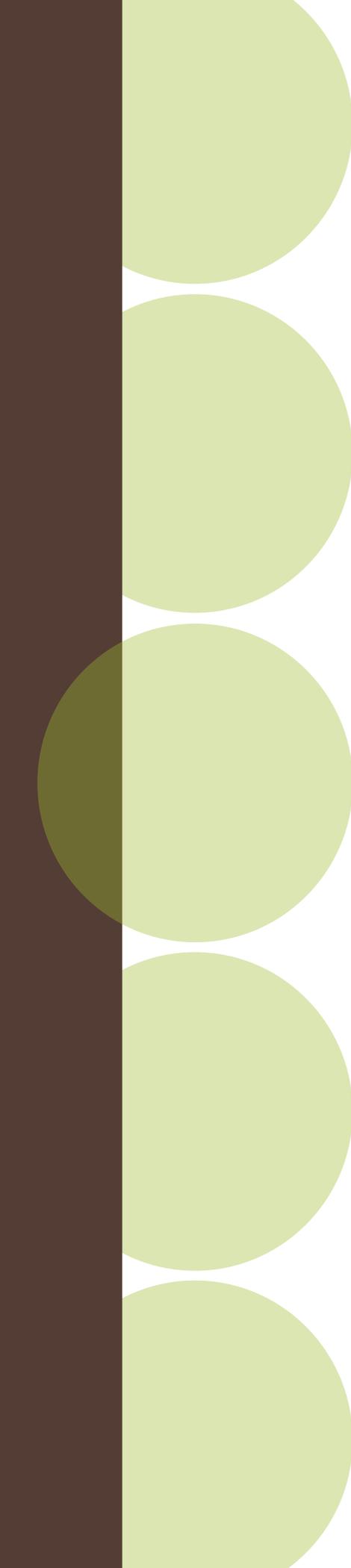
Skills Development Fund Annual Report Fiscal Year 2013



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 2013**



Skills Development Fund

Annual Report Fiscal Year 2013

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 bolstering 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 A&M 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 the businesses create new jobs and improve the skills of their current workers.

Local Workforce Development Boards (Boards) play a critical role in identifying training needs in their communities. With their input and established relationships with community colleges and businesses, we are able to ensure a broader geographic distribution of Skills funding, reaching workers across the state and impacting local economies in a positive way.

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, the Skills program has helped 3,971 employers create 95,407 jobs and upgrade the skills of 205,049 incumbent workers, for a total of 300,456 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 college, 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 workers. 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 while offering the latest in industry-led creativity and innovation in 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 projects are multifold, workers also benefit. 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 \$25.15 in FY 2013.

SKILLS FOR SMALL BUSINESS INITIATIVE

An integral part of the Texas economy is the more than 458,000 small businesses throughout the state. TWC's Skills for Small Business initiative provides them with important opportunities to request training for their workers and improve overall business operations. TWC offers the Skills for Small Business initiative 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 colleges, technical colleges, or TEEX, 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.

OIL AND GAS INITIATIVE

To help meet the industry need for skilled workers resulting from the rapid growth of oil and gas exploration and production activity in the Eagle Ford Shale and Cline/Permian Basin Shale regions, TWC created the Oil and Gas Exploration and Production Capacity Building Initiative (Oil and Gas Initiative). Community colleges in these regions collaborated with Local Workforce Development Boards and industry partners, developing regional strategies to meet the workforce and capacity shortage of the oil and gas industry. TWC's Oil and Gas Initiative offered funding to public community colleges and technical colleges in the Eagle Ford Shale and Cline/Permian Basin Shale regions to develop customized curriculum and instructor training and certifications, and to purchase equipment and simulation software for use in training individuals for employment in oil and gas exploration and production.

FAST FACTS

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

In FY 2013, TWC's Skills Development Fund:

- received 60 proposal submissions for \$24,882,285 in Skills grants;
- funded 40 grants, with an average award of \$537,058;
- served 70 businesses;
- supported the creation of 3,409 new jobs; and
- retrained 10,833 current workers in existing jobs.

SKILLS SPOTLIGHTS

Alamo Colleges

Alamo Community College District in the Workforce Solutions Alamo region partnered with TASC, Inc. in a training program for information technology (IT) occupations. TASC provides enterprise systems engineering, integration, and analytical decision-support services to the intelligence community, the U.S. Department of Defense, and the civilian agencies of the federal government. Because TASC provides systems for missile defense, nuclear submarines, global surveillance, air traffic control, and other national intelligence missions, many employees are required to maintain high-security clearances. TASC plays an important role in national security and public safety, and provides analytics, targeting, cyber forensics, network assurance, and other innovative technical services that require highly skilled employees. The company faced challenges locating qualified individuals to fill new jobs.



