

AN ACT

relating to the use of the skills development fund by certain entities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 303.001(a), Labor Code, is amended to read as follows:

(a) The purpose of this chapter is to remove administrative barriers that impede the response of public community and technical colleges, community-based organizations, local workforce development boards, the Texas A&M Engineering Experiment Station, and the Texas A&M Engineering Extension Service to industry and workforce training needs and to develop incentives for public community and technical colleges, community-based organizations, local workforce development boards, the Texas A&M Engineering Experiment Station, and the Texas A&M Engineering Extension Service to provide customized assessment and training in a timely and efficient manner.

SECTION 2. Section 303.002(b), Labor Code, is amended to read as follows:

(b) A public community or technical college, the Texas A&M Engineering Experiment Station, or the Texas A&M Engineering Extension Service may recover customized assessment and training costs incurred by the college, station, or service ~~[institution]~~ if:

1 (1) there is an actual or projected labor shortage in
2 the occupation in which training is provided that is not being met
3 by an existing institution or program in the area; and

4 (2) the wages at the time of job placement for
5 individuals who successfully complete customized training at the
6 public community or technical college, the Texas A&M Engineering
7 Experiment Station, or the Texas A&M Engineering Extension Service
8 are equal to the prevailing wage for that occupation in the local
9 labor market area.

10 SECTION 3. Sections 303.003(b), (f), (g), and (h), Labor
11 Code, are amended to read as follows:

12 (b) The skills development fund may be used by public
13 community and technical colleges, community-based organizations,
14 local workforce development boards, the Texas A&M Engineering
15 Experiment Station, and the Texas A&M Engineering Extension Service
16 as start-up or emergency funds for the following job-training
17 purposes:

18 (1) developing customized training programs for
19 businesses and trade unions; and

20 (2) sponsoring small and medium-sized business
21 networks and consortiums.

22 (f) The Texas A&M Engineering Experiment Station and the
23 Texas A&M Engineering Extension Service shall focus the station's
24 or service's training activities under this chapter on programs
25 that:

26 (1) are statewide in nature; or

27 (2) are not available from a local junior college

1 district, a local technical college, or a consortium of junior
2 college districts.

3 (g) This section does not prohibit the Texas A&M Engineering
4 Experiment Station or the Texas A&M Engineering Extension Service
5 from participating in a consortium of junior college districts or
6 with a technical college that provides training under this chapter.

7 (h) A community-based organization may apply for money to
8 participate in a training program only in partnership with a
9 community and technical college, the Texas A&M Engineering
10 Experiment Station, or the Texas A&M Engineering Extension Service.
11 A community-based organization providing services regulated by the
12 state shall provide evidence of any certification, license, or
13 registration required by law.

14 SECTION 4. Section 303.004, Labor Code, is amended to read
15 as follows:

16 Sec. 303.004. FUND REVIEW; REPORT BY CERTAIN WORKFORCE
17 TRAINING PROVIDERS REQUIRED. (a) The Texas Higher Education
18 Coordinating Board shall review all customized training programs
19 biennially to verify that state funds are being used appropriately
20 by public community and technical colleges, the Texas A&M
21 Engineering Experiment Station, and the Texas A&M Engineering
22 Extension Service under this chapter.

23 (b) Not later than October 1 of each even-numbered year, the
24 Texas A&M Engineering Experiment Station, the Texas A&M Engineering
25 Extension Service, and each public community or technical college
26 that provides workforce training under this chapter shall:

27 (1) conduct a review of the station's, service's, or

college's training programs to:

(A) determine the effectiveness of the programs in improving the wages of participants who complete the programs; and

(B) identify strategies for improving the delivery of workforce training in order to more effectively impact economic development in this state; and

(2) submit to the commission a detailed written report summarizing the results of the review for inclusion by the executive director in the report to the governor and the legislature required by Section 303.006(c).

(c) If the Texas A&M Engineering Experiment Station, the Texas A&M Engineering Extension Service, or a public community or technical college fails to submit a report required by Subsection (b)(2):

(1) the station, service, or college must refund to the comptroller any unexpended state funds received by the station, service, or college under this chapter for the state fiscal biennium in which the report was due; and

(2) the commission may not award any additional grant to the station, service, or college under this chapter until the station, service, or college has complied with that reporting requirement.

SECTION 5. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 856 passed the Senate on April 1, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 856 passed the House on May 7, 2025, by the following vote: Yeas 146, Nays 1, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor