



1                                   **CHAPTER 803. SKILLS DEVELOPMENT FUND**

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3                   **SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND**

4  
5                   **§803.1. Scope and Purpose.**

- 6  
7                   (a) Purpose. The purpose of the Skills Development Fund is to develop customized  
8                   training projects for businesses and trade unions and to support employers expanding  
9                   or relocating to Texas by enhancing the ability of public community and technical  
10                  colleges, Local Workforce Development Boards (Boards), and the Texas A&M  
11                  Engineering Extension Service (TEEX) to respond to industry and workforce  
12                  training needs and to develop incentives for Boards, public community and technical  
13                  colleges, TEEX, or community-based organizations to provide customized  
14                  assessment and training in a timely and efficient manner.  
15  
16                  (b) Goal. The goal of the Skills Development Fund is to increase the skills level and  
17                  wages of the Texas workforce.

18  
19                  *The provisions of this §803.1 adopted to be effective January 29, 2003, 28 TexReg 751;*  
20                  *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*  
21                  *25, 2021, 46 TexReg 580*

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24  
25                  **§803.2. Definitions.**

26  
27                  In addition to the definitions contained in §800.2 of this title, the following words and  
28                  terms, when used in this chapter, shall have the following meanings unless the context  
29                  clearly indicates otherwise.

- 30  
31                  (1) Customized training project--A project that:  
32  
33                         (A) provides workforce training, with the intent of either adding to the  
34                         workforce or preventing a reduction in the workforce, and is specifically  
35                         designed to meet the needs and special requirements of:  
36  
37                                 (i) employers and employees or prospective employees of the private  
38                                 business or business consortium; or  
39  
40                                 (ii) members of the trade union; and  
41  
42                         (B) is designed by a private business or business consortium, or trade union  
43                         in partnership with:  
44  
45                                 (i) a public community college;

- 1 (ii) a technical college;  
2  
3 (iii) TEEX;  
4  
5 (iv) a Board; or  
6 (v) a community-based organization only in partnership with the public  
7 community and technical colleges or TEEX.  
8  
9 (2) Eligible applicant--An entity identified in Texas Labor Code, Chapter 303, as  
10 eligible to apply for funds:  
11  
12 (A) a public community college;  
13  
14 (B) a technical college;  
15  
16 (C) TEEX;  
17  
18 (D) a Board; or  
19  
20 (E) a community-based organization only in partnership with the public  
21 community and technical colleges or TEEX.  
22  
23 (3) Executive director--The executive director of the Texas Workforce  
24 Commission.  
25  
26 (4) Grant recipient--A recipient of a Skills Development Fund grant that is:  
27  
28 (A) a public community college;  
29  
30 (B) a technical college;  
31  
32 (C) TEEX;  
33  
34 (D) a Board; or  
35  
36 (E) a community-based organization only in partnership with the public  
37 community and technical colleges or TEEX.  
38  
39 (5) Non-local public community and technical college--A public community or  
40 technical college providing training outside of its local taxing district.  
41  
42 (6) Private partner--A sole proprietorship, partnership, corporation, association,  
43 consortium, or private organization that enters into a partnership for a  
44 customized training project with:  
45  
46 (A) a public community college;

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- (B) a technical college;
  - (C) TEEEX;
  - (D) a Board; or
  - (E) a community-based organization only in partnership with the public community and technical colleges or TEEEX.
- (7) Public community college--A state-funded, two-year educational institution primarily serving its local taxing district and service area in Texas and offering vocational, technical, and academic courses for certification or associate's degrees.
- (8) Public technical college--A state-funded coeducational institution of higher education offering courses of study in vocational and technical education, for certification or associate's degrees.
- (9) Texas A&M Engineering Extension Service (TEEX)--A higher education agency and service established by the Board of Regents of the Texas A&M University System.
- (10) Trade union--An organization, agency, or employee committee in which employees participate and which exists for the purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.
- (11) Training provider--An entity or individual that provides training, including:
- (A) a public community college;
  - (B) a technical college;
  - (C) TEEEX;
  - (D) a community-based organization only in partnership with the public community or technical college or TEEEX; or
  - (E) An individual, sole proprietorship, partnership, corporation, association, consortium, governmental subdivision, or public or private organization with whom a Board, public community or technical college, or TEEEX has subcontracted to provide training.