To meet the demand for skilled workers in San Antonio, TWC awarded Alamo Colleges a \$228,686 Skills grant to provide training on network security and safety to 41 new and 49 incumbent workers in engineering, technical, security, and software development occupations. The training resulted in numerous certifications, including Certified Ethical Hacker, Certified Information Systems Security Professional, Cisco Certified Network Associate, Comp TIA Security+, Information Technology Infrastructure Library Certification, Microsoft Certified Information Technology Professional, Oracle Database 11g Administrator Certified Associate, and Red Hat Certified System Administration. TASC represents a segment of the IT industry that is critical to national security and well-trained employees enable TASC, working with its customers, to strengthen the security and safety of intelligence systems.

"The advanced technical skills resulting from this training program will be an asset to this employer, the San Antonio region and the entire state. Advanced skills lead to higher wages for workers, a competitive edge for employers, and improved economic conditions for the region and for Texas."

State Sen. Leticia Van de Putte

Blinn College

Blinn College in Bryan partnered with Mid-South Synergy and Dig Tech, Inc. to address skills gaps in the Workforce Solutions Brazos Valley region. The companies had been unable to hire workers with electrical, mechanical, construction, and equipment operation experience. To remain competitive, the companies needed to upgrade current workforce expertise to respond to technological advancements in the distribution field. The college was awarded a \$267,648 Skills grant to train 29 new and 179 incumbent workers.



Groundsmen, apprentices, operations technicians, and journeymen trained in areas including water and wastewater operations; distribution line installation and removal; metering; and electrical transmission and distribution. The complex training program assisted in the development and implementation of an electrical lineman program at Blinn College. This new program complies with industry standards to help meet the needs of all area electrical generation and distribution companies.

“The partnerships formed through Skills Development Fund grants, like the one between Blinn College, Mid-South Synergy and Dig Tech Inc., enable employers to equip workers with in-demand skills. The workers trained through this grant will gain electrical, mechanical, construction and equipment operation skills on the latest industry technology, which will be an asset not only to the workers, but to the workforce as a whole.”

State Rep. Lois Kolkhorst

Lee College

Increased demand for high quality flexible pipelines in the onshore and shallow water markets of the oil and gas industry for gas and fluid transportation prompted FlexSteel Pipeline Technologies Inc. to open a manufacturing facility in Baytown. The new plant’s design incorporated a layout capable of double train production lines to maintain increased automation, heightened efficiency and productivity. Lee College was awarded a \$78,825 Skills grant to assist with the start-up training requirements for 59 new and 20 incumbent workers in the Workforce Solutions Gulf Coast Region.

In order for FlexSteel to begin the production lines, electronic technicians, material control handlers, information technologists, enterprise resource planners, manufacturing engineers, and technical advisers required training in basic electrical currents, electrical schematics, motor controls and troubleshooting, and material testing requirements. Operating the plant around the clock, seven days a week required four well-trained crews to maintain peak efficiency and productivity. The Baytown facility is strategically located within a one day drive to approximately 70 percent of the oil and gas activities in the United States, resulting in decreased customer transportation costs through the convenience of interstate, rail, and port distribution.

“Skills Development Funds help employers like Flexsteel Pipeline Technologies get their Texas operations off the ground by funding on-the-job training at local community colleges. The workers benefit from the training funded through this grant by gaining employment or upgraded technical skills.”

State Rep. Wayne Smith

Tarrant County College District

The Arlington General Motors facility has operated on overtime shifts since 2009. To relieve the workforce of extra shifts and respond to growing market demands for vehicles, the company transitioned the facility to three shifts. To help prepare the growing workforce for technology advancements as a result of the expansion, Tarrant County College District was awarded an \$868,179 Skills grant.

New tooling and equipment necessary to build sport utility vehicles (SUVs) required training for 72 new and 477 incumbent workers in the Workforce Solutions Tarrant County region. Pipefitters, millwrights, industrial engineers, process engineers and toolmakers received training in welding, hydraulics and pneumatics, electrical schematics, and robotics. The training provided workers with the manufacturing skills to build full-sized SUVs, while surpassing production demands and passing quality assurance inspections.



