



**Self-Evaluation Report Submitted to
the Sunset Advisory Commission
August 2025**

TABLE OF CONTENTS

I. AGENCY CONTACT INFORMATION	1
II. KEY FUNCTIONS AND PERFORMANCE	1
III. HISTORY AND MAJOR EVENTS	21
IV. POLICYMAKING STRUCTURE	30
V. FUNDING	37
VI. ORGANIZATION	44
VII. GUIDE TO AGENCY DIVISIONS AND PROGRAMS	48
Core Programs	48
Child Care and Early Learning Division	49
Civil Rights Division	116
Unemployment Insurance Division	126
Vocational Rehabilitation Division	140
Workforce Development Division	186
Operational and Customer Support	304
Appellate Services Division	304
Customer Care Division	316
Fraud Deterrence and Compliance Monitoring Division	326
Information, Innovation and Insight Division	402
Administration Support	427
Information Technology Division	427
Office of Communications and Media	427
Finance Division	427
Business Operations Division	443
Office of General Counsel	478
VIII. STATUTORY AUTHORITY AND RECENT LEGISLATION	486
IX. MAJOR ISSUES	526
Replace the Vocational Rehabilitation Division's 10 percent case review requirement with a statistically valid sample size.	526

Update the Civil Rights Division’s statutory authority.	528
Apply a risk-based framework to licensing and regulating career schools and colleges in Texas. .	530
X. OTHER CONTACTS	537
XI. ADDITIONAL INFORMATION.....	537
XII. AGENCY COMMENTS	545
TWC ACRONYM LIST	546
LIST OF EXHIBITS.....	552

Texas Workforce Commission

Self-Evaluation Report

I. Agency Contact Information

Texas Workforce Commission Exhibit 1: Agency Contacts

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II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual divisions and programs will be requested in Section VII.

A. Provide an overview of your agency's mission, objectives, and key functions.

Texas Workforce Commission Mission

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

Texas Workforce Commission Vision

The Texas Workforce Commission (TWC) and its Workforce Solutions partners will maximize the power of innovation and partnerships to boost superior business outcomes and realize a competitive advantage for all Texans in the global economy.

Texas Workforce Commission Overview

TWC and its 28 Local Workforce Development Boards, contracted service providers, and community partners provide a wide range of quality workforce development and connection services for Texas employers and job seekers. The primary functions of TWC include managing workforce development and employment services, administering programs such as child care and other support services, overseeing the unemployment compensation

insurance program, and enforcing labor laws. TWC also provides labor market information and analysis on shifts in occupations and industries to help businesses and policymakers understand the state's labor market.

TWC and its network of partners continue to operate a highly integrated workforce system. The Texas workforce system includes programs, services, and initiatives administered in cooperation with Local Workforce Development Boards, local adult education providers, community and technical colleges, independent school districts, eight other state agencies, and other key organizations. Texas' comprehensive, integrated workforce development system remains as a national model for workforce development. The integrated structure allows for continuous improvement and adaptability to meet the needs of job seekers and employers. Improved access and efficiency, along with value-added services, are among the many benefits customers receive from an integrated system. TWC and our system partners continue to explore integration solutions to further improve services provided to job seekers, and employers, such as, training resources, career guidance, and pipelines to lasting, high-demand jobs.

2025 marked the 30th anniversary of the establishment of TWC. When legislators created this agency to replace the Texas Employment Commission, they were making an important value statement: the goal of this agency is not simply to find people jobs, but to build a workforce system that empowers all Texans and drives growth, opportunity, and prosperity for the Lone Star State. By working together with policymakers and other agencies over the past thirty years through efforts like the Tri-Agency Workforce Initiative, TWC has helped foster a more dynamic workforce capable of supporting one of the nation's strongest and fastest growing economies.

TWC's efforts to address the needs of Texas' workforce are constantly evolving just as the state's economy has evolved. Rapid changes in technology continue to transform the workplace and introduce both new career opportunities for jobseekers as well as challenges for existing industries. In the coming years, Texas will need a workforce built for further growth to empower all Texans. TWC embraces this challenge by seeking to enhance and innovate the services we offer our workforce. At the same time, TWC maintains a strong focus on serving the public through proven, vital programs and other efforts that make our workforce robust, resilient, and open to all Texans.

**B. What clear and ongoing objective(s) do the agency's key functions serve?
Explain why each key function is still needed.**

The agency's mission, objectives and key functions are drawn from federal and state law and provide for an integrated workforce development system where services are designed and customized to meet the needs of employers and residents in different regions of the state. Texas' rapidly growing population has placed greater emphasis on the performance of the state's workforce development system. Texas has one of the largest and fastest growing economies in the United States and ranks the 8th largest economy in the world. A well-developed, integrated, and efficient workforce development system is integral for our state to compete for talent and resources in this global economy. TWC has been at the

forefront of developing innovative ways to connect job seekers and employers with opportunities to engage in the workforce system.

Workforce Training and Education

Objective: To enhance the skills of the Texas workforce, making workers more employable and competitive in the job market. This also ensures that businesses have access to a talent pool with the skills they need to thrive.

Why it's needed

- **Technological Advancement:** The rapid pace of technological change requires workers to continually upgrade their skills to adapt to new job requirements and automation.
- **Economic Growth:** A skilled workforce attracts businesses to Texas and supports economic growth by increasing productivity and innovation.
- **Addressing Skills Gaps:** Training and education programs target specific skill gaps in the labor market, ensuring that available jobs are filled and businesses can operate efficiently.
- **Individual Opportunity:** Providing access to training and education creates opportunities and removes barriers for individuals to improve their earning potential and achieve upward mobility.

Job Matching and Placement

Objective: To efficiently connect employers with qualified job seekers, reducing unemployment and filling open positions quickly.

Why it's needed

- **Labor Market Efficiency:** Job matching services reduce the time and cost associated with hiring, benefiting both employers and job seekers.
- **Economic Stability:** Quickly filling job vacancies contributes to economic stability by maintaining productivity and preventing businesses from being hampered by labor shortages.
- **Addressing Unemployment:** Connecting unemployed individuals with job opportunities helps them return to work and reduces the burden on the unemployment insurance system.
- **Career Advancement:** Job matching services can help individuals find better-paying or more fulfilling jobs, contributing to their overall well-being.

Other Workforce Support Services

Objective: *To support individuals participating in workforce development and employer services programs.*

Why it's needed

- **Enhanced Participation & Completion:** Support services directly address barriers that might otherwise prevent individuals from participating in training or completing programs.
- **Improved Job Readiness:** Services such as resume writing workshops, interview skills training, and career counseling enhance individuals' job readiness and increase their chances of securing employment.
- **Better Job Retention:** Support services, such as mentoring and financial literacy training, can help individuals retain their jobs once they are employed.

Child Care Services

Objective: *To support working families by providing access to affordable, quality child care, enabling parents to participate in the workforce and contribute to economic productivity.*

Why it's needed

- **Workforce Participation:** Affordable child care removes a significant barrier to workforce participation for parents, allowing them to work or pursue education and training.
- **Economic Growth:** Increased workforce participation leads to higher productivity and economic growth.
- **Child Development:** Quality child care supports the healthy development of children, preparing them for success in school and in life.
- **Economic Mobility:** The child care services program provides financial aid (sometimes referred to as scholarships or subsidies) to help low-income families afford quality care, reducing poverty and improving their economic stability.

Unemployment Insurance Administration

Objective: *To provide temporary financial assistance to eligible individuals who have lost their jobs through no fault of their own, providing a safety net and stabilizing the economy.*

Why it's needed

- **Economic Safety Net:** Unemployment insurance (UI) provides a crucial safety net for workers who lose their jobs, helping them meet their basic needs while they search for new employment.
- **Economic Stabilization:** UI benefits help maintain consumer spending during economic downturns, preventing a deeper recession by supporting demand for goods and services.
- **Reduces Social Hardship:** UI helps to alleviate poverty and hardship associated with job loss, reducing stress and allowing individuals to focus on finding new employment.
- **Facilitates Job Search:** UI provides financial support that allows unemployed individuals to dedicate time and resources to finding a suitable new job.

Labor Law Enforcement

Objective: To protect the rights of workers and ensure a fair workplace, promoting ethical business practices and employee well-being.

Why it's needed

- **Worker Protection:** Labor laws protect workers from exploitation, discrimination, and unsafe working conditions.
- **Fair Competition:** Enforcing labor laws ensures that businesses compete fairly, preventing those who violate labor laws from gaining an unfair advantage.
- **Compliance and Education:** Ensuring businesses comply with laws and employees are aware of the resources available to them.
- **Prevents Abuse:** Enforcement deters employers from violating labor laws and ensures that workers who are harmed have a recourse for seeking redress.

Labor Market Information and Analysis

Objective: To provide accurate and timely labor market information to inform policy decisions, guide workforce development efforts, and help job seekers and employers make informed choices.

Why it's needed

- **Informed Policymaking:** Labor market data is essential for policymakers to understand trends, identify challenges, and develop effective policies.

- **Effective Resource Allocation:** Data helps to allocate resources efficiently to areas where they are most needed, such as training programs in high-demand occupations.
- **Informed Decision-Making:** Job seekers and employers can use labor market information to make informed decisions about career paths, training investments, and hiring strategies.
- **Performance Measurement:** Data is used to track the performance of workforce development programs and identify areas for improvement.

Each of TWC's key functions serve a distinct yet interconnected objective, all ultimately contributing to the goal of a strong Texas economy and a thriving workforce. These functions remain essential because they address ongoing challenges and opportunities in the labor market and allow TWC to adapt to evolving economic conditions and support the well-being of both workers and businesses.

C. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Does statute present any barriers or gaps in authority for your agency to carry out its mission? If so, please describe.

TWC's enabling legislation continues to correctly reflect the mission, objectives, and approach to performing its functions. TWC's primary enabling statutes, set forth under Title 10 of the Texas Government Code, Titles 2 and 4 of the Texas Labor Code, Title 2 of the Texas Human Resources Code, Title 15 of the Texas Property Code, and Title 3 of the Texas Education code can be accessed via the link below.

[Primary Enabling State Statutes - Texas Workforce Commission](#)

As the Texas Workforce Development Ecosystem continues to evolve, it's crucial that our statutes remain relevant and effective in addressing the challenges and opportunities we face. While state statute does not present barriers or gaps in the ability of TWC to achieve its overarching mission, there are opportunities within certain programmatic areas to modify statute to reflect these changes, which are highlighted in the Guide to Agency Programs section of the Self Evaluation Report.

D. Have you recommended changes to the Legislature to improve your agency's operations in recent years? If so, briefly explain the recommended changes, whether they were adopted, and if adopted, when.

TWC has historically recommended changes to the Legislature to improve agency operations. Below is a summary of those recommendations for the previous two biennia.

[88th Legislative Session](#)

In December 2022, TWC's three-member Commission approved legislative initiatives for the 88th Texas Legislature. Below is the outcome of each of the legislative initiatives adopted by the Commission.

Child Labor

- [HB 2459](#) by Rep. Vo - Relating to the administration of violations and administrative penalties of the employment of children.
 - The Governor signed the bill into law on June 12, 2023. The bill became effective Sept. 1, 2023.

Unemployment Insurance Fraud Deterrence

- [HB 2458](#) by Rep. Vo - Relating to claimant eligibility and initial claims under the unemployment compensation system.
 - The bill was referred to the House Calendars Committee but did not get set on a House Calendar.
- [SB 1689](#) by Sen. Birdwell - Relating to claimant eligibility and initial claims under the unemployment compensation system.
 - The bill was filed in the Senate and referred to committee but did not receive a committee hearing.

Unemployment Insurance System Integrity

- [HB 2907](#) by Rep. Button - Relating to measures to prevent and address fraud in the administration of the Texas Unemployment Compensation Act; providing an administrative penalty.
 - The bill was passed by the House and referred to Senate committee but did not receive a Senate committee hearing.

Reemployment Services and Eligibility Assessment

- [HB 2586](#) by Rep. Button - Relating to participation in reemployment services as a condition of eligibility for unemployment benefits.
 - The bill was passed by the House and referred to Senate committee but did not receive a Senate committee hearing.

89th Legislative Session

In December 2024, TWC's three-member Commission approved legislative initiatives for the 89th Texas Legislature. Below is the outcome of each of the legislative initiatives adopted by the Commission.

Amendments to the Texas Industry-Recognized Apprenticeship Program

- [HB 3260](#) by Rep. Keith Bell- Relating to the Texas Industry-Recognized Apprenticeship Programs Grant Program. This is TWC's legislative proposal related to Amendments to the Texas Industry-Recognized Apprenticeship Program.
 - The Governor signed the bill into law on June 20, 2025. The bill becomes effective on Sept. 1, 2025.

Confidentiality of Fraud Detection and Prevention Information

- [SB 765](#) by Sen. Kolkhorst – Relating to the confidentiality of fraud detection and deterrence information under the public information law. This is TWC's Legislative Proposal related to the confidentiality of fraud detection and prevention methods.
 - The Governor signed the bill into law on May 19, 2025. The bill becomes effective on Sept. 1, 2025.
- [HB 2788](#) by Rep. Button - Relating to fraud detection information and the public information law. This is TWC's legislative proposal related to Confidentiality of Fraud Detection and Prevention Information.
 - The Governor signed the bill into law on June 20, 2025. The bill became effective on June 20, 2025.

Establishing Fraud, Waste, and Abuse Detection and Prevention for all TWC Programs

- [HB 3700](#) by Rep. Vo - Relating to detection and prevention of fraud, waste, and abuse in all TWC programs. This is TWC's Legislative Proposal related to Establishing Fraud, Waste, and Abuse Detection and Prevention for all TWC Programs.
 - The Governor signed the bill into law on May 29, 2025. The bill becomes effective on Sept. 1, 2025.

Modifying Definition of Last Work

- [HB 3699](#) by Rep. Vo – Relating to initial claims under the unemployment compensation system. This is TWC's Legislative Proposal related to Modifying the Definition of Last Work.
 - The Governor signed the bill into law on May 19, 2025. The bill becomes effective on Jan. 1, 2026.

Preserving Vocational Rehabilitation Procurement Authority

- [HB 2791](#) by Rep. Button - Relating to the continuation of functions of the Vocational Rehabilitation (VR) Division administered by TWC. This is TWC's legislative proposal related to Preserving Procurement Authority for Goods and Services for VR Programs.
 - The Governor signed the bill into law on June 20, 2025. The bill became effective on June 20, 2025.

Reemployment Services and Eligibility Assessment

- [HB 3698](#) by Rep. Vo - Relating to participation in reemployment services as a condition of eligibility for unemployment benefits. This is TWC's Legislative Proposal related to Reemployment Services and Eligibility Assessment.
 - The Governor signed the bill into law on May 29, 2025. The bill becomes effective on Sept. 1, 2025.

E. Do any of your agency's functions overlap with those of another local, state, or federal agency? If so, how do you coordinate to avoid duplication of efforts? Explain if, and why, each of your key functions is most appropriately placed within your agency.

TWC operates within a complex ecosystem of local, state, and federal agencies, necessitating a high degree of coordination to maximize efficiency and avoid duplication of effort. While some overlap is inherent, TWC actively manages these instances through collaborative partnerships and clearly defined roles.

TWC and its network of partners operate a highly integrated workforce development system. The system includes programs, services, and initiatives administered in cooperation with 28 Local Workforce Development Boards (LWDBs), local adult education providers, VR service providers, community and technical colleges, independent school districts, eight other state agencies, and a variety of other key organizations. Texas' comprehensive workforce development system remains as a national model for workforce development that allows for continuous improvement and adaptability to meet the needs of customers. TWC and its network of partners work together across programs and funding streams to help individuals achieve their employment goals and assist employers in hiring and retaining employees.

Other examples of coordination between TWC and its partners include the following.

- Foster Youth Services: A memorandum of understanding with the Department of Family and Protective Services (DFPS) ensures coordinated services for current and former foster youth. DFPS provides case management and support services, while

TWC and LWDBs prioritize employment assistance and connect youth with supportive services like housing assistance when needed.

- **Reentry Programs:** TWC actively participates in the State Reentry Task Force, led by the Texas Department of Criminal Justice. TWC contributes to the Employment Working Group, identifying and implementing strategies to remove barriers to employment for individuals re-entering society after incarceration.
- **Child Care Services:** TWC partners with DFPS to administer child care services for specific populations, including children in foster care and those needing protective services. DFPS utilizes TWC's child care delivery system to provide these services, ensuring efficient and effective support for vulnerable families.
- **Veterans Services:** Through the Texas Veterans Network, TWC collaborates with numerous community partner organizations to ensure seamless access to services for veterans. The network coordinates and tracks referrals statewide, promoting an integrated approach to resource coordination and information sharing.
- **Federal Assistance Programs:** TWC receives federal funds for Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) programs through the Health and Human Services Commission (HHSC). TWC and HHSC work together to ensure compliance with federal regulations and optimize the flow of funds.
- **Tri-Agency Workforce Initiative:** In partnership with the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB), the Tri-Agency Workforce Initiative streamlines access to education, training, and employment pathways for all Texans. This collaborative effort avoids duplication and maximizes the impact of workforce development investments.
- **Statutorily Required Coordination Efforts:** The table listing TWC's statutory authority in Section VIII, Question A includes more examples of coordination in the section titled "TWC Coordination with Other Entities."

Each of TWC's key functions is strategically placed within the agency as described below.

- **Workforce Development:** TWC is uniquely positioned to oversee workforce development programs, including vocational rehabilitation, due to our statewide perspective, funding authority, and ability to align training initiatives with the needs of the Texas economy. TWC is the central hub for connecting employers with skilled workers of all abilities.
- **Child Care Services:** Integrating child care services within TWC's purview ensures that parents participating in workforce programs have access to reliable and affordable child care, enabling them to pursue employment and training opportunities.

- **Unemployment Benefits:** As stewards of unemployment benefits, TWC works to ensure that Texans who lose their jobs due to no fault of their own can receive financial benefits to allow them to maintain self-sufficiency. TWC also maintains the integrity of the benefits system and the Unemployment Compensation Fund.

F. In general, how do other states carry out similar functions?

WIOA Core Programs

Texas is unique in its highly consolidated structure with TWC administering all core federal Workforce Innovation and Opportunity Act (WIOA) programs: Adult, Dislocated Worker, Youth, Adult Education and Family Literacy, Wagner-Peyser Employment Service, and Vocational Rehabilitation. While WIOA encourages coordination and integration of services, very few other states have the same level of consolidation as Texas.

It is uncommon for all six core WIOA programs to be in one state agency because federal funding comes from both the Department of Labor and Department of Education, leading to separate administrative bodies. Additionally, many states had existing agencies for these distinct services before WIOA was enacted, and each state's unique governmental structure allows for varied approaches to program organization. In contrast, Texas has been working since 1995 to bring all core workforce programs together to improve coordination and customer service.

The National Association of State Workforce Agencies (NASWA) provides a biennial State of the Workforce Report. The [2023 State of the Workforce](#) report presents a variety of information and data on each state's workforce agencies. NASWA is currently preparing the 2025 version of the report. Another useful resource is the [Council of State Administrators of VR State Agency Directory](#).

Unemployment Insurance

Since Unemployment Insurance (UI) is a federal-state program based on federal law, there are many similarities across the 50 states and territories. While states and territories manage their own programs, they must adhere to certain minimum requirements established by the federal government. Individual state laws set the benefit structure (e.g., eligibility/disqualification provisions, benefit amount) and the state tax structure (e.g., state taxable wage base and tax rates). Because state workforce agencies must ensure their UI programs conform to both state and federal law, regulations, and operational requirements, the actual implementation of the program is generally similar across states.

The U.S. Department of Labor (DOL) publishes a [Comparison of State Unemployment Laws](#) and an abridged version compares significant provisions in the [Significant Provisions of State Unemployment Insurance Laws Effective January 2025](#).

Child Care

The administration of child care subsidies varies significantly across the 50 states and District of Columbia. The Texas Legislature placed the subsidy program within the state's workforce agency to strengthen the focus of child care as a vital support for parents to participate in the workforce.

Texas is one of four states in which the lead Child Care and Development Fund (CCDF) agency is the state's workforce agency:

- Texas Workforce Commission
- [Arizona Department of Economic Security](#) - also administers UI, WIOA, Child Support, TANF, SNAP, Early Childhood Intervention, and several other programs.
- [Ohio Department of Jobs and Family Services](#) - also administers UI, WIOA, Labor Market Information, Child Support, TANF, SNAP, Child Abuse/Neglect, and several other programs.
- [Utah Department of Workforce Services](#) - also administers UI, WIOA, Labor Market Information, TANF, SNAP, Medicaid, and several other programs.

The Prenatal-to-3 Policy Impact Center has published a [State Governance Structures](#) study on the various governance structures of states' early childhood programs. This report notes that only two states have workforce agencies as the lead CCDF entity – Texas and Utah. It is unclear why they did not classify the Arizona Dept of Economic Security nor the Ohio Dept of Jobs and Family Services as workforce agencies.

G. Discuss any changes that could impact your agency's key functions in the near future (e.g., changes in federal law or outstanding court cases).

TWC is navigating a complex landscape shaped by several key forces that require proactive and adaptable strategies to meet the demands of one of the largest workforces in the country. Technological advancements, including automation and AI, are revolutionizing the job market, necessitating a shift towards highly skilled training programs for the next generation of job seekers. Working closely with community colleges and education partners is vital in meeting this need. As a result, the agency must be proactive in developing solutions to equip the workforce with skills that help them remain relevant and meet employer needs in an increasingly automated world.

Texas's significant population and business growth presents both opportunities and challenges for TWC. The influx of new residents and businesses creates increased demand for job training and skills development programs, requiring investment in infrastructure and strategies to upskill and reskill the Texas workforce. Tailored programs are critical to support the diverse needs of the growing population. This period of rapid growth also creates the need for stronger employer relationships to understand evolving workforce demands and align training programs with industry needs.

Uncertainties surrounding federal program funding further complicate the picture. Examples include funding delays for critical functions like the administration of the Unemployment Benefits program and the Adult Education and Literacy program as the future of federal funding is being considered. Moreover, TWC must be prepared for potential reductions in federal funding and changes to existing policies that would significantly impact its programs and services. For example, leadership at the federal level has discussed defunding the Adult Education and Literacy program nationwide. In FY 2024 alone, this program helped more than 70,000 Texans prepare for their high school equivalency degree, progress in learning English as a second language, and prepare for workplace activities. The agency's reliance on federal funding to achieve its mission necessitates strategic planning to mitigate potential disruptions and ensure the continuity of essential services.

TWC's fraud detection and prevention efforts have become increasingly critical especially for the unemployment insurance program since 2020. TWC has developed a highly effective fraud detection and prevention system and is constantly reevaluating and modifying the system of fraud controls to ensure UI benefits are only paid to eligible individuals. This includes leveraging data analytics to identify suspicious claims, enhancing identity verification processes, and collaborating with law enforcement to prosecute fraudulent activities. Proactive measures in fraud prevention safeguard resources and maintain the integrity of the unemployment insurance system.

To effectively address these challenges, TWC continues to embrace a data-driven, innovative, and collaborative approach. Continuous monitoring of labor market trends, ongoing evaluation of program effectiveness, and strong partnerships with employers, training providers, and community organizations are essential.

Ultimately, TWC's ability to navigate these complexities will support Texas's growth, translating into shared prosperity for all its residents. By proactively adapting to the ever-changing technology landscape, addressing potential disruptions in federal programs and funding, and maintaining vigilance against fraud, TWC plays a critical role in mitigating workforce shortages, skills gaps, and economic inequality, ensuring a thriving economy for all Texans.

H. Overall, how does the agency monitor and measure its effectiveness in carrying out its functions and objectives?

TWC has a long-standing commitment to performance excellence, deeply embedded in its organizational culture. Central to TWC's performance-driven approach is its coordination with local Workforce Development Boards. TWC actively monitors the performance of local Workforce Development Boards and the broader workforce system through regular performance reports. The agency engages with system partners to provide technical assistance, share best practices, and foster a collaborative environment focused on continuous improvement. This collaborative effort ensures that workforce development initiatives are effectively implemented at the local level, aligning with statewide goals and priorities.

TWC employs a robust system for evaluating its programs and operations. The agency assesses programs and partners by comparing performance against predetermined targets, establishing a "Percent of Target" for each measure. Based on these comparisons, programs and partners are rated as either "Meeting," "Positive Performance," or "Negative Performance," providing a clear and concise overview of their effectiveness. Statistical models guide target setting, considering a variety of factors such as case mixes and economic conditions.

To ensure accountability and drive continuous improvement, TWC has embraced Statistical Adjustment Models and Performance Assessment Models that utilize state data structures. While adhering to federally mandated performance measures, TWC also applies state-prescribed measures and collaborates with partners to develop and test alternative metrics that provide a more meaningful way of communicating strengths and identifying areas for improvement. This commitment to data-driven decision making is critical for maximizing the impact of workforce development initiatives.

TWC utilizes a range of analytical and statistical techniques, including quasi-experimental techniques and randomized controlled trials, to conduct thorough program evaluations. The agency also collaborates with Workforce Development Boards, partners, and academic researchers on evaluations and participates in federal studies to expand its knowledge base and identify best practices. By leveraging these diverse evaluation methods, TWC ensures that its programs and services are continuously evolving to meet the ever-changing needs of Texas workers and employers.

TWC has made continuous improvement part of the agency's culture. The 82nd Texas Legislature charged TWC with establishing a pilot program to improve the efficiency and quality of operations while reducing costs. The results of that pilot were promising, and TWC developed a suite of rapid process improvement principles and tools to support continuous improvement efforts across the agency. That has since evolved to a business transformation-oriented approach. Today, business transformation at TWC includes taking a holistic view of the agency and shifting our systems and processes to better support our agency's vision, mission, and goals. Through both rapid process improvement and business transformation, TWC actively seeks to enhance the quality and efficiency of its programs and services while addressing system-level challenges.

By focusing on performance, fostering strong partnerships, and embracing data-driven decision-making, TWC strives to create a dynamic and effective workforce system that benefits all Texans.

Texas Workforce Commission
Exhibit 2: Performance Measures — Fiscal Year 2024

Performance Measures	LBB Measur Type	FY 2024 Target	FY 2024 Actual Performance	FY 2024 % of Annual Target
Average Cost per Participant Served - VR	LBB Key, EF	\$3,958.0	\$4,401.60	111.21%
Average Cost per Child Per Month for Child Care	LBB Key, EF	694	705	101.59%
Average Cost Per Participants Served - Local Workforce Connection Services	LBB Key, EF	\$2,561.0	\$2,467.12	96.33%
Average Wait Time on Hold for UI Customer (Minutes)	LBB Key, EF	9.5	14.62	153.89%
Number of Blind and Disabled Individuals Employed by BET Facility Managers	LBB Key, EX	140	150	107.14%
Percent Employed/Enrolled 2nd-4th Quarter Post-Exit - AEL	LBB Key, OC	84.00%	85.99%	102.37%
Percent Employed/Enrolled 2nd-4th Quarter Post-Exit - VR	LBB Key, OC	87.00%	87.59%	100.68%
Percent of UI Appeals Issued Timely	LBB Key, OC	75.00%	34.55%	46.07%
Percent of UI Claimants Paid Timely	LBB Key, OC	96.00%	91.32%	95.13%
Average Choices Participation - All Family	LBB Key, OC	25.00%	18.32%	73.28%
Credential Rate - AEL	LBB Key, OC	45.00%	45.20%	100.44%
Credential Rate – Career & Training (C&T) Participants	LBB Key, OC	71.00%	69.00%	97.18%
Credential Rate - VR	LBB Key, OC	45.00%	51.19%	113.76%
Percent Employed/Enrolled 2nd-4th Quarter Post Exit – C&T Participants	LBB Key, OC	84.00%	83.10%	98.93%
Employers Served	LBB Key, OC	155,000	118,778	76.63%
Participants Served – C&T Participants	LBB Key, OC	325,000	413,919	127.36%
Number of Licensed Career Schools and Colleges	LBB Key, OP	680	703	103.38%

Self-Evaluation Report

Performance Measures	LBB Measure Type	FY 2024 Target	FY 2024 Actual Performance	FY 2024 % of Annual Target
Number of Individuals Employed by BET Businesses (Managers and Employees)	LBB Key, OP	1,300	1,841	141.62%
Number of Monitoring Reviews of Boards or Contractors	LBB Key, OP	120	132	110.00%
Number of Onsite Inspections Completed for Texas Child Labor Law Compliance	LBB Key, OP	2,600	2,351	90.42%
Average Number of Children Served Per Day – Combined	LBB Key, OP	140,046	149,268	106.58%
Contracted Number of Self-Sufficiency Trainees	LBB Key, OP	971	744	76.62%
Contracted Number of Skills Development Trainees	LBB Key, OP	10,261	6,614	64.46%
Contracted Number of First-Year JET Trainees or Students	LBB Key, OP	6,006	6,924	115.28%
Participants Served – AEL	LBB Key, OP	56,128	73,539	131.02%
Participants Served - Apprenticeship	LBB Key, OP	11,690	11,600	99.23%
Participants Served - Local Workforce Connection Services	LBB Key, OP	92,883	103,707	111.65%
Participants Served – VR	LBB Key, OP	68,611	69,243	100.92%
Statewide Initiative Participants to Be Served	LBB Key, OP	3,507	24,016	684.80%
Contracted Average Cost Per Skills Development Trainees	LBB Non Key, EF	\$2,000.00	\$1,696.85	84.84%
Average Cost per Participant Served - AEL	LBB Non Key, EF	\$1,465.00	\$1,175.09	80.21%
Average Cost per Employment and Housing Complaint Resolved	LBB Non Key, EF	\$2,255.00	\$1,800.44	79.84%
Contracted Average Cost per Statewide Initiative Participant to Be Served	LBB Non Key, EF	\$1,772.00	\$943.44	53.24%

Performance Measures	LBB Measure Type	FY 2024 Target	FY 2024 Actual Performance	FY 2024 % of Annual Target
Contracted Average Cost Per Self-Sufficiency Trainees	LBB Non Key, EF	\$2,500.00	\$2,027.70	85.11%
Number of Initial UI Claims Filed	LBB Non Key, EX	864,010	829,502	96.01%
Percent Employed/Enrolled 2nd Quarter Post-Exit – AEL	LBB Non Key, OC	56.00%	58.29%	104.90%
Percent Employed/Enrolled 2nd Quarter Post-Exit – VR	LBB Non Key, OC	57.50%	60.82%	105.72%
Percent of Employment and Housing Complaints Resolved Timely	LBB Non Key, OC	98.00%	99.52%	101.55%
Percent of Wage and Tax Reports Timely Secured	LBB Non Key, OC	92.00%	92.41%	100.45%
Average Earnings Per Business Enterprises of Texas Consumer Employed	LBB Non Key, OC	\$90,000.00	\$127,248.00	141.39%
Employed/Enrolled 2nd Quarter Post Exit - C&T Participants	LBB Non Key, OC	66.00%	66.29%	100.44%
Number of Businesses Operated by Blind Managers	LBB Non Key, OP	107	111	103.74%
Number of Employment and Housing Complaints Resolved	LBB Non Key, OP	1,425	2,087	146.46%
Number of Individuals Receiving EEO Training	LBB Non Key, OP	20,500	21,265	103.73%
Number of Payday Law Decisions Issued	LBB Non Key, OP	12,000	12,409	103.41%
Number of Personnel Policies Approved by CRD	LBB Non Key, OP	29	30	103.45%

LBB Measure Types:

EF: Efficiency Measure

EX: Explanatory Measure

OC: Outcome Measure

OP: Output Measure

Performance Measure Calculations

An inventory of TWC's performance measure calculations, and other performance measure information, can be accessed in Schedule B of the [TWC Strategic Plan 2025-2029](#).

Explanations of Variance:

Average Time on Hold UI Tele-Centers: Wait times were higher in 2024 due to two significant federally declared disasters which led to a surge in customers submitting unemployment claims and seeking service. The number of calls answered in August 2024 was the highest for any month dating back to April 2020, and the second highest dating back to October 2017. In a continuing effort to address the wait times, TWC is working to fill vacant positions, upskill staff to handle a broader range of customer inquiries and identify efficiencies to reduce call talk time and build capacity.

Percent of UI Appeals Issued Timely: Increased workload volume; continued staffing challenges and additional necessary anti-fraud verifications have all contributed to timeliness of decisions. Additionally, two federally declared disasters increased the number of appeals.

Average Choices Program Participation: As the TANF caseload continues to decrease, the proportion of the caseload that is exempted from the requirement to participate in the Choices program under state law and HHSC rules continues to grow, even though they are included in the calculation by federal standards. During State Fiscal Year 2024, 57 percent of TANF adults were exempted from participation on average each month. TWC continues to provide technical assistance to local Boards to assist them in making their Choices programs as attractive to and effective as possible for all TANF recipients with the goal of increasing the number of exempted recipients that participate voluntarily. TWC is still working to rebuild its reporting system capabilities for the performance measure and thus FY 2024 performance only runs through the launch of the agency's new case management system.

Employers Served: Employers have many options where to post their jobs - more than when targets were initially set for this biennium. These options have contributed to a reduction in the number of employers seeking services over the last few years. However, as labor markets have tightened, the workforce system has been engaging with more employers to help them attain the talent they need. Performance this year is up 28.7 percent in FY 2024 over FY 2023.

Contracted Number of Skills Development Trainees: The Skills Development Fund program is business driven. The application timing and volume is based on the employer training needs and the resources available through eligible applicants, which is guided by the economic activity in their communities. While performance will not be evenly distributed across quarters, there is significant project development underway that will be reflected in future reports.

Contracted Number of Self-Sufficiency Trainees: The demand for the program fluctuates and depends in large part on the eligible organization's interest, capacity, and

the ability to meet the grant's requirements. TWC is expanding the outreach efforts to raise awareness, engage new applicants, and develop existing grant partners.

- I. Please list all “mission critical” data resources (e.g., spreadsheets, databases, IT systems, and cloud-hosted applications) your agency maintains to collect, track, or display agency program data. By “mission critical,” we mean the main systems necessary for the day-to-day functioning of core and/or client-facing agency functions and services. Please do not include any statutorily required data collection upon which agency funding is contingent but which does not impact daily program functionality. As a companion to the list below, please provide additional information on each data resource using the template provided for Attachment 21 in that section of the instructions.**

**Texas Workforce Commission
Exhibit 3: Mission Critical Data Resources**

Data Resource Name	Associated Program(s) or Division(s)	Data Owner
Adult Education and Literacy Texas Educating Adults Management System (AEL TEAMS)	Workforce Development	Mary York
Avaya Aura Communications System	Unemployment Insurance	Eric Holen
Business Enterprise of Texas	Vocational Rehabilitation	Tammy Martin
Career Schools and Colleges	Workforce Development	Mary York
Cash Draw and Expenditure Reporting (CDER)	Finance	Chris Nelson
Child Care Integrity Central Module	Child Care and Early Learning	Reagan Miller
Employee Work Refusal	Unemployment Insurance	Eric Holen
Employer Benefit Services	Unemployment Insurance	Eric Holen
Enterprise Data Warehouse	Information Technology	Heather Hall
External Relations Contact Tracking	Customer Care	Tom McCarty
High Risk Protocol	Information Technology	Heather Hall
Identity Verification	Unemployment Insurance	Eric Holen
Learner Outcome Tracking System	Workforce Development	Mary York
On-Line Wage Claim	Unemployment Insurance	Eric Holen
Payday Labor Law System	Fraud Deterrence and Compliance Monitoring	Jason Stalinsky
PeopleSoft Financials	Finance	Chris Nelson

Self-Evaluation Report

Data Resource Name	Associated Program(s) or Division(s)	Data Owner
PeopleSoft: HR: Centralized Accounting and Payroll Personnel System	Business Operations	Lowell Keig
Performance Measures Reporting System	Information Innovation and Insight	Jennifer Colehower
ReHabWorks	Vocational Rehabilitation	Tammy Martin
Texas Child Care Connection (TX3C)	Child Care and Early Learning	Reagan Miller
TWC Web Client: Forms - UI Submission Upload	Unemployment Insurance	Eric Holen
TWC Web Client: Forms - Employer UI Submission Upload	Unemployment Insurance	Eric Holen
UI Claims System - Benefits	Unemployment Insurance	Eric Holen
Unemployment Benefits Services (UBS)	Unemployment Insurance	Eric Holen
UI Employer Response	Unemployment Insurance	Eric Holen
UI Fraud Submission Public Facing Portal	Fraud Deterrence and Compliance Monitoring	Jason Stalinsky
UI Fraud/AWARE System	Fraud Deterrence and Compliance Monitoring	Jason Stalinsky
UI Overpayment Portal for UI	Unemployment Insurance	Eric Holen
UI Separation	Unemployment Insurance	Eric Holen
UI Systematic Alien Verification for Entitlements	Unemployment Insurance	Eric Holen
UI Tax Account Services	Unemployment Insurance	Eric Holen
UI Tax Audit	Unemployment Insurance	Eric Holen
UI Tax Registration	Unemployment Insurance	Eric Holen
UI Tax Services	Unemployment Insurance	Eric Holen
UI Tax System & Wage Records	Unemployment Insurance	Eric Holen
Work In Texas: Labor Exchange and Case Management	Workforce Development	Mary York
Workforce Reporting and Procurement System (WRAPs)	Business Operations	Lowell Keig

J. Does the agency use any analytics software or platforms to collect, store, transform, or analyze agency data?

Texas Workforce Commission
Exhibit 4: Data Analytics Platforms

Analytics Platform	Associated Data Resource(s)
SQL Developer/SQL Server	Enterprise Data Warehouse (EDW)
SAS PC and Server	RehabWorks Data Warehouse (RHW)
Python Anaconda Distribution	EDW, RHW, AEL TEAMS
SPSS	EDW, RHW, AEL TEAMS, TX3C, CDER, UI
Dbeaver	EDW
KNIME	EDW
ArcGIS and ArcMAP	EDW, RHW, AEL TEAMS, TX3C, CDER, UI
Tableau	EDW, RHW, AEL TEAMS, TX3C, CDER, UI
PowerBI	EDW, RHW, AEL TEAMS, TX3C, CDER, UI

III. History and Major Events

Provide a timeline of your agency's history and key events, including:

- The date your agency was established
- The original purpose and responsibilities of your agency
- Major changes in responsibilities or statutory authority

Also consider including the following information if beneficial to understanding your agency:

- Changes to your policymaking body's name or composition
- Significant changes in state/federal legislation, mandates, or funding
- Significant state/federal litigation that specifically affects your agency's operations
- Key changes in your agency's organization (e.g., the major reorganization of the Health and Human Services Commission and the Department of State Health Services' divisions and program areas or the Legislature moving the Prescription Monitoring Program from the Department of Public Safety to the Texas State Board of Pharmacy).

History of Workforce in Texas

The State of Texas had a predominantly agricultural economy before the 20th Century. In 1880, 90.8 percent of Texans lived and worked in rural areas, which decreased slightly to

82.9 percent by 1900. The Lone Star State's workforce was overwhelmingly dominated by small agricultural landholders during those early years.

That began to change with the discovery of oil at Spindletop on Jan. 10, 1901, which created boomtowns and drove more native Texans – and recent immigrants – to settle in cities. By 1930, 41 percent of Texans lived in cities, and the population of Houston alone had jumped to 292,352. The increasing number of industries and professions created a diverse economy, but with the relative boom times of the 1920s, and a history in the state of minimalist government, little thought was given to the need for a state agency to address workforce issues. However, the Great Depression brought awareness to meeting this need in Texas.

In 1936, the Texas Legislature passed the Texas Unemployment Compensation Act, establishing the Texas Unemployment Compensation Commission. This action was in response to the 1933 Wagner-Peyser Act, which created a federal-state system of employment offices, and the 1935 Social Security Act, which included a federal tax structure to fund it. The Commission was required by Wagner-Peyser to establish two divisions, the Unemployment Compensation Division and the Employment Services Division. The Commission was renamed the Texas Employment Commission in 1947, and finally, the Texas Workforce Commission in 1995.

For several decades, TWC has been a driving force in connecting Texans with meaningful employment and shaping the state's economic landscape. From its pivotal role in unemployment compensation and employment services, TWC has consistently adapted to the evolving needs of the Texas workforce. Over the years, TWC has launched many programs and initiatives to promote and support a workforce system that creates value and offers employers, families, individuals, and communities the opportunity to achieve and sustain economic prosperity.

1913

Congress establishes the U.S. Department of Labor (DOL) by combining the Bureau of Labor Statistics and the Department of Commerce and Labor. The newly established department began with a core mission to foster the welfare of working people, enhance working conditions, and improve employment opportunities.

1933

Congress passes the Wagner-Peyser Act to establish a federal-state system of public employment offices, known as the Employment Services program, and in 1935 the Social Security Act included a tax to stimulate passage of state unemployment insurance laws. A primary goal of the Employment Services program is to ensure that job seekers and employers have universal access to basic labor exchange services by increasing employment opportunities for all job seekers and helping businesses meet their hiring needs.

1936

The Texas Legislature passes the Texas Unemployment Compensation Act which accepts the unemployment insurance provisions of the Social Security Act and establishes the Texas Unemployment Compensation Commission. The initial function of the Commission was to collect contributions from employers and make payment of benefits to unemployed workers.

1947

The Texas Legislature renames the agency to the Texas Employment Commission (TEC).

1964

Congress establishes the Equal Employment Opportunity (EEO) Commission created by Title VII of the Civil Rights Act of 1964. The EEO Commission enforces Title VII's requirements for both private and federal sector employers.

1978

House Resolution 50, 95th Congress, amended the Employment Act of 1946 instructing the nation to strive toward four goals: full employment, growth in production, price stability and balance of trade and budget. During this time, TEC's Austin headquarters grew to 16 departments, 10 district offices, and 4,472 employees. 142 regional offices operated in other Texas cities and towns to assist job seekers and employers across the state.

1983

During the 68th Texas Legislative Session, the Sunset Advisory Commission reported that TEC operated in an efficient and effective manner and should continue with some recommended modifications, despite Texas Governor William Clements arguing for its abolishment. Recommendations included statutory changes to the policy-making structure, conflicts of interest policies, modification to the agency's advisory council and establishing duties and functions of the agency's executive director.

1995

Numerous changes came about in June 1995 with the Texas Legislature passing HB 1863, effecting both workforce and welfare reform in the same legislation. This bill consolidated 28 workforce programs from ten other agencies into TWC. This action not only changed the name of the agency, but it also moved operational responsibility and funding from other entities such as: Job Training Partnership Act Employment Services, Unemployment Insurance, Temporary Assistance for Needy Families work program, Food Stamp Employment Training, Project RIO, and Welfare-to-Work program. Other actions included: the creation of Local Workforce Development Boards to oversee and plan programs for

their local labor markets through contracted One-Stop Career Centers; and creating a Skills Development Fund program.

1998

Congress passes SB 1186, the Workforce Investment Act of 1998, establishing a coordinated system of Federal aid programs for vocational education, adult education and job training at State and local levels. This helped to consolidate, coordinate and improve employment, training, literacy and vocational rehabilitation programs. It emphasized state and local control over workforce development programs and increased accountability for program performance and outcomes.

2003

In 2003, TWC restructured the oversight and responsibility for Employment Services state staff. Under the “Texas Model,” TWC transferred responsibility for the day-to-day direction and oversight of Employment Services staff from the state to the Local Workforce Development Boards and their workforce service contractors. This change was made to better support an integrated workforce system.

2004

As a result of the 2003 Sunset review, the Texas Legislature (HB 2933, 78R) transferred the powers and duties of the Texas Commission on Human Rights to TWC. The Civil Rights Division enforces state and federal laws by conducting investigations into employment and housing discrimination across the state.

TWC has helped provide relief to residents of neighboring states in response to disasters. In 2005 TWC provided hurricane relief to workers and employers in Texas and Louisiana in the wake of Hurricanes Katrina and Rita, this included TWC assisting Louisiana taking unemployment insurance claims so that those impacted by job losses caused by the disaster could begin receiving benefits sooner than they otherwise would have.

2006

The state’s unemployment compensation system experienced an unprecedented year with respect to the number of claims and benefit payouts. The national economic recession along with disaster unemployment resulting from Hurricanes Dolly and Ike resulted in a spike in unemployment claims.

Also, during this time, the partnership for local service delivery between the state’s 28 workforce development boards and TWC is formally given the name Texas Workforce Solutions and each region adopts the name.

2013

The 83rd Texas Legislature enacted SB 307 which transferred the Adult Education and Literacy program from the TEA to TWC.

2014

The U.S. Congress passed House Resolution (HR) 803 which amended the Workforce Investment Act of 1998 to create the Workforce Innovation and Opportunity Act which reauthorized federal workforce programs and sought to achieve system alignment and state flexibility within those programs. The U.S. Congress also passed HR 2642 which reauthorized the SNAP including the SNAP Employment and Training program administered by TWC. Congress also enacted SB 1086, which amended the Child Care Development Block Grant to enhance parental choice, strengthen safety in child care settings and established state level reserve funding to promote high-quality child care.

2016

As a result of the 2015 Sunset review, the Texas Legislature transfers the functions of the Department of Assistive and Rehabilitative Services (DARS) and Texas Council on Purchasing from People with Disabilities to TWC. Governor Greg Abbott establishes the Tri-Agency Workforce Initiative when he tasked the Commissioners of the TEA, THECB, and TWC to work together on five initial charges centered on developing strong links between education and industry.

With the passing of HB 3062 84R, the Texas Legislature transferred the Jobs and Education for Texans (JET) grant program from the Texas Comptroller of Public Accounts to TWC. The JET program provides grants to buy and install equipment for career and technical education courses.

2017

The 85th Texas Legislature enacted several measures significantly impacting TWC programs. HB 2431 by Rep. Deshotel expanded the Jobs and Education for Texans program to include public state colleges as eligible educational institutions under the program. HB 2443 by Rep. Mary Gonzales allowed TWC to begin accepting the filing of claims for unpaid wages under the Texas Payday Law electronically. HB 108 by Rep. Alvarado expanded the Skills Development Program to authorize its use to provide rapid response to, and support services for, employers expanding or relocating their operations to Texas.

TWC responded to Hurricane Harvey's impact on the Texas Coast. TWC was in communication with the U.S. Department of Labor (DOL) regarding the agency's needs to respond to the storm and potential National Dislocated Worker Grant Funding. TWC was prepared to begin accepting UI claims and Disaster Unemployment Assistance (DUA) immediately following Harvey's landfall for individuals who were unemployed because of the storm. A telephone hotline was created and additional customer service representatives were hired to handle the additional claims volume.

By August 2018, TWC had taken 143,075 regular disaster-related UI claims and 26,372 DUA claims. TWC paid approximately \$176.5 million in disaster-impacted UI benefits, including \$153.6 million in regular UI benefits and over \$22.9 million in federal DUA claims. In comparison, TWC paid out almost \$2.6 billion in regular UI benefits in calendar year 2017.

2019

The 86th Texas Legislature enacted the following provisions impacting TWC programs and services:

HB 1949 by Rep. Guillen required that TWC approve the award of Adult Education and Literacy program performance incentive funding and established the parameters required to be included in the considerations for such funding.

HB 2784 by Rep. Phelan directed TWC to establish the Texas Industrial Workforce Apprenticeship Grant program to focus on the state's immediate industrial workforce needs.

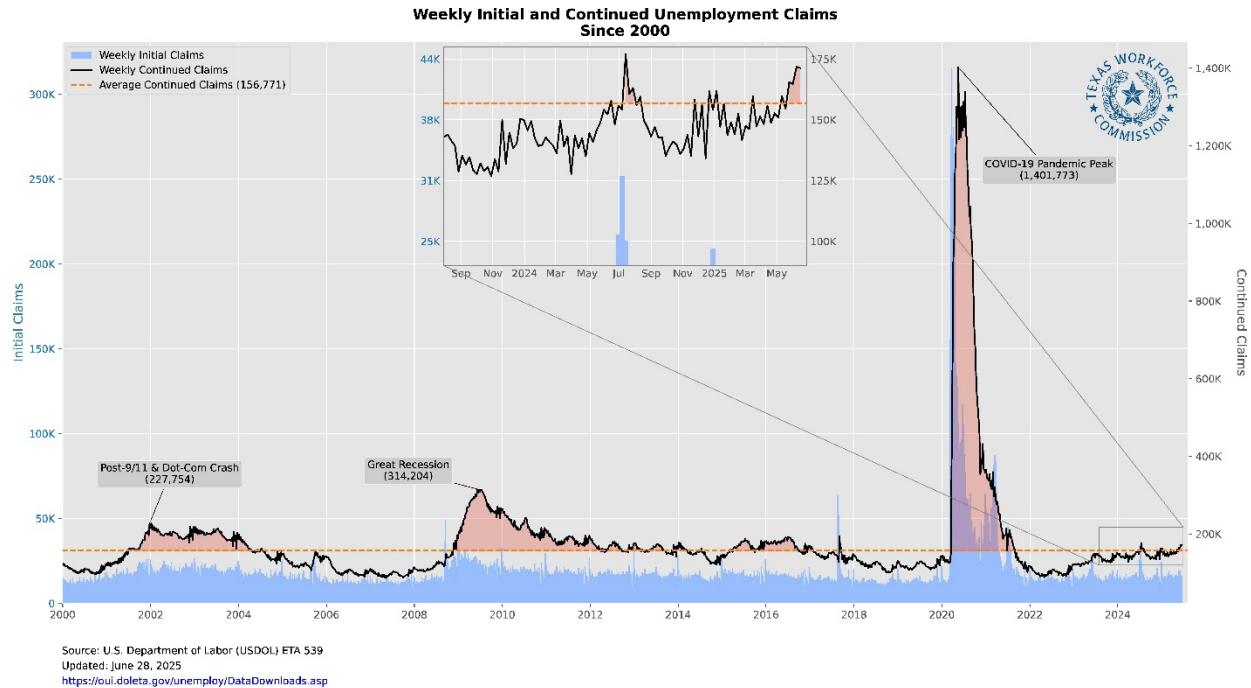
HB 700 by Rep. Guillen expanded the list of entities eligible to apply for funding from the Skills Development Fund to include Local Workforce Development Boards.

HB 753 by Sen. Huffman required TWC to assist Community Rehabilitation Programs participating in the Purchasing from People with Disabilities program to increase wages to the minimum wage.

SB 105 by Sen. Zaffirini required TWC to establish the Workforce Diploma Pilot Program in consultation with TEA.

2020

During the first two months of the COVID-19 pandemic, March and April 2020, the Texas economy shed approximately 1.4 million jobs. This caused the Texas unemployment rate to reach an all-time high of 12.8 percent in April 2020, from which it has steadily decreased as the economy has recovered. The emergence of COVID-19 in the United States impacted the Texas and national economies and resulted in many Texas businesses temporarily closing for the safety of employees and customers. As noted on the Weekly Initial and Continued Unemployment Claims chart below, there were 315,167 initial unemployment (file week ended 4/4/2020) claims and over 1.4 million continued weekly claims (reflecting week ending 5/23/2020) during the peak of the pandemic.



In 2020, the U.S. Congress passed several measures impacting TWC in response to the COVID-19 pandemic. HR 6201, the Families First Coronavirus Response Act was signed into law that, among other provisions, provided \$1 billion in emergency grants to states for activities related to paying unemployment insurance benefits, provided states access to interest free loans to help pay unemployment insurance benefits, and provided 100 percent federal funding for Extended Unemployment Insurance Benefits of an additional 26 weeks for unemployment insurance claimants who had exhausted all regular benefits. The measure also suspended work and work training requirements under the Supplemental Nutrition Assistance Program.

In 2020, Congress also enacted HR 748, the Coronavirus Aid, Relief, and Economic Security Act, creating a temporary Pandemic Unemployment Assistance Program through Dec. 31, 2020, to pay benefits to those not traditionally eligible for unemployment insurance benefits and creating Federal Pandemic Unemployment Compensation to pay an additional \$600 per week payments to each recipient of unemployment insurance or Pandemic Unemployment Assistance benefits for up to four months. The bill also created Pandemic Emergency Unemployment Compensation which provided an optional 13 weeks of unemployment benefits to those who had exhausted their benefits, provided funding to states to reimburse non-profits, government agencies and Indian tribes for the costs of their unemployment insurance benefits. The legislation also provided additional funding for Child Care Development Block Grants to states to provide immediate assistance to child care providers to prevent them from going out of business and to support child care for families including for healthcare workers, first responders, and other playing a critical role during the pandemic.

2021

The 87th Texas Legislature enacted the following legislation which impacted TWC programs and services:

HB 1792 by Rep. Button which required TWC to competitively procure a single entity to oversee statewide assessor staff to evaluate child care providers participating in the Texas Rising Star program. Also enacted was HB 2607 by Rep. Talarico, which removed the voluntary nature of the Texas Rising Star Certification Program and required all child care providers participating in the Subsidized Child Care Program to participate in the program.

The Legislature enacted HB 3767 by Rep. Murphy which made permanent the collaborative work of TEA, THECB and TWC known as the Tri-Agency Workforce Initiative. Its purpose is to coordinate and improve information and other resources to ensure that the use of state and federal education and workforce funds is efficiently aligned to:

- Achieve state workforce goals.
- Align career education training programs to workforce demands.
- Enable local and state policy makers to identify the workforce outcomes of participants in career education and training programs.
- Create progress towards state workforce development goals.

HB 4279 by Rep. Klick expanded the list of entities eligible to apply for funding under the Jobs and Education for Texans Grant program to include the Windham School District and SB 246 by Sen. Paxton also expanded this list to include open-enrollment charter schools.

SB 770 by Sen. Hughes expanded job training programs under the Self Sufficiency Fund to include individuals who are identified by TWC as being low-income or at risk of becoming dependent on public assistance.

HB 7 by Rep. Button provided a change in the calculation of the unemployment insurance benefits replenishment ratio used to determine an employer's unemployment insurance contribution rate by prohibiting the inclusion in the calculation rate any non-effective charges paid because of a gubernatorial order or proclamation declaring at least 50% of Texas counties in a state of disaster or emergency.

SB 2099 by Sen. Zaffirini required that TWC ensure that unemployment insurance claimants are able to check the status of their claim through one or more methods via telephone or electronic means.

HB 3938 by Rep. Keith Bell established the Industry-Based Certification Advisory Council to advise TWC on the alignment of public high school career and technology education programs with current and future workforce needs in communities, regions and in the state.

2023

The Wagner-Peyser Act Staffing Final Rule, published by DOL, requires all states to use state merit staff to provide Wagner-Peyser Act Employment Service (ES) services.

The 88th Texas Legislature enacted several pieces of legislation impacting TWC programs and services. HB 1755 by Rep. Button required TWC to establish the Lone Star Workforce of the Future Fund to provide grants of up to \$15,000 per participant to eligible entities to coordinate and deliver workforce training programs in high-demand occupations.

HB 1615 by Rep. Button required TWC to establish and administer a pre-kindergarten partnership program that assists child care providers who are eligible for pre-k partnerships, to development those partnerships with local school districts and open enrollment charter schools to provide pre-k classes to eligible three- and four-year-old children. The legislation also directs TWC to collaborate with TEA on strategies to expand pre-k partnerships. The bill further directed TWC to establish and administer a Child Care Professional Development Scholarship Program for current and prospective child care professionals.

HB 2459 by Rep. Vo made amendments to provide for three distinct levels of appeal in Child Labor cases under Texas Labor Code Chapter 51.

The 3rd Called Session of the 88th Texas Legislature enacted SB 7 by Sen. Middleton which prohibits an employer from having a mandate requiring an employee, contractor, or applicant to be vaccinated against COVID-19 as a condition of employment. The legislation also established a process at TWC for an employee, contractor, or applicant to file a complaint for violations and requires TWC to investigate those complaints and assess penalties against employers found to have committed a violation.

2024

Congress enacted HR 5861, the Building on Reemployment Improvements to Deliver Good Employment for Workers Act, which extends Reemployment Services and Eligibility Assessments (RESEA) to all unemployment insurance claimants.

IV. Policymaking Structure

A. Complete the following table to provide information on members of your policymaking body.

Texas Workforce Commission Exhibit 5: Policymaking Body

Member Name	Term: 6 Years Appointment Dates: See Below Appointed by: Governor	Qualification	City	Previous Term Served
Bryan Daniel	July 2019 – Feb 2025 *Named Chair Aug 2019 **Resigned Effective Aug 10, 2025	Commissioner Representing Public	Georgetown	n/a
Alberto Treviño III	Jan 2023 – Feb 2029	Commissioner Representing Labor	Harlingen	n/a
Joe Esparza	Nov 2023 – Feb 2027	Commissioner Representing Employers	Elgin	n/a

B. Describe the primary role and responsibilities of your policymaking body.

Three full-time Commissioners are appointed to TWC by the Governor, one each representing employers, labor, and the public. Together, they oversee the functioning of TWC and develop agency policy.

Texas Labor Code, Section 301.0015 details the Functions of the Commission as TWC's policymaking body to include:

1. Setting Commission policies, including policies that clearly separate the policymaking responsibilities of the Commission and the management responsibilities of the executive director and Commission staff.
2. Giving general direction to the executive director regarding the implementation of the Commission's policies, and holding the executive director accountable for implementing the policies.
3. Approving the Commission's budget recommendation to the Legislature.
4. Reviewing under Subchapter [D](#), Chapter [212](#), the decision of an appeal tribunal regarding unemployment compensation.
5. Reviewing under Subchapter [D](#), Chapter [61](#), the decision of a wage claim appeal tribunal regarding a wage claim.

6. Adopting rules necessary to administer the Commission's policies, including rules necessary for the administration of this title and rules governing required reports, procedures, and orders.
7. Responding to questions and comments that are directed to the Commission by the executive director and that relate to setting or clarifying Commission policies or relate to other matters of general interest to the Commission.
8. Requesting information from Commission staff.
9. Reviewing under Subchapter [D](#), Chapter [51](#), the decision of a child labor appeal tribunal regarding a child labor violation and/or an administrative penalty.

The Commission also serves the function of reviewing fair housing cases, specifically decisions from an appeal tribunal concerning fair housing complaints, as specified in Texas Property Code, Section 301.111 and implemented under 40 Texas Administrative Code (TAC), Section 819.199. The Commission also serves the function of reviewing tax cases as set forth in 40 TAC Section 815.113, which is under the authority of Texas Labor Code, Section 301.0015(a)(6).

C. How is the chair selected?

The Governor designates the chair of the Commission from among the members of the Commission. The chair serves in that capacity at the pleasure of the Governor for a two-year term. The Governor may redesignate the same member to serve consecutive terms. (Texas Labor Code, Section 301.006)

Regardless of which member is selected as the chair of the Commission, the Commissioner Representing the Public shall serve as the chair when the Commission presides over the following matters:

- Employment Discrimination cases
- Housing Discrimination cases
- Wage Claim cases
- Unemployment Insurance cases
- UI Tax cases
- Child Labor cases

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

State law delineates the broad responsibilities of each individual Commissioner, providing that one of the members of the Commission represents employers, one represents workers, and one represents the public. Moreover, the public member of the Commission may not be an officer, employee, or paid consultant of a labor-oriented or employer-oriented trade association while the member serves on the Commission. A person who is required to register as a lobbyist under Chapter 305, Government Code, may not serve as a member of the Commission while so registered.

By ensuring that each constituency is represented on the Commission, the Legislature ensured that all rules and policies would be fairly debated and decided. The Commission meets weekly to adjudicate appeals of claims for unemployment compensation, resolve taxation disputes, and address wage claims. Frequent meetings also ensure that strategies are in development and reflect the current economic conditions.

The Commission is designated as the agency of this state for implementation of the Wagner–Peyser Act and the Workforce Innovation and Opportunity Act of 2014. The Commission and executive director shall cooperate with the Secretary of Labor under the Social Security Act by making reports in the form and containing information required by the secretary, and by complying with provisions the secretary finds necessary to ensure that the reports are correct and verified. The Commission and executive director shall comply with the regulations prescribed by the secretary governing the expenditures of funds allotted and paid to the state under Title III of the Social Security Act. The Commission may provide reasonable cooperation to each agency of the United States charged with the administration of any unemployment insurance law.

State law sets guidelines regarding the functions of the Commission and staff. In administering its functions under Section 301.0015 of the Labor Code the Commission shall limit its activities to setting Commission policies, including policies that clearly separate the policymaking responsibilities of the Commission and the management responsibilities of the executive director and Commission staff; giving general direction to the executive director regarding the implementation of the Commission's policies, and holding the executive director accountable for implementing the policies.

In administering its functions the Commission, acting as a governmental body, or an individual member of the Commission may not direct the day-to-day operations of the executive director or other Commission staff; or establish the details for the implementation of Commission policies or direct the executive director or other Commission staff about those details.

E. In general, how often does your policymaking body meet? How many times did it meet in fiscal years 2020 through 2024? Explain if the policymaking body met in-person or virtually during this time.

In general, the Commission meets weekly. The Commission met a total of 216 times from Fiscal Year 2020 through Fiscal Year 2024, broken down as follows:

- Fiscal Year 2020, the Commission met 46 times.
- Fiscal Year 2021, the Commission met 53 times.
- Fiscal Year 2022, the Commission met 41 times.
- Fiscal Year 2023, the Commission met 41 times.
- Fiscal Year 2024, the Commission met 35 times.

The Commission met in-person during this time, except for fiscal years 2020 and 2021 when some meetings were held virtually due to the pandemic.

F. Does the policymaking body broadcast and archive its meetings?

Yes, the Commission broadcasts and archives its meetings. Meeting broadcast information and archives are available and can be accessed on the TWC website as follows:

[Commission Meetings - Texas Workforce Commission](#)

[2025 Commission Meeting Information - Texas Workforce Commission](#)

G. Briefly describe all the training the members of the agency's policymaking body receive. How often do members receive this training or updated materials?

Prior to participating in any capacity as a Commissioner, the newly appointed Commissioner must receive training regarding the following:

1. Legislation that created the Commission
2. Programs operated by the Commission
3. Role and functions of the Commission
4. Rules of the Commission, with an emphasis on the rules that relate to disciplinary and investigatory authority
5. Current budget for the Commission
6. Results of the most recent formal audit of the Commission
7. Requirements of:
 - a. the open meetings law, Chapter [551](#), Government Code
 - b. the public information law, Chapter [552](#), Government Code

- c. the administrative procedure law, Chapter [2001](#), Government Code
 - d. other laws relating to public officials, including conflict-of-interest laws
- 8. Civil rights laws relevant to employment programs offered by the Commission
 - 9. Any applicable ethics policies adopted by the Commission or the Texas Ethics Commission

The General Counsel provides a written compilation of materials covering all of these topics and an in-person oral training on these topics, which includes a PowerPoint presentation. Further, the newly appointed Commissioner takes additional training in the open meetings and public information laws, conducted by the Texas Attorney General's office. These trainings are conducted one time. The Commissioners are provided updated materials as any relevant laws change.

H. What information is regularly presented to your policymaking body to keep them informed about the agency's operations and performance?

The Commission is provided updates during regularly scheduled open meetings regarding agency operations and performance. These updates are provided by the Executive Director and Executive Staff. Additionally, periodic performance reports are prepared and circulated to each Commissioner.

The Commissioners' offices also receive individual and identical weekly policy briefings from agency staff. These briefings cover agency and board performance, establishing performance measures, rulemakings, allocation of grants and other policy issues scheduled to be brought before the Commission during a scheduled Commission open meeting. Commissioner input and decisions take place during the properly noticed Commission open meetings. In addition, each Commissioner's office receives from agency staff a formal compilation of economic, financial and performance measures data regarding the workforce solutions system.

I. How does your policymaking body obtain input from the public regarding issues under the agency's jurisdiction? How is this input incorporated into the operations of your agency?

The Commission includes a public comment agenda item during every Commission open meeting. Members of the public are permitted to offer comment and input on any issue under the agency's jurisdiction. Input may be submitted in writing as well. All oral and written comments are considered by the Commission in carrying out its duties. Further, the Executive Director and Executive Management consider all input received and follow-up with the public commenter as appropriate.

The Commission also permits members of the public to provide input on any item that is posted for Commission consideration during an open meeting. The Commission may engage directly with the member of the public providing comment in this fashion.

The Commission solicits public comment and input on every agency rulemaking proposed by the body. The input received is considered and incorporated into the final adopted version of the rulemaking, as appropriate. When considering and acting upon any final rule or rule amendment, the Commission adopts formal written responses to all comments received.

- J. If your policymaking body uses subcommittees, advisory committees, councils, or other groups to carry out its duties, fill in the following table. For any advisory committees established in statute, please note the date of creation for the committee as well as the abolishment date as required by Texas Government Code, Section 2110.008. In addition, please attach a copy of any reports your agency filed under Texas Government Code, Section 2110.007 regarding an assessment of any statutory advisory committees as Attachment 28.**

**Texas Workforce Commission
Exhibit 6: Subcommittees and Advisory Committees**

Name of Subcommittee or Advisory Committee	Size Composition How are members appointed?	Purpose / Duties	Legal Basis for Committee (statute or rule citation)	Creation and Abolishment Dates
Adult Education and Literacy (AEL) Advisory Committee	9, State Director of AEL nominates members for the Commissioner's approval.	The committee advises the Commission on developing workforce policies, AEL curriculum guidelines, student transition strategies, and AEL data systems, as well as exploring partnerships to improve statewide literacy programs.	Texas Labor Code 315.005; 40 TAC Sec. 805.43.	9/1/2013, no abolishment date stated. Not subject to Texas Government Code, Sec. 2110.008.
Jobs and Education for Texans (JET) Advisory Board	6, Appointments from: the Governor, Lieutenant Governor, Speaker of the House, THECB, TWC, and TWC Chair serves as Advisory Chair	To review application evaluation results and make recommendations on awarding grants and guidelines for the next application cycle	Texas Education Code Sec. 134.003; 40 TAC Sec. 804.11 - 804.13.	6/19/2009 - 6/19/2025 (updated rulemaking anticipated)
Industry Based Certification Council	9, The Governor, Lieutenant	To advise the commission regarding the alignment of public high school career and technology education programs with	Texas Labor Code	6/15/2021-6/15/2025

Self-Evaluation Report

Name of Subcommittee or Advisory Committee	Size Composition How are members appointed?	Purpose / Duties	Legal Basis for Committee (statute or rule citation)	Creation and Abolishment Dates
	Governor, and Speaker of the House each appoint one industry representative , one public school teacher representative , and one public junior, state, or technical college representative	current and future workforce needs in communities, regions, and the state.	Section 312.002	(updated rulemaking anticipated)
Purchasing from People with Disabilities (PPD) Advisory Committee	13, Members are appointed by TWC	PPD Advisory committee is tasked to assist the Workforce Commission in establishing performance goals for the program and criteria for certifying community rehabilitation programs participating in the PPD program. Also assists TWC with establishing goals, performance measures, and adopting rules.	Tex. Hum. Res. Code § 122.0057; [SB 212 Sec., 84th Legislative Session (R) 2015]; 40 TAC Sec. 806.21 – 806.23.	9/1/2015-no abolishment date stated. Not subject to Texas Government Code, Sec. 2110.008.
Lone Star Workforce of the Future Advisory Board	6, Governor, Lieutenant Government, Speaker of the House, Texas Higher Education Coordinating Board, TWC and the Chairman of TWC Commission serves as presiding officer	Assists the Commission in administering this chapter	Texas Education Code Chapter 134A. 40 TAC Chapter 810.	9/1/2023-9/1/2027 (updated rulemaking anticipated)
Rehabilitation Council of Texas (RCT) {State Rehabilitation Council}	17, the Governor of Texas appoints members to the RCT	In partnership with the VR division the RCT work includes: assisting with development and review of State goals and priorities; evaluation of the effectiveness of the VR Program; conduct statewide needs assessments; consult regularly regarding the development, implementation and revision of state policies and procedures, and other VR related activities; provide comments during the development of the VR Service portion	Section 105 of the Rehabilitation Act of 1973, as amended, 29 United States Code §725; and 34 C.F.R. §§ 361.16 and 361.17;	9/1/1999 N/A; The RCT's existence is required for the Agency to receive and expend federal funds.

Name of Subcommittee or Advisory Committee	Size Composition How are members appointed?	Purpose / Duties	Legal Basis for Committee (statute or rule citation)	Creation and Abolishment Dates
		of the WIOA Unified or combined state plan; prepare and submit to Governor and RSA no later than 90 days after the end of the Federal fiscal year an annual report on the status of the VR Program and make the report available to the public.	Texas Labor Code 352.003; and 40 TAC §850.33.	

V. Funding

A. Provide a brief description of your agency's major sources of funding.

For the 2024-25 biennium, TWC had a total appropriation of \$5.2 billion in All Funds, which provided for 4,905.5 full-time equivalents (FTE) in Fiscal Year (FY) 2024 and 4,916.5 FTE in FY 2025. For the 2026-27 biennium, TWC has a total appropriation of \$6.1 billion and 5,066 FTE. Nearly 70 percent of the TWC appropriation is allocated to local workforce development areas for workforce boards to deliver workforce and support services throughout the state. Federal Funds account for \$5.3 billion, which is approximately 87 percent of the agency's total appropriation for the 2026-27 biennium.

The largest TWC federally funded program is Child Care Services, which provides child care subsidies to low-income families so parents can work or attend job training or education. In addition to child care subsidies, TWC's Child Care Services program also funds activities that improve the quality of child care across the state such as professional development for child care professionals and curriculum and classroom materials for child care programs.

Other major TWC federally funded programs include VR, WIOA, UI, TANF, Wagner-Peyser Employment Services, DFPS child care services (funding passed through to workforce boards), SNAP Employment & Training, AEL, and Reemployment Services and Eligibility Assessments (RESEA).

TWC's general revenue (GR) appropriations totaled \$504.6 million, or 9.8 percent, of the total agency budget for the 2024-25 biennium and \$611.5 million, or 10.1 percent, of the total in the FY 2026-27 biennium. GR-Dedicated funds add \$19.2 million for the 2024-25 biennium and \$29.1 million for the 2026-27 biennium.

The majority of TWC's GR appropriations, approximately 67 percent, are used to match federal funds or satisfy maintenance of effort (MOE) requirements (i.e., \$194.7 million to match federal VR Funds, \$120.1 million to match and \$55.5 million to satisfy the MOE for federal Child Care and Development Funds (CCDF), \$19.8 million to match federal AEL Funds, \$17.7 million to satisfy the state's MOE for federal TANF, and \$9.0 million to match

federal SNAP, for the 2026-27 biennium). The Skills Development program, which is a customized skills training program managed directly by TWC, is a notable exception to the use of general revenue funds for satisfying federal funding requirements. TWC's Skills Development program totaled \$62.0 million in GR funds for the 2024-25 biennium and \$67.4 million for the 2026-27 biennium.

During the last reported year, ending June 30, 2024, TWC served 684,650 individuals through the UI program. 838,264 claims for benefits were filed. UI fraud – both benefits fraud and ID fraud – continues to be a significant challenge for TWC.

To further reduce UI fraud of all types, TWC has implemented several new strategies and effective detection tools to prevent the payment of fraudulent claims. With these efforts, TWC has been successful in preventing over 99 percent of fraud attempts on the UI system. Even with this success, TWC must continually adapt its fraud prevention efforts to stay ahead of fraudsters.

In addition to fraud detection and prevention, the security of the information maintained within the state and local networks is increasingly tested by cyber-crime activity. Cybersecurity is a focus for TWC, as cybercrimes continue to evolve at a pace that requires consistent effort and resources toward developing and maintaining the strongest data security available.

Due to constraints on the UI federal grant following COVID, TWC received GR-Dedicated Fund 165 funding, collected from UI penalties and interest for violations of the Texas Unemployment Compensation Act, for fraud detection and deterrence, cybersecurity, and other key information technology priorities in the 2026-27 biennium.

During the COVID-19 pandemic, TWC received approximately \$5.9 billion in additional one-time federal funding for the Child Care Program. TWC's goals for the use of the funding included serving more children with child care subsidies, stabilizing the child care industry, improving the quality of child care, supporting the child care workforce, and building the capacity of child care. Uses of this funding included providing child care services to front line workers, which allowed front line workers to continue to work when schools and other activities that served as child care were closed due to pandemic orders. The largest portion of child care funding was used to provide relief to child care providers who were impacted by the pandemic. TWC authorized \$3.5 billion for stabilization grants to all eligible licensed child care providers, providing funds to help them with costs incurred because of the pandemic, such as staff compensation, staff retention bonuses, rent, and necessary goods and services. All these federal funds were fully expended by the federal deadline of Sept. 30, 2024.

B. List all riders that significantly impact your agency's budget.

The following riders from Senate Bill No. 1, 89R (General Appropriations Act) have a significant impact on TWC's budget.

Article VII, Texas Workforce Commission

- *Rider #2, Capital Budget* – TWC’s Capital Budget is utilized by the agency to repair and maintain its facilities, and to operate complex systems to pay unemployment compensation and collect employer taxes, connect job seekers with jobs, and collect and report information on services provided.
- *Rider #3, Appropriation: Federal Funds* – Acknowledges that because federal funding received to administer the unemployment compensation program is a function of economic conditions that cannot be estimated precisely years in advance, and is needed to be received and expended as quickly as practicable, TWC is authorized to expend such federal funds, providing notice to the Legislative Budget Board (LBB) and Governor of any such funds and associated staffing in excess of amounts included in the General Appropriations Act.
- *Rider #6, Reappropriation of Federal and Local Funds* – Enhances TWC’s ability to manage effectively and maximize federal funds that are awarded with periods of life that extend beyond a single fiscal year.
- *Rider #7, Unexpended Balances for Child Care Funds* – Provides authority for TWC to transfer any balances of unexpended general revenue from any strategy to Strategy A.3.1 Local Child Care Solutions, in order to maximize the matching of any available federal funds for child care.
- *Rider #8, Unexpended Balances Appropriation: Skills Development and Jobs and Education for Texans* – Enhances TWC’s ability to maximize general revenue funds and manage contracts effectively that are awarded with grant periods that extend beyond a single fiscal year.
- *Rider #9, Unexpended Balances Appropriation: Industry Recognized Apprenticeship Programs and Pre-Apprenticeship Career Pathways* – Enhances TWC’s ability to maximize general revenue funds and manage contracts effectively that are awarded with periods of life that extend beyond a single fiscal year.
- *Rider #10, Maximization of Child Care and Development Funds* – Legislative intent rider providing that the Legislature wants TWC to maximize all available federal matching funds for child care.
- *Rider #23, Employment and Training Investment Assessment Reimbursement* – This rider is significant because of federal compliance requirements.
- *Rider #26, School Readiness Models* – Redirects Child Care funding from TWC to TEA.

- *Rider #27, Contingent Revenue Career Schools and Colleges Regulation* – Allows TWC’s career schools and colleges regulatory program to expand with the industry, as necessary.
- *Rider #35, Appropriation: GR-Dedicated Business Enterprise Program Trust Fund Account No. 5043* – Allows TWC to utilize all collected revenue and fully expend for the intended, statutory purposes each year.
- *Rider #40, Health and Human Services Commission Partnership* – Redirects Vocational Rehabilitation Social Security Administration funding from TWC to HHSC.
- *Rider #45, Unexpended Balances Appropriation: Acquisition of Information Resource Technology and Legacy Modernization* – Enhances TWC’s ability to maximize capital budget authority and manage significant IT projects effectively that extend beyond a single fiscal year.
- *Rider #51, Expansion of Senior Keys to Independence Program (SKIP)* – Appropriates additional General Revenue funding for SKIP in the 2026-27 biennium.
- *Rider #52, Emergency Medical Response Service Staffing Program* – Transfers the Emergency Medical Response Service Staffing program to TWC and appropriates new General Revenue funding in the 2026-27 biennium.
- *Rider #53, Appropriation: GR-Dedicated Business Enterprise Program Account No. 492* – Allows TWC to utilize all collected revenue and fully expend for the intended, statutory purposes each year.
- *Rider #54, Enhanced Workforce Data System* – Appropriates new General Revenue funding to enhance reporting of employment and earnings data in the 2026-27 biennium.

Article VII, Reimbursements to the Unemployment Compensation Benefit Account

- The riders in this section provide authority to reimburse the Unemployment Compensation Trust Fund for unemployment benefits paid on behalf of former state employees. The riders also authorize an estimated appropriation to allow the agency to increase or decrease the authority dependent on the economy and cash flow needs.

Article IX, General Provisions

- *Sec. 15.01. Reimbursements for Unemployment Benefits* – Directs and describes the procedure whereby TWC processes unemployment compensation for former State of Texas employees for whom such payments are appropriate.

- *17.15 Appropriation for a Salary Increase for Licensed Attorneys in Certain Positions* – May have a significant impact on the Unemployment Insurance program and associated federal funding if TWC does not obtain General Revenue to support the increases.
- *Sec. 18.23. Contingency for House Bill 3260* – Appropriates new Interagency Contract funding for the Texas Industry-Recognized Apprenticeship Programs Grant Program in the 2026-27 biennium.
- *Sec. 18.66. Contingency for Senate Bill 1786* – Appropriates new General Revenue funding and FTEs to enhance reporting of employment and earnings data in the 2026-27 biennium.

C. Show your agency's expenditures, including transfers, broken down into clear and easy-to-understand categories, as shown in the examples provided. This information forms the basis of the "Agency at a Glance" section of Sunset's reports. Please ensure the totals provided for Expenditures and Sources of Revenue are equal.

See the attached Excel file, Exhibit 7_Expenditures, for data on TWC's expenditures for fiscal year 2024. The exhibit shows the amount spent, including contract expenditures, in 82 detailed expenditure categories. Total expenditures for fiscal year 2024 equaled \$2.76 billion, with \$2.02 billion spent on contracts. The individual expenditure items are grouped into the following six high-level categories (percent of total).

- 1) Child Care and Early Learning (56.63 percent)
- 2) Workforce Development (21.88 percent)
- 3) Vocational Rehabilitation (14.90 percent)
- 4) Unemployment Insurance (4.47 percent)
- 5) Customer Support and Administration (1.97 percent)
- 6) Civil Rights (0.15 percent)

D. Show your agency's sources of revenue broken down into clear and easy-to-understand categories, as shown in the examples provided. This information forms the basis of the "Agency at a Glance" section of Sunset's reports. Include all local, state, and federal appropriations; all professional fees (for licensure and certification) and operating fees (charged to agency customers for services); and all other sources of revenue collected by the agency, including taxes and fines. Please ensure the totals provided for Expenditures and Sources of Revenue are equal.

See the attached Excel file, Exhibit 8_Sources of Revenue, for data on TWC's sources of revenue for fiscal year 2024. The exhibit shows the sources of revenue in 24 detailed revenue categories. Total revenue for fiscal year 2024 equaled \$2.76 billion. The individual revenue items are grouped into the following four high-level categories (percent of total).

- 1) Federal Funds (91.19 percent). Please note that this percentage was higher than usual in FY 2024 due to additional pandemic-related child care funds.
- 2) General Revenue (6.91 percent)
- 3) Other (1.6 percent)
- 4) General Revenue Dedicated (0.3 percent)

E. If you receive funds from multiple federal programs, show the source agency and type of federal funding.

See the attached Excel file, Exhibit 9_Federal Funds, for data on TWC's sources and types of federal funding for fiscal year 2024. The exhibit shows revenue from 35 individual federal funds. In fiscal year 2024, TWC received \$2.52 billion in federal funds and contributed \$100.21 million in matching state funds. TWC's federal funding comes from the following six federal agencies (percent of total).

- 1) U.S. Department of Health and Human Services (61.53 percent)
- 2) U.S. Department of Labor (19.11 percent)
- 3) U.S. Department of Education (18.72 percent)
- 4) U.S. Department of Agriculture (0.56 percent)
- 5) U.S. Department of Housing and Urban Development (0.04 percent)
- 6) U.S. Equal Employment Opportunity Commission (0.03 percent)

F. If applicable, provide detailed information on the fees your agency collects. Please explain how much fee revenue is deposited/returned to the General Revenue Fund and why, if applicable.

**Texas Workforce Commission
Exhibit 10: Fee Revenue — Fiscal Year 2024**

Fee Description Program Statutory Citation	Current Fee	Fees Set by Statute or Rule?	Statutory Maximum or Minimum, if applicable	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Private Educational Institution Fees (Career Schools & Colleges) – TX Education Code, Sec. 132.201	Varies	Both	Varies	703 licensed career schools and colleges	\$1,666,674	General Revenue
Lien Fees (Unemployment Insurance) – TX Labor Code, Sec. 61.053 and Sec. 61.083	Varies	Both	Varies	245	\$3,034	General Revenue, Dedicated
Credit Card Convenience Fees (Unemployment Insurance) – GAA Article IX, Sec. 8.10, Comptroller's APS 029	Varies	No	N/A	44,219	\$309,791	General Revenue

VI. Organization

- A. Provide an organizational chart that includes major programs and divisions and shows the number of FTEs in each program or division. Detail should include, if possible, division heads with subordinates and actual FTEs with budgeted FTEs in parentheses.**

TWC's May 2025 organizational chart with FTE data is attached as Exhibit 11a_OrgChartFTE. The most recent organizational chart, without FTE data, is also available on the TWC's website at [About Texas Workforce](#).