1  
2 *The provisions of this §803.2 adopted to be effective January 29, 2003, 28 TexReg 751;*  
3 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*  
4 *25, 2021, 46 TexReg 580*  
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8 **§803.3. Uses of the Fund.**  
9

- 10 (a) The Skills Development Fund may be used by a grant recipient as start-up or  
11 emergency funds for the following purposes:  
12  
13 (1) to develop customized training projects for businesses and trade unions; and  
14  
15 (2) to sponsor small and medium-sized business networks and consortiums for the  
16 purpose of developing customized training.  
17  
18 (b) TEEEX training activities shall focus on projects that are statewide or are not available  
19 from a local public community and junior college district, a local technical college,  
20 or a consortium of public community and junior college districts. In developing such  
21 projects, TEEEX may participate in a consortium of public community and junior  
22 college districts or with a technical college that provides training under Texas Labor  
23 Code, Chapter 303.  
24  
25 (c) Technical college training activities shall focus on projects that are not available from  
26 a local public community college, except in the technical college's local service area,  
27 and shall be encouraged to focus on projects that are statewide.  
28  
29 (d) The Skills Development Fund may not be used:  
30 (1) to pay the training costs and related costs of an employer that relocates the  
31 employer's worksite from one place in Texas to another;  
32  
33 (2) for the purchase of any proprietary or production equipment required for the  
34 training project of a single local employer;  
35  
36 (3) for wages for trainees; or  
37  
38 (4) to pay for trainee or instructor travel costs or trainee drug tests.  
39  
40 (e) The Skills Development Fund may not be used to pay for the lease of equipment if  
41 any one of the following four criteria is characteristic of the lease transaction:  
42  
43 (1) The lease transfers ownership of the equipment to the lessee at the end of the  
44 lease term;  
45  
46 (2) The lease contains a bargain purchase option;

- 1  
2 (3) The lease term is equal to 75% or more of the estimated economic life of the  
3 leased equipment; or  
4  
5 (4) The present value of the minimum lease payments at the inception of the lease,  
6 excluding executory costs, equals at least 90% of the fair value of the leased  
7 equipment.  
8

9 *The provisions of this §803.3 adopted to be effective January 29, 2003, 28 TexReg 751;*  
10 *amended to be effective January 9, 2006, 31 TexReg 174*  
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14 **§803.4. Use of Funds to Encourage Employer Expansion and Recruitment.**  
15

- 16 (a) Pursuant to Texas Labor Code §303.0031, the Skills Development Fund may be used  
17 to provide an intensive and rapid response to, and support services for, employers  
18 expanding in or relocating their operations to Texas, with a focus on recruiting  
19 employers that will provide complex or high-skilled employment opportunities in the  
20 state.  
21  
22 (b) Grant funds under this section may be used to:  
23  
24 (1) provide leadership and direction to, and connections among, out-of-state  
25 employers, economic development organizations, Boards, public community  
26 and technical colleges to support employers' recruitment and hiring for  
27 complex or high-skilled employment positions as necessary to facilitate the  
28 employers' relocation to or expansion of operations in Texas; and  
29  
30 (2) award grants to public community or technical colleges that provide workforce  
31 training and related support services to employers that commit to establishing a  
32 place of business in Texas.  
33  
34 (c) Grant funds under this section may be used only to develop:  
35  
36 (1) customized workforce training programs for an employer's specific business  
37 needs;  
38  
39 (2) fast-track curriculum;  
40  
41 (3) workforce training--related support services for employers; and  
42  
43 (4) instructor certification necessary to provide workforce training.

- 1  
2 (d) Notwithstanding the use of funds restrictions in §803.3(d)(2), grant funds may also  
3 be used to acquire training equipment necessary for instructor certification and  
4 employment.  
5  
6 (e) As a condition of receiving grant funds under this section, grant recipients shall  
7 agree to repay the amount received and any related interest if the Agency determines  
8 that the grant recipients did not use the funds for the purposes for which the funds  
9 were awarded.

