

1 **Texas Industry-Recognized Apprenticeship Programs Grant Program**
2 **Policy Concept**
3

4 **Background**

5 House Bill (HB) 2784, 86th Texas Legislature, Regular Session (2019), amended Chapter 302,
6 of the Texas Labor Code, by adding Subchapter I, creating the Texas Industry-Recognized
7 Apprenticeship Programs Grant Program (IRAPGP) to address Texas’ immediate industrial
8 workforce needs resulting from the impact of hurricanes, other natural disasters, and overall
9 workforce shortages.

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11 HB 2784 establishes a dedicated account—the Texas Industry-Recognized Apprenticeship
12 Fund—in the General Revenue Fund to implement the legislation’s provisions. HB 2784 requires
13 the Texas Workforce Commission (TWC) to implement provisions of HB 2784 only if the
14 legislature appropriates funds specifically for this purpose. To date, the legislature has not made
15 any such appropriations. HB 2784 does allow TWC to implement provisions, in part, using other
16 appropriations available for this purpose. TWC will move forward with implementing the
17 legislation’s provisions, allowing rules, forms, policies, procedures, and decisions related to
18 IRAPGP to ensure readiness for any future appropriations. Additionally, HB 2784 encourages
19 the private sector to develop specialized industry-recognized apprenticeship programs (IRAPs) in
20 Texas to meet immediate workforce needs and workforce shortages.

21
22 On March 11, 2020, the US Department of Labor (DOL) published Industry-Recognized
23 Apprenticeship Programs Final Rule—Labor Standards for the Registration of Apprenticeship
24 Programs; Standards Recognition Entities of Industry-Recognized Apprenticeship Programs to
25 the *Federal Register*. DOL’s final rule will impact, in part, TWC’s rule development process as
26 the program design for HB 2784 is defined. Additionally, not all IRAPs will be eligible for TWC
27 funding because of differences in:

- 28 • training duration, as specified in HB 2784; and
29 • types of industries, as defined by TWC.
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31 Because the requirements of the IRAPGP are specified in the Texas Labor Code and would be
32 funded from a dedicated General Revenue Fund, the IRAPGP is a program separate and apart
33 from the Apprenticeship Training Program under Chapter 133 of the Texas Education Code and
34 Chapter 837 of the Texas Administrative Code (TAC). As such, the rules related to the IRAPGP
35 must be in a separate chapter of TAC.

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37 **Proposed 40 TAC Chapter 838, Texas Industry-Recognized Apprenticeship Programs**
38 **Grant Program Rules**
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40 **Issue 1: General Purpose and Definitions**

41 The purpose of these rules is to implement the provisions of HB 2784 relating to IRAPGP, which
42 is to address Texas’ immediate industrial workforce needs resulting from the impact of
43 hurricanes, other natural disasters, and overall workforce shortages.

44 **Decision Point**

45 Staff seeks direction on defining the following terms set forth by proposed rule 40 TAC Chapter
46 838:

- 1
- 2 • Participant—an individual training in an IRAP under an apprenticeship agreement who:
- 3 ➤ is a full-time paid worker, receiving benefits and employed in the private sector during
- 4 training;
- 5 ➤ maintains suitable employment for at least 12 consecutive months immediately following
- 6 completion of the training program; and
- 7 ➤ receives related instruction training to learn a skill in a certified apprenticeable
- 8 occupation that advances his or her skills to a credentialed, performance-verified mid-
- 9 level status in the occupation, as identified by TWC.
- 10
- 11 • Grant recipient—an eligible grant recipient within the state that is awarded IRAPGP funds by
- 12 TWC. Grant recipients must cooperate and comply with all contract requirements and
- 13 Agency monitoring activities, as required by 40 TAC Chapter 802, Subchapter D, Agency
- 14 Monitoring Activities, rule.
- 15
- 16 • Industry-Recognized Apprenticeship Program—a training program that:
- 17 ➤ provides on-the-job training, preparatory instruction, supplementary instruction, or
- 18 related instruction in an occupation that has been recognized as an apprenticeable
- 19 occupation by DOL; or
- 20 ➤ is certified as an IRAP by a third-party certifier that has received a DOL favorable
- 21 determination of qualification to award that certification.
- 22
- 23 • Standards Recognition Entity (third-party certifier)—an entity that is qualified to recognize
- 24 an apprenticeship program as an IRAP and that has been recognized by DOL.¹
- 25

26 Additionally, staff seeks direction on expanding the list of eligible grant recipients to allow for
 27 trade and industry groups, corporations, nonprofit organizations, educational institutions, unions,
 28 and joint labor-management organizations training in apprenticeable occupations and recognized
 29 as certified IRAPs.