- B. Complete the table below listing the agency's headquarters and number of FTEs and, if applicable, field or regional offices.**

Texas Workforce Commission
Exhibit 11: FTEs by Location — Fiscal Year 2025 (as of SER submission)

Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs FY 2025	Number of Actual FTEs (as of SER submission)
Headquarters	Austin	2,115.5	1,943.8
Criss Cole Rehabilitation Center	Austin	85.3	83.2
Vocational Rehabilitation: Regional/Field	Region 1 Panhandle / West Texas	198.0	190.9
Vocational Rehabilitation: Regional/Field	Region 2 Dallas Fort Worth / Texoma	335.0	315.2
Vocational Rehabilitation: Regional/Field	Region 3 Central Texas	185.0	175.9
Vocational Rehabilitation: Regional/Field	Region 4 East Texas	154.0	150.3
Vocational Rehabilitation: Regional/Field	Region 5 Gulf Coast	275.0	260.2
Vocational Rehabilitation: Regional/Field	Region 6 South Texas	275.5	266.6
Unemployment Insurance: Regional	West Texas Tele-Center (El Paso)	162.0	153.0
Unemployment Insurance: Regional	North Texas Tele-Center (Fort Worth)	203.0	186.4
Unemployment Insurance: Regional	South Texas Tele-Center (McAllen)	196.0	174.1
Unemployment Insurance: Regional	Central Texas Tele-Center (San Antonio)	113.5	101.4
Unemployment Insurance: Field	UI Tax (Multiple Locations)	230.8	228.0

Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs FY 2025	Number of Actual FTEs (as of SER submission)
Appellate Services: Field	UI Appeals (Multiple Locations)	86.0	80.3
Local Workforce Development Area (LWDA): Field	Panhandle	7.0	6.4
LWDA: Field	South Plains	8.0	6.1
LWDA: Field	North Texas	4.0	4.0
LWDA: Field	North Central	55.0	47.3
LWDA: Field	Tarrant County	29.0	27.4
LWDA: Field	Dallas	29.0	29.1
LWDA: Field	North East	5.0	5.0
LWDA: Field	East Texas	10.0	10.3
LWDA: Field	West Central	5.0	4.7
LWDA: Field	Upper Rio Grande	13.0	10.4
LWDA: Field	Permian Basin	9.0	6.5
LWDA: Field	Concho Valley	3.0	2.0
LWDA: Field	Heart of Texas	5.0	4.9
LWDA: Field	Capital Area	17.0	15.8
LWDA: Field	Rural Capital	17.0	13.4
LWDA: Field	Brazos Valley	4.0	1.6
LWDA: Field	Deep East Texas	5.0	4.0
LWDA: Field	Southeast Texas	8.0	7.4
LWDA: Field	Golden Crescent	4.0	4.0
LWDA: Field	Alamo	38.0	35.8
LWDA: Field	South Texas	4.0	4.0
LWDA: Field	Coastal Bend	13.0	13.0
LWDA: Field	Lower Rio Grande	18.0	18.0
LWDA: Field	Cameron County	9.0	7.0
LWDA: Field	Texoma	3.0	3.0
LWDA: Field	Central Texas	5.0	3.7
LWDA: Field	Middle Rio Grande	4.0	5.0
LWDA: Field	Gulf Coast	108.0	102.5

TWC has co-located as many functions as possible into regional and field office locations, making access to services easier for customers and reducing infrastructure costs. As a result, many regional and local offices operate in a co-located manner. For example, a field office could house TWC staff focused on general workforce development client service assistance, unemployment insurance benefits and tax assistance, and providing vocational rehabilitation services to individuals with disabilities. Not included in the FTE counts in this exhibit are Local Workforce Development Board staff, their contractor staff, and other partner staff that are based in their offices.

Information on the services offered and an office locator is available on the [Find Locations](#) page of the TWC website.

C. What are your agency's FTE caps for fiscal years 2023-27?

Fiscal Year	FTE Cap
2023	4,871.5
2024	4,905.5
2025	4,916.5
2026	5,066.0
2027	5,066.0

D. How many temporary or contract employees did your agency have in fiscal year 2024? If use of contractors is significant, please break out totals by program or department. Please provide a short summary of the purpose of each position type, amount of expenditures per position type, and procurement methods used.

In fiscal year 2024, TWC had 390 individual contract employees. The attached spreadsheet, Exhibit 12_TemporaryContractEmployeesFY24 provides detail on positions, expenditures, and procurement methods used by each division. Three divisions used the most contract employees, as discussed below.

- The Appellate Services Division used contract staff in FY 2024 due to a combination of high workloads and persistent staffing challenges. The high volume of cases, coupled with difficulties in filling vacant permanent positions, created a critical need for supplemental support to maintain operational efficiency and promote the timely processing of appeals. A thoughtful mix of tenured staff, new hires, and contract staff provided the division the best opportunity to meet our statutory and USDOL obligations despite ongoing staffing constraints.
- For the Information Technology Division, leveraging contractors is a critical element of success in delivering information resource projects and adapting to evolving resource demands. Many contract staff are allocated to capital projects, while the remainder provide crucial IT support to address dynamic operational requirements. This flexible model enables the division to quickly bridge skill gaps with specialized

expertise, scale the team to meet fluctuating needs, and incorporate industry best practices, ultimately driving project success and enhancing overall team capabilities.

- The VR Division has used contract workers to assist in offices with high staff turnover since April 2022 to ensure customers did not experience any service interruptions. VR contracted with a staffing agency to provide workers to perform support activities and were not assigned nondelegable duties that must be performed only by VR employees. VR ended the use of contract workers effective Aug. 31, 2024, as the turnover rate for the division has improved. In the case of the Criss Cole Rehabilitation Center, a residential vocational rehabilitation training facility in Austin, the temporary Residential Specialists supported shortages in coverage for 24-hour and weekend shifts. The Training Development Specialist positions were used to provide coverage for a summer program with extended hours.

TWC reported an average of 43.8 FTEs as contract workers paid with appropriated funds to the State Auditor's Office (SAO) in fiscal year 2024. This figure does not include contract workers that did not qualify as FTEs or were paid with non-appropriated funds, in accordance with SAO's instructions. TWC had numerous contract workers in the Appellate Services Division and Child Care and Early Learning Division who were paid using federal pandemic funding. TWC also had contract workers in the Information Technology Division who were paid using capital budget authority funds. These contract workers were not included in TWC's quarterly FTE reports to SAO.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program. If you have already completed the "Agency Program Information" spreadsheet in advance, you do not need to replicate any duplicative information below.)

TWC's list of 82 key programs or functions, along with expenditures and FTEs by program for fiscal years 2024 and 2025 is in the attached spreadsheet Exhibit 13_List of Program FTEs and Expenditures. The following table provides total expenditures and FTEs for each fiscal year.

Fiscal Year	Expenditures	FTEs
2024	\$2.76 billion (actual)	4,697.1 (actual)
2025	\$2.99 billion (budgeted)	4,715.2 (YTD average)

VII. Guide to Agency Divisions and Programs

TWC plays a critical role in the state by creating and operating an integrated workforce development system. This system is designed to coordinate and provide access to a wide range of services for job seekers, workers, and employers. The three Commissioners play an essential role in shaping the direction of the workforce development initiatives and ensuring accountability of the agency's programs and funding. The Commissioners oversee the Executive Director and Internal Auditor. The Executive Director oversees the General Counsel and Communications and Media offices and the Child Care and Early Learning, Information Innovation & Insight, Appellate Services, Information Technology, Unemployment Insurance, Vocational Rehabilitation, and Workforce Development divisions. The Deputy Executive Director reports to the Executive Director and oversees the Business Operations, Civil Rights, Customer Care, Finance, and Fraud Deterrence and Compliance Monitoring divisions.

The following material provides an overview of the agency's three primary functions – Workforce Customer Services, External Customer Support, and Administration and Operations Support – and the divisions included in each. More detail is provided for individual programs and functions within the divisions.

Core Programs

TWC plays a crucial role in the state by creating and operating an integrated workforce development system. This system is designed to coordinate and provide access to a wide range of services for job seekers, workers, and employers. The three Commissioners play a crucial role in shaping the direction of the workforce development initiatives and ensuring accountability of the agency. The Commissioners oversee the Executive Director and Internal Auditor. The Executive Director oversees the General Counsel and Communications and Media offices and the Child Care and Early Learning, Information Innovation & Insight, Appellate Services, Information Technology, Unemployment Insurance, Vocational Rehabilitation, and Workforce Development divisions. The Deputy Executive Director reports to the Executive Director and oversees the Business Operations, Civil Rights, Customer Care, Finance, and Fraud Deterrence and Compliance Monitoring divisions.

- Child Care and Early Learning Division
- Civil Rights Division
- Unemployment Insurance Division
- Vocational Rehabilitation Division
- Workforce Development Division

Child Care and Early Learning Division

The Child Care and Early Learning (CC&EL) program, funded by the Child Care and Development Fund, administers child care services to support Texas families and strengthen the state's child care infrastructure. It provides financial assistance to eligible families, enabling parents to work or attend training, while also enhancing the quality, accessibility, and availability of early learning opportunities statewide. In short, TWC addresses both immediate affordability needs and long-term goals for high-quality early childhood education.

Child Care Services

A. Provide the following information at the beginning of each description.

Name of division or program: Child Care Services

Location within the agency: Child Care & Early Learning

Contact name: Reagan Miller, Director

Statutory citation:

Child Care Services - Financial Aid

Texas Government Code, Sections 2308.315, 2308.3165, and 2308.318; Texas Labor Code, Sections 301.192, 302.004, 302.0041, 302.004, 302.0043, 302.0046, 302.0047, 302.00435, 302.00436, 302.0047, 302.021, and 302.0461, Subchapter G, and Chapters 310 and 313; Texas Human Resources Code, Chapter 44 and Section 31.0035

Child Care Services - Quality Initiatives

Texas Government Code, Sections 2308.317, 2308.3171, and 2308.319; Texas Labor Code, Sections 302.0045, 302.005, 302.006, 302.0062, and 302.0063

B. What is the objective of this division or program? Describe its major activities.

The Child Care Services (CCS) program provides financial aid (sometimes referred to as scholarships or subsidies) for child care to eligible families. This financial aid helps pay for a portion of or all costs of child care so parents can work, search for work, or attend school or job training. Financial aid is available to children under the age of 13 living in a household with an income below 85 percent of the state median income, which is approximately \$87,700 for a family of four. CCS financial aid is administered by the 28 Local Workforce Development Boards (Boards) through funding provided by TWC.

CCS also offers information about the benefits of available, high-quality child care and manages statewide projects for improving access to and the quality of child care services.

CCS also administers the Department of Family and Protective Service's (DFPS) day care program for children in protective services (CPS).

Financial Aid (Subsidized Child Care Services)

CCS provides child care financial aid for:

- Parents receiving TANF and participating in Choices (Choices Child Care).
- Parents participating in SNAP Employment and Training services (SNAP E&T Child Care).
- TANF applicants who obtain employment prior to TANF certification (TANF Applicant Child Care).
- Former TANF recipients transitioning off of public assistance.
- Children formerly receiving child care through CPS.
- Low-income parents at risk of becoming dependent upon public assistance (At-Risk Child Care).

TWC grants funds to Boards to design and manage the delivery of child care services that offer affordable, accessible, quality child care for low-income families.

Boards competitively procure contractors to:

- Conduct child care services eligibility determinations.
- Authorize child care services for eligible providers chosen by the parent.
- Authorize parent share of cost assessments.
- Track and monitor child care attendance recorded by the parent.
- Pay child care providers for services provided; and
- Provide consumer education information to parents.

Parents may choose any of the following provider options:

- Child care providers regulated by HHSC's [Child Care Regulation](#) (CCR) and participating in the Texas Rising Star program, including:

- Licensed Child Care Centers (including Before- and After-School Programs)
- Licensed Child Care Homes
- Registered Child Care Homes
- Child care facilities operated and monitored by the U.S. military services
- A relative child care provider, who is a Listed Family Home by CCR and is at least 18 years of age, and is, by marriage, blood relationship, or court decree the child's:
 - Grandparent
 - Great-grandparent
 - Aunt
 - Uncle
 - Sibling (if the sibling does not reside in the same household as the eligible child)

Parents may choose a relative listed with CCR to care for a child in the child's home (in-home child care) for:

- A child with disabilities, and his or her siblings.
- A child under 18 months of age, and his or her siblings.
- A child of a teen parent.
- Circumstances when the parent's work schedule requires evening, overnight, or weekend child care in which taking the child outside of the child's home would be disruptive to the child; or
- Circumstances in which the Board's child care contractor determines and documents that other child care provider arrangements are not available in the community.

Child Care Services for Children in Protective Services

TWC also administers DFPS-subsidized child care services for children receiving protective services from DFPS, including child care children in General Protective , Foster IV-E, non-IV-E, or relative kinship. TWC does not provide funding for this but administers services through an interagency contract (IAC) on behalf of DFPS.

Child Care Quality Improvement Activities

CCS promotes parent choice in making decisions regarding child care options that best suit their family's needs.

CCS provides consumer education to parents on quality child care available in their community and promotes child care quality improvement through the Texas Rising Star Program, which certifies child care providers that meet higher levels of quality beyond the minimum child care licensing standards.

CCS also promotes child care quality improvement through various statewide activities, for example to promote child care for children with disabilities, and to enhance professional development related to child health, safety, early learning and literacy.

TWC also enters into IACs with the following agencies for child care quality improvement activities (see Question H for information on the activities related to the IACs):

- HHSC Child Care Regulation (CCR)
- Texas Department of Family Protective Services (DFPS)
- Texas Education Agency (TEA)
- Texas A&M AgriLife Extension Service
- University of Texas Health Science Center at Houston Children's Learning Institute (CLI)

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Measure	FY 24 Performance
Average Cost per Child Per Month for Child Care	\$705
Average Number of Children Served Per Day - Combined	149,268
Average Number of Children Served Per Day - Choices and Other Mandatories	7,967
Average Number of Children Served Per Day Choices	2,383
Average Number of Children Served Per Day - Ex-General Protection	5,484
Average Number of Children Served Per Day - At Risk Discretionary	141,262
Average Cost Per Day - Child Care	\$32.39
Average Cost Per Day - Choices and Other Mandatories	\$38.69
Average Cost Per Day - At Risk Discretionary	\$32.04
Average Number of Children on Waiting List for Low Income Child Care	80,107
Child Care Administration/Operations Percentage	9.89%

Financial Aid

Effectiveness Report

Texas Labor Code §302.0043 requires TWC to prepare an [Evaluation of Effectiveness of Subsidized Child Care Program](#). The goal is to analyze the effectiveness of the subsidized child care program in assisting parents to maintain employment. The Labor Code requires TWC to report the results of the evaluation to the Legislature no later than January 15 of each odd-numbered year.

The most recent report in 2025 found that in 2022, approximately 88 percent of parents receiving TANF found employment within 12 months of receiving child care. Additionally, approximately 87 percent of non-TANF parents maintained employment 12 months after receiving child care and, at the end of the 12-month period, experienced an average quarterly wage gain of \$1,871 (\$7,484 annually). The availability of stable and affordable child care is often a determining factor in a parent's ability to obtain and retain employment.

Child Care by the Numbers

CCS financial aid data is also available through [Child Care by the Numbers](#) (CCBN), which provides information for the most recent 15 months. TWC updates this information quarterly. CCBN also has historical information (back to 2015). CCBN shows annual and monthly data, both statewide and by each of the 28 Boards.

CCS data include:

- CCS children and families served

Self-Evaluation Report

- Average number of children served
- Total number of children served
- Total number of families served
- Average number of children served by age per day
- Average number of children served by provider type per day

Providers serving CCS children

- Total number of providers
- Providers by provider type

The program's overall footprint in the state

- Number of employers of CCS parents
- Total and quarterly wages of child care parents

Quality Improvement Activities

TWC requires Boards to submit an annual plan and quarterly expenditure reports for these funds. TWC publishes the [Local Board Child Care Quality \(CCQ\) Funds: Annual Plans and Quarterly Expenditure Reports](#) on the TWC website.

Each of the 28 Boards submit annual CCQ expenditure plans and quarterly expenditure reports. The reports include the total and percent of expenditures related quality improvement related to:

- Infant & Toddler Care
- Professional Development
- Texas Rising Star
- Health & Safety
- Evaluation percent Assessment
- National Accreditation Support
- Other Quality Improvement Activities

The reports also include Board narratives on the activities, including the number of programs and participant in the quality improvement activities.

- D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.**

Child Care and Development Block Grant Reauthorization

In 2014, the Child Care and Development Block Grant (CCDBG) was reauthorized and included new requirements to improve health and safety of child care programs and better support stability for working families, children and child care providers.

CCDBG Reauthorization included:

- Requiring child care eligibility for at least 12 months
- Prohibiting increases in the Parent Share of Cost during the 12-month period if the family income increases
- Priority for children experiencing homelessness
- Aligning provider payments with generally accepted payment practices for children not receiving CCDF; and
- Increased quality funding set aside from 4 percent of the CCDF allocation to 12 percent by 2018 (9 percent for general quality improvement and three percent for infant and toddler quality improvement).

In 2016, the Commission amended the Child Care Services rules (Chapter 809) to comply with the changes to the CCDBG reauthorization.

Increasing Reimbursement Rates

Prior to 2015, Texas Government Code, §2308.315 required Texas Rising Star providers to be reimbursed at least 5 percent above the non-Texas Rising Star rate. The 83rd Texas Legislature passed HB 376, amending §2308.315 and requiring TWC to establish graduated reimbursement rates of the following percentages above the non-Texas Rising Star rates:

- 5 percent for a 2-star rating
- 7 percent for a 3-star rating
- 9 percent for a 4-star rating

Additionally, CCDBG Reauthorization and CCDF regulations at 45 CFR §98.45 require states to use market rate data to set direct care reimbursement rates to ensure equal access to child care services for children participating in child care subsidies by setting direct care reimbursement rates that are sufficient to provide comparable services to those received by families that do not receive assistance.

As the CCDF lead agency for Texas, TWC conducts an annual Market Rate Survey (MRS) to analyze and summarize child care market rate data for the state and for the 28 Local Workforce Development Boards. Section 809.20, Maximum Provider Reimbursement Rates, authorizes Boards to set reimbursement rates for their local workforce development areas based on local factors, including the MRS, and to ensure that the rates provide equal access to child care.

In June 2020, TWC's three-member Commission [amended](#) Ch. 809 Child Care Services rules to require Boards to establish maximum child care reimbursement rates at or above a level established by the Commission. TWC has taken incremental steps to increase provider payment rates since Fiscal Year 2020, when base rates (those in effect before Texas Rising Star graduated reimbursement rates) were set by the Commission at the 30th percentile of the most recent MRS. The base rates were incrementally increased over the next few years, and beginning in Fiscal Year 2023, the base rate was set by the Commission at the 75th percentile, which is the federal Office of Child Care's benchmark for states. And beginning in FY 2024, the Commission introduced the Cost of Quality report into the payment rate methodology, which increases the base rate for certain types of child care (most often, for infants and toddlers).

As a result of increasing the base payment rates, the average cost for child care has been increasing.

Texas Rising Star Program Expansion

In September 2021, the Texas Legislature enacted HB 2607, which amended §2308.3155 of the Government Code, to:

- Require all child care programs in TWC's CCS program to participate in the Texas Rising Star program.
- Direct TWC to include a Texas Rising Star entry-level rating for child care and early learning programs and establish the maximum length of time that a provider may participate in CCS at the entry level.

As a result of implementing mandatory Texas Rising Star, the average cost for child care has been increasing, as these Texas Rising Star certified providers qualify for a higher enhanced reimbursement rate.

Prospective Payments

In 2025, TWC launched the new Child Care Case Management system and approved rule changes to modify the payment cycle for reimbursing CCS child care providers. Rather than reimbursing child care providers after child care services are provided, TWC will move to a two-week prospective payment. This aligns with private pay standards whereby providers are paid in advance of child care services being rendered. Paying prospectively will not impact the amount of the payment; it will impact the timing of when the provider receives the payment.

Parent Share of Cost

Federal CCDF regulations ([45 CFR §98.45\(I\)](#)) and TWC rules ([40 TAC §809.19](#)) require that parents are assessed a parent share of cost for child care services. The assessed parent share of cost must be a sliding fee scale based on the family's size and gross income. The parent share of cost may also take into consideration the number of children in care.

In 2024, CCDF regulations, and subsequently TWC rules, were amended to limit the parent share of cost to 7 percent of the family income, regardless of the number of children in care.

Increases in Quality Improvement Funding

As previously mentioned, CCDBG Reauthorization increased the quality improvement benchmarks from 4 percent of total expenditures to 12 percent (9 percent for general quality improvement, and 3 percent for infant and toddler quality improvement activities).

Additionally, Texas Government Code, §2308.317 requires Boards to dedicate at least 2 percent of a Board's annual CCDF allocation to activities that support quality improvement. In Fiscal Year 2023, TWC increased this set aside to 4 percent of each Board's annual allocation. Then in Fiscal Year 2025 TWC increased this set aside to 6 percent of the annual Board allocation. The quality set aside was increased in light of the state law enacted in 2021 which makes participation in Texas Rising Star mandatory for all CCS child care programs.

Impact of COVID-19

As the lead state agency for the federal CCDBG, TWC received several increases to the CCDBG Grant to support child care response and recovery efforts. In February 2021, TWC submitted Texas' Planned Use of Coronavirus Response and Relief Supplemental Appropriations Funds Report outlining considerations for how to invest CCDBG increases. TWC's focus of the funding was to:

- Serve more children with child care subsidies, which may include targeting specific populations in need.

Self-Evaluation Report

- Stabilize the child care industry through grants provided to programs to assist with their operating costs.
- Invest to improve the quality child care, including through TWC's Texas Rising Star program.
- Support the child care workforce, including through increased opportunities for professional development and training.
- Build the capacity of child care, including apprenticeship program expansion.

Child Care Relief Funding

During the summer of 2021, TWC made \$775 million available for Child Care Relief Funds, plus \$15 million to provide child care business coaching. The funds were available to registered homes, licensed homes, and licensed centers.

On Oct.19, 2021, TWC [approved](#) \$2.45 billion in American Rescue Plan Act funds for direct relief to child care programs. On Feb. 1, 2022, TWC [approved](#) an additional \$1 billion in funds, bringing the total to \$3.45 billion. TWC accepted applications for the Child Care Relief Fund 2022 from March through May 31, 2022.

Child Care Industry Support and Expansion Initiatives

In February 2022, TWC [approved \\$234 million](#) to increase the number of high-quality home- and center-based child care providers. Part of this funding went towards the Child Care Expansion Initiative, which:

- Offered start-up funding to expand care to areas that lack sufficient supply (child care deserts).
- Funded programs opening or expanding in partnership with a local employer.
- Funded the expansion of infant care around the state.

New and existing home- and center-based child care providers who were opening or expanding their child care businesses after March 1, 2022, were eligible to apply if they:

- Served families in a pre-defined [child care desert](#).
- Operated in partnership with a company or consortium of companies to serve children of their employees.
- Expanded availability of care for infants (0-17 months).

Funding could be used to offset operational costs incurred during startup and/or the first few months of opening or expanding. It could not be used on major renovations or on construction.

Business Coaching

TWC provided \$48 million for child care business coaching. Technical assistance and business coaching was available to assist child care programs with:

- Accessing additional funding,
- documenting expenditures.
- Providing general business education support.

Between May 2021 and April 2023, a total of 1,965 child care providers participated in business coaching.

Temporarily Increased Reimbursement Rates

- At the beginning of the pandemic, TWC provided \$387.6 million for a 25 percent Enhanced Reimbursement Rate for care providers serving CCS children. This temporary enhanced rate was modified to 20 percent during Board Contract Year 2022 (Oct.1, 2021 through Sept30, 2022).

Technical Assistance for Employer Supported Child Care

TWC provided \$12 million to qualified entities (selected through a competitive procurement) to provide technical assistance to employers. Technical assistance services include conducting an employee needs assessment, analyzing options for supporting employee needs, and providing recommendations for employers to consider.

See [Child Care Stimulus Funding Categorized \(March 2023\)](#) for a full list of COVID-19 stimulus initiatives.

Stakeholder Input

In 2019, the Legislature amended Texas Labor Code, §302.00435 to require TWC to develop a policy for obtaining input from interested parties regarding its subsidized child care program. These stakeholders include TEA, school districts, open-enrollment charter schools, subsidized child care providers, relevant businesses, and the public, and the policy allows them to provide input regarding the following topics.

- Improving coordination between the subsidized child care program and prekindergarten programs.
- Increasing the quality of and access to the subsidized child care program.

- Existing health and safety rules and regulations that could be more efficient or less costly without reducing health and safety outcomes.
- The burdens relating to complying with existing regulations that could be mitigated, reduced, or eliminated while maintaining the intent, objective, or purpose of the underlying regulation.

On Oct. 29, 2019, the Commission approved a policy outlining opportunities for child care stakeholders to provide TWC with input, which is summarized on the TWC's [Child Care and Early Learning Program](#) page of the TWC website.

The TWC Commission approved the CCDF State Plan on June 18, 2024. To gather stakeholder input on the 2025-2027 CCDF State Plan, TWC held:

- Five in-person regional stakeholder meetings
- A virtual Child Care & Early Learning Stakeholder Meeting

Texas Rising Star 4-Year Review

Every four years TWC conducts a comprehensive review of the Texas Rising Star program, working in consultation with a Texas Rising Star Four-Year Review Workgroup. To gather stakeholder input on the Workgroup recommendations, five in-person regional stakeholder meetings and a virtual meeting were held.

Stakeholder-Led Engagement Activities

In addition to TWC-led activities to gather input from stakeholders, TWC is also regularly invited to hear feedback as part of stakeholder-led groups and projects. In FY 2023 and FY 2024, TWC gathered input through the Texas Prenatal–Three Collaborative, the Children at Risk's Early Childhood Education Coalition, Early Matters, and Employers for Childcare (E4C) as well as multiple local coalitions and committees focused on early childhood.

TWC-Led Listening Sessions and Stakeholder Meetings

In FY 2024, TWC hosted six public stakeholder feedback meetings (five regional in-person and one virtual) to gather input on the CCDF FY 2025–FY 2027 State Plan and the Texas Rising Star Four-Year Review revisions.

Additionally, CC&EL leadership regularly met with Boards and representatives from statewide advocacy groups to provide updates on policy changes and funded initiatives.

Early Childhood Education–Receiving Individualized Capacity Building –Nontraditional Hour Care Study and Stakeholder Engagement Capacity Building

In March 2022, CCDF lead agencies were eligible to apply for free tailored supports to increase states' use of research and evidence-based decision-making through the Early

Childhood Education—Receiving Individualized Capacity Building initiative. This initiative of the Child Care Research and Evaluation Capacity Building Center and is funded by the Administration for Children and Families' Office of Planning, Research, and Evaluation and HHS. TWC was one of two lead agencies selected to receive technical assistance from Mathematica, a data analysis company, over an 18-month period.

TWC partnered with HHSC CCR to complete a research study exploring unmet needs for nontraditional child care in the state, piloted a community engagement event to gather stakeholder feedback on research findings, and began developing resources for future community engagement efforts.

Texas Child Care Connection (TX3C)

In 2022, TWC began the TX3C project to replace the CCS case management functionality in The Workforce Information System of Texas with a modern, user-friendly application. TX3C includes a statewide online application for parents applying for CCS. The application will be web-based and mobile-device friendly. Parents will be able to upload documentation to the system, including pictures taken with a smart phone. Additionally, local case workers will also be able to upload paper documentation submitted by parents directly into the case management system.

Boards must offer alternatives for parents who lack access to the technology required to complete an online application or submit required documentation online. Alternative options include a:

- Physical location with a computer, scanner, or mobile device with a camera.
- Phone number to reach an intake staff member who can assist with an application, or
- Physical mailing address for submitting documentation.

TWC competitively procured a contract with Kinder Systems to develop, implement and maintain the TX3C system.

The TX3C system was delivered in the following releases:

- Phase 1, Release 1: Automated Attendance was released May 17, 2023.
- Phase 1, Release 2: Availability Portal was released in August 2023.
- Phase 2, Release 1: Case Management was released on Jan. 13, 2025.
- Phase 2, Release 2: Integrity Central was released in early 2025.

Child Care Workforce Strategic Plan

In 2021, HB 619 (87th Texas Legislature) amended the Labor Code by adding a new §302.0062 which directed TWC to prepare and collect data and engage with a workgroup to inform the development of a Child Care Workforce Strategic Plan every three years to improve the quality of the child care workforce in Texas. In January 2023, the Commission approved publication of the 2023–2025 Child Care Workforce Strategic Plan, which was submitted to the 88th Texas Legislature. In the plan, TWC identified 30 action items under three overarching goals. At the end of FY 2024, 21 action items had been completed.

In FY 2025, TWC convened a new workgroup and collected data to inform the next report for the 2026–2028 period. Through a competitive procurement process, TWC selected Social Finance, Inc. to conduct data collection and analysis and assist with facilitating workgroup input, for the Commission’s consideration for TWC’s development of the strategic plan.

Texas Early Learning Council (TELC)

The TELC serves as Texas’ State Advisory Council on ECE and Care. Members of TELC, including Texas CCDF Administrator and TELC Chairperson Reagan Miller, are appointed by Governor Greg Abbott. The Council utilizes its breadth of stakeholder representation to increase coordination and collaboration across state agencies and local program and service providers to improve the quality of and access to early childhood services across Texas.

TELC meets every other month. TWC regularly presents information to TELC and receives feedback on child care and early learning issues. Additionally, TELC provides significant input into the Preschool Development Grant Birth Through 5 (PDG B-5) work, particularly the 2023 statewide early childhood needs assessment and 2024-2026 strategic plan. TWC’s coordination with TELC results in enhancing and aligning the quality of services for infants and toddlers through school- age children.

In April 2022, TELC formed the Data Roadmap Workgroup to explore the potential development of an early childhood integrated data system (ECIDS) in Texas. The group published the Texas Early Childhood Integrated Data System Roadmap in April 2023 that includes considerations and recommendations of next steps for building an ECIDS in the state.

Early Childhood Interagency Workgroup

TWC and partner agencies established the Early Childhood Interagency Workgroup (ECIW), and jointly fund the position of the Interagency Deputy Director of Early Childhood Support, to maximize the outcomes for Texas children and families, facilitate coordination and collaboration across agencies serving young children. The ECIW is comprised of program leaders from TWC, TEA, HHSC, and the Texas Department of State Health Services (DSHS). The workgroup jointly developed the winning grant proposal for Texas’ current PDG B-5 Renewal Grant, for which TWC is the lead agency. Initiatives of the ECIW are describe below.

Early Childhood Texas

The Early Childhood Texas website aims to provide families with young children easy access to Texas state agency programs, services, and resources. State agency partners include TWC, TEA, HHSC, DFPS, and DSHS. A team of staff members from each partnering agency guided the development of this website with direct input from Texas parents and families.

Texas Early Learning Interagency Collaborative Symposium

TWC's CC&EL Division and HHSC's Child Care Regulation Division began hosting the Texas Early Learning Interagency Collaborative Symposium (TELICS) in 2022 for Texas Rising Star staff, CCR inspectors, and TWC Pre-K Partnership staff. The purpose of these virtual symposiums is to strengthen the collaboration between agencies to build high-quality child care throughout Texas. In 2023, TELICS expanded to also include CCR navigators, Early Intervention Specialists, TEA Early Childhood and Education Service Center staff, HHSC Family Support Services staff, Texas A&M AgriLife Extension Agents and Educators, Head Start and Early Head Start Family Engagement Coordinators, Help Me Grow grantees, and Supplemental Nutrition Program for Women, Infants, and Children (WIC) local staff. Since June 2022, CC&EL and CCR have hosted five symposiums with an average of 400 participants attending.

As a result of TELICS, a Digital Resource Notebook was developed to serve as a repository of resources and information available in Texas and is shared between participating agencies to support staff working with early childhood educators and families.

Early Childhood Integrated Data System

Early Childhood Integrated Data System (ECIDS) is a partnership involving TWC, TEA, and HHSC. This partnership is planning a system for integrating their data about children served by different early childhood programs. This will ensure state agency staff and policymakers have the information they need to make decisions in support of Texas' most pressing early childhood goals. In 2025, TWC executed an interagency contract (IAC) with TEA, using PDG grant funds, to begin building out the ECIDS.

Texas Preschool Development Grant Birth Through 5

In 2023 the U.S. Department of Education and the U.S. Department of Health and Human Services awarded the State of Texas \$16 million a year for the PDG B-5 to support early childhood systems building. The Early Childhood Interagency Workgroup applied for the grant, with TWC serving as the lead agency. The funds are to be used between January 2023 and December 2025.

TWC has entered into IACs with the following agencies as part of the PDG B-5 grant (See Question H for details on the activities implemented through IACs):

HHSC

- CCR Navigators
- Early Childhood Integrated Data System
- ECI Training, Retention and Comprehensive Services
- Family Support Services Early Childhood Systems Building

TEA

- Early Childhood Integrated Data System

DFPS

- TX3C Automated Interface

University of Texas at Austin

- Texas Institute for Excellence in Mental Health (TIEMH)
- Institute for Child and Family Wellbeing

University of Texas Health Science Center-Houston

- PDG Needs Assessment/Evaluation

Along with the work with the agencies listed above, TWC awarded Camp Fire First Texas a grant to administer the Child Care Registered Apprenticeship Program (RAP) as part of the PDG B-5 grant. RAP applicants will foster sustainable career pathways that increase the availability of qualified Early Childhood Educators, which combines on-the-job learning with related classroom instruction. Child care RAPs will assist in improving the education and training that Early Childhood Educators receive, thus allowing them to improve their understanding of child development and improve the quality of child care.

Public Education Information Management System Numbers

Texas Labor Code §302.0043(c-1) requires TWC to coordinate with TEA to assign unique Public Education Information Management System numbers to children younger than six years of age who are enrolled in the TWC CCS program. This will allow for longitudinal analysis of information on children who receive subsidies by bridging their participation in early childhood programs to their participation in public education. TWC collaborated with TEA to develop an automated interface and began assigning numbers to children under six years of age enrolled in subsidized child care on September 1, 2020. With the functionality in place, TWC and TEA will develop a plan to analyze and share this cross-agency data.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

Child Eligibility

[40 TAC §809.41](#) requires that the child must be:

- under 13 years of age or a child with disabilities under 19 years of age,
- a U.S. citizen or legal immigrant under applicable federal laws and regulations, and
- residing with:
 - a family within the Board's workforce area that does not exceed certain income and asset requirements or that meets the definition of experiencing homelessness,
 - parents who require child care to work, including job search, or attend a job training or educational program, or
 - a person standing in loco parentis for the child while the parent is on military deployment and the deployed parent's income does not exceed the limits set above.

Under federal regulations and TWC child care rules, a child determined eligible for care shall remain eligible for a 12-month eligibility period.

Parent Activity Requirements

Except for parents participating in Choices, SNAP E&T, and parents of children needed or receiving protective services, parents must be participating in work, job training, or education activities for at least 25 hours per week for a single parent and 50 hours per week for a dual-parent family. For purposes of determining participation in education activities, each credit hour of undergraduate education counts as three hours per week; and each credit hour of a condensed undergraduate education course counts as six education activity hours per week.

CCS is also available for parents searching for work. For parents in job search, the parent must meet a total activity participation of at least 25 hours for a single-parent family, with at least 12 hours in employment; or a total combined 50 hours per week for dual-parent families, with at least 25 hours in employment for a dual-parent family, within the initial three months for the care to continue through the remainder of the 12-month eligibility period. Further, family income must not exceed 85 percent SMI.

Teen parents attending high school or the equivalent are considered as meeting the education requirements for eligibility.

A parent who is enrolled full-time in a postsecondary undergraduate educational program cannot exceed a cumulative total of 60 months of CCS while enrolled in such a program.

Child Care for Parents Participating in Choices and Other Mandatory Populations

The following populations are mandatory and not subject to the wait list:

Choices Child Care

Choices Child Care assists recipients of TANF to participate in work-related activities, through the Choices employment program, in order for them to secure employment. A parent is eligible for Choices Child Care if the parent is participating in the Choices program.

Other Mandatory Populations

SNAP E&T Child Care assists SNAP recipients to participate in employment and training activities.

TANF Applicant Child Care provides subsidized child care to TANF applicants who are referred from HHSC to attend Workforce Orientation for Applicants (WOA) but obtain employment or have increased earning prior to TANF certification. To be eligible for TANF Applicant Child Care, the parent must not have voluntarily terminated paid employment of at least 25 hours a week within 30 days prior to receiving the referral from HHSC. TANF Applicant child care shall be provided for up to 12 months or until the family reaches the Board's income limit for eligibility for At-Risk Child Care.

Question C provides a statistical breakdown of children receiving Mandatory CCS.

Former DFPS Child Care

For children whose DFPS general protective services case was closed and child care discontinued prior to the end of the child's 12-month eligibility period, CCS provides CCDF-funded child care for the remainder of the 12-month eligibility period.

Question C provides a statistical breakdown of children receiving Former CPS child care.

Child Care for Families at Risk of Becoming Dependent upon Public Assistance

At-Risk Child Care provides child care services to low income families in order to enter and remain in the workforce or participate in job training or education activities. A parent is eligible for child care services under this section if:

- The family income does not exceed the 85 percent of the state median income or a lower limit established by the Board; and

- Child care is required for the parent to work or attend a job training or educational program for a minimum of 25 hours per week for a single-parent family or 50 hours per week for a two-parent family, or a higher number of hours per week as established by the Board (with the exception of families experiencing homelessness whose parents must engage in work, education or training activities at any level).

Question C provides a statistical breakdown of children receiving At-Risk CCS.

Priority for Child Care Services

Child care services are prioritized among the following three priority groups:

The first priority group is assured child care services and includes children of parents eligible for the following:

- Choices Child Care
- TANF Applicant Child Care and
- SNAP E&T Child Care

The second priority group is served subject to the availability of funds and includes, in the order of priority:

- Children in child protective services
- Children of a qualified veteran or qualified spouse
- Children of a foster youth
- Children of parents on military deployment whose parents are unable to enroll in military-funded child care assistance programs
- Children of teen parents
- Children with disabilities
- Children experiencing homelessness
- Children of child care workers

The third priority group includes any other priority adopted by the Board.

Parent Share of Cost

Federal CCDF regulations ([45 CFR §98.45\(l\)](#)) and TWC rules ([40 TAC §809.19](#)) require that parents are assessed a parent share of cost for child care services. The assessed

parent share of cost must be a sliding fee scale based on the family's size and gross income. The parent share of cost may also take into consideration the number of children in care.

In 2024, CCDF regulations, and subsequently TWC rules, were amended to limit the parent share of cost to 7 percent of the family income, regardless of the number of children in care.

Federal CCDF regulations allow the parent share of cost to be waived for families below 100 percent of federal poverty guidelines and for caretakers of children receiving protective services. TWC waives the parent share of cost for the following:

- Parents who are participating in Choices
- Parents who are participating in SNAP E&T services
- Parents of a child experiencing homelessness
- Parents who have children who are receiving protective services, unless DFPS assesses the parent share of cost

Provider Eligibility

To provide CCS, child care providers must be:

- Child Care Centers licensed by Child Care Regulation (CCR)
- Child Care Homes licensed by CCR, or
- Child Care Homes registered by CCR

Child care providers regulated by CCR must also meet the Texas Rising Star requirements as a certified provider or designated as an Entry Level provider.

Child care providers operated by the U.S. military are also eligible to provide CCS.

In Board Contract Year (BCY) 2024, a total of 8,053 licensed and registered child care providers served CCS children as set out in the following data chart as found online at [Child Care by the Numbers](#).

Year	Licensed Child Care Centers	Percent Licensed Child Care Centers	Licensed Child Care Homes	Percent Licensed Child Care Homes	Registered Child Care Homes	Percent Registered Child Care Homes	Military	Percent Military	Total Providers
BCY 15	6,047	78.4%	697	9.0%	948	12.3%	23	0.3%	7,715
BCY 16	5,978	79.4%	688	9.1%	840	11.2%	22	0.3%	7,528

Year	Licensed Child Care Centers	Percent Licensed Child Care Centers	Licensed Child Care Homes	Percent Licensed Child Care Homes	Registered Child Care Homes	Percent Registered Child Care Homes	Military	Percent Military	Total Providers
BCY 17	5,954	82.1%	591	8.2%	679	9.4%	25	0.3%	7,249
BCY 18	5,989	83.5%	593	8.3%	567	7.9%	24	0.3%	7,173
BCY 19	6,153	83.7%	621	8.5%	552	7.5%	23	0.3%	7,349
BCY 20	6,085	84.6%	604	8.4%	480	6.7%	22	0.3%	7,191
BCY 21	5,889	84.6%	598	8.6%	455	6.5%	16	0.2%	6,958
BCY 22	6,057	83.7%	643	8.9%	515	7.1%	21	0.3%	7,236
BCY 23	6,388	83.4%	704	9.2%	542	7.1%	24	0.3%	7,658
BCY 24	6,829	84.8%	720	8.9%	480	6.0%	24	0.3%	8,053

Certain relatives may provide CCS. Relative providers include individuals who are at least 18 years of age, and are, by marriage, blood relationship, or court decree, the child's:

- Grandparent
- Great-grandparent
- Aunt
- Uncle
- Sibling (if the sibling does not reside in the same household as the eligible child)

Relative providers must be a listed family home. In BCY 2024, relative family homes cared for 234 CCS children.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Child Care Services - Financial Aid

TWC provides administrative oversight but does not directly administer child care services financial aid. TWC administers the program by:

- Developing policy for child care services (as set forth in TWC's Child Care Services rules in 40 TAC Chapter 809).
- Interpreting and implementing the requirements of state and federal statutes and regulations governing child care.
- Providing technical assistance.
- Allocating funds to Boards.
- Establishing Board performance targets.
- Maintaining the child care case management system (TX3C).

TWC also accepts and certifies local match raised by the Boards, including:

- Private donated funds
- Public transferred funds
- Public certified expenditures

TWC grants funds to each of the 28 Local Workforce Development Boards (Boards) to administer child care services and develop local policies for child care services, and deliver quality improvement activities.

The Boards competitively procure contractors to:

- Conduct child care services eligibility determinations.
- Authorize child care services at eligible providers chosen by the parent.
- Authorize parent share of cost assessments.
- Track and monitor child care attendance recorded by the parent.
- Reimburse child care providers for services provided.
- Provide consumer education information to parents.

Child Care Services - Quality Initiatives

TWC administers statewide quality initiatives through grants and contracts with various entities in the state. Child Care & Early Learning's Grants & Contracts team develops interagency contracts described in Question H, as well as grant awards and contracts to implement, for example, the following quality improvement activities.

Professional Development Scholarships for Early Childhood Education

Texas Labor Code, §302.0063, directs TWC to establish and administer a professional development scholarship program for current and prospective child-care workers. The Legislature directs TWC, out of appropriated CCDF, to dedicate \$1,500,000 each biennium for programs that encourage increased participation in continuing professional development for early childhood professionals. Funding may be used to fund teacher training programs, programs that lead to a national credential in early childhood education, or work-study programs in child care. Funding may also be used for pilot programs that utilize tools for individualized instruction coupled with professional development components that support ongoing learning for teachers.

TWC awards grant funds to the Texas Association for the Education of Young Children to administer professional development scholarships for child care workers to obtain a Child Development Associate credential, an Associate Degree in child development or early childhood education, a Bachelor's Degree in early childhood education or related fields, or an early childhood education Registered Apprenticeship Certificate.

Early Childhood Educators in the Planning for Individualized Instruction

TWC has awarded Teaching Strategies a grant to support Early Childhood Educators in the Planning for Individualized Instruction. Through this initiative, TWC aims to provide the educators with formal child progress monitoring tools and related materials aligned with critical developmental domains. By supporting Early Childhood Educators' use of observable, valid, and reliable formal assessments of children's developmental progress and helping Early Childhood Educators develop intentional classroom activities, this initiative intends to improve the quality of early learning in programs participating in CCS and increase kindergarten readiness. This initiative also seeks to align child progress monitoring practices between child care and public school prekindergarten programs to help support successful public-private prekindergarten partnerships.

Child Care Staff Retention Strategies

Under this initiative, TWC aims to help Early Learning Programs (ELP) improve child care work environments and increase staff retention through the development of Adaptive Leadership skills. TWC has awarded a competitive grant award to provide professional development in multiple Local Workforce Development Areas that focuses on Adaptive Leadership skills to create supportive work environments and improve staff retention. Professional development must be tailored to the needs of Child Care Administrators from eligible ELPs that participate in CCS. The provided professional development opportunities will further increase Child Care Administrators' capacity in managing and leading ELP operations and provide tools and resources that are relevant and accessible. This initiative aligns with the primary aims of the Child Care and Development Block Grant Act of 2014, which includes enhancing the quality of the early childhood workforce.

Shared Services Alliances

Shared Services Alliances are intended to help child care programs share resources, which allow member organizations to pay less for services. Members can also focus on specific activities that help save money and increase efficiency. Lead Entities organize each Shared Services Alliance. The Lead Entity:

- Coordinates all child care and early learning programs (members).
- Helps the programs identify common needs.
- Helps implement agreed-upon shared services.

The services chosen vary by Alliance. Each Alliance chooses services based on its shared goals and needs. To provide high-quality early childhood education, shared services might focus on:

- Pedagogical (educational) leadership
- Business leadership
- A combination of both

TWC has awarded grants to the following entities to provide services through an Alliance:

- [Avance](#)
- [Collaborative for Children](#)
- [Pre-K 4 SA](#)
- [Texas Association for the Education of Young Children](#)
- [Social & Environmental Entrepreneurs/Opportunities Exchange](#)

Statewide Family Child Care Network

TWC has awarded a grant to Civitas to establish and administer a statewide Family Child Care Network (FCCN). The FCCN is a staffed program that supports a network of Family Child Care providers by providing a menu of services, including training and professional development, meetings and networking opportunities, technical assistance, and connecting providers to local and state resources. The FCCN is designed to address the specialized needs of family home-based early childhood educators by supporting strong home-based child care business models, providing business and licensing related technical assistance and training, and helping Family Child Care providers to increase the quality of their programs. The FCCN provides one-on-one coaching as well as facilitated peer learning communities. The FCCN will also offer mini-grants to support new family based child care program's start-up costs.

Child Care Outreach Strategy & Campaign Services

TWC has procured two contractors, Outreach Strategists, LLC and Sherry Matthews Inc., to develop and deliver child care outreach services to supplement the agency's production and performance goals, including research, communication plans, logos and style guides, creative and collateral, exhibits, webinars, public service announcements, websites, online content, media buys, and outreach.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Child Care Services Program	\$1,271,623,171	\$1,228,356,912	\$43,266,259
Child Care for Child Protective Services	\$54,127,136	\$16,076,223	\$38,050,913
State Center for Child Care	\$11,700,000	\$11,700,000	\$0
Child Care Industry Expansion	\$102,344,086	\$102,204,086	\$140,000
Child Care Relief Grants & Monitoring	\$77,639,628	\$77,635,697	\$3,930
Total	\$1,517,434,021	\$1,435,972,918	\$81,461,102

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

Texas Health and Human Services Commission

Child Care Regulation

TWC enters into an interagency contract (IAC) with HHSC's Child Care Regulation (CCR) Division to administer CCDF health and safety child care regulation requirements and ensure that child care providers serving children participating in the CCS program meet the health and safety requirements of the CCDF Final rule. TWC provides CCDF funds to CCR to support licensing, monitoring, and regulation of child care facilities. CCR conducts both scheduled and unannounced inspections of regulated facilities to ensure compliance with the state's regulatory standards. CCR also provides technical assistance to new child care facilities and ongoing assistance to all regulated facilities to improve the quality of care.

CCR's child care web site contains information for parents regarding a child care facility's compliance with state licensing requirements.

TWC also seeks input from CCR on Texas Rising Star reviews, the effects of natural disasters and COVID-19, and other issues that arise. TWC and CCR share data on all regulated child care providers.

In 2022, TWC invested over \$11 million of stimulus funding to support CCR with computer system enhancements and to support five Child Care Navigator positions. The system enhancements include improvements to the Search Texas Child Care website to enhance its value to Texas families. These improvements also require changes to CCR's CLASS system, data exchange processes with TWC, and new data exchanges with TEA. The improvements modernized the technology and made the site more mobile friendly.

The CCR Navigators are strategically placed in different parts of the state to help support new child care providers build and sustain their child care business. The Navigators partner with new child care applicants, assist them through the application process, provide them with available resources in their community or region, and connect them with their CCR representatives. HHSC is seeking legislative approval to retain these FTEs, and TWC would fund these positions through IACs using CCDF funding.

TWC also has an IAC with HHSC that provides CCDF funding to CCR to process listed family home applications and background checks for individuals seeking to become relative child care providers with TWC.

2-1-1 Texas

TWC has an interagency contract with HHSC to provide the 2-1-1 Texas Information and Referral Network, which ensures that information is available to the public regarding workforce services, child care education, child care service providers, child care expense assistance, and educational resources for choosing quality child care within any community across the state.

Early Childhood Intervention

Early Childhood Intervention (ECI) is a statewide program for families with children from birth to three years old who have disabilities and developmental delays. ECI provides support to families to help their children reach their potential through developmental services.

TWC currently has two IACs with ECI using PDG B-5 funds to provide training for child care providers on child development, assessments, strategies to support inclusion of infants and toddlers with special needs within their programs, and support ECI staff retention.

Boards coordinate with local early childhood programs and ECI service providers to offer ECI services at child care facilities and conduct conferences and trainings for providers and parents about services for infants and toddlers with disabilities.

Department of Family and Protective Services

Day Care Services for Children in Protective Services

TWC administers DFPS-subsidized child care services for children receiving protective services from DFPS. TWC does not provide funding for this but administers services through an IAC on behalf of DFPS Child Protective Services (CPS).

DFPS Out-of-State Provider Background Checks

TWC has an IAC with DFPS to support staff who facilitate the required abuse and neglect background checks for previous Texas residents hired for child care positions in other states.

Texas Education Agency

Quad-Agency Interagency Position

TWC has an IAC with TEA to fund a quad-agency interagency staff position. TWC and three partner agencies – TEA, HHSC, and DSHS - jointly fund the position of the Interagency Deputy Director of Early Childhood Support to facilitate coordination and collaboration across agencies serving young children.

Professional Development Partnerships for Early Childhood Education

The Legislature directs TWC, out of appropriated CCDF, to transfer via IAC \$500,000 each fiscal year to TEA to fund the management of early childhood education partnership projects, including awarding stipends, facilitating increased participation in professional development by early childhood education professionals, and encouraging those professionals to seek additional education.

Texas School Readiness

The Legislature directs TWC, out of appropriated GR or CCDF, to match the amounts available from the General Revenue Fund for the Early Childhood School Readiness Programs funded by TEA, to provide \$11,700,000 each year for the purpose of providing funds to child care providers participating in integrated school readiness models developed by the State Center for Early Childhood Development at the University of Texas Health Science Center at Houston.

Texas Ready Communities, Ready Schools, Ready Students

In 2018, TWC partnered with TEA to participate in Texas Ready Communities, Ready Schools, Ready Students (TXR3), a multiyear project supported by the W.K. Kellogg Foundation and facilitated by the University of Pennsylvania's Consortium for Policy Research in Education in collaboration with leading experts in the field. The TXR3 project team works in a collaborative, outcome-driven manner to conceptualize and develop tools to facilitate the organization, delivery, and strategic use of existing early childhood data.

[TXR3](#) is a web-based analytic tool that helps decision-makers visualize how well public-school pre-K, kindergarten, and Texas Rising Star programs are prepared to educate children. TXR3 provides insight into the professional development needs of communities and schools as equal partners in collaboratively educating and preparing children.

Prekindergarten Partnerships

As described in the Prekindergarten Partnership (PKP) program guide, TWC has an IAC with TEA to provide funding in the total amount of \$2.4 million to support TEA's efforts to assist with the development and expansion of pre-k partnerships.

University of Texas Health Science Center - Houston Children Learning Institute

Texas Early Childhood Professional Development System

TWC has an IAC with the University of Texas Health Science Center at Houston Children's Learning Institute (CLI) to support the [Texas Early Childhood Professional Development System](#) (TECPDS). The purpose of TECPDS is to support early childhood professionals by providing them with resources and tools to help them meet their professional development needs. TECPDS includes the [Texas Workforce Registry](#), a web-based application for early childhood professionals to keep track of their education and employment history, as well as the clock hours of training they have accrued. Features of this system include the ability to create a professional development profile, view reports, list job openings on the linked [WorkInTexas.com](#) job search resource and matching system, and evaluate trainings presented by [Registered Trainers](#).

Through TECPDS accounts, the [Texas Workforce Registry](#) offers features for [Specialists](#), [Center Directors](#), and [Practitioners](#), all available at no cost. The Workforce Registry allows trainers to generate digital training certificates for training participants. TAMU's AgriLife program, which offers TWC-funded online child care training also has a direct interface with TECPDS so that online courses completed are seamlessly logged to a user's Workforce Registry account. Furthermore, HHSC CCR uses the registry to monitor child care director and staff required training hours, facilitating a more efficient means of demonstrating and ensuring compliance with minimum standards related to training.

Part of the Texas Workforce Registry, the [Find My Career Pathway](#) tool, guides better professional development planning through a series of progressive levels that allows professionals to evaluate their career development and progress, as well as plan additional professional development and education opportunities.

Infant/Toddler System Network

TWC has an IAC with the University of Texas Health Science Center at Houston Children's Learning Institute (CLI) to administer the Texas Infant and Toddler System Network. The [Texas Network](#) offers professional development opportunities and collaborative experiences for specialists (coaches, trainers, and mentors) and teachers covering a wide range of topics specific to supporting infant and toddler development.

Texas Rising Star IACs

As described in the Texas Rising Star program guide, TWC has IACs with CLI for Centralized Assessment Entity services and to provide ongoing support and skill development for Texas Rising Star staff through Peer-Learning Communities (PLCs) and online training content.

UT Market Rate Survey / Cost of Quality

TWC has an IAC with the University of Texas, School of Social Work to conduct an annual child care market rate survey as required by CCDF regulations ([45 CFR 98.16\(r\)](#)). The Market Rate Survey collects market rates by each workforce area for licensed child care centers, licensed child care homes and registered child care homes.

The contract with also includes a Child Care Cost of Quality Study, which aims to explore the cost of providing quality child care in Texas. The study estimates the price charged for higher-quality care under Texas Rising Star or other recognized sources of accreditation relative to other child care providers in the state.

A&M AgriLife Child Care Training

Since 2022, TWC has dedicated funding through an IAC for the Texas A&M University AgriLife Extension to create and host free and low-cost online training for Texas child care providers. The Texas Annual Training Suite offers up to 20 clock hours of training via 12 online courses to support early childhood educators in meeting required Child Care Regulation's (CCR) minimum standards.

Preschool Development Grant Birth Through 5 IACs

TWC has IAC's with the following entities as part of the PDG B-5 grant described in Question D:

Health and Human Services & Texas Education Agency

Early Childhood Integrated Data System

ECIDS is a partnership involving TWC, TEA, and HHSC. This partnership is planning a system for integrating their data about children served by different early childhood programs. This will ensure state agency staff and policymakers have the information they

need to make decisions in support of Texas' most pressing early childhood goals. In 2025, TWC executed an IAC with TEA, using PDG grant funds, to begin building out the ECIDS.

Health and Human Services

CCR Navigators

From 2022 to 2024, TWC provided stimulus and PDG B-5 funding to HHSC to allow CCR to hire supply-building navigator staff. These staff members help prospective child care providers in understanding CCR's regulatory requirements, understanding how local ordinances may also need to be considered, and in accessing other resources to assist new child care operations. The demand for these services has been high, and the Commission approved continued funding for this initiative in FY 2025.

ECI Training, Retention and Comprehensive Services

In 2022, TWC directed COVID-19 stimulus funds to ECI to support the training of child care providers, Texas Rising Star mentors, and infant-toddler specialists on developmental screening, Child Find, and how to work with local ECI providers to jointly serve eligible children.

Through the PDG B-5 funding, TWC continues to support ECI training to child care programs and Ages and Stages® "Train the Trainer" workshops. Through this funding, ECI has provided training to 1,091 early childhood staff from 282 child care programs. Eight additional ASQ® "Train the Trainer" sessions were held to support an additional 62 Texas Rising Star mentors, three Infant-Toddler Specialists, and 27 ECI contractor staff members.

Early Childhood Systems Building

TWC awarded HHSC's Family Support Services, previously DFPS Prevention and Early Intervention, to provide PDG B-5 subawards to Healthy Outcomes through Prevention and Early Support and Texas Home Visiting grantees, with the primary goals of early childhood systems building and readiness in addition to activities to connect families to services and engage families as leaders.

University of Texas at Austin

Institute for Excellence in Mental Health

TWC awarded the University of Texas at Austin's Texas Institute for Excellence in Mental Health (TIEMH) to develop a Texas model for infant and early childhood mental health consultation and conduct a pilot in six communities across Texas. TIEMH also provided training and professional development opportunities for infant and early childhood mental health consultants.

Eligibility Screener / User Experience

TWC, with input from the Early Childhood Interagency Workgroup, is using PDG B-5 funds to make enhancements to the Early Childhood Texas website, including adding local and regional resources and developing a cross-program eligibility screener. The eligibility screener will allow families to enter information to determine potential eligibility for multiple early childhood programs. Programs included in the initial version of the screener include CCS, public pre-K, and Head Start or Early Head Start. If a family is potentially eligible based on their screening results, they will be directed to the appropriate website where they can learn more about the program and apply for services.

TWC awarded the University of Texas at Austin's Institute for Child and Family Wellbeing to conduct four focus groups and compensate participants for other user experience testing in conjunction with TWC's IT project to develop the new early childhood eligibility screener and child care consumer education website.

University of Texas Health Science Center-Houston

PDG Needs Assessment/Evaluation

TWC awarded the University of Texas Health Science Center-Houston to conduct a statewide early childhood needs assessment and Texas PDG B-5 program performance evaluation. Both of these items were required activities under the PDG B-5 Renewal Grant.

Texas Department of Family Protective Services

TX3C Automated Interface

TWC has an IAC with DFPS to develop an interface between the DFPS systems and TX3C to support automated referrals for children in Protective Services who need child care.

- I. **If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Local Workforce Development Boards

TWC enters into grant agreements with each of the 28 Local Workforce Development Boards (Boards) to administer child care services and develop local policies for child care services.

The Boards competitively procure contractors to:

- Conduct child care services eligibility determinations
- Authorize child care services at eligible providers chosen by the parent

- Authorize parent share of cost assessments
- Track and monitor child care attendance recorded by the parent
- Reimburse child care providers for services provided
- Provide consumer education information to parents

TWC awards the following grant contracts to each of the 28 Boards to administer child care services:

- Child Care Fund – for the administration and delivery of direct child care for children and families.
- Child Care Match – for Board, state, and federal matching funds for the delivery of direct child care for children and families.
- Child Care Quality (CCQ) and Child Care Quality Four-Percent – for Board quality improvement activities. CCQ grants are for the statutorily required 2 percent quality fund, and Child Care Quality Four-Percent are for the additional 4 percent quality funds approved by the Commission.

U.S. Department of Health and Human Services, Administration for Children and Families

CCDF funds are made available to TWC through the Office of Child Care within the Administration for Children and Families (ACF), U.S. Department of Health and Human Services. ACF allocates funds to TWC for the administration of the program, and approves a biennial State Plan.

ACF's Office of Child Care conducts on-site monitoring of all CCDF Lead Agencies during every CCDF State Plan three-year period. TWC's last monitoring visit was in January 2024. During this visit, the Office found TWC to be out of compliance with two CCDF Rules.

98.21(a)(1) - 12-Month Eligibility Determination and Re-Determination

One issue cited relates to adding a sibling to a family's CCS case. Previously, when a child was added to a family's case, TWC added the new child through the family's existing eligibility end date. This was done to create family-friendly policies that aligned all children's redetermination date. On June 27, 2024, TWC issued guidance (WD 06-24) to Boards directing them to extend redetermination dates for all children in a family when an additional child is enrolled in CCS to ensure that every child in the family receives a minimum of 12 months of care. This change went into effect with the launch of TX3C on Jan.13, 2025.

The Office of Child Care's other concern was TWC's voluntary withdrawal option for CCS families. TWC previously terminated care for families upon the parents' request due to

relocation outside of Texas or otherwise no longer requiring Child Care Services in Texas. Additionally, TWC offered parents the option of voluntary suspension to support them during temporary changes in circumstances where a child did not need Child Care Services. Voluntary suspension status keeps the case open through the end of the 12-month eligibility period so that the child can quickly receive a new referral for care once it is needed. Based upon the Office's instruction, TWC no longer allows a family to voluntarily withdraw from CCS and terminate their CCS case. Instead, TWC will suspend these cases, and the suspension will continue through the family's 12-month eligibility period. TWC issued guidance (WD 06-24) to Boards directing them to suspend care in TX3C rather than terminating eligibility. This change went into effect with the launch of TX3C on Jan.13, 2025.

98.21(a)(2) - Continued Assistance/Job Search

According to §809.56, a parent who is searching for work, including a parent in a dual-parent family, is eligible for 12 months of child care services if at initial eligibility determination the family does not meet the minimum participation requirements for At-Risk Child Care. However, retaining eligibility for the full 12 months is contingent upon the unemployed parent finding work within three months of eligibility determination. Although TWC's rule clearly indicates a 12-month eligibility determination, the Office of Child Care found evidence during their monitoring visit that Boards were not consistent with messaging this 12-month authorization to parents. On April 8, 2024, TWC issued WD Letter 13-21, Change 2, clarifying guidance to Boards that notification to parents must clearly state that parents are approved for a 12-month eligibility period. TWC also reviewed eligibility notifications from all Boards to ensure compliance with this guidance. Since the launch of TX3C, messaging in eligibility notices is standardized statewide.

Future Monitoring

The Office of Child Care has notified TWC that our next on-site monitoring will occur the week of Feb.9, 2026. Monitoring will focus on compliance in the following areas:

- Comprehensive background checks
- Eligibility and enrollment
- Equal access
- Health and safety
- Program integrity and accountability

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

Obsolete Statutory Requirements

1. Texas Labor Code, Chapter 310 requires the Commission to conduct a competitive procurement and contract with a Child Care Resource and Referral (CCR&R) network to provide services and that such network be administered in compliance with the federal CCDBG requirements. It includes a variety of required activities, including data collection on the supply/demand for child care.

The CCDBG Act of 2014 allows but does not require that CCDF be used on a CCR&R. TWC does not fund a CCR&R organization and is not planning on doing so. Although many of the activities noted in the state statute are performed by the Boards, Board contractors, or by TWC. Boards should be providing much of the resource/referral information to parents. TWC and the interagency early childhood workgroup is also working on creating a new consumer education website to offer parents with young children one location to find information and resources. In addition, TWC funds the Texas Child Care Availability Portal, which provides information on the supply of child care. This could be a topic for possible statutory modification, aligning the work of TWC and the Boards with CCR&R activities, rather than requiring that TWC conduct a competitive procurement.

2. Texas Government Code, §2308.316 requires that each Board allocate a portion of CCDF dedicated to quality improvement activities to a competitive procurement process that encourages child care providers serving children under 4 to voluntarily meet the certification criteria of the commission's Texas Rising Star Program.

This provision requires Boards to contract for an entity to encourage providers to pursue Texas Rising Star. However, Government Code, §2308.3155 provides specific TWC/Board requirements for Texas Rising Star that supersede this provision (e.g. 2308.3155(c) - funding to Boards to hire mentor staff; 2308.3122(d) - TWC statewide entity for assessments). This could be a topic for possible statutory clean-up.

3. Texas Labor Code, §302.0046 requires the Commission to direct each local workforce development board to notify subsidy recipients about a termination for any reason other than the recipient's actions or failure to act. This shall be provided in writing no later than the 30th day prior to termination and include certain information.

Currently, child care is no longer involuntarily ended - Chapter 809.54 specifically prohibits children from being removed from care during the 12-month period (for reasons other than parent failure to comply with program rules). This provision was added in 2003 in response to the need at the time to involuntarily end child care services for at-risk parents due to increases in the number of mandatory TANF participation resulting from the removal of the caregiver exemption, which increased the need for child care for children under 5. This could be a topic for possible statutory clean-up.

4. Texas Government Code, §2308.319 requires the Commission to encourage each local workforce development board to raise an amount of local funds (excess local match) to be used to support collaborative reading initiatives.

Although the Boards are encouraged to raise excess funds, it is not clearly suggested these be used to support collaborative reading initiatives. This provision has been in statute since 2003, but the statute does not define what a "collaborative reading initiative" is. Further, Government Code, §2308.317, amended in 2019, establishes more detailed requirements for quality expenditures. This could be a topic for possible statutory clean-up.

5. Texas Human Resources Code, §31.0035 requires TWC to provide transitional child-care services to a person who was receiving TANF but is no longer eligible to receive the assistance.

CCDBG 2014 requires that all children are determined eligible for and receive a minimum of 12 months of child care, negating the need for this statute. The agency previously proposed legislation (HB2239 / SB1218, 85th Session) to repeal this provision, but it was not passed. At the time there was understanding that federal law trumped state law, but the Legislature felt that TWC should implement the federal law with no change to state law. This could be a topic for possible statutory clean-up.

Short-Term DFPS General Protective Child Care Referrals

TWC has identified an issue with short-term DFPS General Protective (GP) Child Care referrals that impacts TWC's and the Boards' ability to effectively manage the Board's CCS allocation and performance targets.

CCDF requires that all children receive a minimum 12 months of CCDF eligibility and prohibits states from increasing a parents share of cost during the 12-month eligibility period. Children authorized by DFPS for GP child care are not subject to the Boards' waiting list and are not assessed a parent share of cost. However, the children are required by CCDF to receive CCDF care for the full 12-month eligibility period. Generally, DFPS authorizes 12 months of CCDF care using DFPS appropriated funds and if the GP case is closed prior to the 12 months, TWC is required to continue care through the remainder of the 12 months using TWC appropriated funds.

TWC has identified a recent trend in which DFPS is ending GP care within 30 days of the initial authorization, requiring TWC to fund the remainder of the 12-month period. Statewide, in 2017, approximately 20 percent of GP care ended in 30 days or less. This has doubled in 2024, with over 40 percent of GP care ending in 30 days or fewer. Additionally, there have been instances in which the stated reason for the GP short-term authorization was to bypass the Board's waiting list.

Because of these trends, TWC can serve fewer children of low-income working families from our waitlist. Additionally, since GP and Former DFPS cases do not have a parent share of cost, TWC's average cost is higher, which ultimately means serving fewer children overall. This makes it extremely challenging for TWC and the Boards to manage enrollment levels and expenditures when we do not have control over such a large portion of the caseload. And it is also problematic when there are so many families on the waitlist.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

Internal Audits

As part of the fiscal year 2022 audit plan, Internal Audit conducted an audit of the 2022 Child Care Relief Fund (CCRF), which awarded over \$4 billion to child care programs statewide, including the controls in place to ensure compliance with federal requirements in Section 2202 of the American Rescue Plan Act (ARPA) for supplemental child care funds. The audit objectives were:

- Do internal controls ensure payments are accurate and disbursed to qualified and eligible child care providers?
- Is the process for administering child care funds in compliance with requirements in Section 2202 of the ARPA?

Based on the review, Internal Audit found that:

- Controls were designed to ensure only qualified and eligible providers were invited to apply for and receive 2022 CCRF funding and to prevent potential risks in the process that could lead to duplicate invitations, unauthorized access to the system, and improper payments.
- The process is following the requirements in Section 2202 of the ARPA.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A.

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Texas Rising Star

A. Provide the following information at the beginning of each description.

Name of division or program: Texas Rising Star

Location within the agency: Child Care & Early Learning

Contact name: Reagan Miller, Director

Statutory citation: Texas Government Code, Sections 2308.3151, 2308.3155, 2308.316, 2308.317, 2308.3171, 2308.320

B. What is the objective of this division or program? Describe its major activities.

The Texas Rising Star program sets standards for the quality of care that all TWC Child Care Services (CCS) programs must meet. Based on legislative action in 2021, participation in Texas Rising Star became mandatory for all CCS providers. Child care programs receive a Texas Rising Star certification of a Two-, Three-, or Four-Star rating, and receive an enhanced payment rate based on their certification level.

As more CCS programs become Texas Rising Star certified, more children will receive quality care. For example, in 2024, TWC served 211,882 unduplicated children in total, 65 percent (139,355) of them were served in Texas Rising Star-certified programs.

Quality improvements impact all young learners, beyond just CCS enrollees. All children enrolled in Texas Rising Star-certified programs receive the benefits of the higher quality child care services. In 2024, Texas Rising Star-certified programs had a total capacity to serve 415,286 children in the state.

TWC develops rules and guidelines for the Texas Rising Star program and provides funding to each of the 28 local workforce development boards (Boards) to hire mentors to assist child care programs in meeting Texas Rising Star standards. TWC also provides funding to the University of Texas Health Science Center, Children's Learning Institute (CLI) to serve as the Centralized Assessment Entity (CAE) to hire staff to assess programs and certify that the programs meet Texas Rising Star standards.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Texas Rising Star data is available through [Child Care by the Numbers](#) (CCBN), which provides information for the most recent 15 months. TWC updates this information quarterly. CCBN also has historical information (back to 2015). CCBN show annual and monthly data, statewide and by each of the 28 Boards.

Texas Rising Star data include:

Children and families served by Texas Rising Star

- Average number of children served in Texas Rising Star
- Total number of children served in Texas Rising Star
- Total number of families served in Texas Rising Star
- Average number of children in Texas Rising Star served by age per day and by star level

Texas Rising Star-certified programs

- Total number of Texas Rising Star-certified programs serving CCS children total and by star level
- Total number of Texas rising Star-certified programs with agreements by star level

Texas Rising Star overall footprint in the state

- Total statewide capacity of Texas Rising Star by star level

CCBN data shows that the number of Texas Rising Star-certified programs caring for CCS children have increased from 708 programs in 2015 to 3,484 in 2024.

Providers Serving CCS Children

Year	Non-TRS Programs	TRS Programs	All Programs	Percentage TRS
BCY15	7,007	708	7,715	9.2%
BCY16	6,797	731	7,528	9.7%
BCY17	6,341	908	7,249	12.5%
BCY18	6,125	1,048	7,173	14.6%
BCY19	6,025	1,324	7,349	18.0%
BCY20	5,658	1,533	7,191	21.3%
BCY21	5,206	1,752	6,958	25.2%

Year	Non-TRS Programs	TRS Programs	All Programs	Percentage TRS
BCY22	5,394	1,842	7,236	25.5%
BCY23	5,187	2,471	7,658	32.3%
BCY24	4,569	3,484	8,053	43.3%

As mentioned previously, quality improvements impact all children enrolled in Texas Rising Star, not just CCS children. With the growth of Texas Rising Star-certified programs since 2015, more children statewide enjoy the benefits of care provided by Texas Rising Star-certified programs. In 2015, Texas Rising Star-certified programs had a total enrollment capacity of 128,578 children. By 2024, this has grown to 415,586 children statewide, with a majority of the children in Four-Star programs.

Total Capacity of Texas Rising Star Providers

Year	Two-Star	Two-Star Percent	Three-Star	Three-Star Percent	Four-Star	Four-Star Percent	Total TRS
BCY15	27,093	21.1%	24,015	18.7%	77,470	60.3%	128,578
BCY16	38,835	34.3%	31,696	28.0%	42,840	37.8%	113,371
BCY17	35,882	28.4%	34,437	27.3%	55,897	44.3%	126,216
BCY18	38,229	24.2%	41,884	26.5%	78,050	49.3%	158,163
BCY19	36,953	18.3%	56,382	27.9%	108,546	53.8%	201,881
BCY20	33,374	15.5%	56,941	26.5%	124,377	57.9%	214,692
BCY21	49,571	21.8%	48,512	21.3%	129,654	56.9%	227,737
BCY22	50,284	16.9%	83,461	28.0%	163,830	55.1%	297,575
BCY23	28,080	8.8%	105,600	33.2%	183,976	57.9%	317,656
BCY24	48,187	11.6%	159,130	38.3%	207,969	50.1%	415,286

Note: The Texas Rising Star standards were significantly revised in 2015 resulting in a temporary reduction in the number of certified programs.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The following is a brief history of the evolution of the Texas Rising Star program. In the 1980s, a state workgroup was formed to research and develop standards for early learning programs in Texas, providing the basis for the Texas Rising Star Provider Certification. From 1991 through 2000, the Texas Rising Star Provider Certification criteria were in use

to evaluate quality in CCS child care and early learning programs in Texas. In 1999, a new state workgroup formed to review and revise these criteria. In October 2000, the Texas Rising Star Provider Certification Guidelines (Guidelines) were released, reflecting the recommendations of the workgroup, including revamping assessment and certification processes.

Texas Rising Star Rules and Guidelines Revisions

In 2013, the 83rd Texas Legislature passed HB 376, amending §§2803.315-320 of the Texas Government Code requiring TWC to:

- Create a review workgroup to recommend revisions to the Texas Rising Star program.
- Establish graduated reimbursement rates of the following percentages above the non-Texas Rising Star rates:
 - 5 percent for a Two-Star rating
 - 7 percent for a Three-Star rating
 - 9 percent for a Four-Star rating
- Make funds available to Boards to hire Texas Rising Star mentors and assessors to provide technical assistance to child care and early learning programs.

On Jan. 27, 2015, TWC approved the changes proposed by the Texas Rising Star review workgroup, as required by HB 376. Full implementation of the revisions was completed on Sept. 1, 2015. Additionally, TWC began allocating additional funding to Boards to hire mentors to assist programs in meeting Texas Rising Star standards, and to hire assessors to assess providers on the Texas Rising Star standards.

Regular Review and Revisions of Guidelines

In 2015, the 84th Texas Legislature passed HB 208, amending §2308.3155 of the Texas Government Code to require TWC to implement a process for the regular review of the Texas Rising Star quality standards. TWC adopted rules which established a review of Texas Rising Star every four years.

In fiscal year 2016, TWC solicited further input on the Texas Rising Star program. Based on the input from these stakeholder meetings, TWC modified the Guidelines to streamline the application and assessment process and to clarify and improve criteria.

2019 Guidelines Review

In 2019, Texas Rising Star underwent its first four-year review and TWC convened a workgroup to review the Texas Rising Star program, as required by HB 376. TWC conducted the following activities in support of the guideline review:

- In May 2019 TWC convened the workgroup to review the Texas Rising Star program.
- In June 2019 TWC conducted eight regional focus groups in Heart of Texas, West Central Texas, Tarrant County, Lower Rio Grande, Coastal Bend, Gulf Coast, Rural Capital, and Texoma.
- From July through January 2020 TWC convened three in-person workgroup meetings and conducted regular bi-weekly conference calls.
- In January 2020 the Commission approved draft Texas Rising Star Guidelines
- In February 2020 TWC conducted seven regional meeting to receive input on the grant guidelines. The meetings were held in Austin, Houston, McAllen, Arlington, Waco, Lubbock, and El Paso.
- In October 2020, the Commission proposed rules regarding Texas Rising Star.
- In January 2021, the final rules and updated guidelines were adopted. Modifications to the Texas Rising Star program were effective on January 25, 2021.

The major changes to Texas Rising Star were to:

- Require programs applying for certification to agree to participate in the TECPDS workforce registry and encourage their staff to participate as well.
- Create new probationary periods to allow providers to address issues, without losing a star level.
- Modify the Screening Form to reduce the number of Child Care Regulation (CCR) deficiencies that make a child care program ineligible to apply, or result in an immediate star level drop for a currently certified provider.
- Require all programs to participate in the creation of a Continuous Quality Improvement Plan (CQIP) that focuses on growth and evolving adherence to higher-quality standards and to require Boards to ensure that CQIPs are implemented and supported.
- Require all Texas Rising Star staff to complete the Texas Rising Star standards training through the Assessor Training and Certification Program, require Texas Rising Star assessors to attain and maintain their Texas Rising Star Assessor Certification, and require Texas Rising Star mentors to pursue the coaching 15 micro-credential.

- Removing duplicate standards also included in CCR standards around health/safety and food and nutrition.

Mandatory Texas Rising Star and Entry Level Designation

In September 2021, the Texas Legislature enacted HB 2607 amending §2308.3115 of the Texas Government Code to:

- Require all child care programs in TWC's Child Care Services program to participate in Texas Rising Star;.
- Direct TWC to include an entry-level rating for child care and early learning programs and establish the maximum length of time that a provider may participate in CCS at the entry level.
- Require TWC to develop a process for providers to request a waiver to extend the length of time the provider may be an entry level provider. The waiver may not exceed 36 months.

In September 2022, the Commission adopted amendments to TWC Chapter 809 Child Care Services rules to implement the new requirements. Effective October 3, 2022, all CCS child care and early learning programs must participate in the Texas Rising Star program. In order to be a CCS provider, child care and early learning programs must meet the Entry Level designation point threshold, and attain at least a Two-Star certification level within 24 months.

2023 Guidelines Review

In July 2023, Texas Rising Star underwent its second four-year review as follows:

- TWC convened the 2023 workgroup to review the Texas Rising Star program. With support from TWC, the workgroup led a collaborative review that involved stakeholders from across the state.
- TWC conducted six public meetings throughout the state in February 2024 about the recommendations from the review. In April 2024, the Commission approved the release of the workgroup's recommendations and proposed rules for public comment.
- In September 2024, proposed rules regarding Texas Rising Star changes were published, and in October 2024, the final rules and updated guidelines were adopted.
- Modifications to the Texas Rising Star program became effective on Sept. 1, 2024, with the new Classroom and Facility Assessment tools being implemented on Oct. 1, 2024.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

General Eligibility

All programs requesting initial Texas Rising Star certification must:

- Have an active Child Care Services (CCS) Provider Agreement with a Board to accept referrals from TWC's CCS program and meet the requirements for [Entry Level Designation](#).
- Have a permanent (non-expiring) license or registration from CCR.
- Have at least 12 months of licensing history with CCR.
- Demonstrate a high level of compliance with CCR minimum standards over the preceding six months in accordance with the [Texas Rising Star Initial Screening Form](#); and
- Ensure that a center director account is created in the [Workforce Registry](#) and that the director encourages their staff members to create individual accounts within the registry.

Texas Rising Star-certified programs are expected to maintain a consistent and high level of compliance with CCR minimum licensing standards. A program's most recent six months of CCR minimum licensing standards compliance history are reviewed using the applicable Texas Rising Star Screening Form prior to any assessment and on a regular basis.

In addition to meeting the above standards programs must:

- Not be on Corrective or Adverse Action with CCR.
- Not be on Board Corrective Action or Notice of Freeze.
- Not be cited for the facility's applicable CCR weapons minimum standard
- have 25 or less total points when calculating high- and medium-high-weighted CCR deficiencies; and
- Not be cited for the following deficiencies (based on facility-type) within the most six recent -months.

Programs that are not regulated by CCR but are regulated by the U.S. military and in good standing are also eligible to request Texas Rising Star certification.

Texas Rising Star Entry Level Designation

Child care programs that do not meet the requirements for initial Texas Rising Star certification may qualify for Entry Level designation. To qualify for Entry Level designation, a child care program must:

- Be licensed or registered with CCR (may have an initial permit) or regulated by the United States Military.
- Not on Corrective or Adverse Action with CCR.
- Not exceed the points threshold of 40 for high- and/or medium-high-weighted CCR deficiencies, based on a review of the most recent six months of CCR licensing history (child care programs with initial permits or programs with fewer than six months of licensing history will be reviewed based on all available CCR licensing history).

The points threshold of 40 is calculated by assigning the following points to high- and medium-high-weighted CCR deficiencies received within the most recent six months of CCR licensing history:

- Five points are added for each high-weighted deficiency.
- Three points are added for each medium-high-weighted deficiency.

Once designated as Entry Level, the child care program will have a maximum of 24 months to attain star-level certification in Texas Rising Star. Entry Level-designated programs may be assessed for star-level certification at any time within the 24-month timeframe if they meet certification [eligibility and screening requirements](#).

New CCS regulated programs must meet Entry Level designation at the time a CCS Provider Agreement is initiated with the Local Workforce Development Board (Board) and have 24 months from that date to achieve star-level certification, unless a waiver is approved by TWC.

Child care programs that are interested in participating in CCS must submit an Interest Form to start the process.