10  
11 *The provisions of this §803.4 adopted to be effective January 25, 2021, 46 TexReg 580*

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14  
15 **SUBCHAPTER B. PROGRAM ADMINISTRATION**

16  
17 **§803.11. Grant Administration.**

18  
19 Grant recipients must enter into an agreement with the Agency to comply with contract  
20 requirements that include, but are not limited to:

- 21  
22 (1) submitting all required reports, including financial and performance reports, in  
23 the format and time frame required by the Agency;  
24  
25 (2) maintaining fiscal data needed for independent verification of expenditures of  
26 funds received for the customized training project;  
27  
28 (3) cooperating and complying with Agency monitoring activities as required by  
29 Chapter 802, Subchapter D, of this title (relating to Agency Monitoring  
30 Activities); and  
31  
32 (4) submitting contract completion reports:  
33  
34 (A) The final payment is contingent upon the executive director's, or  
35 designee's, determination that a project has met the training objectives,  
36 outcomes, and requirements (an attrition rate of up to 15% of the total  
37 number of trainees in the contract is allowed).  
38  
39 (B) The final payment of the contract will be withheld for 60 days after the  
40 completion of training and after receipt by the Agency of verification  
41 from the employer that the trainees are employed.  
42

1 *The provisions of this §803.11 adopted to be effective January 29, 2003, 28 TexReg 751;*  
2 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*  
3 *25, 2021, 46 TexReg 580*

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6  
7 **§803.12. Limitations on Awards.**

8  
9 The Agency may impose any or all of the following limitations on the amount of funds  
10 awarded under any specific grant:

- 11  
12 (1) A limit of \$500,000 for the training project of a single employer;  
13  
14 (2) A limit of 10% of the grant amount for the allowable purchase of any  
15 proprietary or production equipment required for the training project;  
16  
17 (3) A limit of 10% for administrative costs related to direct training for the  
18 training project of a single employer; or  
19  
20 (4) A limit of 15% for administrative costs related to direct training for the  
21 training project of entities other than a single employer.  
22

23 *The provisions of this §803.12 adopted to be effective January 29, 2003, 28 TexReg 751;*  
24 *amended to be effective January 9, 2006, 31 TexReg 174*

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27  
28 **§803.13. Program Objectives.**

29  
30 The program objectives in administering the Skills Development Fund are:

- 31  
32 (1) to ensure that funds from the program are spent in all local workforce  
33 development areas (workforce areas) of this state and expand the state's  
34 capacity to respond to workforce training needs;  
35  
36 (2) to promote collaboration and awareness of potential workforce activities in  
37 workforce areas;  
38  
39 (3) to develop projects that, at completion of the training, will result in wages  
40 equal to or greater than the prevailing wage of individuals with similar  
41 knowledge and experience in that occupation in the local labor market for the  
42 participants in the customized training project;  
43  
44 (4) to prioritize the processing of grant requests from workforce areas where the  
45 unemployment rate is higher than the state's annual average unemployment  
46 rate;



- 1  
2 (5) to sponsor creation and attraction of high-value, high-skill jobs for the state  
3 that will facilitate the growth of industry and emerging occupations; and  
4  
5 (6) to the greatest extent practicable, award Skills Development Fund grants as  
6 follows:  
7  
8 (A) Approximately 60 percent of the funds may be for job retention training.  
9  
10 (B) The remaining funds may be for training for job creation.  
11

12 *The provisions of this §803.13 adopted to be effective January 29, 2003, 28 TexReg 751;*  
13 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*  
14 *25, 2021, 46 TexReg 580*  
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18 **§803.14. Procedure for Requesting Funding.**  
19

- 20 (a) An eligible applicant shall present to the executive director or his or her designee, an  
21 application for funding, in order to acquire grant funds for the provision of  
22 customized training as may be identified by the eligible applicant. Except as  
23 provided in subsection (b) of this section, the eligible applicant will request the  
24 review and comments of the Board in the applicable workforce area(s), where there  
25 is a significant impact on job creation or incumbent worker training, and submit  
26 these comments to the executive director or his or her designee with the application  
27 for funding.  
28  
29 (b) An eligible applicant is not required to obtain or provide the comments if the Board  
30 informs the applicant that the Board is preparing an application or has submitted an  
31 application that has not been approved or rejected. A Board is not required to  
32 comment on its own applications.  
33  
34 (c) An eligible applicant shall submit any updates to the original application for funding  
35 in accordance with subsections (a) and (b) of this section.  
36  
37 (d) TEEX, or the public community or technical college that is a partner to a training  
38 proposal for a grant from the Skills Development Fund, may be non-local.  
39  
40 (e) The training proposal shall not duplicate a training project available in the workforce  
41 area in which the private partner or trade union is located.  
42  
43 (f) Proposals shall disclose other grant funds sought or awarded from the Agency or  
44 other state and federal entities for the proposed job training project.  
45

1 (g) Applicants shall indicate whether they are submitting concurrent proposals for the  
2 Skills Development Fund and the Texas Enterprise Fund. For the purposes of this  
3 subsection, "concurrent proposal" shall mean:

4  
5 (1) a proposal for the Skills Development Fund that has been submitted and is  
6 pending at the time an applicant submits a proposal for the Texas Enterprise  
7 Fund; or

8  
9 (2) a proposal for the Texas Enterprise Fund that has been submitted and is  
10 pending at the time an applicant submits a proposal for the Skills Development  
11 Fund.