“Partnerships such as the collaboration between General Motors and Tarrant County College greatly benefit the employee, employer and the community. The state’s Skills Development Fund grants not only provide a pipeline of skilled workers for employers, but advanced skills, improved wages, and career opportunities for employees which lead to many economic benefits for the community.”

State Sen. Kelly Hancock

THE FUTURE

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

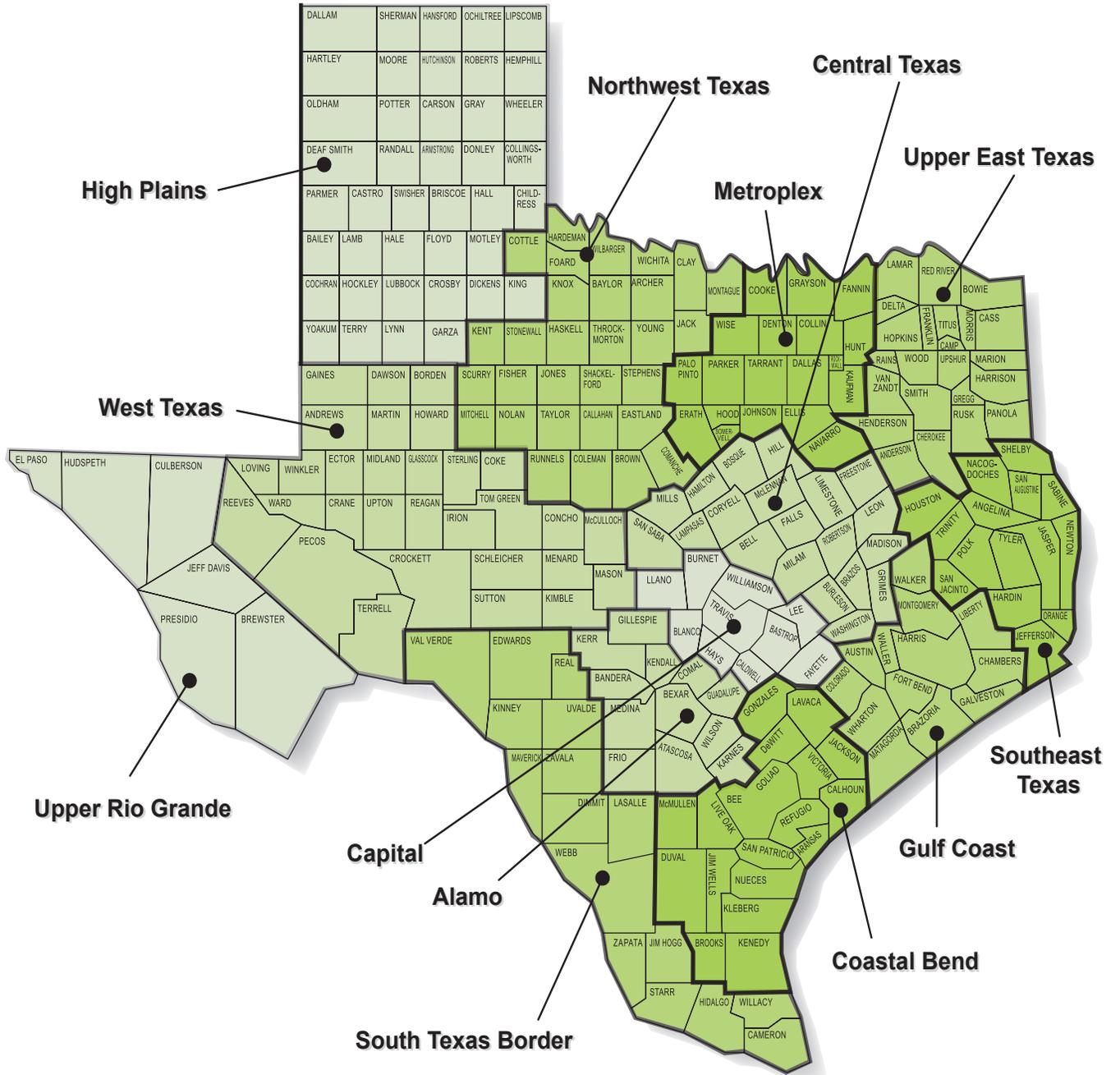
As the Texas workforce grows and global competition increases the need for specialized competencies, many businesses find that their workforce lacks the skills necessary to excel in an international marketplace. This program was specifically designed to meet that need—to provide the workforce skills 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. TWC implemented a new contracting model in 2013 to allow greater flexibility in the development and management of Skills projects, based upon input from colleges and business partners. The new model enables colleges to respond quickly to changing needs of business partners. Since its implementation, the new model has reduced the number of processed contract amendments by more than 50 percent.