Entry Level-designated programs will be screened for Texas Rising Star certification eligibility at 12 months from the time the CCS Provider Agreement is signed to determine if they are eligible for assessment.

If, at the 18th month of a program's Entry Level designation time, the program will not be eligible for Texas Rising Star certification by the end of the Entry Level designation time frame, the program may not receive CCS referrals for new families until it attains star-level certification.

An exception is allowed if the program is located in a child care desert or serves an underserved population as defined and approved by TWC. If the program qualifies for an exception, it may continue to receive referrals for new families during the last six months of its 24-month entry-level period.

Child care programs that are unable to achieve Texas Rising Star certification by the end of the 24-month timeframe, may submit a request to their Board for an Entry Level extension waiver.

To be eligible for an Entry Level extension waiver the child care program must be:

- Located in a child care desert (an area where the number of children younger than six years of age who have working parents is at least three times greater than the capacity of licensed child care programs in the area); or serving an underserved population* as determined by TWC.
- Unable to meet the certification requirements due to a declared emergency/disaster; or
- Unable to meet the certification requirements due to conditions that are outside the child care program's control.

*Note: An underserved population may include limited availability of infant capacity or care for children with disabilities.

TWC will review all Entry Level extension waiver requests and may grant the program up to an additional 36 months to remain at Entry Level in order for the program to achieve Texas Rising Star certification.

Texas Rising Star Certification

Child care programs that achieve Texas Rising Star certification offer quality care that exceeds the State's Child Care Regulation's Licensing Minimum Standards for director and staff qualifications, teacher-child interactions, program administration, family education and engagement, and indoor/outdoor learning environments are in a better position to contribute to the early development of children. As programs progress through the levels of certification, they progressively contribute more to the development of the children they serve.

- The Texas Rising Star program organizes measures into four categories.
- Category 1: Director and Staff Qualifications and Training
- Category 2: Teacher-Child Interactions
- Category 3: Program Administration

- Category 4: Indoor/Outdoor Learning Environments

There are two types of Texas Rising Star measures – Structural Measures and Points-Based Measures. Structural measures are either Met or Not Met and can be demonstrated without a site visit. Points-based measures are based on an on-site assessment. Categories 1 and 3 have structural measures and points-based measures. Categories 2 and 4 have only points-based measures.

Star-Level Drops

Certified Texas Rising Star programs will incur a star-level drop for certain high-risk deficiencies cited during the most recent six-month CCR licensing period. Two-Star certified programs will be placed on suspension status.

Probationary Status

Texas Rising Star-certified programs can be placed on a six-month probationary period if CCR cites the program for certain high-risk deficiencies or if CCR citations for high- to medium-higher risk exceed the threshold designated by the Texas Rising Star Guidelines.

Suspensions

Suspension status, available for a maximum of 15 months, occurs when a certified program falls below the Two-Star level. A child care program that is placed on suspension status is still considered as participating in Texas Rising Star, but it is no longer considered certified and does not qualify for the Entry Level designation time frame. The program is required to maintain the Entry Level points threshold during the suspension status and will be reviewed monthly for Entry Level points threshold compliance.

Programs on suspension status will be eligible for reassessment after six months following the start of its suspension, as long as no additional specified licensing deficiencies noted within sections 3 and/or 4 of the screening form are cited during the suspension period. The program must comply with eligibility requirements and request a reassessment via the online request form within 15 months of the suspension impact.

Child care programs unable (or ineligible) to move out of suspension status by the ninth month of the suspension will not receive new CCS family referrals, unless the child care program is located in a child care desert or serves an underserved population as defined and approved by TWC.

More information on star-level drop citations, probationary citations, and suspensions is on the [Texas Rising Star website](#).

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g.,

flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Texas Rising Star Assessments

Texas Rising Star program assessments are conducted by TWC's CAE housed at CLI. Texas Rising Star requires several types of on-site visits to assess and monitor the ongoing quality of Texas Rising Star–certified child care programs.

All assessments, except the annual monitoring visit and Service Improvement Agreement assessments, must be formally requested by the child care program through the online [Texas Rising Star Certification Request Form](#) found on the [Texas Rising Star Tools tab](#). Prior to all assessments, Texas Rising Star staff will complete the [appropriate screening form](#).

Texas Rising Star assessors evaluate the program as a whole with the Facility Assessment Record Form and each classroom with the age-appropriate Classroom Assessment Record Form by scoring each of the applicable measures specific to the facility type and/or the classroom's age group. The assessor then enters the assessment scores into CLI Engage, which generates the program's final star-level certification.

Initial Assessment

The Initial Assessment is a full assessment of all Texas Rising Star measures. The assessor confirms all required measures, such as written policies, are verified. The assessor assesses the points-based measures, such as teacher-child interactions and environments in observation blocks of one to one-and-a-half hours per classroom. Programs may not become certified with only structural (required) measures reviewed. Effective Sept. 1, 2024, through Sept. 30, 2025, the Commission approved a temporary waiver to allow Entry Level-designated child care programs to request a Structural Measure (desk review) Initial Assessment. With this assessment request, the program must submit all documentation needed to score only the structural (required, met/not-met) measures. No on-site visit will be provided, and the highest star level that can be achieved is Two-Star.

This type of assessment is requested by Entry-Level designated programs seeking initial certification and by programs that are returning to CCS as a certified program. This type of assessment may also be requested by programs that are in suspension status seeking certification.

Annual Monitoring Visit

The annual monitoring visit (annual monitoring) is unannounced and must be conducted before the yearly anniversary date of the Texas Rising Star certification start date. Programs will receive two annual monitoring visits during the duration of their three-year certification period.

The unannounced annual monitoring is required by [§809.133\(d\)\(1\)](#)—there is no two-week window for annual monitoring visits, and the timing is at the sole discretion of Texas Rising Star assessor staff. Before an annual monitoring visit, the assessor will also complete the appropriate Texas Rising Star Screening Form to review the program's recent CCR licensing history and determine whether there are any impacts on the program's certification status or mentoring needs.

In an effort to support the CAE in conducting timely past-due Initial Assessments for Entry Level-designated programs, the Commission approved a waiver for Annual Monitoring visits. Effective Oct.1, 2023, certified programs will have their annual monitoring visit waived. This waiver was extended to end Sept.30, 2025.

Recertification Assessment

Texas Rising Star certification lasts three years. The Recertification Assessment will occur no later than three years to the month of the previous full-site assessment and certification for any Texas Rising Star–certified program.

Except for programs with TWC-recognized national accreditation, the recertification assessment requires that 100 percent of classrooms are assessed, all required measures are verified, and all points-based measures are scored for all categories.

A program's star level before the Recertification Assessment does not affect the assessment result; programs may lose, gain, or maintain a star level as a result of the Recertification Assessment.

Within three months before the three-year anniversary of the Texas Rising Star certification end date, Texas Rising Star-certified programs must:

- Submit a Texas Rising Star recertification request, through the online [Texas Rising Star Certification Request Form](#).
- Upload into CLI Engage
 - A completed Texas Rising Star Screening Form
 - A self-assessment
 - Any additional required documents, such as parent and staff handbooks or a classroom roster

Star Level Evaluation

Texas Rising Star Two- and Three-Star programs may make significant improvements across Texas Rising Star measures that could result in a higher star-level certification upon reassessment. In these cases, the programs may request a Star-Level Evaluation to seek a higher star-level. Star-Level Evaluations are conducted upon mutual agreement between

the Texas Rising Star program and the appropriate Board and can occur at any time. Star-Level Evaluations are full assessments of all classrooms, categories, and applicable measures.

Because the Star-Level Evaluation is a full assessment, the three-year recertification cycle resets to the date of the Star-Level Evaluation (that is, the date of the Initial Assessment is no longer used to determine the recertification date), regardless of the star level resulting from the Star-Level Evaluation.

Category Reassessment

A Category Reassessment may only be requested by a program who has recently received a full assessment (Initial, Recertification, or Star-Level Evaluation) regardless of certification status. A reassessment of no more than two of the program's lowest-rated categories will be conducted, within 30 days from the Texas Rising Star certification effective date. Category Reassessments will be completed within 60 days of the request. Only one Category Reassessment can be requested per full assessment.

If a program requesting a reassessment of the lowest-rated category or categories has experienced a change of director or staff within the three months, then Category 1—Director and Staff Qualifications must also be reassessed.

Note: A Texas Rising Star-certified program that is on Texas Rising Star probation or has had a loss of star level due to licensing violations is not eligible for a Category Reassessment.

Service Improvement Agreements

Service Improvement Agreements go into effect when a program fails to maintain its certified star level at the annual monitoring visit and last a mandatory six months. Service Improvement Agreements give programs an opportunity to receive mentoring and supports before potentially losing a star level of Texas Rising Star certification at the next recertification assessment. Technical assistance is available via the mentor and documented within the CQIP and is targeted toward the Texas Rising Star categories that led to the Service Improvement Agreement.

A Service Improvement Agreement Assessment for all classrooms will be conducted within 30 days of the Service Improvement Agreement end date on the Texas Rising Star categories found deficient to determine the new star level, if applicable. Service Improvement Agreement assessments that result in a lower star level will have the opportunity to revise their CQIP with goals focused on increasing the star level.

Reconsideration

TWC Chapter 809 Child Care Services rule [§809.135](#) requires TWC's assessment entity to ensure a process for reconsideration of facility assessment.

A reconsideration may be requested by a program after any assessment, including annual monitoring visits, when the program feels that their assessment was inaccurate or unfairly conducted. When requesting the reconsideration via the online request form, a child care program must provide specific details of which items are being requested for reconsideration (such as specific measures, specific categories, or the whole assessment). This request must be made within 10 business days of receiving the assessment results.

The reconsideration process may include scheduling a second assessment with the same assessor, a second visit with two assessors, or an assessment with a different assessor. The reconsideration may also involve a reassessment of a category and/or measure as requested by the program. The Board may make additional mentoring services available to assist the program in meeting Texas Rising Star standards when a program has requested a reconsideration.

Boards must make programs aware of the CAE's policies regarding the reconsideration process, time restrictions on requesting a reconsideration, the number of reconsiderations allowed, and the elements eligible for reconsideration.

The reconsideration process is only available for the Texas Rising Star measures. If a provider has Child Care Regulation deficiencies that impact their Texas Rising Star status, they must pursue any appeals through Child Care Regulation.

Facility Changes

There are varying types of changes a child care program may go through while being Texas Rising Star certified. These changes may affect the type of care that is being provided, requiring action by the Board and/or assessor.

- Facility Expansion and split
- Facility Move
- Facility-type Change
- Facility Ownership Change

When a facility incurs one of the facility changes listed above, it must initiate a new CCR facility application and obtain a new license number from CCR. The facility may or may not carry its licensing history with it to the new license number.

A Texas Rising Star-certified program that experiences any one of these changes (expansion, splits, facility type, changes in ownership, or moves to a new location within the same city, ZIP code, or county in which the program is currently operating) does not need to have 12 months of CCR history in this situation (regardless of permit issued, initial or full/permanent) in order to retain its star level during the move or change.

Based upon the most recent 4-year review input, TWC modified its policy to allow programs with a facility change to retain their Texas Rising Star certification level for up to 3 months. The program will undergo a Texas Rising Star reassessment per the Facility Change Rubric (found within the Texas Rising Star Guidelines) within the initial three-month period from either the date the new CCR permit associated with the change is issued or the date the change occurred if a new permit is not issued.

The program's new Texas Rising Star level will be based on the results of the reassessment. The CCR history that is available under the permit before the change will be used when completing the Texas Rising Star Screening Form for these assessments, if applicable.

Any program that receives an initial permit by CCR due to a facility change must receive a permanent (full) permit by CCR within six months of the change, otherwise the program will be placed on suspension status.

Texas Rising Star Mentoring and Continuous Quality Improvement

Boards hire mentors to provide technical assistance and provide professional development resources to sustain and improve the quality of child care and early learning in Texas Rising Star-certified facilities.

Texas Rising Star–certified programs have access to three types of technical assistance:

Continuous Quality Improvement Plans

Continuous Quality Improvement provides a systemic and intentional process for improving quality in child care programs and increasing positive outcomes for children. Texas Rising Star–certified programs and Entry Level-designated programs have the ability to work closely with a Texas Rising Star mentor to engage in a cyclical process that includes self-reflection, continuous learning, practice, and evaluation. Continuous Quality Improvement helps programs attain certification, achieve increasingly higher levels of quality, sustain high quality over time, and ensure high quality across classrooms and age groups.



CQIPs are generated upon initial interest in achieving Texas Rising Star certification as well as from scores on Texas Rising Star measures from any certification assessment. CQIPs provide a road map for continued quality improvement and are targeted toward Texas Rising Star measures that the mentor and the program feel will help the program maintain or improve its star level. Programs choosing not to participate in

mentoring services must create their CQIPs per the [CQIP Desk Aid](#) (available on the [Texas Rising Star Tools](#) webpage).

CQIPs are required, ongoing, and continually updated based on mentor recommendations and program goals. CQIPs may determine the decision for a Star-Level Evaluation Assessment—a full assessment that may be requested if the program and mentor feel the program is ready to move to a higher star level.

CQIP for Texas Rising Star–Certified Programs

CQIPs are designed to assist programs in increasing the quality of the child care and early learning experiences they provide with the goal of maintaining or increasing the program's star level. A CQIP contains improvement goals for a targeted number of Texas Rising Star measures and/or categories, as well as resources to help reach those improvement goals, including professional development coursework, coaching from a Texas Rising Star mentor, and identification of other available resources and training material.

CQIPs can also address key areas for improvement that are not directly measured by Texas Rising Star but are still important indicators of quality, such as implementing caregiving practices that provide access to all communities, working with English language learners, and developing policies to prevent suspension and expulsion. Mentors work with programs to determine their specific needs and the best goals to incorporate in the CQIP over time. Mentors may provide direct support to help programs meet their goals or they may help identify and access appropriate resources to support improvement efforts. Mentors and programs work together to reach agreement on what goals and strategies are included in the CQIP.

CQIPs for Texas Rising Star programs are developed upon initial acknowledgment of desire to participate in Texas Rising Star and again after the first full assessment. CQIPs can be further refined at annual visits with the assistance of the mentor. Additional technical assistance plans for Texas Rising Star programs are automatically generated after each assessment for each classroom and the facility as a whole and can be used to further refine the CQIP.

The set of professional development resources available to Texas Rising Star programs, including many hours of online learning modules featuring extensive video-based demonstrations of effective instructional practices for responsive interaction, language and literacy, mathematics, and science. Through the CQIP, mentors may recommend specific courses for Texas Rising Star programs and their teachers to complete depending on their quality improvement needs.

Mentors will be provided to work with directors and teachers in all Texas Rising Star measures, both points-based and required. The amount of time a mentor spends on-site at the facility will vary based on their caseload and the program's needs. At a minimum, the mentor will visit the program once a month, either in person or through a scheduled call or virtual meeting.

CQIP for Programs Not Currently Texas Rising Star Certified

Child care programs who are not yet eligible for Texas Rising Star certification or that may not be ready to request an assessment can still participate in technical assistance provided by their local Board and/or assigned mentor. Some professional development resources are available online through the [CLI website](#). At a minimum, the mentor will visit the program once a month, either in person or through a scheduled call or virtual meeting.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Texas Rising Star Quality Program	\$40,845,903	\$40,845,903	\$0

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

The Texas Rising Star program is the state’s child care quality rating and improvement system (QRIS) and is the only statewide program that certifies child care programs as meeting quality standards above licensing minimum standards across all age groups. Texas Rising Star standards do not duplicate minimum licensing standards. Rather, the standards build upon minimum standards to evaluate the quality of the child care program. The Texas Rising Star program also provides mentoring, coaching, and professional development services to assist providers in improving child care quality standards, and in meeting and maintaining Texas Rising Star standards.

Texas Health and Human Services Child Care Regulation

Texas Health and Human Services Commission (HHSC) is the state’s designated agency for regulating all child care providers in the state for meeting minimum health and safety standards. CCR responsibilities include:

- Permitting and monitoring operations and agencies for compliance with state regulation minimum child care standards, rules and laws.
- Investigating complaints alleging violations of minimum standards in child care and residential child care operations.

- Informing parents and the public about child care, including how specific child care operations are complying with minimum standards of care.
- Giving child care providers technical assistance on meeting CCR minimum standards, rules, and laws.

CCR participates in the Texas Early Learning Interagency Collaborative Symposium (TELICS), which brings together staff from many agencies and early childhood programs, including CCR, Early Childhood Intervention (ECI), HHSC Family Support Services (FSS), and Boards to learn and coordinate across early childhood programs. Since June 2022, CC&EL and CCR have hosted five symposiums with an average of 400 participants attending.

CCR also participates in the Texas Rising Star 4-year review workgroup. During the 2019 workgroup, there was a specific focus on ensuring that Texas Rising Star standards did not duplicate any CCR standards. As a result, changes were made to the Texas Rising Star standards, removing duplicate issues around health/safety and food and nutrition.

TWC has an IAC with HHSC CCR to:

- License, register, certify and list day care facilities and homes
- Monitor and follow up on all licensed, certified and registered facilities and homes for compliance with state standards/requirements
- Investigate and follow-up on standards violations according to the requirements of the law and rules of DFPS
- Provide consumer education to parents and the public about the availability of care and choosing child care providers
- Provide technical assistance in areas appropriate to the provision of child care services
- Perform background checks on relatives wanting to provide subsidized child care

Children's Learning Institute Texas School Ready

The Children's Learning Institute Texas School Ready (TSR) program, housed at the University of Texas Health Science Center in Houston, provides mentoring, coaching, and professional development services to teachers and administrators in child care facilities serving children from birth to five years old. TSR services are implemented in classrooms across the state through local Lead Agents and community organizations that partner with early childhood programs to provide training, materials, and coaching.

Teachers enrolled in TSR participate in a teacher training program designed to help children be more prepared for kindergarten.

The Texas Rising Star mentors work with the TSR program to supplement mentoring and training opportunities for child care classroom teachers. While TSR is focused on teachers serving children from birth to 5, the Texas Rising Star mentoring and coaching services are provided to teachers of all age groups.

The Legislature directs TWC, through an interagency contract with TEA, to provide \$11,700,000 each year for the purpose of providing funds to child care providers participating in the Texas School Ready program.

Additionally, 87th Texas Legislature (Regular Session) passed House Bill 1792, which amended §2308.3155 of the Texas Government Code to direct TWC to competitively procure an entity to employ all Texas Rising Star assessors. In June 2023, TWC awarded the contract to UT Health Science Center at Houston, Children's Learning Institute (CLI) as the CAE. Prior to the passage of this legislation, state statute directed all 28 Boards to fund local staff to assess the quality level of local early learning programs participating in Texas Rising Star. The move to centralize all Texas Rising Star assessors under the management of a single entity aims to ensure greater consistency and reliability of star-level ratings across the state.

TWC also contracts with CLI to provide ongoing support and skill development for Texas Rising Star staff through Peer-Learning Communities (PLCs) and online training content; to include training for assessors to become certified on the Texas Rising Star assessment and ensure assessors maintain reliability over time as well as ongoing support and skill development for mentors to achieve coaching micro-credentials.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Local Workforce Development Boards

In 2013, the 83rd Texas Legislature passed HB 376, amending §2803.3155 of the Texas Government Code requiring TWC to make funds available to Boards to hire Texas Rising Star mentors and assessors to provide technical assistance to child care and early learning programs. Beginning in Board Contract Year (BCY) 2014, TWC developed a separate fund distribution for Boards to hire Texas Rising Star mentors and assessors.

As mentioned previously, the 87th Texas Legislature (Regular Session) amended §2308.3155 to direct TWC to competitively procure a single entity to centralize the Texas Rising Star assessment process. Accordingly, beginning in BCY 2024, the assessment functions were moved from the Board and placed in the CAE at CLI and the Board distributions were for Texas Rising Star mentoring services.

Board mentors provide technical assistance and coaching support to assist child care and early learning programs in attaining, maintaining, and improving Texas Rising Star certification status. Board mentors regularly consult with programs to develop and monitor

CQIPs, model best practices, provide constructive feedback, deliver targeted training, and refer programs to other helpful resources and training.

Mentors must meet the minimum education requirements established by the Commission and outlined in §809.134:

- Minimum education requirements as follows:
 - Bachelor's degree from an accredited four-year college or university in early childhood education, child development, special education, child psychology, educational psychology, elementary education, or family consumer science.
 - Bachelor's degree from an accredited four-year college or university with at least 18 credit hours in early childhood education, child development, special education, child psychology, educational psychology, elementary education, or family consumer science with at least 12 credit hours in child development.
 - Associate's degree in early childhood education, child development, special education, child psychology, educational psychology, elementary education, or family consumer science, and two years of suitable experience in early childhood education as determined by the Board.

**The Agency may grant a waiver of no more than two years to obtain the minimum education requirements if a Board can demonstrate that no applicants in its workforce area meet the minimum education requirements.*

- Texas Rising Star mentor staff shall meet the minimum work experience requirements of one year of full-time early childhood classroom experience in a child care, early high school, high school, or pre-K through third-grade school program.
- Mentors are required to complete the Texas Rising Star Certification course training components and must pursue TWC's required coaching microcredential.

University of Texas Health Science Center at Houston, Children's Learning Institute

As mentioned above, TWC also works with CLI to provide Texas Rising Star assessment services, to operate and maintain TECPDS, and to support Texas Rising Star assessors and mentors through PLCs, through the Assessor Training and Certification Program training course that all assessors must pass, and to operate the Mentor Microcredential program, that all mentors must participate in.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

See the Child Care Services Program Guide to Agency Programs.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

None

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

Purpose of the Regulation

TWC establishes rules and guidelines for child care program certification under the Texas Rising Star program pursuant to §2308.315 of the Government Code. Section 2308.315 of the Government Code requires Texas Rising Star-certified programs to receive higher graduated payment rates.

A Texas Rising Star-certified program is a child care program that has an agreement with a Board's child care contractor to serve TWC-subsidized children and that meets requirements that exceed the State's Minimum Child Care Regulation Standards. Texas Rising Star certification is available to Licensed Center, and Licensed and Registered Child Care Home programs who meet the certification criteria. The Texas Rising Star certification system offers three levels of certification for (Two-, Three-, and Four-Star) to encourage programs to attain progressively higher certification requirements leading to a Four-Star level.

Scope of Regulatory Activities

TWC establishes the criteria and guidelines for Texas Rising Star certification. Boards provide mentoring services for child care programs and CLI performs assessments of programs.

Question E describes the Texas Rising Star assessment and mentoring process.

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

TWC's regulation of Texas Rising Star builds upon the regulatory framework administered by HHSC's Child Care Regulation, which sets child care minimum standards for all child care programs. Parents that have complaints about child care programs submit those complaints to Child Care Regulation. For example, if a parent is concerned that their child was abused in a child care program, they would submit that complaint to Child Care Regulation.

TWC's Texas Rising Star program reviews and considers Child Care Regulation's high and medium-high rated minimum standards, and a Texas Rising Star certification level may be impacted if Child Care Regulation has citations issued following a complaint investigation.

Texas Rising Star Certified Programs	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Four-Star Certified Programs	1,262	1,253	1,530	1,742	1,985
Three-Star Certified Programs	639	498	849	1,066	1,573
Two-Star Certified Programs	494	607	580	313	545
Total Certified Programs	2,081	2,245	2,204	2,824	3,845
Total Entry Level Designated Programs	N/A	N/A	N/A	5,189	4,569

Note: Data are for federal fiscal year (October – September). Providers with a CCS agreement.

PreKindergarten Partnerships

A. Provide the following information at the beginning of each description.

Name of division or program: Prekindergarten Partnerships

Location within the agency: Child Care & Early Learning

Contact name: Reagan Miller, Director

Statutory citation: Texas Labor Code, Section 302.00436 and 302.0051; Texas Education Code, Sections 29.153, 29.1533, 29.1534, 29.171

B. What is the objective of this division or program? Describe its major activities.

The TWC Prekindergarten (Pre-K) Partnership Program serves as a resource to support and expand pre-k partnerships throughout the state.

The TWC Pre-K Partnership Program assists child care programs and local education agencies (LEAs) by:

- Informing and engaging potential partners to let them know of the opportunity to establish a pre-k partnership.
- Bringing interested entities together and helping them to establish a partnership that best meets the needs of their programs and families.
- Assisting providers with the application process for the \$25,000 award for new eligible pre-k partnership classrooms.
- Providing guidance to assist with partnership sustainability.
- Coordinating efforts with stakeholders.

A pre-k partnership is a collaboration between a LEA, such as a school district or open-enrollment charter school, and a quality-rated child care program to provide high-quality care and pre-k education to eligible three and four-year-old children within the child care setting.

In a formal pre-k partnership, eligible children are dually enrolled in public school pre-k and the child care program, most often receiving their pre-k instruction and wraparound care (the hours before and after pre-k instruction) at the child care center. In an informal partnership, LEAs and child care programs share resources and information. This may include professional learning opportunities, progress monitoring, and curriculum. In informal partnerships, children are not dually enrolled; therefore, funding is not passed through from the LEA to the child care program.

Pre-k partnerships help families, child care programs, and LEAs in many ways. For families, pre-k partnerships may provide:

- More convenient access to high-quality pre-k to support children's transition to kindergarten.
- Consistency between the school day and before/after care.
- Better hours for working families who need a full workday of care.

Pre-K Partnerships may benefit child care programs by:

- Increasing or maintaining enrollment of three and four-year-old children.
- Increasing school-readiness among students.

- Expanding access to resources and professional development opportunities.

For LEAs, pre-k partnerships may:

- Increase enrollment of three and four-year-old children.
- Provide diverse pre-k settings that meet the needs and preferences of families.
- Promote school-readiness standards with future students.
- Increase family engagement.
- Expand access to resources and professional development opportunities.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The TWC Pre-K Partnership Program uses Salesforce, a customer relationship management system, to document communication with external customers and record performance indicators (Table 1).

As of April 8, 2025, the TWC Pre-K Partnership Program has outreached to 1,342 LEAs and met with over 460 to share the benefits of establishing a pre-k partnership. Currently, there are 30 LEAs exploring the possibility of entering a pre-k partnership, and 8 LEAs in the partnership negotiation phase with a child care program. The TWC Pre-K Partnership Program has assisted 27 LEAs with the development of 56 informal pre-k partnerships and 49 LEAs with the development of 170 formal pre-k partnerships.

The TWC Pre-K Partnership Program has also outreached to 2,695 child care programs, meeting with over 1,230 programs. Currently, there are 175 child care programs exploring the possibility of entering a pre-k partnership, and 48 child care programs in the partnership negotiation phase with an LEA.

Table 1. Pre-K Partnership Program Progress

Partnership Phase	School Districts/ Charter Schools	Child care programs
Outreached	1,342	2,695
Met with CC&EL	Over 460	Over 1,230
Exploring PKP	30	175
Negotiating PKP	8	48
Formal PKP	49	170
Informal PKP	27	56

Additionally, as of April 2025, 166 child care programs have applied for the \$25,000 pre-k partnership classroom award since 2023, representing 228 new pre-k partnership classrooms and \$5,700,000 in awards (Table 2).

Table 2. Pre-k Partnership Awards

Fiscal Year	# of PKP Classrooms	Funding Awards Issued
FY 23	17	\$425,000
FY 24	73	\$1,825,000
FY 25	138	\$3,450,000
Total	228	\$5,700,000

In February 2025, the TWC Pre-K Partnership Program began distributing their annual satisfaction survey to 136 child care programs that have established a pre-k partnership with the support of TWC Pre-K Partnership staff. Of the 73 child care programs that responded:

- 99 percent agreed or strongly agreed that the information that the TWC Pre-K Partnership Program provided was useful.
- 99 percent agreed or strongly agreed that the TWC Pre-K Partnership Program responded to their questions in a timely manner.
- 100 percent agreed or strongly agreed that the TWC Pre-K Partnership Program was helpful in establishing a pre-k partnership.
- 99 percent were satisfied or very satisfied working with the TWC Pre-K Partnership Program.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or

services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

TWC received increased Child Care and Development Block Grant funding through several COVID-19-related pieces of legislation. On Nov.2, 2021, TWC's three-member Commission approved a portion of these funds (\$26 million) to establish the Pre-K Partnership Program.

On Oct.1, 2024, the TWC Pre-K Partnership Program was restructured to meet the requirements under HB 1615, 88th Texas Legislature, Regular Session (2023). These changes involved reducing staff by fifty percent and redefining the pre-k partnership regions. There were no changes to the services or functions of the Pre-K Partnership Program because of HB 1615.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Child Care Program Eligibility

Education Code, Section 29.171 states that to be eligible for a formal pre-k partnership a child care program must:

- Be accredited by a research-based, nationally recognized, and universally accessible accreditation system approved by TEA.
- Be a Texas Rising Star Program provider with a three-star certification or higher.
- Be a Texas School Ready! Participant.
- Have an existing partnership with a school district to provide a prekindergarten program not provided under this subchapter.
- Be accredited by an organization that is recognized by the Texas Private School Accreditation Commission.

TWC Pre-K Partnership Classroom Award Eligibility

To be eligible for the TWC Pre-K Partnership Classroom Award, a child care program must:

- Be a Texas Rising Star Program provider with a three-star certification or higher.
- Have a new contract with a school for a formal pre-k partnership.
- Have a new pre-k partnership classroom in operation with students dually enrolled.

Child Eligibility

Education Code, Section 29.153 states that a child is eligible for enrollment in public pre-k if the child is at least three years of age by September 1 of the current school year and:

- Is unable to speak and comprehend the English language.
- Is educationally disadvantaged.
- Is the child of an active-duty member of the armed forces of the United States, including the state military forces or a reserve component of the armed forces, who is ordered to active duty by proper authority.
- Is the child of a member of the armed forces of the United States, including the state military forces or a reserve component of the armed forces, who was injured or killed while serving on active duty.
- Is or ever has been in:
 - the conservatorship of the Department of Family and Protective Services following an adversary hearing held as provided by Section 262.201, Family Code; or
 - foster care in another state or territory, if the child resides in this state.
- Is the child of a person eligible for the Star of Texas Award as:
 - a peace officer under Section 3106.002, Government Code;
 - a firefighter under Section 3106.003, Government Code; or
 - an emergency medical first responder under Section 3106.004, Government Code.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The TWC Pre-K Partnership Program administers services to external customers using the following process:

1. Outreach to child care programs and LEAs via email or phone call.
2. Upon connecting, provide information about pre-k partnerships, most often through a virtual presentation.

3. Identify potential partners using TWC and TEA data.
4. Bring potential partners together for a partnership brokering meeting to establish a partnership that best meets the needs of their programs and families.
5. Once children are dually enrolled, support child care programs through the application process for the \$25,000 award for new eligible pre-k partnership classrooms.
6. Provide regular check-ins to assist with partnership sustainability.

The TWC Pre-K Partnership Program works with other departments in the Child Care & Early Learning Division (CC&EL) to support child care programs with questions about Texas Rising Star or Child Care Services. These include the Child Care & Early Learning Quality Initiatives, Child Care Board Technical Assistance, and Program Policy Departments.

The CC&EL Grants & Contracts Department also supports the TWC Pre-K Partnership Program with the work that is completed under the IAC with TEA (referenced in Question I) and processing applications for the \$25,000 Pre-K Partnership Classroom Award. The process for distributing the \$25,000 award also includes other TWC departments and is outlined below:

- I. Vendor Maintenance/Services provides vendor setup information
- II. Pre-K Partnership Program provides CC&EL Grants & Contracts with supporting documents
- III. CC&EL Grants & Contracts verifies receipt of required documents and completes vendor check
- IV. Upon receipt of fully executed agreement, CC&EL Grants & Contracts sends the signed agreement and addendum to the Encumbrance unit
- V. Payables processes payments from the Purchase Order and Back up Documentation

Lastly, the TWC Pre-K Partnership Program works with the Information Technology Department at TWC to maintain the Salesforce application.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the**

“Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
TWC Prekindergarten Partnerships	\$4,863,993	\$4,863,993	\$0

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

There are various local initiatives that assist with the development of pre-k partnerships. These include programs such as Pre-K Today and United Way for Greater Austin. Unlike the statewide services that the TWC Pre-K Partnership Program provides, these local initiatives are focused on developing pre-k partnerships with local LEAs and will typically assist partners with program administration. In addition, some local initiatives may retain a portion of the funding that the LEA passes through while TWC does not retain any portion of the funds.

The Texas A&M University System (TAMUS) also provides pre-k partnership services to child care programs and LEAs statewide. The TAMUS program, designed to be complementary of the services that the TWC Pre-K Partnership Program provides include documenting potential funding models for pre-k partnerships, developing an MOU template, providing technical assistance to child care programs and LEAs, and planning an intermediary hub model.

The TWC Pre-K Partnership Program works closely with the local programs to ensure alignment of efforts and prevent confusion for external customers. This involves regular communication via email, phone calls, and meetings.

TWC has an IAC with TEA to provide funding in the total amount of \$2.4 million to support TEA’s efforts to assist with the development and expansion of pre-k partnerships and to provide funding to TAMUS.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Texas Labor Code, §302.00436 requires each Local Workforce Development Board to notify the LEAs in their service area about opportunities to partner with local child care programs. The TWC Pre-K Partnership Program supports Boards with sharing this information.

In addition, the TWC Pre-K Partnership Program keeps Boards informed about pre-k partnerships that are established within the Boards’ service areas to facilitate the process

established by TWC Child Care Services Rule §809.22. This rule requires Boards to establish procedures to enroll eligible children in the Child Care Services program if they are enrolled and/or referred by a recognized pre-k partnership.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The TWC Pre-K Partnership Program has identified the following as barriers to program performance:

Certificate of Occupancy for PKPs with Charter Schools, Implementation of HB2729

Education Code, Section 29.167 states that until Sept. 1, 2029, teachers in pre-k 4 partnership classrooms do not need to hold a valid certificate or permit issued by the State Board for Educator Certification. Instead, teachers in pre-k 4 partnership classrooms are required to be supervised by a certified teacher and must meet at least one of the requirements outlined in Subsection (b-1).

While this provision helps to address staffing challenges for prek-4 partnerships, it does not apply to prek-3 partnerships. As a result, teacher shortages remain a significant obstacle to the development of prek-3 partnerships.

Administrative Code, Section 100.1215 states that when a charter holder is approved for a new site, prior to beginning operations at the new site, the charter holder must file a certificate of occupancy appropriate for the proposed use of the facility at the new site with TEA.

Currently, this rule creates barriers for child care programs that are partnering with an open-enrollment charter school because the provider must have a certificate of occupancy with an "E" rating. This often results in child care programs incurring additional costs to change their certificate of occupancy from an "I" to an "E" rating and meet the requirements established by their municipality for pre-k programs operated by an open-enrollment charter school.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Civil Rights Division

The Civil Rights Division (CRD) is responsible for enforcing state and federal anti-discrimination laws. Its core mission is to guarantee equal opportunity for all Texans in both employment and housing, ensuring a fair environment free from unlawful discrimination.

Employment and Housing Investigations and Enforcement

A. Provide the following information at the beginning of each description.

Name of division or program: Employment and Housing Investigations and Enforcement

Location within the agency: Civil Rights Division

Contact name: Bryan Snoddy, Director

Statutory citation: Texas Labor Code, Chapter 21; Texas Property Code, Chapter 301; Texas Government Code, Chapter 437

B. What is the objective of this division or program? Describe its major activities.

The CRD enforces state laws outlined in Chapter 21 of the Texas Labor Code and Chapter 301 of the Texas Property Code. It investigates discrimination cases related to employment and housing statewide.

The training team offers sessions on discrimination for employers and fair housing practices. CRD also conducts personnel policy reviews for state agencies and institutions of higher education. Additionally, CRD provides resources on unlawful employment practices, fair housing guidelines, filing complaints, and requesting training.

Program	Statute	Activity
Equal Employment Opportunity	<u>State Statute:</u> Labor Code, Chapter 21 <u>State Rule:</u> 40 TAC Chapter 819 <u>Federal Statute:</u> 42 USC §§ 2000e <i>et seq.</i>; 29 USC §63; 42 USC §12101 <i>et seq.</i> <u>Federal Regulation:</u> 29 CFR Parts 1600- 1699 Provides authority to TWC's CRD, formerly the Texas Commission on Human Rights, to execute the policies of Title VII of the Civil Rights Act of 1964 (42 USC §2000e <i>et seq.</i>), 42 USC §2000e-5(c), 29 USC §633 , Age Discrimination in Employment Act (29 U.S.C. 621) and Title I of the Americans with Disabilities Act (42 USC §12101 <i>et seq.</i>).	The CRD receives and processes allegations of employment discrimination; it also investigates and conciliate complaints and has subpoena power to gather evidence or compel testimony. The CRD provides technical assistance to employers and others to help them comply with discrimination laws. It also reports annually to the governor and legislature on its activities and can recommend legislation to strengthen anti-discrimination laws
State Agency Policies and Procedures	<u>State Statute:</u> Labor Code § 21.453 <u>State Rule:</u> 40 TAC § 819.23	CRD shall review the personnel policies and procedures of each state agency once every six years on a staggered schedule to determine compliance with the Texas Labor Code, Chapter 21.
State Agency Training	<u>State Statute:</u> Labor Code § 21.010 <u>State Rule:</u> 40 TAC §§ 819.24-819.26	Each state agency shall provide its employees with standard employment discrimination training no later than the 30th day after the date the employee is hired by the agency, with supplemental training every two years thereafter. Each state agency shall provide the standard training using a training program from CRD's preapproved list of training programs that have been reviewed and certified by CRD as compliant with its training standards.
Texas Fair Housing Act	<u>State Statute:</u> Property Code, Chapter 301 <u>State Rule:</u> 40 TAC §§ 819.111 <i>et seq.</i> <u>Federal Statute:</u> 42 USC 3601 <i>et seq.</i> <u>Federal Regulation:</u> 24 CFR Parts 115 - 121	Provides CRD with enforcement authority over the Texas Fair Housing Act, codified in the Texas Property Code. This statute gives CRD the authority to investigate and settle complaints of discriminatory housing practices based upon an individual's race, color, religion, sex, disability, familial status, or national origin.

The CRD staff focus on three main programmatic efforts:

1. Enforcement: Staff handle the intake, investigation, and resolution of cases related to equal employment and fair housing discrimination laws to assess potential violations of Texas laws.
2. Education and Assistance: Staff provide training and technical support to employers and housing professionals across the state.
3. Compliance Reviews: Staff review personnel practices and policies of all state agencies and institutions of higher education to ensure adherence to Chapter 21 of the Texas Labor Code.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

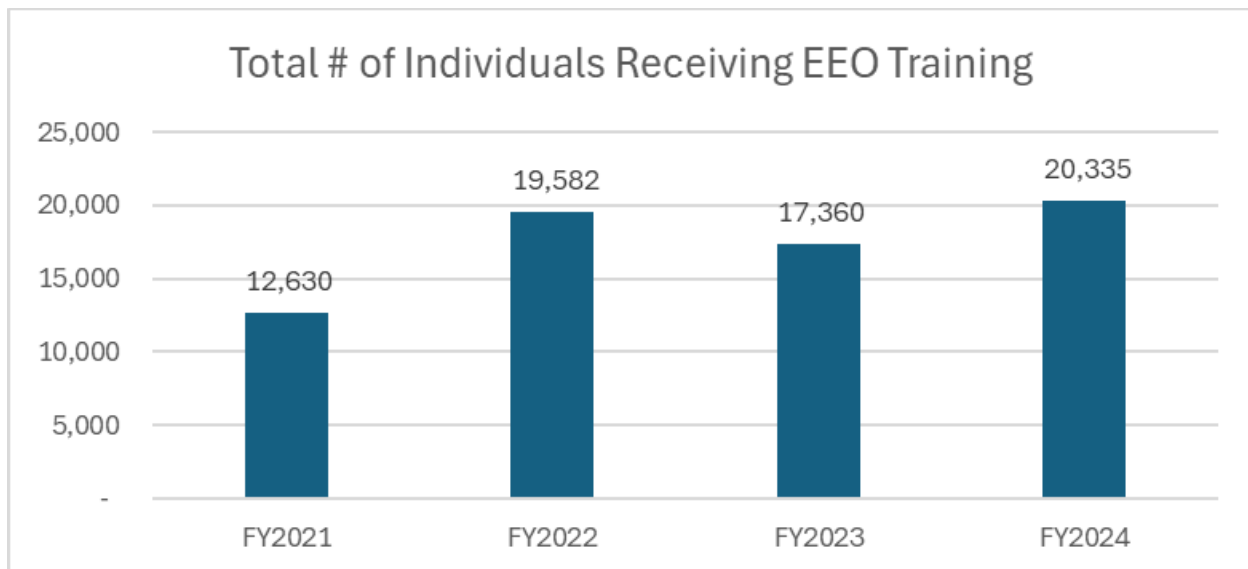
The chart below summarizes key statistics on Legislative Budget Board performance measures for Employment and Housing Investigations over a four-year period.

