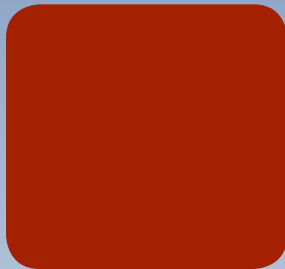
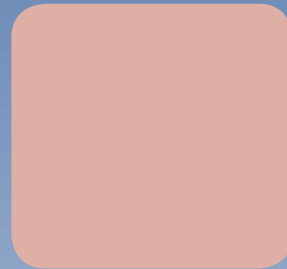


Skills

Development Fund



Train your workforce.
Power your business.



Texas Workforce Commission 2010 Skills Annual Report

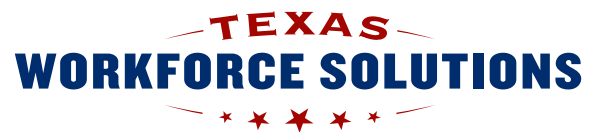
Texas Workforce Commission Mission

To promote and support a workforce system that offers employers, individuals and communities the opportunity to achieve and sustain economic prosperity.



Texas Workforce Commission

Skills Development Fund
Annual Report Fiscal Year 2010



Skills Development Fund

Annual Report Fiscal Year 2010

The Texas Workforce Commission (TWC) recognizes the value of skills training to Texas employers. As economic development efforts become more influenced by a global economy, a well-trained workforce can be the pivotal factor between retaining and attracting businesses to Texas and losing jobs to other states or countries.

In the competitive global economy, TWC's Skills Development Fund (Skills) is a key component of Texas' workforce and economic development strategy. The ongoing interest and support of the Governor and the Texas Legislature illustrate the importance of this program to Texas' economic vitality. The Skills program has provided 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. The concept is simple. 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 develop customized training for its workforce to 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 3,640 employers create 85,494 jobs and upgrade the skills of 169,370 incumbent workers, for a total of 254,864 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 TEEEX to develop a project to fill that need. Businesses may 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 bring 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, or the training can be provided by the businesses themselves.

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 for the area. Statewide, the average wage paid to workers trained with Skills grants has increased from \$10.33 an hour in FY 1996 to \$26.07 in FY 2010. In addition, 100 percent of the 26,718 Skills trainees were offered one or more benefit options, such as health insurance, workers' compensation, or 401(k) plans.

Skills For Small Business Initiative

An integral part of the Texas economy is the more than 433,000 small businesses throughout the state. In order to provide them an exciting opportunity to request training for their employees and improve overall business operations, TWC recently implemented 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 and obtain the training they determine to be necessary for their success. Businesses apply directly to TWC for training and TWC arranges the grant with the local public community or technical college.

Fast Facts

TWC strives to ensure that Skills 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 Fiscal Year 2010 (FY 2010), TWC's Skills Development Fund:

- received 92 proposals for \$55,837,578 in Skills grants;
- funded 49 grants with an average award of \$818,730;
- served 207 businesses;
- supported the creation of 5,736 new jobs; and
- retrained 20,982 current workers in existing jobs;

Skills Spotlight:

Alvin Community College

Keeping up with the demands of increasing technologies in the areas of maintenance and operations is a top concern for petrochemical companies, as this industry faces significant economic pressure from



Photo courtesy of Team Industrial Services

both domestic and foreign competitors. Alvin Community College was awarded a Skills grant for \$1,335,274 to address this concern for four of the petrochemical businesses located in the college's service area. This project is providing training for 75 new and 565 incumbent workers on new manufacturing equipment to ensure they have the critical skills needed to keep plants operating at optimal levels of safety and productivity.

The curriculum provides for the development of a wide range of technical skills in subject areas such as electrical, electronics, hydraulics, programmable controllers and advanced systems analysis and troubleshooting. The training will prepare workers for national certifications in

performing dangerous procedures and will also address critical safety measures and achievement of regulatory requirements. In addition, the college will develop course content in instrumentation, distributed control systems, and metallurgy that will not only increase its own capacity to serve the petrochemical industry, but will also be useful to other colleges in providing training in this highly regulated industry.

"It is vital to give employers a competitive edge in the global marketplace by ensuring that Texas workers have the skills that are in high demand," said state Rep. Randy Weber. "I am pleased to see Alvin Community College being such a great partner in the community and meeting the needs of area employers through specialized job training programs."