TWC continues to improve the Skills program by implementing Rapid Process Improvement (RPI) to review all processes from inception of a project to the completion of training. The aim of RPI is to improve overall program management efficiency while increasing the speed at which business training needs are met.

Comptroller's 13 Regions of Texas



Texas Workforce Commission

Skills Development Fund FY 2013 Legislative Annual Report

(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 through 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 Withdrawn
Alamo	4	3	0
Capital	2	2	0
Central Texas	4	4	0
Coastal Bend	3	3	0
Gulf Coast	12	11	1
High Plains	2	1	1
Metroplex	21	17	0
Northwest Texas	2	1	0
South Texas Border	3	3	0
Southeast Texas	2	2	0
Upper East Texas	3	2	0
Upper Rio Grande	N/A	N/A	N/A
West Texas	2	2	0
Statewide Total	60	51	2

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. The Number of Applications Submitted includes proposals submitted but were not awarded prior to the end of the Fiscal Year. Also, a grant was awarded to a college in the High Plains region; however, the business decided to withdraw its participation after contract initiation.

Table 2 shows the average and median weekly wage levels of individuals trained under the FY 2013 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)	\$1,031.01	\$978.77
New Hires	\$926.58	\$903.86

Table 3 shows the average and median weekly wage levels of all individuals trained under the FY 2013 program. These wage levels are presented for each region of the state.

TABLE 3

Region	Average Weekly Wage	Median Weekly Wage
Alamo	\$1,155.47	\$1,084.89
Capital	\$1,867.66	\$1,963.22
Central Texas	\$904.00	\$930.00
Coastal Bend	\$740.75	\$632.84
Gulf Coast	\$1,093.31	\$1,009.73
High Plains	\$1,175.38	\$1,141.76
Metroplex	\$1,285.12	\$1,280.00
Northwest Texas	\$912.40	\$915.75
South Texas Border	\$1,019.24	\$997.22
Southeast Texas	\$504.12	\$437.93
Upper East Texas	\$694.53	\$640.27
Upper Rio Grande	N/A	N/A
West Texas	\$929.20	\$878.91

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 2013 only, and the last two columns show cumulative data from program inception (FY 1996) through FY 2013.

TABLE 4

Region	Amount Awarded by Region FY 2013	Percent of Statewide Funds Awarded FY 2013	Total Amount of Funds Awarded by Region FY 1996-2013	Percent of Total Statewide Funds Awarded FY 1996-2013
Alamo	\$713,410.45	3.32%	\$31,545,738.48	10.37%
Capital	\$108,758.46	0.51%	\$8,951,272.18	2.94%
Central Texas	\$1,186,657.01	5.52%	\$19,633,494.85	6.46%
Coastal Bend	\$2,365,437.00	11.01%	\$14,435,343.32	4.75%
Gulf Coast	\$6,608,213.18	30.76%	\$51,872,643.08	17.06%
High Plains	\$110,168.14	0.51%	\$7,330,609.63	2.41%
Metroplex	\$7,147,789.80	33.27%	\$72,890,092.00	23.97%
Northwest Texas	\$402,183.00	1.87%	\$10,232,777.88	3.37%
South Texas Border	\$613,091.97	2.85%	\$24,579,332.31	8.08%
Southeast Texas	\$116,545.42	0.54%	\$8,444,831.14	2.78%
Upper East Texas	\$212,035.44	0.99%	\$23,133,612.54	7.61%
Upper Rio Grande	\$0.00	0.00%	\$9,498,832.54	3.12%
West Texas	\$1,898,048.15	8.84%	\$12,363,680.95	4.07%
Statewide Grant	N/A	0.00%	\$463,548.00	0.15%
Statewide Total	\$21,482,338.00	100.00%	\$295,375,808.89	97.14% ¹

¹ The training funds provided to Toyota prior to FY 2013 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 1996-2013") 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 2013 only, and the last column shows cumulative data from program inception (FY 1996) through FY 2013.