12  
13 (h) Proposals shall be written and contain the following information:

14  
15 (1) The number of proposed jobs created and/or retained;

16  
17 (2) A brief outline of the proposed training project, including the skills acquired  
18 through training and the employer's involvement in the planning and design;

19  
20 (3) A brief description of the measurable training objectives and outcomes;

21  
22 (4) The occupation and wages for participants who complete the customized  
23 training project;

24  
25 (5) A budget summary, disclosing anticipated project costs and resource  
26 contributions, including the dollar amount the private partner is willing to  
27 commit to the project;

28  
29 (6) A signed agreement between the private partner or trade union and the Board,  
30 public community or technical college, or TEEX outlining each entity's roles  
31 and responsibilities if a grant is awarded;

32  
33 (7) A statement explaining the basis for the determination that there is an actual or  
34 projected labor shortage in the occupation in which the proposed training  
35 project will be provided that is not being met by an existing institution or  
36 program in the workforce area;

37  
38 (8) A comparison of costs per trainee for the customized training project and costs  
39 for similar instruction at the public community or technical college, TEEX, and  
40 the Board;

41  
42 (9) A statement describing the private partner's or trade union's equal opportunity  
43 employment policy;

44  
45 (10) A list of the proposed employment benefits;

46

1 (11) An indication of a concurrent proposal as required by subsection (g) of this  
2 section; and  
3

4 (12) Any additional information deemed necessary by the Agency to complete  
5 evaluation of a proposal.  
6

- 7 (i) An applicant may, with the approval of the executive director or his or her designee,  
8 submit a proposal for funding that does not contain or identify all of the required  
9 elements under subsection (h) of this section. The release of any funding is  
10 contingent upon the applicant's submission, and the Agency's approval, of all the  
11 required elements in subsection (h) of this section.  
12

13 *The provisions of this §803.14 adopted to be effective January 29, 2003, 28 TexReg 751;*  
14 *amended to be effective January 9, 2006, 31 TexReg 174; amended to be effective January*  
15 *25, 2021, 46 TexReg 580; amended to be effective November 28, 2022, 47 TexReg 7913*  
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19 **§803.15. Procedure for Proposal Evaluation.**  
20

- 21 (a) The executive director, or designee, shall evaluate each proposal considering the  
22 purposes listed in §803.3(a) of this subchapter, the program objectives listed in  
23 §803.13 of this subchapter, and procedures in §803.14 of this subchapter, along with  
24 the prevailing wage for occupations in the local labor market area, the financial  
25 stability of the private partner, the regional economic impact, and any other factors  
26 unique to the circumstances that the Agency determines are appropriate.  
27
- 28 (b) The Agency shall notify all eligible grant applicants when the Agency is evaluating a  
29 proposal so as to promote collaboration and awareness of potential workforce  
30 activities in the workforce area.  
31
- 32 (c) If the Agency determines that a proposal is appropriate for funding through the Skills  
33 Development Fund, the executive director or designee shall enter into a contract with  
34 the grant recipient on behalf of the Agency.  
35
- 36 (d) Skills Development Fund applicants on corrective action pursuant to Chapter 802,  
37 Subchapter G, shall not be eligible to receive a Skills Development Fund grant.  
38

1        *The provisions of this §803.15 adopted to be effective January 29, 2003, 28 TexReg 751;*  
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7        **SUBCHAPTER C. PROGRAM ADMINISTRATION AFTER AWARD OF CONTRACT**

8  
9        **§803.31. Notice to Local Workforce Development Board.**

10  
11        The Agency shall inform the Board in the applicable workforce area of final decisions  
12        made regarding Skills Development Fund grants in the workforce area.

13  
14        *The provisions of this §803.31 adopted to be effective January 9, 2006, 31 TexReg 174*

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17  
18        **§803.32. Waivers.**

19  
20        The executive director, or designee, may suspend or waive a section of this chapter, not  
21        statutorily imposed, in whole or in part upon a showing of good cause and a finding that  
22        the public interest would be served by such a suspension or waiver.

23  
24        *The provisions of this §803.32 adopted to be effective January 9, 2006, 31 TexReg 174*

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