Skills Spotlight:

Alamo Community College

The Toyota plant in San Antonio, Texas, which began as a facility to produce the Tundra truck, has recently expanded to include the manufacture of the Tacoma truck. This will not only expand and diversify the plant's capacity, but will also add new jobs over a period of time. To assist the business in gearing up for this new phase of production, Alamo Colleges was awarded \$7,629,354 to provide training to 400 new workers. Toyota is investing millions of dollars to retool the plant to accommodate the second line of trucks, and officials estimate that it will be capable of producing 100,000 Tacomas at peak capacity. The expansion will also benefit the numerous on-site suppliers and manufacturers that support the Toyota plant, and will lead to new jobs for those businesses as well.



“As Toyota ramps up production in Texas, this investment will not only expand and diversify the plant’s capacity, but also add hundreds of new jobs for the San Antonio area,” said state Sen. Leticia Van de Putte.

Skills Spotlight:

Collin College

Collin College has partnered with a consortium of eight small and medium manufacturing businesses that have found niche markets for their products. These diverse businesses manufacture products such as custom parts for airline jets, building materials for commercial roofs and ducts, and chemicals for pathology labs. Each company has weathered the off-shoring of jobs, stiff



competition from overseas manufacturing, and the recent recession. A critical part of the manufacturing business is programming, maintaining, and troubleshooting expensive machinery. If there are any breakdowns, businesses quickly experience delays or lost revenue. The college was awarded a grant for \$808,066 to upgrade the advanced technology skills of 25 new and 428 incumbent workers and help the businesses develop new methods to improve productivity and reduce waste. It includes training in high-end lean manufacturing skills, technical applications, mechanical and robotic skills, and software applications. Through this grant, the college will build its capacity to provide Solid Works and Robotic Automation courses and will become the first in the region with this capability.

Another unique aspect of this project is that the college will provide a course on Measuring Return on Investment so that participating businesses can learn to benchmark their processes and then measure positive changes as the project progresses.

“Employers benefit from a workforce that is trained in the latest manufacturing techniques, and workers advance their skills and earn higher wages,” said state Rep. Jerry Madden.

Skills Spotlight:

El Paso Community College

El Paso Community College was awarded \$343,928 to provide training for a consortium of nine construction businesses that includes labor union companies and independent contractors. The college will train 16 new and 49 incumbent workers in photovoltaic design and installation and the auxiliary courses that



complement photovoltaic applications. Solar power energy and green construction are fast growing fields in the El Paso region. Fort Bliss has developed a ten-year plan to make buildings energy efficient via geothermal, solar thermal, photovoltaic, and wind technology. Recently, Fort Bliss received a large allocation for the construction of hospital and aviation facilities that included funds for photovoltaic applications. All buildings constructed at Fort Bliss will be certified by the Leadership in Energy and Environmental Design (LEED) rating system. This expansion will provide an abundance of contracting opportunities for employers in the construction trades. To ensure that the businesses in the consortium have the skills to compete in the bid process for the Fort Bliss expansion, El Paso Community College

will develop curricula in Photovoltaic (PV) Systems. Trainees completing this course will be eligible to sit for the North American Board Certification Energy Practitioners PV Certification Exam. The college will further expand its capacity by purchasing equipment that will benefit this project and can then be used in future training, including the associates degree and 1-year certificate programs developed for this industry.

“As the nation continues to explore alternative energy resources and applications, workers trained with the latest skills in renewable energy industries will be very valuable to Texas businesses,” said state Rep. Joe Pickett.

Skills Spotlight:

San Jacinto College in partnership with Lee College

The East Harris County Manufacturers' Association (EHCMA) represents more than 125 petrochemical companies along the Houston Ship Channel. Since 2006, they have partnered with San Jacinto College and Lee College in a variety of activities to increase the pipeline of well-trained new and incumbent employees that will be needed to replace the retiring generation of current workers. There is a critical need for qualified workers, as the companies expect more than 10,000 vacancies over the next five to eight years due to retirements and growth. Through a \$1,768,491 Skills grant, 12 EHCMA businesses will receive training in the areas of operations, maintenance, and management, including 39 new and 742 incumbent workers. During this project, San Jacinto and Lee Colleges will expand their capacities to serve area businesses beyond the life of the grant by developing courses in various levels of process operator troubleshooting. The courses will include a variety of simulations that mimic mechanical problems trainees will be



challenged to resolve on the job. In addition, successful trainees will receive industry and nationally recognized certifications in National Center for Construction Education and Research (NCCER) Rigging Fundamentals, NCCER Advanced Rigging, and HAZWOPER Annual Refresher.