Measure	FY2021	FY 2022	FY 2023	FY 2024
% of Employment % Housing Complaints Resolved Timely	102%	97%	96%	98%
# of Employment and Housing Complaints Resolved	1,393	1,319	1,603	1,425
# of Employment Complaints Resolved	1,115	966	966	1,635
# of Housing Complaints Resolved	278	353	353	452
Avg Cost Per Employment and Housing Complaint Resolved	\$2,067	\$2,175	\$1852	\$2,255
Avg Cost Per Employment Complaint Resolved	\$1,127	\$1,265	\$1603	\$2,087
Avg Cost Per Housing Complaint Resolved	\$5,832	\$4,644	\$2969	\$3,757

- Number of Compliance Reviews 2024: 29 Target/Actual: 29 Target: 100 percent
- CRD captures monthly, quarterly, and yearly high-frequency performance data. We monitor the number of intakes, the length of investigations and the number of investigations that result in quality closures versus administrative dismissals. We also collect data on agency and institutes of higher education compliance by category of review. Finally, we use the Civilian Workforce Composition in alignment with the hiring practices analysis to ensure that all state agencies have plans to recruit personnel in accordance with the law. The agency has established a "Zero Target Date" to eliminate the backlog of complaints, determined by comparing the

number of complaints closed (output) against those received (input). Since the output currently exceeds the input, the backlog has been steadily decreasing. As of now, the Zero Target Date for Employment is set for August 2025, while Housing achieved its Zero Target Date at the end of April 2025. The Zero Target Date is recalculated monthly, as we can forecast complaint closures but cannot predict the volume of incoming complaints.

- CRD has established a formal customer service survey program to systematically collect and analyze customer feedback. Upon completion of each engagement, customers are provided with the opportunity to participate in a survey. Designated staff members are responsible for follow-up with customers who request it, and the collected data will be leveraged to identify opportunities for process optimization and enhancement of the customer experience. A comprehensive analysis of the initial survey responses is currently underway.
- Between FY 2021 and FY 2024, the number of individuals receiving EEO training has significantly increased. This expansion has allowed the CRD to reach more people, fostering greater awareness. By prioritizing EEO training, the CRD demonstrates a proactive commitment to legal compliance and best practices in employment practices. This initiative reflects an investment in the Texas workforce, empowering individuals with the knowledge and skills to build a positive and productive work environment.



The CRD has made major improvements in efficiency and customer experience through several strategic steps:

1. **Mapping Processes:** Created a Big Block diagram to clearly outline core processes for easier optimization.

2. **Improving Collaboration:** Set up a SharePoint framework to simplify information sharing and teamwork.
3. **Boosting Productivity:** Introduced automation in key areas like investigations, intake, and training, saving resources and time.
4. **Incorporating AI:** Integrated artificial intelligence (AI) technology for faster, more accurate outcomes.
5. **Aligning Vision:** Held a North Star workshop to ensure the team shares a common vision and goals.

In addition, CRD reorganized to enhance operations:

- Created specialized units for Office of Civil Rights (OCR), Special Programs, and Quality Assurance Evaluation.
- Added a Junior Trainer role to improve knowledge sharing.

With a focus on customer-centric initiatives:

- Rewrote communications using trauma-informed guidelines.
- Designed custom pricing for high-needs customers.

To empower the team:

- Developed Standard Work Constructs and Models of Proof.
- Conducted annual reviews and updates of Standard Operating Procedures.

Leadership and internal capabilities were strengthened through:

- Results Driven Government Masterclass for leadership development.
- Frameworks Training and the introduction of CRD Intangibles.

Finally, CRD improved accessibility and responsiveness by launching an online complaint filing process. These steps have collectively enhanced their overall performance and stakeholder engagement.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

TWC's CRD is governed by the TWC Commissioners. Civil Rights Division is the state authority established as a fair employment and housing practice agency.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Private and Public Employers – persons/entities involved in employment & housing discrimination complaints: CRD's employment and housing investigations functions affect individuals who allege discrimination, and those employers and housing providers or lenders who are respondents.

In FY 2023, CRD resolved 966 employment complaints from individuals, the majority of which involved persons who alleged discrimination involving retaliation (27 percent), disability (18 percent), race (12 percent), and sex (14 percent). The top four basis categories (i.e., retaliation, disability, race, and sex) account for about 70 percent of the employment complaints filed during FY 2023. Negotiated settlement and withdrawal with benefits accounted for about 25 percent of the closed employment complaints.

In FY 2023, CRD resolved 353 housing complaints filed with CRD by individuals. Persons alleged discrimination in the following top four categories: disability (49 percent), race (24 percent), retaliation (8 percent), and national origin (7 percent). The top four basis categories (i.e., disability, race, retaliation, and national origin) accounted for over 85 percent of the housing complaints filed. Successful conciliations and settlements represented over 25 percent of the closed housing complaints.

Entities Benefiting from Review of Personnel Policies and Procedures Systems: CRD conducts reviews every six years of the personnel policies and procedures systems of other state agencies and institutions of higher education, as well as providing technical assistance when needed.

CRD provides employment/sexual harassment training that is required by all state employees within thirty days of being hired and biennially thereafter. CRD also provides required training to state agencies that have received three complaints of discrimination within a fiscal year. In addition, CRD provides public and private entities with housing and employment training. Note: There were no instances of a state agency receiving three or more complaints of employment discrimination during FY 2023. Therefore, compliance training pursuant of Texas Labor Code, Section 21.556 was not required.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The stages of submitting a complaint are described in Exhibit_GAP_CRDComplaintProcess flowchart.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Employment Investigations and Enforcement	\$2,154,041	\$724,366	\$1,429,675
Housing Investigations and Enforcement	\$2,078,432	\$1,090,141	\$988,292
Total	\$4,232,473	\$1,814,507	\$2,417,967

This section intentionally left blank, as instructed.

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

CRD enters into an Annual Workshare Agreement and contract with the U.S. Equal Employment Opportunity Commission’s (EEOC) State, Local and Tribal Programs Coordinators. The Division also enforces the Texas Fair Housing Act. The U.S. Department of Housing and Urban Development (HUD) enters into a cooperative agreement with the Division. The agreements address procedures to avoid duplication and conflicting processes.

Local or Municipality: Cities of Austin, Fort Worth, and San Antonio

Municipal Fair Housing Assistance Programs are similar to CRD in that they enter into contracts and MOUs to enforce the Fair Housing Laws under State law and their particular city ordinances.

CRD does not have jurisdiction over the municipalities unless there is an agreement to waive investigation to CRD for a matter under the Texas Fair Housing Act.

- The City of Fort Worth Diversity & Inclusion Department and The City of Austin Office of Civil Rights perform independent intake processing, alternative dispute resolution services, and investigations into employment and housing discrimination

complaints with their respective city limits. Their statutory authority includes relevant Texas codes and local ordinances which include additional protections.

- The City of San Antonio operates an independent fair housing program that provides various services to rental tenants, homeowners and landlords that is not reliant upon HUD programs.
- The Fair Housing Council of South Texas operates Fair Housing Initiative Program under HUD's Fair Housing and Equal Opportunity Program that is dedicated to the promotion of fair housing and provides advocacy for individuals that claim to experience discrimination under the law.

Federal: Equal Employment Opportunity Commission Housing and Urban Development and the Fair Housing Practice Agency

EEOC contracts with CRD to investigate employment complaints throughout the state with the exceptions of the City of Fort Worth and the City of Austin who have contracts with the EEOC to investigate employment discrimination complaints and their respective local ordinances.

CRD does not possess jurisdiction over the municipalities unless there is an agreement to waive investigation to CRD for a matter under Chapter 21 of the Texas Labor Code.

HUD contracts with CRD to investigate housing complaints throughout the state with the exceptions of the cities of Austin, Fort Worth, San Antonio, and the Fair Housing Council of South Texas who have contracts with HUD to investigate housing discrimination complaints and their respective local ordinances.

CRD does not possess jurisdiction over the municipalities unless an agreement to waive investigation to CRD for a matter under Texas Property Code, Chapter 301.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

CRD has expanded outreach and impact through strategic collaborations with a range of external and internal partners. We augmented our community presence through partnerships with municipalities to on enforcement, outreach, and education initiatives. We leveraged relationships with industry associations, including the Association of Texas Appraisers, the Texas Apartment Association, and the Texas Realtor Association, to ensure alignment and cooperation in our regulatory efforts.

CRD remains engaged in partnerships with state agencies, notably the Texas Appraiser and Licensing Board and the Texas Department of Housing and Community Affairs, to share resources, achieve efficient enforcement and streamline investigative and technical assistance processes. CRD hosted its first Annual Symposium in collaboration with

Workforce Solutions for the Heart of Texas, utilizing our partnerships to develop strategy, skills and a durable knowledge base. CRD participated in the Multi-Family Housing Summit with the South Texas College of Law to educate housing providers and share best practices with housing providers and representative counsel.

Internally, CRD has fostered partnerships within TWC. This included collaboration with the Commissioner Representing Employers to participate in Texas Employers' Conferences statewide, and drive state agencies and institutes of higher education attendance for greater preparedness for personnel and policy reviews.

TWC Communications & Media Office has been a key partner in constructing targeted customer, education, marketing and branding initiatives. CRD has further cultivated internal talent through TWC's summer and legal internship with the Human Resources and Appeals Divisions.

These collaborations have allowed us to leverage collective expertise, drive engagement, and achieve greater effectiveness in serving the community.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

Please see the major issues section of the SER for more information on statutory challenges impacting CRD.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

The Fair Housing Assistance Program (FHAP) Performance Assessment Review, conducted by HUD, evaluates TWC's Civil Rights Division's compliance with Fair Housing Assistance Program regulations (24 CFR Part 115) and processing criteria. Successful completion of this assessment is required for HUD to renew our FHAP certification for the next five years. CRD is recommended for renewal and extension of certification for the next five years as a substantial equivalent agency under Section 810(f)(3) of the Fair Housing Act.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a

case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency’s particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Unemployment Insurance Division

TWC's Unemployment Insurance (UI) program provides temporary financial assistance to eligible unemployed Texans, supporting re-employment efforts and helping to stabilize the state's economy.

Unemployment Benefits Program

A. Provide the following information at the beginning of each description.

Name of division or program: Unemployment Benefits Program

Location within the agency: Unemployment Insurance Division

Contact name: Eric Holen, Director; Terri Warren, UI Administration & Operational Support; Diana Harris, UI Client Services; Sergio Lopez, UI Tax

Statutory citation: Texas Labor Code, Chapters 201 – 215; Chapter 301 Section 301.061

B. What is the objective of this division or program? Describe its major activities.

The Unemployment Compensation (UC) program, also known as the UI benefits program, provides temporary, partial income replacement to individuals who lose their jobs through no fault of their own. Those payments made directly to eligible unemployed workers ensure that the need for at least a significant proportion of the necessities of life—most notably food, shelter, and clothing—can be met on a week-to-week basis while a search for work takes place. As temporary, partial wage replacement to the unemployed, UC is of vital importance in maintaining purchasing power and in stabilizing the economy in times of economic downturn.

In addition to providing workers a much-needed safety net, the UC program provides employers the benefit of maintaining a trained workforce in the local labor market, available to return to work when needed. The UC program operates counter-cyclically, paying out higher levels of benefits during recessionary times and recouping those higher costs during recovery periods.

The UI benefits program meets its responsibilities by processing claims for benefits, providing information to the public and interested parties, ensuring programmatic quality and adherence to federal and state law, administrative rules, and performance standards.

Specifically, the program activities include:

- Accepting and processing claims for unemployment benefits, Disaster Unemployment Assistance, Emergency Unemployment Compensation, and Short

Time Compensation. The program formerly provided Trade Readjustment Assistance, however, that program was not renewed.

- Providing information to claimants, employers, and the general public about the unemployment program and about other TWC reemployment efforts.
- Providing information to claimants and employers about the status of individual claims for benefits.
- Investigating and documenting facts provided by employers, claimants, and other parties and adjudicating questions of fact that arise in connection with claims.
- Maintaining qualitative and quantitative performance standards by individual claims takers, claims examiners, management staff, and by the claims taking system as a whole.
- Investigating and remedying claim irregularities, documentation issues, and potential improper payments.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

In calendar year (CY) 2024, the UI division processed 859,386 unemployment claims. Excluding CY 2020 and 2021 (the pandemic period) it was the most unemployment claims for a calendar year dating back to 2017, which saw 890,241 claims due in part to Hurricane Harvey.

Claimants submitted 7,448,802 claim weeks which resulted in \$3,014,119,144 in unemployment benefits, not including supplemental payments like Federal Pandemic Unemployment Compensation. Excluding the pandemic, it was the most claim weeks dating back to CY 2016, when Texas was affected by two disasters, and the most payments since CY 2017.

Unemployment benefits key performance measures are established by DOL and LBB. Following is a list of the measures, established targets and achievements (CY 2024):

Department	Description	Target	Achievement (CY2024)
LBB	Percentage of unemployment Claims paid timely	95%	93.26%

Department	Description	Target	Achievement (CY2024)
LBB	Average wait time on hold for unemployment customers (minutes)	9.12	15.92
DOL	Nonmonetary determinations quality (employment separations)	75%	77.8%

Customer satisfaction also is crucial to TWC's UI program because it directly impacts the claimant experience and overall program efficiency. The UI program determines customer satisfaction by actively seeking and analyzing customer feedback through various channels. These channels include direct feedback, surveys and a formal comment log for concerns and suggestions. This feedback, gathered in collaboration with TWC's Customer Care Division, is then used to evaluate customer satisfaction and identify areas where the program can be improved to enhance the overall customer experience.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Service delivery methods have evolved over the years, but the purpose and central function of the unemployment claims program have not changed since its inception. State employment security agencies, including TWC, continue to accept and process claims, and fulfill related administrative requirements.

The mission of the unemployment claims program is ongoing. The program is recognized as a key institutional structure essential to the economic health of the country.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

An employer becomes liable and subject to the Texas Unemployment Compensation Act (TUCA) when they have met one or more of the following liability requirements:

- An employing unit that is liable under the Federal Unemployment Tax Act and has paid wages to Texas employees.
- An employing unit that pays \$1,500 or more in total gross wages in a calendar quarter or has at least one employee during twenty different weeks in a calendar year regardless of the wages. The employee does not have to be the same person for twenty weeks and the twenty weeks do not have to be consecutive. It also does not matter if the employee is full time or part time.

- An individual or employing unit that acquires or otherwise receives, through any means, all or part of the organization, trade, business, or workforce of another that was a liable employer at the time of the acquisition.
- An employing unit that is a 501(c) (3) non-profit organization and has four or more employees during 20 different weeks in a calendar year. The employees do not have to be the same four employees for twenty weeks and twenty weeks do not have to be consecutive. It also does not matter if the employees are full time or part time.
- An employing unit that volunteers to become liable even though they do not currently meet the required criteria.
- All political subdivisions of the state of Texas are liable. This includes municipalities, counties, utility districts, public education institutions, etc.
- An employing unit that paid cash wages of \$1,000 or more in a calendar quarter for [domestic services](#).
- An employing unit engaged in farm and ranch labor if:
 - It employs three or more employees for twenty weeks or more in a calendar year or pays at least \$6,250 in total gross wages in a calendar quarter. The employees do not have to be the same three employees for twenty weeks. And the twenty weeks do not have to be consecutive. It also does not matter if the employees are full time or part time.
 - The service is performed by a seasonal worker on a truck farm, orchard, or vineyard.
 - The worker is a migrant or a seasonal worker who works for a farmer, ranch operator, or labor agent who employs migrant workers.

Eligible workers who have lost their jobs through no fault of their own can receive temporary replacement income for a portion of their lost wages if they qualify.

In CY 2024, the UI division processed 859,386 unemployment claims.

Qualification for receipt of unemployment benefits requires:

- Separation from last work under qualifying circumstances (no fault of the worker)
- Wages in at least two of the four base period calendar quarters (the base period is the first four of the five completed calendar quarters ending prior to the date the claim for which benefits are filed)
- Sufficient wages in the base period: total base period wages of at least 37 times the individual's weekly benefit amount, which is calculated as wages in the base period

quarter with the highest earnings divided by 25 (adjusted to fall within the statutory minimum and maximum weekly benefit amount)

- Earnings of at least six times his/her weekly benefit amount for a subsequent initial claim

To maintain eligibility for receipt of unemployment benefits, claimants must:

- Be "able and available" at all times for full-time work.
- Register with their Local Workforce Development (Employment Security) office, and participate in required reemployment activities.
- Make an active search for work, and maintain a log of work search activities
- When referred to a suitable job, apply and attend any required interviews; and when offered a suitable job, accept.
- File payment requests every two weeks via an automated telephone voice response system or through the Internet, report any wages received during the period, and affirm that they are "able and available" for suitable work and are actively searching for work.
- Contact the agency when instructed to do so.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The UI Division director reports to the agency executive director, who reports to the Commissioners. The UI Division is organized into three departmental units: UI Administration & Operational Support, UI Client Services, and UI Tax.

Because the unemployment program is built upon a unique federal/state partnership, regulatory authority for the unemployment program is vested in the state legislature, yet state laws governing unemployment must conform to federal law, to regulations established by the federal government, and to general guidelines established by the DOL.

Responses to questions about unemployment and filing for claims take place over the Internet or telephone. TWC provides the following self-service options to claimants over the Internet and the last six are also available through interactive voice response systems:

- File a claim.
- Submit documents using an online upload portal.

- Sign up for and receive Electronic Correspondence.
- File an appeal and monitor results.
- Submit a work search log.
- File payment requests every two weeks.
- Inquire about the status of claims.
- Establish or change payment method (debit card or direct deposit).
- Inquire about 1099 G information for incoming tax purposes.
- Update their income tax withholding.
- Request the payment of the waiting week, *the first week of unemployment benefits*.

TWC provides the following self-service options to employers over the Internet:

- Respond to the initial request of separation information.
- Respond to a request for earnings information.
- Respond to a Notice of Maximum Potential Chargeback.
- Submit a Mass Claim.
- Report a work refusal or a failure to show up for an interview or begin work.
- Submit a Shared Work Application (also known as Short-Time Compensation).
- Submit documents using an online upload portal.
- Submit Return to Work Information.
- Update or create a Designated Address for UI Correspondence.
- Sign up for and receive electronic correspondence.
- File an appeal and monitor results.

TWC maintains a UI Tele-Center network within UI Client Services with locations in El Paso, Fort Worth, McAllen, and San Antonio. Having geographically separated locations promotes business continuity by lessening the potential that an event will affect more the one location. Also, the El Paso UI Tele-Center operates in the Mountain Time Zone which allows it to provide services until 6:00 PM Central (5:00 PM Mountain).

Each UI Tele-Center has a director, who reports to the director of the UI Client Services Department in Austin.

In addition, “Larry the Chat Bot” was implemented in April of 2020 on the TWC website to assist customers with commonly asked questions and is utilized by approximately 1,400 customers per day. TWC also provides a Contact Request form on our website for customers in need of more information on fraud, unemployment insurance, and tax.

The UI Administration and Operational Support department supports claimants, employers, and the public, as well as other departments and divisions. The department provides reports and information on unemployment benefits, state and federal laws and policies, and coordinates the programming and procedural materials for staff, claimants, and employers in clear and easy-to-understand terms.

TWC’s Fraud Deterrence and Compliance Monitoring (FDCM) division enforces regulatory statutes within the jurisdiction of the agency that affect Unemployment Claims, Board sanctions, Wage claims and Child labor. A priority of the division is the prevention, detection, and elimination of fraud and abuse in the UI Program.

Both the UI and FDCM divisions strive to prevent, detect, and eliminate fraud and abuse in the unemployment benefits program. The divisions educate claimants and employers on the regulations for receipt of benefits. The divisions have processes in place to detect potential fraud, such as unreported or underreported earnings. The divisions both investigate potential fraud and issue decisions.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Unemployment Benefits Program	\$109,773,306	\$106,552,564	\$3,220,742

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

DOL is responsible for federal administration and oversight of the national unemployment program. TWC regularly submits performance reports to DOL. These reports are used for national program performance evaluation, reporting, and economic forecasting. DOL and the Office of the Inspector General ensure program integrity through periodic audits of the agency's fraud and overpayment detection, prevention, and recovery effort. DOL underwrites research and pilot initiatives to improve program performance and efficiency, including, for example, new technology applications, training and research seminars, formal academic studies, and "Best Practices" colloquia.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Employer Tax Services

A. Provide the following information at the beginning of each description.

Name of division or program: Employer Tax Services

Location within the agency: Unemployment Insurance Division

Contact name: Eric Holen, Director; Terri Warren, UI Administration & Operational Support; Diana Harris, UI Client Services; Sergio Lopez, UI Tax

Statutory citation: Texas Labor Code, Chapters 201-215 and Chapter 301

B. What is the objective of this division or program? Describe its major activities.

TWC UI Tax Department is responsible for the collection, management, and enforcement of UI taxes and wage reports in accordance with state laws, regulations, and policies. These taxes fund benefits paid to eligible claimants and are vital to maintaining the integrity of the UI system through verified employer compliance.

This includes:

1. **Employer Registration:** Ensuring businesses properly register for UI tax accounts.
2. **Tax Rate Assignment:** Determining employer UI tax rates based on experience ratings and state regulations.
3. **Tax Collection:** Ensuring timely and accurate collection of UI taxes from employers.
4. **Compliance and Enforcement:** Auditing employers to prevent tax evasion and worker misclassification and ensuring compliance with UI tax laws.
5. **Fraud Investigation and Prevention:** Tax personnel identify and investigate fraudulent registrations and tax wage reporting. In calendar year (CY) 2024, Tax identified 350 fraudulent registrations and prevented fraudulent claims against \$112.5 million in wages. UI Tax notifies Fraud Deterrence & Compliance Monitoring (FDCM) about findings. The UI Tax Department and FDCM Office of Investigations collaborate closely, exchanging information to enhance fraud detection and investigation. This partnership leverages each department's expertise for more effective fraud prevention and enforcement.

A comprehensive program of audits, along with employer status determinations, collections efforts, and field investigations, is vital to a balanced tax program. This approach is necessary for the proper and efficient administration of the TUCA, ensuring compliance with taxing provisions, fostering employer understanding of the law, and maintaining positive agency-employer relationships through the dissemination of information pertaining to TWC programs.

Employers can use TWC's free online service to file wage reports, pay unemployment taxes, view unemployment account information, and adjust previously filed wage reports.

Overall, the tax department plays a crucial role in maintaining the financial integrity of the unemployment insurance trust fund, which pays benefits to claimants, while ensuring employers meet their obligations.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

UI Tax handles an average of 6,965 employer/representative requests for assistance each month. The average response time is less than 1 business day. In addition, UI Tax handles an average of 6,493 phone calls monthly and completed 749,031 assignments in CY 2024.

UI Tax sends out quarterly reminders about filing and paying taxes, and the latest tax information for employers. In addition, customer satisfaction notices are sent to 10 percent of employers audited. In 2025, the UI Tax Department initiated a new Employer Services Desk to provide a single point to answer and handle general tax questions from Texas employers and their representatives.

The U.S. Department of Labor (DOL) uses performance measures to evaluate each state's effectiveness in meeting established standards. The table below details the UI Tax Department's performance in three critical areas:

- The number of wage and tax reports received on time.
- The percentage of accounts audited.
- The processing of new employer status determinations.

Notably, Texas significantly exceeds the required standards for both the percentage of accounts audited and new employer status determinations. The state also performs within the acceptable range for timely receipt of wage and tax reports. All standards are assessed over a 12month period.

Performance Measure

- Audits conducted in 2024 - 6,581
- Total number of employer accounts as of April 1, 2025 - 680,205
- Total wages reported in 2024 - \$687,875,413,695

- Misclassified Workers found in 2024 - 16,161
- Misclassified Wages found in 2024 - \$306,861,800
- Misclassified Additional Tax in 2024 - \$1,067,987

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The central services and core functions of the UI Tax program remain largely unchanged from their original intent. Although advancements in service delivery methods have changed, the central purpose and core functions of the UI Tax program have remained consistent since its establishment. State employment security agencies, including the TWC, continue to perform their vital roles in collecting UI taxes, processing tax reports and wage information, and fulfilling related administrative requirements. The UI Tax program's mission remains a constant, now recognized as an indispensable element for sustaining the economic well-being of the state

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The UI Tax program serves a dual purpose: providing essential income support to eligible unemployed Texans who lost their jobs through no fault of their own and safeguarding the financial integrity of the UI trust fund. By offering temporary wage replacement, the program helps unemployed individuals maintain financial stability. Moreover, Texas employers' benefit from the program's rigorous eligibility verification process, ensuring that benefits are disbursed only to qualified recipients, thus protecting the trust fund's resources.

In the quarter ending Dec. 31, 2024, around 671,378 Texas employers contributed UI taxes. Texas continues to experience steady economic growth, reflected in an annual employer growth rate of approximately 1.88 percent.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Director of the Unemployment Insurance reports to the agency Executive Director, who reports to the Commissioners. The UI Division is organized into three departmental units: UI Administration and Operational Support, UI Client Services and UI Tax.

Because the UI program is built upon a unique federal/state partnership, regulatory authority for the UI program is vested in the state Legislature, yet state laws governing UI must conform to federal law, to regulations established by the federal government, and to general guidelines established by the DOL.

The UI Tax Department has 284 staff located in the central office in Austin and in numerous offices around the state assigned to 6 Regions: South Texas, Central Texas, Houston, Grande West, East Texas and DFW.

Other departments/divisions and approved outside agencies have access to data collected by the UI Tax Department. Special access screens and processes have been established to promote ease of access for those departments and agencies.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Employer Tax Services	\$13,601,072	\$12,751,568	\$849,505

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

UI Tax data collection and assessment does not duplicate other programs. However, other programs and agencies use wage data collected by the Tax Department.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The UI program operates as a mandatory federal-state partnership, driven by federal funding mechanisms and the threat of severe penalties for non-compliance. Employers pay both federal and state UI taxes. While states with conforming laws have considerable flexibility in setting benefit rates, eligibility criteria, and tax mechanisms, they must adhere to broad and specific federal guidelines and DOL regulations. Compliance allows employers in the state to receive a credit against the federal UI tax rate. Failure to comply risks losing this credit, resulting in significant costs to state employers.

The DOL oversees the national UI program and receives regular performance reports from the TWC for national program evaluation, reporting, and economic forecasting. The DOL and its Office of the Inspector General ensure program integrity through audits of the agency's fraud and overpayment prevention, detection, and recovery efforts. The DOL also funds research and pilot programs to improve program performance and efficiency, such as new technology applications, training and research seminars, academic studies, and "Best Practices" colloquia.

The UI Tax program coordinates with:

- **Internal Revenue Service (IRS):** The UI Tax program annually certifies the total and taxable wages paid by Texas employers. It also has a Memorandum of Understanding with the IRS to share audit results.
- **DOL:** The UI Tax program exchanges information on audit findings with the DOL.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

The solvency of the Unemployment Compensation (UC) Fund relies on maintaining a balance between collected UI taxes and benefits paid. An employer's tax rate is calculated by multiplying a base tax rate (which is determined by a ratio of wages paid and UI benefit charges) by the wages paid to each employee, up to \$9,000 annually. The UC Fund balance is self-adjusting through the TUCA. TUCA mandates that the UC Fund remain within a specific range. Should the balance fall outside this range, automatic adjustments to employer tax rates are triggered. If the UC Fund balance drops below the legislated floor, a deficit tax will be implemented. Conversely, if the balance exceeds the statutory ceiling, employers may receive a tax credit or a reduction in their tax rate, as determined by the Commissioners.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a

case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency’s particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Vocational Rehabilitation Division

The Vocational Rehabilitation (VR) program helps adults with disabilities get ready for, find, or keep a job. VR assists young students with disabilities prepare for life after school. The program provides employers with no-cost, customized services to remove barriers to disability in the workplace and connect them with qualified candidates who have disabilities.

The mission of the division is to provide expertise, services, and support to help people with disabilities achieve their employment and independent living goals. The division fulfills this mission through the administration of four programs:

- Vocational Rehabilitation
- Independent Living Services for Older Individuals Who Are Blind
- Business Enterprises of Texas
- Purchasing from People with Disabilities

Vocational Rehabilitation Program

A. Provide the following information at the beginning of each description:

Name of division or program: Vocational Rehabilitation Program

Location within the agency: Vocational Rehabilitation Division

Contact name: Tammy Martin, VR Director

Statutory citation: Texas Labor Code, Chapter 352; Texas Labor Code, Chapter 355; Texas Human Resources Code, Chapter 122; Texas Human Resources Code, Sections 117.091-117.093

Background: Texas Labor Code §[351.02](#) transferred the administration of Vocational Rehabilitation services from the Texas Department of Assistive and Rehabilitative Services (DARS) to Texas Health Human Services Commission (HHSC), effective Sept. 1, 2016. Texas Human Resources Code, Title 7, Chapter 111.0511, then designated to TWC the primary responsibility for providing VR services and other services and programs under Subtitle C, Title 4, Labor Code. Chapter 111.0511 provides that a power or duty under Chapter 111 of the department (legacy VR), commissioner (legacy VR commissioner), or the executive commissioner (of HHSC), as applicable to these services or programs is a power or duty of TWC, including rulemaking authority.

B. What is the objective of this division or program? Describe its major activities.

The objective of the VR program is to provide appropriate services to eligible individuals with disabilities to help them prepare for, advance in, and achieve competitive integrated employment, and live as independently as possible.

- Services include working with customers to identify employment goals and develop Individualized Plans for Employment (IPE). IPE's embrace an individual's unique strengths and interests, and guide services and job placements. VR services may be provided in-house by VR staff, including Qualified Vocational Rehabilitation Counselors (QVRC), or through specialized contractors, or Community Rehabilitation Programs (CRPs). VR services include:
- Counseling and guidance to help customers make informed choices to reach their employment goals.
- Assessments to determine program eligibility and services needed to reach their employment goals.
- Information and referrals for customers to other programs and supports that help them obtain services needed to reach their goals and maintain their independence.
- Information and support to employers and other community partners to increase employment and community participation opportunities for individuals with disabilities.
- Pre-employment Transition Services to help high-school students aged 14 to 22 move from school to work, including job exploration, counseling on post-secondary education, work-based learning, work readiness training and instruction in self-advocacy.
- Post-secondary education/vocational training and other training services, including books, tools, other training materials, and personal and vocational adjustment training.
- Job search, job placement services, job retention services, and related follow-up and/or follow-along services.
- Licenses, tools, equipment, initial inventory stocks, and/or supplies required for employment.
- Rehabilitation technology and devices, including vehicle modifications, telecommunications, artificial limb, braces, wheelchairs and other aides or devices, and related training or instruction for using these devices.
- Individualized assistance to find the most appropriate job match and ongoing support in the work environment to enable customers with the most significant

disabilities to enter competitive employment, including Supported Employment services.

- Restorative services to diagnose and treat physical or mental conditions that create barriers to obtaining, maintaining, or returning to employment; treatment must be expected to eliminate or reduce these barriers within a reasonable length of time and includes medical or behavioral health treatment, prosthetic devices, orthotic devices, hearing aids, eyeglasses, and other services.
- Transportation in connection with planned assessments or services.
- Services to family members when they are necessary for the consumer to achieve their employment goals.
- Interpreter, translation, and other communication services.
- Diabetes education.
- Technical assistance and consultation for customers who are pursuing self-employment or a small business operation.
- Individualized services that are directly associated with participation in program services, including independent living skills training needed for employment lifestyle, and orientation and mobility training.
- Post-employment VR services that are necessary for an individual to maintain, regain, or advance in employment.
- Other goods and services necessary for an individual to achieve his or her employment goal.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

VR's effectiveness and efficiency can be demonstrated through several methods including performance data, fiscal management, innovation and process improvement, and stakeholder input.

Performance Measures

Funds expended for VR services continue to generate tax dollars throughout the working lives of VR customers. Based on an in house return-on-investment study for participants

who exited the VR program in 2018, the average total amount expended over the life of a case for VR participants of all ages who exited in 2018 was \$5,645, compared to an additional return of about \$31,950 in increased individual earnings compared to program entry, during their first five years from their exit.

National Comparisons

The Texas VR program has consistently grown in effectiveness and efficiency and has been highly ranked among state programs for many years. The following information provides comparative data from a national perspective and examples from states with a population close to that of Texas. The Rehabilitation Services Administration (RSA), which is housed within the U.S. Department of Education, publishes these statistics annually.

Employment (Successful Closure) Rate

In Program Year (PY) 2023 (July 1, 2023, to June 30, 2024), 10,197 of the 20,570 participants who exited the VR program achieved competitive integrated employment (CIE) at case closure. The employment rate for Texas was 49.5 percent, which was 7 percentage points higher than the national rate of 42 percent for PY 2023.

The VR **employment rate** is calculated as follows:

- **Numerator:** number of participants exiting from the VR program with an outcome in competitive, integrated employment
- **Denominator:** total number of participants exiting, including those with CIE outcomes and those without competitive, integrated employment outcomes

Employed Second Quarter after Exit

The percent of VR participants who are employed in their second quarter after exit is a WIOA accountability measure. Based on PY 2023 performance Texas (60.8 percent) exceeded the national average of 55.9 percent by nearly 5 percentage points, ranking second among five comparison states with Combined VR agencies. Note the performance period for this measure has a 12-month lag.

State	Participants Served	Number Exits 2Q Cohort (den)	Number Employed 2Q Cohort (num)	Employed 2Q Rate (Actual)	Ranking
Ohio	30,833	9,718	6,006	61.8%	1
Texas	69,248	19,599	11,916	60.8%	2
Tennessee	13,180	2,083	1,204	57.8%	3
Pennsylvania	44,029	11,617	6,645	57.2%	4
California	85,827	20,221	9,807	48.5%	5

Self-Evaluation Report

State	Participants Served	Number Exits 2Q Cohort (den)	Number Employed 2Q Cohort (num)	Employed 2Q Rate (Actual)	Ranking
<i>National</i>	<i>872,460</i>	<i>245,211</i>	<i>137,073</i>	<i>55.9%</i>	<i>N/A</i>

Median Earnings

Median quarterly earnings for those employed second quarter after exit is a WIOA accountability measure. Based on PY 2023 performance, Texas median quarterly wage (\$7,118) exceeded the national average of \$5,513 by nearly 29 percent, ranking first among five comparison states with Combined VR agencies. Note the performance period for this measure has a 12-month lag.

State	Number Employed 2Q Cohort (num)	Median Earnings, 2Q after exit (Actual)	Ranking
Texas	11,916	\$7,118	1
California	9,807	\$7,058	2
Pennsylvania	6,645	\$6,060	3
Ohio	6,006	\$3,664	4
Tennessee	1,204	\$4,333	5
<i>National</i>	<i>137,073</i>	<i>\$5,513</i>	<i>N/A</i>

Measurable Skills Gains

The Measurable Skills Gains (MSG) Rate is an WIOA accountability measure. At 9,618 participants with measurable skills gains in PY 2023, Texas ranks first among the five comparison states. Regarding the MSG rate, Texas (53.2 percent) exceeds the national average of 52.1 percent and ranks third among these comparison states.

Skills gains include:

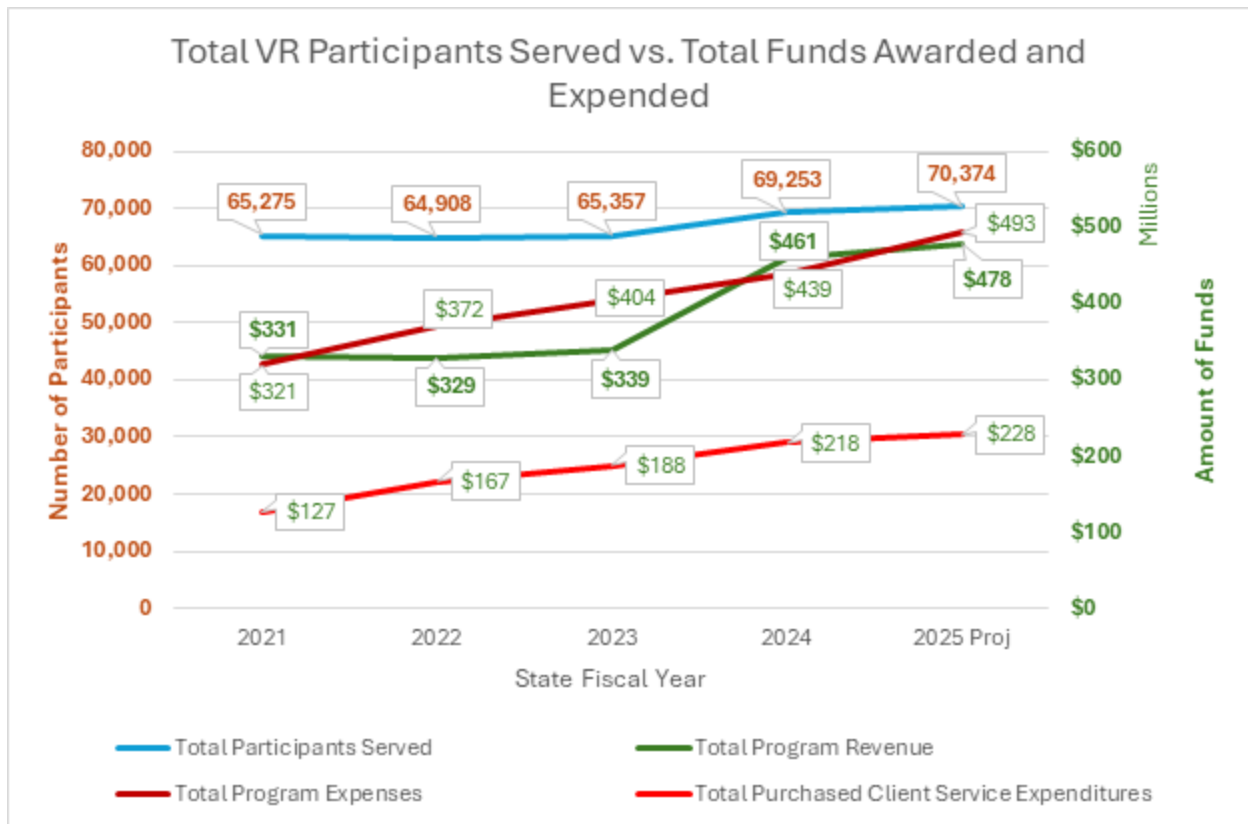
1. Educational Functioning Level gain
2. Attainment of secondary school diploma or equivalent
3. Report card or transcript showing satisfactory progress
4. Training milestone through a satisfactory or better progress report
5. Skills progression through successfully passing an exam

State	Participants with MSG	Ranking	MSG Rate	Ranking
Texas	9,618	1	53.2%	3
Ohio	8,863	2	73.8%	1
Pennsylvania	7,774	3	44.2%	4
California	6,722	4	31.8%	5
Tennessee	1,397	5	66.5%	2
<i>National</i>	<i>120,121</i>	<i>N/A</i>	<i>52.1%</i>	<i>N/A</i>

The denominator is the number of participants in education and training during the Program Year (July 1 – June 30), and the numerator is the unique number of Participants in education and training who have a Measurable Skills Gain during the Program Year.

Fiscal Management

The VR program is experiencing an increase in demand for services, and a significant escalation in program costs. Beginning in State Fiscal Year (SFY) 2021 and peaking in FY 2024, this surge is primarily driven by an increase in client services, including significant increased participation of students with disabilities, growth in post-secondary education and training (PSET), and expanded work-based learning opportunities. The chart below illustrates the increase in client services costs, overall program expenses, program revenue, and participants between SFY 2021 and projected SFY 2025.



TWC is currently utilizing all available funding to meet the needs of existing and new clients. In the 89th Legislative session, TWC requested, and received, supplemental funds for the remainder of current SFY 2025, and additional funds for the SFY 26-27 biennium. VR needed the additional state general revenue to match a portion of the federal VR allocation to draw-down all available federal funding. Projections indicate continued increases in VR program participants are likely. Evaluation of the program's financial sustainability and efficient resource allocation is critical and ongoing. The section below identifies other strategies and controls used to manage the financial impact of growing demand.

