

## **Middle Skills Gap Discussion Paper**

### **Background:**

On August 17, 2021, and September 21, 2021, the Texas Workforce Commission approved funding for initiatives as part of a statewide strategy to end the middle skills gap in Texas. Employment demand for individuals with middle skills, defined as workers with some education or training beyond high school but less than a four-year degree, remains high with more than 270,000 job ads for middle skills jobs in June of 2023.

On March 14, 2023, the Commission approved \$5M in Workforce and Innovation Opportunity Act (WIOA) Funds to pilot Upskill Texas, a rapid incumbent working training initiative. On February 15, 2022, the Commission approved \$4M (\$2M WIOA Statewide and \$2M DOL Apprenticeship Expansion) for a Critical Occupations Apprenticeship.

### **Issue:**

To continue efforts to eliminate the middle skills gap and strengthen the workforce to meet the need of Texas employers, additional funding is necessary for key middle skills initiatives that have or are on target to exhaust all available funding. Additionally, new initiatives are necessary to pursue this effort.

The UpSkill Texas initiative has shown great interest with \$4 in applications for every \$1 in available funds. Providing additional funding will enable more employers to upskill their current workforce and continue to bolster local economies and avoid layoffs.

Similarly, the Critical Occupations Apprenticeship program has proved to be a popular program to help eliminate hiring issues caused by the middle skills gap. Based on the applications received to date, this program appears likely to exhaust available funding. Additional funding is needed to support these in-demand occupations.

In addition to providing funding for existing initiatives, there are new ways TWC can support middle skills jobs. A barrier for jobseekers considering a middle skills occupation can be an inability to pay for the necessary exam or licensure needed following training. Providing funding to pay for exams or licensure for jobseekers that have completed a High School Career and Technical Education Program or training through a Community College or other training provider under a TWC Initiative, would help to mitigate this issue.

Once jobseekers are trained and have the required licensure or credential, they still need connection to a job. Local Workforce Boards (Boards) are critical connectors between employers and job seekers in their areas. Additional funding to Boards for the purpose of connecting the jobseekers to employers with available jobs as soon as the jobseeker acquires necessary credentials would empower Boards to meet the needs of their local area.

### **Decision Points:**

TWC should invest additional funds into the following Middle Skills Gap elimination programs:

- WIOA Statewide funding toward the UpSkill Texas Initiative.

- WIOA Statewide funding to the Critical Occupations Apprenticeship.
- WIOA Statewide and TANF funding to pay for exams and/or licensure/credential assistance.
- WIOA Statewide funding to Boards to connect jobseekers with newly acquired credentials to employers with open jobs in their local areas.