“This partnership will ensure that employers and workers in petrochemical companies along the Houston Ship Channel can continue to grow and prosper,” said state Sen. Mike Jackson.

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 a result, interest and support for the Skills program has grown.

As the Texas workforce ages 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.

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.

Texas Workforce Commission
Skills Development Fund
FY 2010 Legislative Annual Report
(Chapter 303.006 Labor Code)

The Skills Development Fund assists businesses, trade unions, and community and technical colleges by financing customized job training projects for workers entering new positions or current workers upgrading their skills. This fund successfully merges the needs of business with local job training opportunities into a winning formula for addressing skills gaps. During FY 2010, the Texas Workforce Commission operated the Skills Development Fund program on a budget of approximately \$50 million appropriated by the Texas Legislature – \$40 million in State General Revenue and \$10 million in American Recovery and Reinvestment Act funds. Recognizing the economic challenges faced by businesses and unemployed individuals in the state, TWC transferred approximately \$5.5 million from the Skills Development Fund to the Texas Back-to-Work (TBTW) Initiative in order to assist in the effort to put Texans back to work. TBTW is a program that encourages employers to hire Unemployment Insurance claimants. Approximately \$3.8 million of the transferred funding will be returned to the Skills Development Fund for grants in FY 2011.

The following data satisfies the requirements set forth by the 77th Legislature for an annual report of Skills Development Fund program statistics. The legislation identifies the specific data elements that must be reported and requires it to be reported by Comptroller Region (see Tables 1 and 3-7). Since the Skills for Small Business initiative was launched in the last quarter of FY10, outcome data is not yet available and is not factored into the following tables.

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	6	6	0	0
Capital	6	5	1	0
Central Texas	2	2	0	0
Coastal Bend	7	7	0	0
Gulf Coast	24	18	3	3
High Plains	3	3	0	0
Metroplex	18	15	1	2
Northwest Texas	4	4	0	0
South Texas Border	7	6	1	0
Southeast Texas	4	3	0	1
Upper East Texas	6	5	1	0
Upper Rio Grande	3	2	0	1
West Texas	2	2	0	0
Statewide Total	92	78	7	7

Note: Some applications were submitted by colleges that had partnered with businesses in two different Comptroller Regions. In these cases, the application was counted once in each region.

Table 2 shows the average and median weekly wage levels of individuals trained under the FY 2010 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)	\$1,076.93	\$957.83
New Hires	\$917.77	\$858.93

Table 3 shows the average and median weekly wage levels of all of individuals trained under the FY 2010 program. These wage levels are presented for each region of the state.

TABLE 3

Region	Average Weekly Wage	Median Weekly Wage
Alamo	\$1,047.31	\$1,043.83
Capital	1,254.94	1,162.55
Central Texas	1,075.62	811.96
Coastal Bend	1,009.86	893.81
Gulf Coast	1,101.83	996.28
High Plains	1,068.91	1,006.79
Metroplex	1,148.25	992.42
Northwest Texas	647.30	595.60
South Texas Border	498.49	464.47
Southeast Texas	884.78	690.89
Upper East Texas	1,056.38	1,016.79
Upper Rio Grande	771.60	820.00
West Texas	1,090.83	1,069.04

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 2010 only, and the last two columns show cumulative data from program inception (FY 1996) through FY 2010.

TABLE 4

Region	Amount Awarded by Region FY 2010	Percent of Statewide Funds Awarded FY 2010	Total Amount of Funds Awarded by Region FY 1996-2010	Percent of Total Statewide Funds Awarded FY 1996-2010
Alamo	\$12,433,383.73	30.99	\$28,038,934.03	11.42
Capital	913,060.59	2.28	6,889,380.61	2.81
Central Texas	1,384,897.00	3.45	14,446,889.26	5.88
Coastal Bend	3,703,588.20	9.23	11,219,472.28	4.57
Gulf Coast	8,762,289.02	21.84	40,113,270.22	16.34
High Plains	97,467.72	.24	6,743,027.62	2.75
Metroplex	7,180,912.91	17.90	52,919,037.44	21.55
Northwest Texas	3,029,117.00	7.55	9,322,268.88	3.80
South Texas Border	943,775.88	2.35	19,997,663.34	8.14
Southeast Texas	71,933.22	.18	6,471,094.73	2.64
Upper East Texas	593,496.23	1.48	20,543,007.11	8.37
Upper Rio Grande	343,928.00	.86	9,462,878.10	3.85
West Texas	659,926.52	1.64	10,229,590.39	4.17
Statewide Grant	0.00	0.00	463,548.00	0.19
Statewide Total	40,117,776.00	100.00	236,860,062.00	96.46 ¹

¹ The training funds provided to Toyota prior to FY 2010 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 2010") 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 2010 only, and the last column shows cumulative data from program inception (FY 1996) through FY 2010.

