

### **Section 803.13 Program Objectives (Skills Development Fund)**

The Texas Workforce Commission (Commission) adopts amendments to § 803.13, concerning program objectives regarding the operation of the Skills Development Fund, without changes to the proposed text as published in the October 30, 1998 issue of the *Texas Register* (23 TexReg 11099). The adopted text will not be republished here.

The purpose of the amendments is to create a new, heightened emphasis on serving local workforce development areas (workforce areas) possessed of higher than average unemployment rates.

Training for jobs that are known to exist is an important goal in areas with high unemployment rates. The Skills Development Fund can help meet that need.

The Commission, while maintaining efficient statewide distribution for the program's resources, is committed to timely service of these high-need areas.

The amendments allow the Director of the fund to emphasize service to areas with high unemployment rates.

Under the amendments, applications for grant money available to a workforce area with a high unemployment rate would be processed on a priority basis.

Expedited processing will encourage grant applications from eligible areas. Applications can be expected to arrive earlier in the fiscal year and in greater quantity. This will help assure that the Skills Development Fund is helping workers in eligible areas as fast as possible and help assure the most effective use of dollars available to eligible areas.

The North Central Texas Workforce Board (Board) submitted the only public comment on the rule. The Board expressed concerns regarding the rule, which indicated that the Board was against the amendment. The comment and response are set forth as follows:

Comment: The commenter stated that the changes to the rule could result in conflicts with the legislative program objective of ensuring that funds are spent in all areas of this state and that the changes are not an appropriate way to encourage applications from high unemployment areas. The commenter stated that the current application process is designed to be efficient and timely, as applications are only two pages long (plus backup documentation). The commenter stated that the goal is a two-week turnaround on completed applications. However, the commenter expressed that many

applications require revisions, lengthening that time frame. Expediting the revision process for programs in high unemployment areas is unfair. There is a potential that each quarter only those programs would be funded. This is unfair to employers who have jobs available in low unemployment areas. Changing the rules for the program favors the fewer and lower paying jobs in high unemployment areas to the detriment of the plentiful and higher paying jobs in lower unemployment areas.

Response: The Commission disagrees with the comment because the amendment will not effect state-wide distributions of the funds available for the Skills Development Fund program nor is it expected to significantly alter the processing of applications from areas that do not have high unemployment. The amendment is anticipated to decrease the response time for applications from areas of high unemployment without affecting the processing time for applications from other areas. The Commission is strongly dedicated to a fair execution of the legislative intent. As indicated in Texas Labor Code §303.004, "It is the intent of the legislature that, to the greatest extent practicable, money from the skills development fund shall be spent in all areas of this state."

The amendments are adopted under Texas Labor Code §301.061, which provides the Commission with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of the Commission programs.

#### §803.13. Program Objectives.

(a) The following are the program objectives in administering the Skills Development Fund:

- (1) to ensure that funds from the program are spent in all areas of this state;
- (2) to develop projects that will create jobs in local workforce development areas (workforce areas) where the unemployment rate is above the state's annual average unemployment rate;
- (3) to prioritize the processing of grant requests from workforce areas where the unemployment rate is higher than the state's annual average unemployment rate;
- (4) to respond to the training needs of consortiums consisting of at least two micro-, small or medium-sized businesses;
- (5) to facilitate projects eligible for the Self-Sufficiency Fund, by working with employers and training organizations to provide training for targeted employment for recipients of Temporary Assistance to Needy Families (TANF formerly referred to as

Aid For Dependent Children AFDC) and to facilitate other projects which assist in the employment of former welfare recipients;

(6) to sponsor pilot programs in allied health professions for certain recipients of financial assistance under Human Resources Code, Chapter 31;

(7) to develop projects that at completion of the training will result in wages greater than the prevailing wage for that occupation in the local labor market for the participants in the customized training program;

(8) to develop projects that at the completion of training will result in employment benefits, including medical insurance, for the participants in the customized training program;

(9) to facilitate the growth of industry and emerging occupations;

(10) to sponsor creation and attraction of high value, high skill jobs for the state;

(11) to ensure retention of jobs by providing retraining in response to new or changing technology;

(12) to develop projects which include contributions from other resources, including the private partners, that are being committed to the customized training program; and

(13) to ensure expansion of the state's capacity to respond to workforce training needs.

(b) In processing requests referenced in paragraph (3) of subsection (a), the director shall give priority in processing to grant requests from workforce areas where the unemployment rate is higher than the state's annual average unemployment rate. Notwithstanding the priority in processing, the other objectives within this section apply.

(c) The priority referenced in paragraph (4) of subsection (a) shall be for micro-businesses which employ not more than 20 employees as defined under Government Code, Section 481.151, small businesses that have fewer than 100 employees or less than \$1 million in annual gross receipts as defined under Government Code, Section 481.101(3), and medium-sized businesses which employ not more than 500 employees.