Alternative Funding: (Comparable Benefits)

For many program services offered by the VR program, efforts are made to secure alternate funding from all potential resources before using VR funding. Alternate funding programs can include but are not limited to:

- Medicaid
- Medicare
- Private health insurance
- Workers' compensation

- Veterans' benefits
- Educational grants
- Scholarships
- Arranged services (another agency pays for services), e.g., tutoring, diabetes education, indigent healthcare, and
- Any other available community, state, or federal benefit program

VR does not pursue alternate funding for assessments to determine eligibility, employment services, counseling and guidance, information and referral to other programs, or rehabilitation technology services or when pursuing alternate funding will significantly delay or interrupt services. These services are provided in-house by VR counselors and other staff.

Case Costs

As overall costs increase, the VR program continues to provide staff with decision making guidance, including reasonable, appropriate, and necessary training and tools. VR monitors case costs and length of cases as one measure to evaluate the effectiveness of staff understanding and execution of these practices.

The average cost for the life of a case for participants exiting decreased from \$8,153 in SFY 2023 to \$7,122 in SFY 2024. The average cost for the life of a case varies by primary disability impairment, from \$5,440 for auditory/communicative to \$10,058 for legally blind in SFY 2024.

Case costs are associated with case length. Data indicates that costs decreased proportionally with lower average case lengths. The average case length (from Initial Contact to Closure after Plan) for participants exiting in SFY 2024 was 860 days, or 2.4 years. This represents a decrease from 998 days, or 2.7 years for those exiting in SFY 2023. In SFY 2024, case length also varied widely by primary disability, ranging from 574 days for auditory/communicative impairment (1.6 years) to 1,561 days for legally blind (4.3 years).

Average Life of Case Cost, VR Participants, by disability type in SFY 2024

Primary Disability	Cost (\$)
Auditory/Communicative Impairment	5,440
Intellectual/Learning Impairment	7,693
Legally Blind	10,058
Other Visual Impairment	6,414
Physical Impairment	8,377

Primary Disability	Cost (\$)
Psychosocial/Psychological Impairment	6,159

Average case length by disability type in SFY 2024, VR Participants

Primary Disability	Days
Auditory/Communicative Impairment	574
Intellectual/Learning Impairment	1,008
Legally Blind	1,561
Other Visual Impairment	1,016
Physical Impairment	854
Psychosocial/Psychological Impairment	891

Internal Controls and Approvals

The establishment of internal controls and approvals plays an important role in safeguarding resources and ensuring financial integrity.

- ReHabWorks Case Management System
 - VR follows a structured purchasing process flow that is integrated into the ReHabWorks (RHW) Case Management System and is intended minimize risk of errors associated with purchases. This flow guides staff, step by step, through required purchasing procedures as follows: (1) VR staff first identify a client's need and document it, (2) securing necessary consultations and approvals. They then (3) identify the required service or good within the client's plan and (4) create service records (requisitions). This leads to (5) generating a Service Authorization, which is then (6) conveyed to the vendor. Upon (7) receiving the goods or services, the staff (8) performs a three-way match to verify accuracy before (9) authorizing payment. Finally, (10) the Service Authorization is reconciled and closed.
 - RHW includes robust purchasing controls to ensure financial integrity and regulatory compliance. These controls include separation of duties to prevent staff from authorizing payments for their own service authorizations they issued or updated, restricting applicable types of purchases to vendors with active contracts, limiting expenditures for Pre-Employment Transition Services (Pre-ETS) programs to eligible students and applicable goods & services, requiring purchase approvals for specific purchase types (e.g., out-of-state training), and incorporating features to adhere to federal grant period of performance requirements periods. The system also provides pop-up reminders for penalty interest, regulates (limits) the reopening of closed service authorizations, offers functionality for invoice corrections, limits purchases based on budget, restricts vendor setup and updates to state office staff, and provides reports for monitoring and reconciling service authorizations. These measures work

together to enhance accountability and augment proper effective financial management while also facilitating effective support of the customer service delivery process.

- Vocational Rehabilitation Services Manual
 - The Vocational Rehabilitation Services Manual (VRSM) Part E, and Chapter 5, Approvals and Consultations houses three appendices, which contain a comprehensive list of required approvals and consultations for various business procedures related to case record management, including documentation, data validation, and reporting as shown in **Exhibit _GAP_VRSM_Approvals_Consult**.

Vocational Rehabilitation Innovation and Process Improvement

VR is constantly working to improve its programs and services, and to introduce quality assurance controls and other efficiencies into VR programs and infrastructure. Below are a few focus areas that highlight these efforts.

VR Case Review and Monitoring

The VR Division has a robust case review system and a monitoring function to analyze and track performance. In 2015 Monitoring OverSight and Internal Controls (MOSAIC) was established as a quality assurance process for VR program performance oversight at the state, regional, unit, and caseload levels. Through MOSAIC, the VR program is systematically reviewed based on data collected from the VR case entry system, RHW, and the case review system, Texas Review, Oversight, and Coaching System (TxROCS).

MOSAIC provides consistent, compliant, high-quality outcomes through a risk management approach involving strategic planning, data analysis, case reviews, and stakeholder communication.

Key aspects include:

- Case Review Sampling: At least 10 percent of cases are reviewed annually, with cases selected using a two-tiered stratification process that prioritizes high-risk areas and then randomly selects from the remaining cases across regions and management units. TWC's Information, Innovation, and Insight Division also utilizes a sampling tool to randomly select non-repeating cases for automation case reviews. The dynamic adjustment of case review sample sizes ensures staff have ample reviews towards achieving the consistent 10 percent target.
- TxROCS: Designated case reviewers enter reviews into TxROCS to assess compliance, evaluate decision-making quality, provide staff coaching and feedback, and support management performance evaluations.

- **Case Reviewer Training:** All case reviewers receive annual comprehensive training on case review procedures, TxROCS utilization, and case review tools. Ongoing training and coaching may continue at the unit and regional levels, as needed. Additionally, if trends are found, trainings may take place to discuss policies, technical assistance, and strategies for continuous improvement.

Provider Recruitment, Retention, and Support

As part of provider recruitment, retention, and support, TWC-VR has worked across multiple projects, including rapid process improvement initiatives focused on improving provider engagement and the delivery of high-quality services to VR customers. A summary of strategies for ongoing transformation in these areas include:

- **Provider Recruitment**
 - Improve procurement process for VR all and providers
 - Implement a division-wide outreach process
- **Provider Recruitment and Retention (crosses both)**
 - Increase provider rates to competitive levels
- **Provider Retention**
 - Improve provider communication and training
 - Improve provider invoicing and payment process

Full Integration of VR into the Workforce System:

The decision to relocate the VR programs into TWC was intended help eliminate duplication and improve services and outcomes for people with disabilities seeking employment. This involves both physical office moves and service delivery coordination.

As of June 2025, 96 VR offices have been fully integrated in workforce centers, and eight additional workforce centers have VR “pods”, a VR core service delivery team composed of two counselors and one Rehabilitation Assistant located within select workforce centers. All Boards have had at least one integrated office since March 2021.

Operationally, the goal is to consolidate employer relations efforts and coordinate services with other workforce programs for improved referrals and client services. This has been achieved through the creation of a cross-agency partnership workgroup that developed a series of recommendations that are in the process of being implemented. A pilot to improve referrals is currently underway in four workforce offices and three VR management units.

Pre-Employment Transition Services: In response to the passage of WIOA in July 2014, the VR program began a widespread effort to increase the number of students served, ages 14-22 years, and the number of services available in the Pre-ETS category for these students. The two charts below show significant increases from FY 2021 to FY 2024 in (1) service provision and (2) purchased services for all Pre-ETS customers, and one of the fastest growing services, Post Secondary Education and Training (PSET).

Pre-ETS and PSET Service Provision, SFY 2021 - 2024

SFY	All Customers with Pre-ETS (Purchased or VR Staff Provided)	All Customers with Post Sec Education and Training (Purchased or Arranged)
2021	12,442	5,597
2022	14,173	6,524
2023	16,587	7,683
2024	16,799	8,867

Pre-ETS and PSET Purchased Service Provision, SFY 2021 - 2024

SFY	Customers with Pre-ETS Purchased Services	Customers with Post Sec Education and Training Purchased Services
2021	5,102	5,002
2022	7,031	5,894
2023	7,747	7,068
2024	8,931	8,356

Recent evaluation of these efforts shows the highest rate of return on investment with this age group (16-24). For every dollar spent on their cases, youth made an additional \$11.94 in income over the next five years (compared to the average \$5.66 for all participants), and up to \$1.43 was recouped by the federal government as income tax and up to \$0.98 was recouped by Texas in sales tax for the age group.

Some of the major initiatives include the following:

- **Summer Earn and Learn:** Paid work experience during the summer.

- **Explore STEM!:** Camps exposing students to careers in science, technology, engineering, and math.
- **Student HireAbility Navigators:** Help build community connections for students with disabilities.
- **Pre-ETS Elective Course Curriculum:** A one or two-semester curriculum for secondary students with disabilities, exploring options for piloting.
- **Pre-ETS Tools for Students:** A Pre-ETS module to be added to the Texas OnCourse platform. and a Parent tool called Tomorrow Ready Texas.
- **Capacity Building:** A series of meetings to gather feedback about the challenges and strengths of VR/school partnerships as it relates to serving students.
- **Other strategies include:** Project Search (integrating students into businesses), Year-Round Paid Work Experience, and Work-Based Learning Projects for Youth (creating school-based enterprises).

The two examples below demonstrate the impact these services are making on this population.

Work-Based Learning and Post-Secondary Education and Training

The increase in training services under Customer First has contributed to higher wage gains for participants. Participants exiting in Program Year 2021 (July 2021 to June 2022) who completed Post-Secondary Education & Training or Work Based Learning services during participation experienced significantly higher median wage gains of \$7,736 and \$3,818, respectively, at the second quarter after program exit compared to their earnings at IPE. For comparison, the median wage increase for all successful VR exiters at the second quarter after program exit compared to the wage at IPE was \$2,546.

Project Search – Evidence Based Programming

Project SEARCH is a one-year business-led pre-employment training program that serves transition-age students and youth with disabilities, including those with significant intellectual and developmental impairments, with the aim of achieving competitive integrated employment. A comprehensive evaluation found that Project SEARCH, which integrates employer partnerships with work-based learning, has proven highly effective, achieving an 87.4 percent success rate among SEARCH participants compared to 60.4 percent for non-participants. Project SEARCH participants were 1.4 times more likely to achieve successful closure than non-participants.

Stakeholder Input

To maintain transparency and effectiveness, VR actively solicits and utilizes stakeholder input. This practice is legally required and implemented through multiple avenues: public hearings, VR advisory council meetings, dedicated stakeholder relations staff, and a designated inquiries line. VR encourages stakeholder participation in strategic planning and budget development, incorporating their feedback into operational decisions to optimize program efficiency and effectiveness.

Customer Complaints Response:

To improve customer service and address complaints effectively, VR implemented the following:

- Customer Engagement Officers: In 2023, VR began adding Customer Engagement Officers into regional offices to improve customer service and address complaints (with three regions having them in place and another planning to add one).
- VR Ombudsman: In 2023, a VR Ombudsman was added to the state office to manage, monitor, and track complaints, working with regional leadership and Customer Engagement Officers to investigate and resolve them (handling over 700 complaints since its creation).

Customer Engagement:

VR is committed to continuously improving its programs and services by listening and responding to customer feedback. Strategies and improvements from this information include:

- Conducting monthly customer satisfaction surveys to identify areas for improvement.
- Providing training and resources to VR staff to enhance their expertise.
- Piloting innovative approaches to improve the VR process and maximize staff capacity.
- Enhancing training and roles for transition counselors serving students with disabilities.
- Expanding options for remote service delivery.
- Utilizing AI technology like the Semi-Autonomous Research Assistant (SARA) and SARA Video to streamline administrative tasks, improve customer engagement, and ensure secure and compliant video conferencing.

Survey of Employee Engagement:

The VR Division uses the biannual Survey of Employee Engagement to obtain data that provides information about employee perceptions of effectiveness and satisfaction. From 2018-2024, the survey data indicates the VR Division is moving in a positive direction:

- Employee engagement is increasing (13 percent to 26 percent in 2024)
- Response rates are growing (995 in 2018 to 1,295 in 2024)
- Consistent strengths: Supervision, Information Systems, Strategic Alignment, Workplace Climate
- 37 percent of employees have been with the organization for over 11 years (2024)
- 80 percent of employees intend to stay with the agency

The agency actively uses survey results to drive improvements with initiatives like Leadership Academies, a Training Redesign Project, an Employee Engagement and Recognition Committee, Communities of Practice, Volunteer opportunities, Surveys and “Connect and Reflect” sessions.

Communication and Training:

VR is leveraging communication strategies to improve effectiveness and efficiency, both internally and externally:

- Internal Communications:
 - **Vocational Rehabilitation Services Manual Redesign**

In 2022 VR hired a contractor to redesign the VRSM to improve access and understanding of policies/procedures, and to provide enhanced clarity, internal consistency, content organization and navigation. The redesigned VRSM was released internally and to the public on September 3, 2024.
 - **Coordinated Messaging**

VR uses coordinated messaging through TWC communications channels that leverage the entire Texas workforce system, including Workforce Development Boards, TWC Commission offices, the Governor’s Committee on People with Disabilities, and other system partners.
- External Communications:
 - **Online Referral**

VR uses Start My VR, an online self-referral option, for customers interested in TWC-VR services. Since its inception in June 2021 through the end of SFY 2024, VR staff have processed 33,418 tickets through the online system.

- **Rapid Engagement Team**

Intake specialists respond to electronic inquiries and a hotline, and since launching, have connected 24,915 new customers to VR.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In February 2015, the Texas Sunset Advisory Commission issued the Sunset Reports for DARS and TWC. These reports resulted in the passage of Senate Bill 208 in the 84th Legislative Session (2015). Changes enacted by SB 208 transferred the VR program, Independent Living Skills for Older Individuals Who are Blind (OIB) program, and the Business Enterprises of Texas (BET) program to TWC, required the two legacy VR divisions (General and Blind) to be combined and integrated, and required VR field staff to move into local Workforce Solutions offices. Former DARS programs were transferred to TWC on September 1, 2016, and the two legacy VR divisions were combined into a single division on October 1, 2017.

In November 2016, TWC engaged an independent and objective third party to conduct a two-month assessment and benchmark of the current operations, performance, and outcomes of the VR and OIB programs. This study identified baselines and benchmarks in key areas as well as opportunities for increased program efficiency and quality. The agency has since implemented a number of improvements based on this assessment and has followed up with similar internal and external review efforts to ensure that the agency complies with all of the requirements and recommendations from both the Texas Legislature and the Sunset Advisory Commission, while also fostering an ongoing culture of continuous improvement throughout the organization.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The eligibility for VR services is based on the following requirements defined in 34 CFR Section 361.42:

- A determination by qualified personnel that the applicant has a physical or mental impairment.
- A determination by qualified personnel that the applicant's physical or mental impairment constitutes or results in a substantial impediment to employment.

- A determination by a VR Counselor that the applicant requires VR services to prepare for, secure, retain, advance in, or regain employment that is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interest, and informed choice.
- VR must presume that an applicant who meets the eligibility requirements can benefit from VR services in terms of an employment outcome.

Note: As outlined by 34 CFR Section 361.42(a)(3), for a customer receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI), due to their own disability, the VR Counselor must make a determination of eligibility on the same business day that SSI/SSDI verification is received, unless there is a question about the customer's ability to benefit from VR services in terms of achieving an employment outcome due to the severity of their disability. If there is a question about the customer's ability to achieve an employment outcome due to the severity of their disability, a Trial Work Plan (TWP) must be completed with the customer.

The tables below represent demographic information for participants in VR from State Fiscal Years (SFY 2024 is Sept.1, 2023, to Aug.31, 2024). Participants are VR customers who have signed an individualized plan for employment (IPE) and begun receiving VR services in accordance with the IPE.

Race and Ethnicity, VR Participants, SFY 2024

Race	Participants	Percentage
American Indian or Alaskan Native	336	0.5%
Asian	1,535	2.2%
Black/African American	16,283	23.5%
Other*	3,115	4.5%
Pacific Islander	168	0.2%
White	47,928	69.1%
Grand Total	69,365	100.0%

*More than one race or some other race

Ethnicity	Participants	Percentage
Hispanic or Latino	23,051	33%
Non-Hispanic/Latino	46,314	67%
Grand Total	69,365	100.0%

The racial and ethnic proportions of VR participants in SFY 2024 closely matches the 2023 Comprehensive State Needs Assessment, which compared the racial and ethnic identities of VR participants to the Texas Disability Population, based on the U.S. Census Bureau's 2021 American Community Survey.

Sex, VR Participants, SFY 2024

Sex	Under 22	Under 22 %	22 and Over	22 and Over %	All Ages	All Ages %
Female	8,872	39.3%	22,699	48.5%	1,571	45.5%
Male	13,593	60.2%	23,899	51.1%	37,492	54.1%
Not Reported	126	0.6%	176	0.6%	302	0.4%
Grand Total	22,591	100%	46,774	100%	69,365	100%

The difference in the proportions for sex among VR participants of all ages (roughly 54 percent male vs. 46 percent female) is largely due to the higher prevalence of neurodevelopmental disabilities among the male student population (under 22). Around two-thirds of VR participants who are students have a primary neurodevelopmental disability, which is reflective of the Texas student population aged 14-21 and enrolled in special education.²

Age, VR Participants, SFY 2024

Age	Total	Percentage
<18	6,302	9.1%
18-24	22,494	32.4%
Youth Subtotal	28,976	41.5%
25-34	10,006	14.4%
35-44	8,463	12.2%
45-54	9,198	13.3%
55-64	8,987	13.0%
>64	3,915	5.6%
Grand Total	69,365	100%

The Texas VR program has been increasingly serving more youth (individuals aged 14 – 24) as a proportion of all VR participants. In SFY 2024, youth made up around 42 percent of VR participants (28,976), an increase of 3 percentage points from SFY 2023 (39 percent, or 25,712).

Average Age at Application, SFY 2023 - 2024

Age Group	SFY 2023 Applicants	SFY 2023 Percent	SFY 2024 Applicants	SFY 2024 Percent
Under 22	9,124	29%	10,694	33%
22 and Over	22,130	71%	21,360	67%
Total	31,254	100%	32,054	100%

In SFY 2024, the average at application was 36. Given the strong growth of the Texas Special Education student population (see Students with Disabilities section below), the proportion of applicants under age 22 has increased, from 29 percent in SFY 2023 to 33 percent in SFY 2024.

Disability Category, VR Participants, SFY 2024

Primary Disability Impairment	Under 22	Under 22 %	22 and Over	22 and Over %	All Ages	All Ages, %
Auditory/Communicative	1,348	6%	9,982	21%	11,330	16%
Intellectual/Learning	13,326	59%	7,484	16%	20,810	30%
Legally Blind	692	3%	3,024	6%	3,716	5%
Other Visual	929	4%	2,928	6%	3,857	6%
Physical	1,486	7%	13,362	29%	14,848	21%
Psychosocial/Psychological	4,810	21%	9,994	21%	14,804	21%
Grand Total	22,591	100%	46,774	100%	69,365	100%

The largest primary disability group in SFY 2024 was Intellectual and Learning (Cognitive), both overall (30 percent) and especially among student-aged participants (nearly 60 percent), due to the strong growth of Special Education and 504 Plan student population in Texas.

Social Security Recipients

In SFY 2024, 18,726 participants were SSI/SSDI recipients at some point during their case.

Veterans

In SFY 2024, VR actively served 1,621 participants with veteran status (any discharge status other than dishonorable).

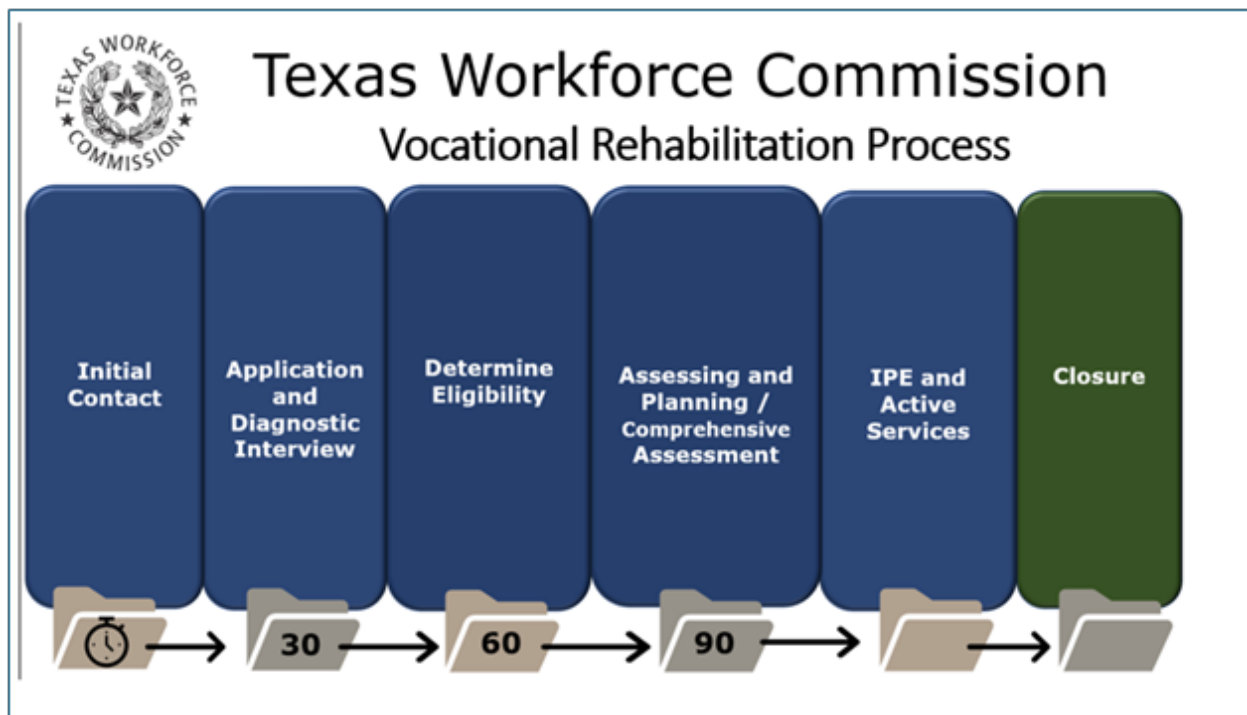
- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

Service Delivery Structure

The VR process is organized in phases, starting with referral/intake, application, and eligibility determination. Eligibility is based on the presence of a physical or mental impairment that substantially impedes employment and requires VR services. While not income-based, applicants with income exceeding basic living requirements may need to contribute to service costs unless they receive Social Security disability benefits.

Comprehensive assessments are conducted to understand the applicant's skills, abilities, and interests, leading to the development of an individualized plan for employment (IPE) in partnership with the VR counselor. The IPE outlines the employment goal, required services, and service providers, and is guided by the principle of informed choice. Before VR services are provided, comparable benefits from other programs are considered.

Active services vary and are customized to the individual. They may include counseling, physical or mental restoration, pre-employment transition services, post-secondary education/training or other services. The program emphasizes competitive integrated employment, defined as work providing competitive earnings in an integrated setting with opportunities for advancement. Case closure occurs after successful employment is maintained for at least 90 days and the job aligns with the IPE goals.



Post-closure services are available to assist individuals in maintaining, regaining, or advancing in employment after case closure, promoting self-sufficiency and addressing employment-related challenges. Eligibility for post-closure requires that the customer have previously been considered rehabilitated, is still disabled and has an employment problem that can be solved with short term services.

Staffing Structure

The Vocational Rehabilitation Division is staffed by 1,741.3 full-time employees and overseen by the Division Director who is responsible for the division's overall performance and strategic direction. The division also benefits from the guidance of four Deputy Directors, each overseeing a critical functional area: Field Services, Program Operations, Strategic Alignment & Program Improvement, and Blind Services, and a rehabilitation advisory council.

- **Office of the Division Director (10 FTEs):** The team within the Office of the Division Director includes an Executive Assistant, a Program Specialist, a Program Management Specialist who leads efforts in internal/external communications, partnerships, and system development, an Ombudsman who addresses concerns and resolves conflicts, and a manager for the Purchasing for People with Disabilities Program.
- **Program Operations (47 FTEs):** Administers business processes, manages client service funds, supports personnel and case management systems, generates reports, and oversees the Program Rapid Engagement Team for customer inquiries

and the ticket-based "Start My VR" system. Program Operations includes five programs: Budget & Personnel, Business Systems & Reporting, Administrative Services, Provider & Field Support, and Specialized Services Support.

- **Strategic Alignment & Program Improvement (ALIGN) (21 FTEs):** A newly developed division focusing on program effectiveness and efficiency, policy development, and quality control. ALIGN oversees project managers, and two programs: Policy and Planning, and Quality Assurance, and Program Improvement.
- **Blind Services (82 FTEs):** Provides specialized services to individuals with blindness or visual impairments, including field support, evaluation, assistive technology, orientation and mobility, diabetes education, and independent living services. Blind Services includes five programs: Older Individuals who are Blind (OIB), Business Enterprises of Texas, Blind Services Field Support, Evaluation and Support Services, and the Criss Cole Rehabilitation Center (CCRC).
- **Field Services Delivery (1,591.3 FTEs):** Delivers direct VR services to eligible customers across the state through a network that includes the Deputy Director office, six regions, and 31 Management Units.

Deputy Director Office

The Deputy Director directly oversees six regional directors, and the Education and Training Program manager, who supervises staff coordinating Transition Services for Students and Youth with Disabilities, Pre-Employment Transition services, and Neurodevelopmental Disorder Services.

Regional Offices

The six regions align with the TWC regions. VR regional offices provide oversight, training and consultative services, administration, and support functions for the Management Units in their region.

Each regional office is led by a regional director and deputy regional director, and includes a human resources liaison, and assistant to the director, program support managers and regional program specialists. Each region also includes an Education and Training Program that oversees direct service delivery staff that serve the entire region

Management Units

The 31 Management Units provide direct service delivery to VR customers. Each Management Unit serves VR customers in one or more of the 28 Texas Local Workforce Development Board (Board) areas. Each Management Unit has multiple physical locations.

Management Units are led by a VR manager, who oversees the service delivery in the physical locations that comprise that unit. Each Management Unit includes supervisors who

oversee teams of VR counselors and rehabilitation assistants, and specialists that support the VR counselors with purchasing, assistive technology, quality assurance, and process improvement.

The direct service team contains approximately 1,065 core service delivery staff. Of those:

- Over 700 VR counselors determine eligibility, provide guidance, and determine when cases are ready to close.
- About 350 Rehabilitation assistants support the VR counselors.

Rehabilitation Council of Texas

The Rehabilitation Council of Texas (RCT), appointed by the governor, advises the VR program on policy, scope, and effectiveness of services. RCT is federally mandated by the Rehabilitation Act of 1973, as amended by the Workforce Innovation and Opportunity Act, and helps to ensure that Texans with disabilities have access to effective VR services that result in competitive integrated employment, greater independence, and community participation. Bylaws to support this goal govern RCT.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Vocational Rehabilitation Services	\$303,879,211	\$236,657,794	\$67,221,417
Office of Blind Services	\$4,315,497	\$3,786,657	\$528,840
VR Disability Innovation Fund	\$138,003	\$138,003	\$0
Pre-Employment Transition Services	\$52,909,734	\$52,909,734	\$0
Summer Earn & Learn	\$12,025,939	\$12,025,939	\$0
Student HireAbility Navigators	\$3,842,000	\$3,842,000	\$0
Social Security Administration's VR Cost Reimbursement Program (SSAVR)	\$18,039,741	\$18,039,741	\$0
Criss Cole Rehab Center	\$5,598,910	\$4,132,079	\$1,466,830
Total	\$400,749,035	\$331,531,947	\$69,217,087

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

To avoid duplication or conflict, the VR Division has established memorandums of understanding (MOUs) or memorandums of agreement (MOAs) with the following agencies. This information can be found in the **Exhibit_GAP_VR_MOU**.

- Social Security Administration (SSA) Ticket to Work and Employment Networks: Employment Networks are public or private entities that enter into an agreement with SSA to provide or coordinate the delivery of employment and/or other support services to Social Security disability beneficiaries who want to go to work.
- Texas Health and Human Services Commission: The MOA between HHSC and TWC facilitates essential data sharing to coordinate activities and avoid duplication or conflict in serving a shared customer population. Specifically, the MOA enables HHSC to comply with state reporting requirements on employment services provided to individuals in various Medicaid waiver programs by both state agencies.
- Veterans Administration: An MOA between the agencies ensures that duplication does not occur. The MOA identifies overlap in services, the criteria for working jointly on cases, which agency has the lead in outlined demographic areas, and how information and resources are shared.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

VR collaborates with federal, state, and local agencies, as well as other public and nonprofit organizations, to achieve successful employment outcomes for its clients. These partnerships are crucial because all parties share a common goal: helping individuals find and maintain meaningful employment.

Rehabilitation Services Administration

The RSA, which is in the U.S. Department of Education, has federal oversight for each states VR programs. The RSAs formula grant program provides the federal match for the [VR](#), [Supported Employment](#), and [OIB](#) programs. VR submits an annual State Plan for VR Services, which RSA must approve before federal VR funds can be released to the state. VR also submits annual reports on information about VR customers. Further, throughout the year, RSA provides training and technical assistance in the administration of the VR programs.

Social Security Administration Ticket to Work and Employment Networks

Ticket to Work regulations encourage partnerships between VR agencies and Employment Networks to meet the post-employment needs of many SSA disability beneficiaries. The SSA Ticket to Work Partnership Plus Program supports this service delivery model by allowing beneficiaries who require more extensive services, such as physical restoration or assistive technology, to obtain those “upfront” services from the VR agency. After a VR case is closed, the beneficiary has the option of working with an Employment Network for job retention services or other long-term employment support services. In addition to improving the coordination of services between VR agencies and Employment Networks, Partnership Plus increases the likelihood that more SSA disability beneficiaries will achieve self-supporting employment, thus decreasing the need to remain on the SSA’s benefit rolls. VR addresses services needed to prepare for and obtain employment, while the Employment Network provides job retention and long-term support services to selective individuals.

Health and Human Services Commission

HHSC provides home and community-based services under Medicaid, including waiver programs, Blind Children’s Program, Office for Deaf and Hard of Hearing Services, and Centers for Independent Living.

While HHSC provides services to people with intellectual and developmental disabilities, physical disabilities and people who are older, VR provides services to persons with any type of disability. People with disabilities may access services from both agencies. Therefore, HHSC and VR work together to help individuals with disabilities achieve their employment goals. HHSC and VR differ in that HHSC provides long-term services and supports while VR provides time-limited services. Also, whereas HHSC provides support to help individuals with daily living tasks like cooking, cleaning, participating in the community, bathing, eating, and dressing, VR provides services and supports to help people with disabilities get and keep a job.

U.S. Department of Veterans Affairs

VR and the U.S. Department of Veterans Affairs (VA) offer similar services to disabled veterans. An MOA between the agencies ensures that duplication does not occur. The MOA identifies overlap in services, the criteria for working jointly on cases, which agency has the lead in outlined demographic areas, and how information and resources are shared.

In many cases, VR customers who are veterans do not wish to obtain services from the federal government. Other veterans who were not injured in combat are limited as to what services they are eligible to receive from the VA. VR differs from the VA in that the VR Program serves individuals regardless of how and where they became disabled, as long as they meet eligibility criteria. A number of VR customers who are veterans are not eligible to receive services from the VA due to their discharge classification. If it were not for the program administered by VR, these veterans would not receive vital services for severe and complex disabilities.

Local Workforce Development Boards

Local Workforce Development Boards (LWDBs) provides job seekers with job-search resources. These LWDBs and VR collaborate at the state and local levels to ensure customers receive appropriate services on a timely basis. For example, after a VR-General customer completes necessary rehabilitation services, he or she can contact a local workforce center to obtain job leads. Also, LWDBs publish labor market information, which QVRCs use when discussing employment options with customers.

Community-Based Autism Services

The Autism Spectrum Disorder population requires providers to have specific knowledge about the disorder or offer assessments and strategies that enable customers to be successful in employment. There are many private job-placement and supported employment agencies in the community, but none that specialize in providing services to individuals with Autism Spectrum Disorder. VR counselors consistently assess existing external benefits that the customer may be eligible to receive to avoid duplication of services. VR is creating the capacity to pull together best practice interventions and assessments to successfully place customers with Autism Spectrum Disorder in competitive employment.

Community Resource Coordination Groups

VR representatives participate in local Community Resource Coordination Groups as required by SB 298, which became law in 1987. These groups develop service plans for individuals and families whose needs can be met only through interagency coordination and cooperation. In many communities, these groups identify service gaps in their area and help plan for appropriate resources to meet their clients' needs.

Other agencies include:

- **Texas Department of State Health Services:** Provides mental health services.
- **Texas Education Agency:** Coordinates services for transition-age students with disabilities.
- **Texas School for the Blind and Visually Impaired:** Assists with transition to postsecondary life programs.
- **Texas Department of Transportation:** Assists with transportation.
- **Texas Veterans Commission:** Assists with accessing benefits.
- **Texas Department of Insurance's Division of Workers' Compensation:** Ensures that workers compensation recipients are referred to and have the ability to file for VR services.

J. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

Please see the Section IX, Major Issues of this report for more information on statutory challenges impacting the VR program.

K. Provide any additional information needed to gain a preliminary understanding of the program or function.

VR Responsibilities as a Designated State Unit

A state must designate a state agency to administer VR services (Section 101(a)(2)(A) of the Rehabilitation Act). If the designated state agency is not primarily focused on vocational rehabilitation, it must include a VR unit, the designated state unit, for the VR program (Section 101(a)(2)(B)(ii) of the Rehabilitation Act). In Texas, TWC is the designates state agency and the VR Division is the designated state unit.

As the designated state unit, the VR Division must have a full-time director managing daily VR program operations, have comparable organizational status to other major designated state agency units, and have sole responsibility for expending VR funds (Section 101(a)(2)(B)(ii)(II), (IV) and (V) of the Rehabilitation Act). The VR Division's responsibilities, which cannot be delegated, include decisions on eligibility, services' nature/scope/delivery; determining closure of service records with achieved employment outcomes per § 361.56; policy formulation/implementation; VR fund allocation/expenditure; and participation in the one-stop service delivery system under WIOA Title I (34 C.F.R. § 361.13(c)(1) and (2)).

Audits

The Internal Audit Division prepares a report for each audit performed, and each report provides opportunities for operational improvement. All audit reports are submitted to the Sunset Commission; Legislative Budget Board; Governor's Office of Budget, Planning, and Policy; and the State Auditor's Office in accordance with Government Code, Chapter 2107 – The Texas Internal Auditing Act. The audit reports provide recommendations for enhancing accountability, effectiveness, and efficiency in the areas under review. Additionally, Internal Audit coordinates external audits with other agencies such as the Comptroller, State Auditor's Office, and the Health and Human Services Commission.

RSA Audit of Vocational Rehabilitation and Supported Employment

In January 2023, TWC's VR Division was notified that it was one of 12 state programs that would be monitored by RSA.

The focus of the 2023 monitoring review was on the performance and financial management of the VR and Supported Employment programs. RSA stated in its Monitoring and Technical Assistance Guide that their primary goal was to identify the root causes for

the return of unused federal funds and determine strategies and provide technical assistance to VR agencies to reverse this trend.

RSA identified states for either an on-site or off-site review. Texas received an off-site review (virtual) from Aug. 28 - Sept. 1, 2023. On April 5, 2024, the VR Division received the updated and Final Federal Fiscal Year 2023 Monitoring Report from RSA. The report included two fiscal findings. The first is related to improvements that are needed in the RHW case management system to assign service authorizations to the correct grant/period of performance. The Division self-identified this issue during the initial RSA review meetings. The second finding involved a financial reporting error in how TWC reported administrative costs. The Division agreed to the two fiscal findings.

RSA approved the VR Division's corrective action plan on May 20, 2024, and the Division has been submitting quarterly reports to RSA with updates on the two findings since October 2024. On the Period of Performance finding, the reports have included information and screenshots from the RHW database showing system changes that have corrected the Period of Performance issues. RSA is considering closing the finding for the Inaccurate Reporting section.

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Older Individuals Who Are Blind

- A. Provide the following information at the beginning of each description.**

Name of division or program: Older Individuals Who are Blind

Location/Division: Vocational Rehabilitation Division

Contact Name: Juanita Barker, Deputy Director Blind Services

Statutory Citation: Texas Labor Code, Chapter 352

B. What is the objective of this division or program? Describe its major activities.

The Older Individuals Who are Blind (OIB) program advances opportunities for individuals 55 and older who are blind or visually impaired to live independently within their home and community. The program is designed to help blind and visually impaired Texans acquire the skills and knowledge they need to remain independent in their communities and improve their quality of life. This is accomplished by helping customers adjust to their vision loss and develop skills to enable them to live as confidently and independently as possible. OIB services help customers achieve their independent living goals through fostering confidence, facilitating peer support, and building new skills to address their vision loss and learn new ways of completing activities of daily living.

Program services focus extensively on understanding and experiencing the possibilities of living without fear and/or dependence on others. The primary approach is based on the individual handling their own daily living activities rather than someone performing tasks for them in whatever setting they live in. The types of services provided vary based on customer need, but include things like learning to travel using a cane, shopping and preparing meals, and identifying and taking medications for example.

When customers enter the OIB program, the level of services they need is determined by the OSS and the customer. Customers who do not require substantial services can participate in minimal services which are short-term and minimal cost. These services are usually completed in a few weeks or months. If the OSS and customer determines they need more significant services, customers move through the OIB process including determining eligibility for planned services and writing an Independent Living Plan. OIB also provides group skills training to eligible customers through the Senior Keys to Independence program which was created in 2024 to assist customers in learning skills in a group setting and fostering peer support.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Internal and external measures are used to assess the effectiveness and efficiency of this program. Performance measures are gathered for the reporting to RSA annually (referred to as the RSA 7OB report) regarding the total number of customer's served, successful

outcomes, and the percentage of customers satisfied with OIB services. Performance measures are gathered from TWC's Information Innovation and Insight department. Customer satisfaction surveys are completed by Westat who is contracted to conduct satisfaction surveys yearly.

OIB Customers	SFY 2023	SFY 2024
Number of Customers Served *	2,497	3,189
Number of Customers who achieved their Independent Living Goals	1,008	1,150
Percentage of Customers satisfied with their OIB Service Specialist at Closure	86%	90.5%
Percentage of customers who felt they were assisted in reaching their goal of living independently	84.6%	89.8%

** Information provided from RHW Reports to show all customers served. The 7OB report does not count cases open past 2 reporting years.*

OIB Helpline

Other information gathered yearly is the number of referrals received through the contracted service of the OIB Helpline which provides an avenue for new customers, caretakers or others to be provided information about OIB services and move forward in being set up for services. The Helpline was launched in August 2023 and has had a positive impact in the number of customers who are being referred to OIB services increasing the overall number of customers being served in the program. Calls are routed to appropriate services based on the need. If customers require other services that are not related to OIB, they are provided referrals to other organizations based on their needs. If customers are calling regarding their VR case or requesting VR services, the call is referred to the local VR office. Below shows the increase in calls and referrals to the OIB program through the OIB Help Line.

OIB Help Line Information and Numbers

OIB Help Line Information	FY 2023 (8/01-31/2023)	FY 2024	FY 2025 (09/01/2024-04/01/2025)
Number of Calls Received	142	2,852	1,779
Number of Referrals to an OIB Service Specialist	113	1,164	936
Number of referrals to VR	13	56	75

Senior Keys to Independence Program

In FY 2024, The OIB Program through awarded contracts with Vibrant Works of San Antonio and Envision Dallas implemented the Senior Keys to Independence Program (SKIP) which is a 4-day intensive group skills training for eligible OIB customers. Below are numbers of customers who have attended the program. Customers complete a pre- and post-assessment during training to measure improvements in independent living skills as a result of participating in the program.

SKIP Numbers of Customers Served and Pre/Post Assessments

SKIP Data	2024	2025 (09/01/2024-04/01/2025)
Number of Participants	78	65
Number of customers confident in their ability to perform common home tasks pre-training	22	14
Number of customers confident in their ability to perform common home tasks post-training	78	65
Number of customers confident in their ability to safely navigate around their home pre-training	12	8
Number of customers confident in their ability to safely navigate around their home post-training	70	55

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Since its inception, the enabling federal legislation for independent living services (Rehabilitation Act of 1973, as amended, Title VII, Chapter 2) has remained consistent in its focus on self-advocacy and full inclusion.