TABLE 5

Region	Percentage of Statewide Funds Awarded FY 2013	Percent of State's Population ¹	Percent of State's Civilian Labor Force ²	Percent of Statewide Unemployed ²	Percent of Grant Applications FY 2013	Percentage of Statewide Funds Awarded FY 1996-2013
Alamo	3.32%	8.99%	8.49%	8.04%	6.67%	10.37%
Capital	0.51%	7.48%	8.17%	6.83%	3.33%	2.94%
Central	5.52%	4.38%	4.07%	4.04%	6.67%	6.46%
Coastal Bend	11.01%	2.97%	3.14%	2.76%	5.00%	4.75%
Gulf Coast	30.76%	24.34%	24.75%	24.25%	20.00%	17.06%
High Plains	0.51%	3.28%	3.41%	2.73%	3.33%	2.41%
Metroplex	33.27%	26.90%	28.08%	27.30%	35.00%	23.97%
Northwest Texas	1.87%	2.11%	2.16%	1.80%	3.33%	3.37%
South Texas Border	2.85%	6.73%	5.51%	8.60%	5.00%	8.08%
South East Texas	0.54%	2.96%	2.77%	3.87%	3.33%	2.78%
Upper East Texas	0.99%	4.31%	4.22%	4.40%	5.00%	7.61%
Upper Rio Grande	0.00%	3.27%	2.66%	3.69%	0.00%	3.12%
West Texas	8.84%	2.28%	2.58%	1.69%	3.33%	4.07%
Statewide Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.15%
Statewide Total	100.00%	100.00%	100.00%	100.00%	100.00%	97.14% ³

¹ Source: U.S. Census Bureau, July 1, 2012, county population estimates.

² Source: Labor Market & Career Information, TWC FY 2013 estimates (September 1, 2012 – August 31, 2013).

³ The training funds provided to Toyota prior to FY 2013 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 1996-2013") does not equal 100 percent.

Table 6 shows the total amount of funds awarded in FY 2013 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	\$0.00	\$0.00	\$713,410.45
Capital	\$0.00	\$0.00	\$0.00	\$108,758.46
Central Texas	\$21,660.15	\$0.00	\$645,111.37	\$519,885.49
Coastal Bend	\$0.00	\$0.00	\$0.00	\$2,365,437.00
Gulf Coast	\$0.00	\$0.00	\$921,807.98	\$5,686,405.19
High Plains	\$0.00	\$0.00	\$0.00	\$110,168.14
Metroplex	\$28,753.64	\$233,908.16	\$2,589,328.48	\$4,295,799.51
Northwest Texas	\$0.00	\$0.00	\$402,183.00	\$0.00
South Texas Border	\$0.00	\$0.00	\$301,736.00	\$311,355.97
Southeast Texas	\$0.00	\$82,827.00	\$0.00	\$33,718.42
Upper East Texas	\$0.00	\$0.00	\$0.00	\$212,035.44
Upper Rio Grande	\$0.00	\$0.00	\$0.00	\$0.00
West Texas	\$0.00	\$0.00	\$0.00	\$1,898,048.15
Statewide Total	\$50,413.78	\$316,735.16	\$4,860,166.84	\$16,255,022.22
Statewide Percent of Total	0.23%	1.47%	22.62%	75.67%



Table 7 shows the total number of individuals trained under the FY 2013 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	332
Capital	94
Central Texas	601
Coastal Bend	872
Gulf Coast	4,434
High Plains	44
Metroplex	6,273
Northwest Texas	194
South Texas Border	413
Southeast Texas	89
Upper East Texas	94
Upper Rio Grande	N/A
West Texas	802
Statewide Total	14,242

Of the 14,242 trainees, 100 percent were offered one or more benefits options such as health care, workers' compensation or other analogous benefits programs.

Of the 3,409 new hires trained through Skills grants in FY 2013:

- 3,087 were from existing Texas employers, and
- 322 were from employers relocating to Texas.

Of the 10,833 incumbent workers trained through Skills grants in FY 2013:

- 9,454 were from existing Texas employers, and
- 1,379 were from employers relocating to Texas.

Table 8 shows the total number of individuals trained under the FY 2013 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 ¹	0
Agricultural	0
Construction	244
Finance & Insurance	461
Health Care	275
Information Technology	100
Manufacturing ¹	9,218
Mining	1,277
Retail Trade	0
Services	720
Transportation & Warehousing	194
Utilities	115
Wholesale Trade ¹	1,638
Statewide Total	14,242

¹ Aerospace and Defense Industry trainees are included in projects classified in the Manufacturing and Wholesale Trade Industries.





Workforce Business Services
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778-0001

877-463-1777

<http://skills.texasworkforce.org>
skills@twc.state.tx.us

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 (02/2014) 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>