TABLE 5

Region	Percentage of Statewide Funds Awarded FY 2010	Percent of State's Population ¹	Percent of State's Civilian Labor Force ²	Percent of Statewide Unemployed ²	Percent of Grant Applications FY 2010	Percentage of Statewide Funds Awarded FY 1996-2010
Alamo	30.99	8.78	8.49	7.50	6.52	11.42
Capital	2.28	7.33	7.96	6.92	6.52	2.81
Central	3.45	4.32	4.27	3.75	2.17	5.88
Coastal Bend	9.23	3.01	3.11	3.03	7.61	4.57
Gulf Coast	21.84	24.23	24.38	25.07	26.09	16.34
High Plains	.24	3.28	3.57	2.63	3.26	2.75
Metroplex	17.90	27.47	28.03	28.25	19.57	21.55
Northwest Texas	7.55	2.16	2.29	1.97	4.35	3.80
South Texas Border	2.35	6.64	5.54	7.63	7.61	8.14
South East Texas	.18	3.02	2.90	3.54	4.35	2.64
Upper East Texas	1.48	4.41	4.42	4.51	6.52	8.37
Upper Rio Grande	.86	3.13	2.69	3.13	3.26	3.85
West Texas	1.64	2.23	2.35	2.06	2.17	4.17
Statewide Grant	0.00	0.00	0.00	0.00	0.00	0.19
Statewide Total	100.00	100.00	100.00	100.00	100.00	96.46 ³

¹ Source: U.S. Census Bureau, July 1, 2009 county population estimates.

² Source: Labor Market & Career Information, TWC FY 2010 estimates (September 1, 2009 – August 31, 2010).

³ The training funds provided to Toyota prior to FY 2010 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 1996-2010") does not equal 100 percent.

Table 6 shows the total amount of funds awarded in FY 2010 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	\$136,620.43	\$366,851.16	\$11,929,912.14
Capital	0.00	0.00	0.00	913,060.59
Central Texas	0.00	0.00	0.00	1,384,897.00
Coastal Bend	0.00	40,469.44	380,197.92	3,282,920.84
Gulf Coast	62,727.63	142,464.58	2,012,915.90	6,544,180.91
High Plains	0.00	0.00	0.00	97,467.72
Metroplex	329,260.07	692,906.92	2,000,378.62	4,158,367.30
Northwest Texas	0.00	556,684.05	331,318.72	2,141,114.23
South Texas Border	37,322.60	359,654.17	447,871.23	98,927.88
Southeast Texas	0.00	0.00	0.00	71,933.22
Upper East Texas	34,982.00	0.00	0.00	558,514.23
Upper Rio Grande	275,142.40	68,785.60	0.00	0.00
West Texas	0.00	0.00	0.00	659,926.52
Statewide Total	739,434.70	1,997,585.19	5,539,533.55	31,841,222.56
Statewide Percent of Total	1.84	4.98	13.81	79.37

Table 7 shows the total number of individuals trained under the FY 2010 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	4,503
Capital	720
Central Texas	2,346
Coastal Bend	1,621
Gulf Coast	7,193
High Plains	43
Metroplex	6,425
Northwest Texas	2,430
South Texas Border	595
Southeast Texas	98
Upper East Texas	449
Upper Rio Grande	65
West Texas	230
Statewide Total	26,718

Of the 26,718 trainees, 100 percent were offered one or more benefits options such as health care, workers' compensation or other analogous benefits programs.

Of the 5,736 new hires trained through Skills grants in FY 2010:

- 4,276 were from existing Texas employers, and
- 1,460 were from employers relocating to Texas.

Of the 20,982 incumbent workers trained through Skills grants in FY 2010:

- 20,073 were from existing Texas employers, and
- 909 were from employers relocating to Texas.

Table 8 shows the total number of individuals trained under the FY 2010 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
Construction	1,153
Health Care	5,163
Information Technology	3,275
Manufacturing	12,101
Mining	559
Services	2,093
Transportation & Warehousing	364
Utilities	1,780
Wholesale Trade	230
Statewide Total	26,718

**The FY 2009 report included data for the Aerospace & Defense, Finance & Insurance, and Retail Trade industries; however, no Skills grants were awarded in these industries for FY 2010.*

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

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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