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31 **Issue 2: Program Requirements**

32 HB 2784 establishes the major components of the application, eligibility, grant award, and grant
 33 amount criteria.

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35 **Decision Point**

36 Staff seeks direction on requiring eligible grant recipients to use an application process to receive
 37 IRAPGP funding.

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39 Staff also seeks direction on the following programmatic components:

- 40 • Notice of Availability and Application. Upon appropriations being made available for
- 41 funding of this grant, TWC shall provide public notice of the amount of funds that will be
- 42 available to support immediate workforce needs and workforce shortages. Notice may
- 43 include, but is not limited to, the following:

¹ On June 12, 2020, TWC submitted an application to DOL to become recognized as a Standards Recognition Entity.

- total amount of grant funds available;
- workforce areas eligible;
- specific industries or occupations targeted;
- maximum number of grants to be awarded;
- special populations to be served;
- application process and requirements; and
- any other information or instructions necessary and appropriate for awarding grants.

- Eligibility Criteria. The grant recipient must:

- apply to TWC in the form and manner prescribed by the Notice of Availability;
- be in good standing under the laws of the state, as evidenced by a certificate issued by the secretary of state;
- not owe delinquent taxes to a taxing unit of this state; and
- operate a certified industry-recognized apprenticeship program that:
 - provides on-the-job training under an industry-recognized, accredited training curriculum;
 - guarantees employment to participants during and upon successful completion of the training period;
 - pays each participant a wage and provides eligibility for participants to receive full-time employee benefits during and upon successful completion of the training period;
 - requires participants to advance their skills, at a minimum, to a credentialed, performance-verified mid-level status in a field related to the IRAP;
 - has a duration of no longer than 26 weeks; and
 - gives preference to training and hiring:
 - unemployed Texans who have registered with TWC;
 - veterans of the United States armed forces
 - formerly incarcerated individuals; and
 - underemployed individuals who are working without industry-recognized certifications or other credentials.

- Funding Qualifications. Grant funds awarded will have the following conditions:

- Include a reimbursement method or cost-reimbursement contract for the costs incurred while training a participant who:
 - completes a program operated by the grant recipient and achieves the required skill level set forth in this chapter, as specified by TWC; and
 - maintains suitable employment for at least 12 consecutive months immediately following completion of the program.
- Be awarded on an IRAP participant basis; and
- May not exceed the lesser of:
 - the total cost for training the participant, excluding wages and benefits; or
 - \$10,000.

Issue 3: Adhering to Requirements of 40 TAC Chapter 802

Rule 40 TAC §802.2(1) defines “Agency grantees” as “grantees that receive funding from the Agency, such as Skills Development Fund, Wagner-Peyser 7(b), and [Workforce Innovation and Opportunity Act (WIOA)], to provide workforce services.” Industry-recognized apprenticeship

1 programs meet this definition and are considered Agency grantees; as such, they must adhere to
2 the applicable requirements set forth in 40 TAC Chapter 802.

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4 **Decision Point**

5 Staff seeks direction on requiring IRAPs to comply with the applicable rules in 40 TAC Chapter
6 802, specifically:

- 7 • Subchapter D, relating to Agency Monitoring Activities;
- 8 • Subchapter F, relating to Performance and Accountability;
- 9 • Subchapter G, relating to Corrective Actions; and
- 10 • Subchapter H, relating to Remedies.

11
12 **Issue 4: Other Provisions**

13 TWC strives to be a diligent and responsible steward of public funds, with a commitment to
14 transparency and accountability. Immediate need-based priorities and measurements of program
15 performance allows TWC to evaluate the effectiveness of programs and make data-driven
16 decisions.

17
18 **Decision Point**

19 Recognizing the importance of program efficiencies and gaining a return on investment, staff
20 seeks direction on funding considerations such as:

- 21 • anticipated economic value to the state upon participants' program completion;
- 22 • increased tax revenue generated by participants' wages; and
- 23 • the decrease in participants' use of state-funded benefits, attributable to the participants' job
24 placement and earning projections.

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26 Additionally, staff seeks direction on the right to establish limitations on the total amount of
27 grant funds that a grant recipient can be awarded or establish limitations on grant awards as the
28 amount of the total appropriated funds becomes available and the geographic scope of the area
29 affected by the immediate need or workforce shortage is determined.

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31 Furthermore, staff seeks direction on the right to establish program objectives in administering
32 the IRAPGP, such as:

- 33 • priorities to respond to immediate needs and workforce shortages;
- 34 • wage requirements (local self-sufficiency levels or federal minimum wage);
- 35 • past performance considerations; and
- 36 • administrative costs limitations.