2016: OIB, along with other former DARS programs, was transferred to TWC on September 1, 2016.

2021: OIB staff are moved from being supervised by VR managers and an OIB management unit is created under one OIB manager.

2023: The program receives VR SSAVR funds totaling \$1.8 million. These funds help to expand the program by adding 5 additional staff and meeting the demand of more customers served. The OIB Help Line is created in Texas to meet the needs of incoming referrals and providing a one-stop service for information about the program.

2024: The program receives VR SSAVR funds totaling \$4.8 million. These funds help substantially expand the program adding 6 staff and fully funding the OIB Help Line. The

Senior Keys to Independence program was created in conjunction with two Lighthouses for the Blind to provide intensive group skills training to eligible customers.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The target population for the OIB program includes individuals whose blindness or significant visual impairment creates challenges to living independently. To be eligible for services, individuals must reside in Texas and show documentation that they are in the United States legally. OIB customers must be 55 or older, have a significant visual impairment or blindness and need OIB services to maintain or improve their independence in their home and/or communities.

The eligibility criteria for the program are established in the federal [Rehabilitation Act of 1973](#).

OIB Statistical Profiles for FY 2024

Race/Ethnicity Data

Race/Ethnicity	Number of Customers
White	2,156
Black or African American	486
American Indian or Alaska Native	10
Asian	18
Native Hawaiian or Other Pacific Islander	1
Individual did not self-Identify Race	157
Two or more Races	12
Hispanic or Latino	744

Gender Data

Gender	Number of Customers
Male	1,845
Female	991
Did not self-Identify	4

Age at Application

Age	Number of Customers
55-64	540
65-74	789
75-84	820
85 and older	691

Primary Cause of Visual Impairment

Cause of Visual Impairment	Number of Customers
Macular Degeneration	907
Diabetic Retinopathy	381
Glaucoma	638
Cataracts	51
Other cause of Visual Impairment	863

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

The OIB program is located within the VR and is led by the Deputy Director of Blind Services and two OIB managers. The OIB Program is administered by 19 OIB Service Specialists (OSS) who work in TWC Workforce Solutions Offices around the state. Each OSS reports to an OIB manager. Each OIB Manager has an assistant who reports directly to them. In addition, there are two OIB program specialists who report to the Program Management Specialist at the state office level. The Program Management Specialist also reports to the Deputy Director of Blind Services. Two field Program Specialists report to an OIB Manager. Four rehabilitation assistants (RA) provide support to 13 OSSs. Seven OSSs receive support from VR rehabilitation assistants who report to the Administrative Supervisor in the VR Management unit. The RAs also reside in TWC Workforce Solutions offices.

Agency policies and procedures are outlined in the [Independent Living Services for OIB Policies and Procedures Manual](#), which is the day-to-day operational guide for OIB staff. OIB staff use different processes to help move customers through the OIB program to meet their independent living goals, which vary by customer. More information on independent living goals can be found at [Older Individuals Who are Blind Program - Texas Workforce Commission](#).

The OSS is responsible for case management aspects to ensure customers move through the OIB process and receive timely services. They can also provide some short-term independent living skills training. Other services can be provided by contracted providers if they are available such as independent living skills training, diabetes education, orientation and mobility training and assistive technology training. Contracted providers are required to follow all policies and procedures outlined in the VR Standards for Providers. Rehabilitation assistants are responsible for ensuring that services and payments are provided timely. Program specialists assist with ensuring that the program policies and procedures are up to date, provide intensive training to staff, and cover vacant caseloads when needed. OIB managers are responsible for overseeing daily program and personnel activities with staff, ensuring program benchmarks are met, and providing training and coaching to staff.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Older Individuals Who Are Blind Program	\$5,875,610	\$5,730,488	\$145,122

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

Independent Living Network of Services

The independent living network of services is a collaborative effort of HHSC which serves as the Designated State Entity, and the statewide network of Centers for Independent Living, with representation of TWC by an OIB staff member. While each entity provides distinctly different types of services, they all share the goal of increasing the ability of individuals with all disabilities to live more independently and be integrated in their community. As required by the federal Rehabilitation Act of 1973, as amended, independent living services in Texas are described and prioritized in the Texas State Plan for Independent Living Services. All of the service components described in the State Plan are related to the goal of full inclusion in community life for Texans with disabilities. A MOU was completed between HHSC and TWC in December 2024 to outline roles in the partnership between the two agencies and provide details on how cross-customer activities should occur, including allowing HHSC access to the TWC VR database for better coordination of services.

U.S. Department of Veterans Affairs

Under CFR Title 38, Chapter 1, Part 17, the VA provides blind and low vision rehabilitation services to eligible veterans and active-duty service members ensuring they have medical care, training and access to assistive technology. A memorandum of agreement (MOA) between the agencies ensures that duplication does not occur. The MOA identifies overlap in services, the criteria for working jointly on cases, which agency has the lead in outlined demographic areas, and how information and resources are shared.

Eligible veterans are paired with a Visual Impairment Services Team coordinator to determine care needs. When an OIB customer completes an application, they are asked if they are a veteran and if they are receiving services so that services are not duplicated. Customers are asked if they have a coordinator, and work in tandem with the coordinator to ensure that services are not duplicated. If the customer is receiving VA services, these are listed as comparable benefits on the customer's Independent Living Plan.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Rehabilitation Services Administration

The RSA is the agency that provides federal oversight for the OIB program. RSA's formula grant program provides the federal match for OIB programs. Annually, TWC must report required information for the OIB program to RSA through the 7OB Report. RSA's contracts with Mississippi State Universities OIB-Technical Assistance Center to provide TWC with training and technical assistance in the administration of the OIB program.

[Rehabilitation Services Administration Requirements](#)

Area Agencies on Aging

Area Agencies on Aging (AAA) do not provide the same services as OIB, but customers may be identified to need mutual services. There are 28 local AAAs around the state and the local OSS is responsible for ensuring that contact is maintained with the AAA to refer potential customers to OIB, and for the OSS to refer individuals to AAA when appropriate.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The OIB program has undergone considerable changes and expansion over the last four years. In SFY 2022, the program shifted from having OIB staff managed under VR managers throughout the state to creating an OIB management unit with an OIB manager directly supervising OIB staff. As expansion of staff occurred in FY 2023, a second OIB manager was added as well as a second OIB management unit. OIB continued its expansion in 2024 adding six additional staff including three additional OSSs, two RAs and one program specialist to meet the needs of expanding caseloads and challenges.

The number of new customers for OIB has increased every year since 2021 by 15 percent or greater. The addition of separate management units has allowed OIB the opportunity to ensure efficiency and effectiveness in compliance with audits and the ability to update and maintain policies and procedures that are specific for OIB.

OIB has worked to establish a comprehensive policies and procedures manual, which is closely aligned with federal and state requirements for the program. The division relies heavily on manual controls executed by the OIB staff as outlined in the policies and procedures and therefore staff training is very important.

The OIB program will release a new policy manual in FY 2025. Updates will include alignment with national recommendations on policy guidance on appropriate touch when working with OIB customers, combining the required OIB application and comprehensive assessment into one document to expedite the OIB process for customers, combining required forms for customers to sign into one form to help expedite the OIB application process, as well as other general updates.

The OIB team has put case review processes in place to ensure that case reviews were performed consistently. In addition, staff have continued to refine processes for case reviews, by completing reviews at least biannually to ensure that all reviews are completed in a timely manner and within established goal times.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please

briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Business Enterprises of Texas

A. Provide the following information at the beginning of each description.

Name of division or program: Business Enterprises of Texas

Location/Division: Vocational Rehabilitation Division

Contact Name: Tammy Martin, VR Director

Statutory Citation for Program: Texas Labor Code Chapter 355

B. What is the objective of this division or program? Describe its major activities.

The Business Enterprises of Texas Program (BET) provides individuals who are legally blind training and the opportunity to operate one of the 111 food service and vending facilities located on state and federal properties that are throughout the state. Customers who become licensed BET managers earn their personal income from profits produced by their businesses. BET services include:

- Initial customer training for potential BET licensees.
- Ongoing training for licensed managers.
- Provision, maintenance, and replacement as needed of facility equipment.
- Development of new facilities.
- Management services including analysis of facility financials, assessment of problems, and advisement of corrective measures for profit maximization.
- Development of rules, policy, and procedure governing facility development, selection, and operation.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The BET program operates approximately 111 businesses, including cafeterias, snack bars, convenience stores, and vending services. These facilities generated over \$96 million in annual gross sales and over \$89 million in gross profits for participating managers in FY 2024. The program also contributes significantly to the Texas economy, generating over \$1 million annually in sales tax revenues and purchasing over \$7 million annually in goods from Texas-based businesses. BET managers employ over 1,800 Texans, with at least 150 of those employees with disabilities.

In 2023, the median income for BET managers was \$44,183. The BET program aimed to assist the managers in achieving a median income between \$50,000 and \$60,000. In 2024, the BET managers' median income increased to \$52,730, a 19.3 percent increase. This significant progress was achieved through strategic initiatives, including the consolidation of facilities and the implementation of improved food service models that enhanced operational efficiency.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

1936: With the enactment of the Randolph-Sheppard Act, the first BET facility is opened at the Amarillo Post Office. In December, the Texas Commission for the Blind is appointed as the licensing agency for the Business Enterprises Program in Texas.

1946: The first State Plan for the BET program is adopted.

1970: BET becomes known as the Small Business Enterprise Program.

1972-1974: An operator's advisory committee, comprised of people who are blind and elected by people who are blind, helps administer the program. The committee helps staff formulate policies and provide assistance on matters such as hearing individual grievances, establishing pricing systems, evaluating blind licensees and agency staff, and evaluating training activities. The committee later becomes known as the Elected Committee of Operators.

1974: The Act is amended and updated significantly with language that strengthens the priority for blind individuals participating in the program. The amendments and updates provide full due process to aggrieved blind vendors to resolve disputes with state agencies through hearings, arbitrations, and federal court appeals and create a priority (rather than the mere preference that existed before 1974) for the operation of blind vending facilities on all Federal property. They also create elected committees of blind vendors in each state with a Randolph-Sheppard program; each committee is responsible for representing all the blind vendors in a state.

The Randolph-Sheppard Program, originally focused on establishing vending stands in federal buildings where blind individuals could sell newspapers, magazines, candy, and

tobacco, and has significantly evolved since its inception. The initial intent was to provide entrepreneurial opportunities and economic self-sufficiency for individuals who are blind. This started with a limited scope of vending stands in federal buildings and soon expanded to include state government buildings. Today, the program has broadened its scope encompassing a diverse range of business ventures. Beyond the traditional vending stands, the program now includes vending machines, cafeterias, snack bars, micro marts, and even convenience stores operated by blind vendors. This expansion reflects an adaptation to changing consumer demands and market opportunities, while still upholding the core mission of economic empowerment for individuals who are blind.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

To be eligible for BET training, a VR customer must:

- Be at least 18 years of age.
- Be a U.S. citizen physically present in Texas (a birth certificate or other appropriate documentation must be submitted with the application).
- Be legally blind as defined by TAC Title 40, Part 20, Chapter 854.
- Be proficient in math, reading, and writing, as demonstrated through CCRC testing, as well as in adaptive technology, including the use of word processing spreadsheets and e-mail communication, as demonstrated through a CCRC final assessment.
- Have the physical capability required to perform safely the basic functions of a manager.
- Have mobility skills to operate a BET facility safely, as documented by a VR counselor or assessment verified by an orientation and mobility instructor.
- Satisfactorily perform a Work Evaluation Training conducted with a current BET operator.
- Not have engaged in substance abuse for the previous 12 months.
- Follow state and federal tax laws and not be subject to any tax liens.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Supervisor of Field Operations oversees a team of 12 business consultants that provide consultative, oversight, and support services to the licensed managers operating vending and dining facilities on state and federal properties. The business consultants are in VR field offices around the state. The BET director, Supervisor of Field Operations, and five other program staff members are headquartered in Austin at the CCRC, where training for potential BET managers is conducted.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Business Enterprise of Texas Program	\$4,140,975	\$2,610,220	\$1,530,755

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The BET Program, under the Randolph Sheppard Act operates, through a collaborative network of federal, state, regional, and local government entities. The federal government provides the overall framework and funding, and the state government administers the program, both of which provide opportunities for vending facilities. Local and regional entities offer localized support and assistance. Effective coordination among these entities is essential for the success of the program in providing entrepreneurial opportunities and economic self-sufficiency for individuals who are blind.

Rehabilitation Services Administration:

RSA is the primary federal agency overseeing the Randolph-Sheppard Act nationally. It provides funding, sets regulations, and offers guidance to state agencies administering the program. RSA monitors state compliance and provides technical assistance to ensure the program's effective implementation.

City and County Governments:

Local governments can be involved in the BET program by issuing permits, licenses, and other approvals required for operating a business within their jurisdiction.

Regional Offices of Federal or State Agencies:

Depending on the specific geographical area, regional offices of federal or state agencies (like regional TWC offices) may play a role in administering or supporting the BET program. These offices may provide direct assistance to vendors or facilitate communication between different stakeholders.

J. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

No statutory changes are needed to help this program perform its functions.

K. Provide any additional information needed to gain a preliminary understanding of the program or function.

Advisory Committee

BET must, by federal requirement, support and maintain an advisory committee comprised of 12 BET managers elected by their peers. They actively participate in making major decisions affecting the program through quarterly meetings and bi-monthly conference calls with the TWC BET director.

Complaint Process

Managers participating in the BET program may file complaints related to program operations in accordance with the Randolph-Sheppard Act. The complaint process involves attempts to settle through mediation, evidentiary hearings, and finally arbitration, in that order. It is a unique, federally mandated process.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the

table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Purchasing for People with Disabilities

A. Provide the following information at the beginning of each description.

Name of division or program: Purchasing for People with Disabilities

Location/Division: Vocational Rehabilitation Division

Contact Name: Juan Garcia, Purchasing from People with Disabilities

Statutory Citation for Program: Texas Human Resources Code, Chapter 122

B. What is the objective of this division or program? Describe its major activities.

The Purchasing from People with Disabilities program (PPD) provides training and employment opportunities for individuals with disabilities through WorkQuest, the central nonprofit organization that coordinates with over 110 Community Rehabilitation Programs (CRPs) including nonprofits such as Goodwill Industries and the Lighthouse for the Blind to supply products and services purchased by state and local government agencies, schools, and political subdivisions. Under the PPD program, individuals with varying levels of disabilities produce products or perform services through training and employment opportunities provided by CRPs.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Economic Impact Study

In 2022, and in response to the 2015 Sunset Review of the PPD program, an Economic Impact Study was conducted to analyze the Contributions, Costs, and Effectiveness of the State Use Program on the Texas Economy. The study can be found in Exhibit_GAP_VR_Eco_Impact.

Supplemental Reports

Annual program Supplemental Reports to the Governor that demonstrate performance against requirements stipulated in Texas Administrative Code Title 40, Part 20, Chapter 806: Purchasing from People with Disabilities, and Texas Human Resources Code Title 8, Chapter 122: Rights and Responsibilities of Persons with Disabilities, Chapter 122 - Purchasing from People with Disabilities. Additional information is available in the [TWC Supplemental Report FY 2024](#).

PPD Advisory Committee

The PPD Advisory Committee developed measures and targets and reported those to the commission in a Discussion Paper. The commissioners accepted the report. Agency Executive Director authorized the use of the measures and targets by the advisory committee as management measures only. The committee will take up discussion on the use of the measures at its next meeting to be scheduled later this year. For more information, see Exhibit_GAP_VR_PPD_Measures_Targets.

The measures and targets were developed by analyzing historical program data with the input of the Information, Innovation, and Insight Division. For more information, see Exhibit_GAP_VR_PPD_Performance_Calculations.

- D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.**

The program previously existed under the Council on Purchasing from People with Disabilities. As a result of the program's 2015 Sunset Review, Senate Bill 212 abolished the Texas Council on Purchasing from People with Disabilities and transferred the administration of the State Use Program to the TWC.

Functions of the program have not changed from their original intent.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

To participate in the PPD program, individuals must have a disability recognized under the Americans with Disabilities Act that impedes the person from seeking, entering, or maintaining gainful employment.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and**

procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC provides oversight of the program. The Commission, among other statutorily required roles, approves products and services to be set aside for purchase through the State Use Program and contracts with the central nonprofit agency to administer the program. The central nonprofit agency, WorkQuest, administers the day-to-day operations of the program and contracts with CRPs to provide the approved services and products. CRPs are nonprofit or government entities that hire people with disabilities to make products and perform services. People with disabilities must perform at least 75 percent of the work hours needed to produce a product or provide a service for the State Use Program. For more information, see flow chart in Exhibit_GAP_VR_PPD_FlowChart

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Purchasing for People with Disabilities Program	\$546,700	\$0	\$546,700

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

There are no other programs that provide identical or similar services or functions to the target population. Other state and federal programs—such as Vocational Rehabilitation Services, and Medicaid waiver programs—may support individuals with disabilities, but they do not provide employment through the sale of products and services produced by people with disabilities and therefore do not duplicate the function of the State Use Program.

The program provides certain goods and services to state agencies and local units of government that purchase these goods and services through the State Comptroller’s Smart Buy program.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Texas State University

TWC has an Interagency Agreement with Texas State University to conduct testing of new and existing products.

Texas Comptroller

The Comptroller assists with determining fair market price for new PPD products before being sold to state agencies, and to test certain existing products that state agencies are not buying.

The State Use Program

The State Use Program (Texas Human Resources Code, Chapter 122) exists to create meaningful employment for Texans with disabilities through private, non-profit CRPs. With that being the Program's purpose, the target population are the people with disabilities who gain employment.

AbilityOne Program.

Overseen by the U.S. AbilityOne Commission, the program provides employment to people with disabilities serving federal agency customers only and does not provide any services to the state of Texas or its political subdivisions. Some CRPs participate in both State Use and AbilityOne, but it is not a requirement, and many CRPs in Texas only provide employment through the State use Program.

J. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

The Workforce Innovation and Opportunity Act (WIOA) and its implementing regulations established that employment outcomes in the VR program must be in competitive integrated employment (CIE). WIOA defines competitive integrated employment CIE as work that is performed on a full-time or part-time basis for which an individual is:

- Compensated at or above minimum wage and comparable to the customary rate paid by the employer to employees without disabilities performing similar duties and with similar training and experience;
- Receiving the same level of benefits provided to other employees without disabilities in similar positions;
- At a location where the employee interacts with other individuals without disabilities; and
- Presented opportunities for advancement similar to other employees without disabilities in similar positions.

CRPs, as employers in the PPD program, do not meet this CIE requirement because individuals with disabilities must perform 75 percent of direct labor hours for products and services. Therefore, VR referrals to CRPs for employment placement has effectively stopped. This has created challenges for CRPs in finding individuals with disabilities to fill vacant positions.

K. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Workforce Development Division

The Workforce Development Division strengthens the Texas workforce by identifying and addressing skills gaps and workforce shortages in key sectors of the Texas economy. Also, training opportunities are offered for individuals to gain the skills needed to succeed in high-demand industries. Lastly, employers are supported by offering resources and assistance to attract, train and retain a skilled workforce.

Workforce Innovation and Opportunity Act

A. Provide the following information at the beginning of each description.

Name of division or program: Workforce Innovation and Opportunity Act

Location within the agency: Workforce Development Division, Policy and Board Support

Contact name: Joel Mullins, Deputy Director

Statutory citation.: Texas Government Code, Chapter 2308 and Texas Labor Code, Chapter 302

B. What is the objective of this division or program? Describe its major activities.

The federal Workforce Innovation and Opportunity Act (WIOA) program is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need. WIOA authorizes the following core programs under the workforce development system:

- Title I - Workforce development programs, including:
 - Adult and Dislocated Worker Program
 - WIOA Youth Program
- Title II - Adult Education and Literacy programs
- Title III - Wagner-Peyser Employment Services
- Title IV - Vocational Rehabilitation state grant programs

This section of the Guide to Agency Programs covers WIOA Title I. Titles II – IV are discussed in other sections of the Guide to Agency Programs.

TWC allocates federal WIOA Title I funding and sets performance targets through annual non-competitive grants awards to the 28 Local Workforce Development Boards. In addition to these operating grants, the Agency Board Agreement (ABA) establishes the working

relationship between TWC and each Board and includes the goals, responsibilities, and obligations of the parties in respect to the administration of the WIOA program, including staff and service delivery. Each Board then competitively procures contractors that employ staff at more than 170 Workforce Solutions Offices to provide services directly to the program participants. For more information, visit [Workforce Innovation & Opportunity Act Program](#).

TWC also administers the federal [Trade Adjustment Act \(TAA\) program](#) in partnership with the Boards. The program assists U.S. workers who have lost or may lose their jobs because of foreign trade. This program seeks to provide adversely affected workers with opportunities to obtain the skills, credentials, resources, and support necessary to become reemployed. Congress has not reauthorized the TAA program and DOLETA began a phased termination on July 1, 2022.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

WIOA requires states to formally measure performance for each population served through contracts with the Boards. In FY 2024 these measures included:

Adult	Dislocated Worker	Youth
Employed Q2	Employed Q2	Employed/Enrolled Q2
Median Earning Q2	Median Earning Q2	Median Earning Q2
Employed Q4	Employed Q4	Employed/Enrolled Q4
Credential Rate	Credential Rate	Credential Rate
Measurable Skills Gain	Measurable Skills Gain	Measurable Skills Gain

Additional program measures for WIOA include:

- Employed/Enrolled Q2 - All Career & Training Participant
- Employed/Enrolled Q2-4 - All Career & Training Participant
- Credential Rate - All Career & Training Participant
- Participants Served
- Average Cost Per Participant Served

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

WIOA, which replaced the Workforce Investment Act of 1998 (P.L. 105-220), is the primary federal legislation that supports workforce development. WIOA was enacted to increase coordination and alignment among federal workforce development and related programs. Originally, WIOA was authorized for appropriations from FY 2015 through FY 2020.

WIOA expired in 2020. Since then, several reauthorization bills have been filed in Congress, but none have passed. TWC staff continues to monitor the reauthorization of WIOA at the federal level. WIOA funding has been extended through the annual appropriations process, most recently for FY 2022 through the Further Consolidated Appropriations Act, 2024 (P.L. 118-47). TWC is aware of and tracking the potential impacts of ongoing federal legislation relating to WIOA.

The TAA termination provisions took effect on July 1, 2022. Under termination, DOLETA may not conduct new investigations or issue certifications of eligibility for new groups of workers.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Federal WIOA guidelines define eligibility for Title I programs serving adults, dislocated workers, and youth.

Adult Program: Applicants must be 18 years or older, U.S. citizens or authorized to work in the U.S., and meet Selective Service requirements (if male). Priority is given to veterans/spouses and other individuals receiving public assistance, who are low-income, or basic skills deficient.

Dislocated Worker Program: Must meet adult program requirements plus one of eight displacement conditions, including layoff/termination (with or without unemployment benefits), plant closure, displaced homemaker, or military spouse job loss due to relocation.

Youth Program: Applicants must be U.S. citizens or authorized to work, meet Selective Service requirements (if male), and have a school attendance status. In-School Youth are 14-21 years old, attending school, low-income (or live in high-poverty areas), and have at least one barrier (e.g., basic skills deficient, homeless). Out-of-School Youth are 16-24 years old, not attending school, and have at least one barrier (e.g., school dropout, involvement with justice system, homeless).

Additional information about how WIOA eligibility is determined and is available in the [WorkInTexas.com WIOA Title I Eligibility Document Log](#).

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

TWC provides statewide administrative oversight of the WIOA program, but does not directly administer WIOA services. TWC's responsibilities include:

Developing policies and guidance for the provision of services based on state and federal program laws and regulations through [Workforce Development Letters](#) and [Program Guides](#).

- Allocating funds for services to the Boards through grant agreements.
- Providing technical assistance to the Boards.
- Establishing and monitoring Board performance targets.

Additional information about how the program is administered and operated is listed below:

- [WIOA Guideline for Adults, Dislocated Workers, and Youth](#)
- [WIOA Guide to Texas Workforce System Operations](#)
- [Program Year 2024-27 WIOA Combined State Plan](#)
- [WIOA Annual Report for Program Year 2023](#)

TWC and the Boards continue to support TAA participants certified by DOLETA before July 1, 2022. This support includes benefits and services to eligible trade-affected workers such as training, job search assistance, relocation allowances, employment and case management services, and outreach to members of certified worker groups. As of July 2025, the workforce system is managing four TAA cases.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). *(If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)***

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Workforce Innovation and Opportunity Act Title I Programs (Adults/Dislocated Workers)	\$164,312,539	\$162,758,033	\$1,554,506
Youth Programs	\$92,173,596	\$92,173,596	\$0
Disaster & Emergency Funding	\$3,108,900	\$3,108,900	\$0
Trade Adjustment Assistance	\$2,697,985	\$2,697,985	\$0
Total	\$262,293,020	\$260,738,514	\$1,554,506

In addition to statutory formula funding, TWC uses Governor's reserve statewide funding in conjunction with other funding where feasible and appropriate, to encourage innovation at the local level through grants to Boards, institutions of higher education, community-based organizations, and other suitable entities.

The Commission approves the use of such funds to conduct statewide initiatives to address WIOA's focus on workforce integration, quality improvement, capacity building, professional development, internships, externships, and more. The initiatives apply across the following programs and services.

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

WIOA requires collaboration with other federal employment programs. Partner programs are identified in Title 40, Texas Administrative Code, §801.27.

WIOA emphasizes planning across multiple workforce partner programs to ensure alignment in service delivery.

Memoranda of Understanding (MOUs) Guidelines:

Required Partners (Board-Administered/Direct Agency Control): MOUs are generally not required for programs under direct oversight of the Boards, including:

- WIOA Adult, Dislocated Worker, and Youth programs
- Wagner-Peyser Employment Service (ES)
- UI and RESEA programs
- Choices (TANF employment/training)

- SNAP E&T
- Child Care Services
- TAA
- AEL programs (when Board is grantee)
- National Dislocated Worker Grant (NDWG) program

Required Partners (Not Board-Administered): MOUs are required for programs not under direct Board oversight, such as:

- AEL (when Board is not grantee)
- Apprenticeship programs (Texas Education Code, Chapter 133)
- Perkins V career and technical education programs
- Veteran job counseling, training, and placement services
- Job Corps (DOL administered)
- Native American programs (WIOA Title I)
- HUD-administered employment and training programs
- Community Services Block Grant Act employment and training
- Second Chance Act Reintegration of Offenders programs
- WIOA §167 Migrant and Seasonal Farmworker programs
- Senior Community Service Employment Program (SCSEP)

Optional Partner Activities: Boards are recommended to enter into MOUs with:

- Social Security Administration employment/training programs (including Ticket-to-Work)
- Small Business Administration employment/training programs
- OneStar Foundation programs
- Other federal, state, or local programs (e.g., public libraries, private sector)

Additional Partnerships: Boards are encouraged to expand networks with entities like local education boards, vocational agencies, Economic Development Organizations (EDOs), Chambers of Commerce, Community-based Organizations (CBOs), and Faith-based Organizations (FBOs).

Interagency Case Management: TWC and the Texas Health and Human Services Commission (HHSC) must jointly develop an MOU for coordinated case management. Boards are also required to develop and implement this plan in cooperation with local HHSC offices.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

DOLETA administers the program at the federal level. In addition to funding, DOLETA provides guidance, technical assistance, and oversight to TWC.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

Texas Labor Code, Chapter 302 and Texas Government Code, Chapter 2308 describe the general operations of TWC, the Workforce Development Division, and the Boards. These statutes define and describe the requirements of the integrated service delivery model in Texas and identify the workforce development programs that are under the authority of TWC. Both chapters may require substantial amendments to update federal program references.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Employment Services

A. Provide the following information at the beginning of each description.

Name of division or program: Employment Services

Location within the agency: Workforce Development Division, Policy and Board Support

Contact name: Joel Mullins, Deputy Director

Statutory citation: Texas Labor Code, Chapters 302 and 307

B. What is the objective of this division or program? Describe its major activities.

The federal Wagner-Peyser funded Employment Services (ES) program provides comprehensive recruiting, job search, and related services to businesses and job seekers to connect employers seeking workers and individuals seeking employment. ES coordinates job openings between states and administers UI work test to verify that individuals receiving UI benefits are registered for work and are actively seeking employment. ES provides a variety of employment-related services for employers, job seekers, including unemployment benefits claimants, including:

- Recruitment services for employers with job openings
- Job search assistance, job referral, and placement assistance for job seekers

Federal ES regulations also require the state to maintain a labor exchange system. TWC's online job matching system, WorkInTexas.com, helps employers and job seekers connect electronically. Employers and job seekers can register for work online, browse for jobs, and request matches against job postings and job seeker registrations.

Federal ES regulations also require a full-time staff member at the state, regional, and federal levels to ensure that equal services are provided to Migrant Seasonal Farm Workers (MSFWs). As a result, the agency maintains a full-time State Monitor Advocate, which is discussed in more detail in the State Monitor Advocate section of the Guide to Agency Programs.

Unlike other workforce programs which are administratively overseen by TWC and contracted to the 28 Boards, TWC provides both administrative oversight and employs the ES staff providing direct services. TWC provides operating grants to each of the 28 Boards to support the ES staff in their workforce area.

The U.S. Department of Labor's Employment and Training Administration (DOLETA) mandates that ES staff be employed by the state, known as State ES Merit Staff. Under the

Texas Model, responsibility for the day-to-day direction and oversight of ES Merit Staff is assigned to the Boards and their workforce service contractors, who manage the service delivery in local Workforce Solutions Offices.

TWC coordinates with the Boards to administer ES services. This approach helps to reduce inherent duplication that may occur when such services are operated independently. Additionally, all customers are maintained and tracked in WorkInTexas.com, TWC's combined labor exchange and case management system, which helps to ensure that service provision is coordinated, and duplication is avoided. All Texans, or individuals interested in employment within the state, can access WorkInTexas.com (with or without staff assistance) to search open jobs, access regional and industry-based labor market trends, take various assessments, and learn about other available state and federal programs.

At the state level, TWC administers the ES program through:

- Policy development
- Guidance on state and federal statutes and regulations through [Workforce Development Letters](#) and [Program Guides](#)
- Providing technical assistance
- Allocating operating funds to Boards
- Establishing local performance targets

More information is available online, [Employment Service Program](#). [Employment Service Guide](#) provides information regarding program and administration.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

ES program outcomes, efficiencies, and outputs are reported to state and federal oversight entities. These measures include those that are reported to the Texas Workforce Investment Council (TWIC) and the LBB as part of the formal measures required by Texas Government Code. The three formal measures for the program include Customers Served, Entered Employment, and Employment Retention. Less formal measures are part of Texas' Employers System Goal and are intended to accelerate the delivery of relevant education and training programs. Goals included in the less formal measures are not directly dependent on employment service delivery or the ES program. Instead, the measures

serve as a system goal to strategically aid in meeting the demand of employers, which are ES customers.

Formal and less formal measures and outcomes are included in TWIC's [Evaluation 2024 Accomplishments and Outcomes of the Texas Workforce System](#).

The LBB has established the following four measures for the Employment Services program. Refer to Section II, Exhibit 2 for actual program performance outcomes.

- Average Cost Per Participant Served - Employment Services
- Median Earnings Q2 Post Exit – Employment Services
- Employed/Enrolled Q2 Post Exit – Employment Services
- Employed/Enrolled Q2-Q4 Post Exit – Employment Services

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In 2003, TWC significantly changed the oversight and responsibility for ES Merit Staff. Under the “Texas Model” TWC devolved responsibility for the day-to-day direction and oversight of ES staff from the state to the Boards and their workforce service contractors. This was done to better support an integrated workforce system. TWC maintained the ultimate responsibility for all employment decisions and actions relating to the “Texas Model” staff. Integrated Service Area Managers (ISAMs) were designated as the TWC supervisors for “Texas Model” staff. The ISAMs coordinate all actions relating to “Texas Model” staff with Boards and their contractors.

Effective Feb. 5, 2020, through rulemaking, DOLETA initially removed the requirement that employment services be provided exclusively by state merit staff. In the preamble to the 2020 Final Rule, DOLETA explained its intention to grant states maximum flexibility in staffing arrangements, thereby enabling better alignment of WIOA and ES staffing models. Subsequently, several states received approval to utilize diverse staffing configurations for their ES services, as delineated in their approved WIOA State Plans.

In 2023, DOLETA reversed course via notice-and-comment rulemaking, reinstating the requirement for states to use state merit staff for ES service delivery. These regulations, titled the Wagner-Peyser Act Staffing Final Rule, were published in the Federal Register on Nov. 24, 2023, and became effective on Jan. 23, 2024.

The Wagner-Peyser Act Staffing Final Rule revised ES regulations to:

- Require the use of ES Merit Staff for the provision of ES services.

- Strengthen services to MSFWs.
- Enhance protections under the Monitor Advocate System and the ES and Employment-Related Law Complaint System.

DOLETA stipulated a 24-month compliance period for the state merit staffing requirements, mandating that states comply with these provisions by Jan. 22, 2026.

On July 1, 2025, DOLETA issued a proposal to rescind the Wagner-Peyser Act Employment Service Staffing Final Rule. This proposed deregulatory action would permit states to adopt the staffing model most efficient for providing the required services within their respective jurisdictions. The public comment period for this proposed rule change concludes on Sept. 2, 2025. TWC is currently planning and evaluating staffing models taking into consideration the proposed changes to the rule.

TWC will continue to monitor developments regarding the proposed deregulation to determine its next steps for planning and collaboration with the Boards, based on the final federal decision and guidance received.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

TWC is responsible for providing ES services to all employers and job seekers that request services. There are no eligibility requirements for ES services.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC provides annual operating grants to each of the 28 Boards to administer the ES program locally. Allocations to the Boards are governed by Title 40, Texas Administrative Code, Part 20, §800.57. The Boards use this funding to support:

- The ES Merit Staff in their workforce area.
- The operation of the one-stop service delivery system, which includes physical Workforce Solutions Offices and services provided remotely.

In addition to the Board operating grants, the Agency Board Agreement (ABA) establishes the working relationship between TWC and each Board and includes the goals, responsibilities, and obligations of the parties in respect to the administration of the ES program, including staff and service delivery.

TWC's team of six ISAMs ensure the effective operation of ES Merit Staff and Wagner-Peyser activities at the local level by providing technical assistance to Boards. Collaborating with the Boards, ISAMs oversee personnel actions for 439 ES Merit Staff across 170 Workforce Solutions Offices, fostering collaboration and excellence in service delivery to support an integrated workforce system.

ES Merit Staff located in the Workforce Solutions Offices provide services to all customers, including the provision of specialized services to MSFWs, veterans, and unemployment claimants. ES Merit Staff provide comprehensive recruiting, job search, and related services to businesses and job seekers to connect employers seeking workers and individuals seeking employment. ES Merit Staff coordinate job openings between states and administers UI work test to verify that individuals receiving UI benefits are registered for work and are actively seeking employment

Additional information about the program and the administration is available online, [Employment Services Program](#).

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
WP Employment Services (WIOA Title III)	\$50,319,369	\$50,319,369	\$0

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

TWC collaborates with the Boards to provided integrated federally required workforce development programs. This relationship is governed by the grant agreements and the ABA. While other workforce development programs have eligibility requirements, there are no eligibility requirements to participate in Wagner-Peyser Employment Services. Although these programs often provide career services that may be similar to those offered through ES program, the major difference is the eligibility to become enrolled in the program. Individuals may be co-enrolled in any of the previously mentioned programs if they meet the eligibility criteria of each program.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

As previously discussed, TWC works closely with DOLETA and the 28 Local Workforce Development Boards to administer the ES program.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

The uncertainty of the federal rule changes is impeding the ability to move forward with implementing the plan TWC developed prior to the notification of the proposal to rescind the rule requiring that states use merit staff to provides ES services. Additionally, should the rule changes remain in place, it will be challenging to meet the existing implementation deadline, which is currently, Jan. 22, 2026.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Mandatory Workforce Programs

- A. Provide the following information at the beginning of each description.**

Name of division or program: Mandatory Workforce Programs

Location within the agency: Workforce Development Division, Policy and Board Support

Contact name: Patricia Martinez, Director

Statutory citation: Texas Labor Code, Sections 302.0035 and 302.021, Texas Human Resources Code, Chapters 31 and 34

B. What is the objective of this division or program? Describe its major activities.

TWC's mandatory workforce programs include the following programs that require individuals to participate in work programs to receive federal benefits:

- [Choices Program](#) for people who receive TANF.
- [Noncustodial Parent \(NCP\) Choices Program](#) for parents, that do not have custody of their children and are struggling to pay child support.
- [Supplemental Nutrition Assistance Employment and Training](#) (SNAP E&T) for people who receive SNAP benefits.

TWC provides statewide administrative oversight of these programs, while the 28 Local Workforce Development Boards plan and provide services at the local level. TWC's responsibilities include:

- Developing policies for the provision of services based on state and federal program laws and regulations.
- Allocating funds for services to the Boards through grant agreements.
- Providing technical assistance to the Boards.
- Establishing and monitoring Board performance targets.

TWC allocates funding and sets performance targets for each program through annual non-competitive grant awards with each of the 28 Boards to administer services. In addition to the board operating grants, the Agency Board Agreement (ABA) establishes the working relationship between TWC and each Board and includes the goals, responsibilities, and obligations of the parties in respect to the administration of the mandatory programs, including staff and service delivery. Each Board then competitively procures contractors that employ Workforce Solutions Office staff. Workforce Solutions staff provide services directly to program participants. While Choices and SNAP E&T services are offered by all 28 Boards, only 21 offer NCP services.

HHSC is the administering agency for both TANF and SNAP assistance in Texas. As such, TWC works closely with HHSC to provide workforce services to program participants. TWC receives customer referrals for the Choices and SNAP E&T programs through an automated interface with HHSC. TWC receives referrals for the NCP program from the Office of the Attorney General's Child Support Division. Workforce Solutions staff contact clients based on referral lists provided by TWC.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The LBB has established the following measures for the TANF Choices and SNAP E&T programs. Refer to Section II, Exhibit 2 for actual program performance outcomes.

Choices

- Participants Served – TANF Choices
- Avg Cost Per Participant Served - TANF Choices
- Credential Rate – TANF Choices
- Employed/Enrolled Q2-Q4 Post Exit – TANF Choices

SNAP E&T

- Participants Served – SNAP E&T
- Avg Cost Per Participant Served - SNAP E&T
- Median Earnings Q2 Post Exit – SNAP E&T
- Credential Rate – SNAP E&T
- Employed/Enrolled Q2 Post Exit – SNAP E&T
- Employed/Enrolled Q2-Q4 Post Exit – SNAP E&T

In addition to the LBB measures, TWC has established the following Board Contract Year (BCY) measures.

BCY 2024 program measures for the TANF Choices program include:

- Choices Full Engagement
- Career and Training Employed/Enrolled Q2 Post Exit
- Career and Training Employed/Enrolled Q2 – Q4 Post Exit
- Career and Training participants Credential Rate

BCY 2024 program measures for the SNAP E&T program include:

- Career and Training Employed/Enrolled Q2 – Q4 Post Exit
- Career and Training participants Credential Rate

BCY 2024 program measures for the NCP program include:

- Employed/Enrolled Q2 Post Exit
- Employed/Enrolled Q2 –Q4 Post Exit
- Career and Training Employed/Enrolled Q2 Post Exit
- Career and Training Employed/Enrolled Q2 – Q4 Post Exit
- Career and Training Participants Credential Rate

In an ongoing effort to align performance measures with workforce system priorities, for BCY 2025 TWC replaced Career and Training Employed/Enrolled Q2 Post Exit with a new measure, Active Job Seeker New Employment Connection Rate, and Career and Training Employed/Enrolled Q2 – Q4 Post Exit was replaced with Maintaining Employment Connection Rate.

TWC staff from the grants, program, and finance departments conduct monthly performance briefings with Board leadership to review the contracted performance measures, expenditures and outcomes. If a Board is not meeting performance, a corrective action plan is put in place.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The Family Support Act of 1988 created the federal Job Opportunity and Basic Skills program, designed to move Aid to Families with Dependent Children recipients towards self-sufficiency through education and training.

Texas began its own welfare reform with HB 1863 (1995), consolidating workforce development programs under the newly created Texas Workforce Commission and obtaining a federal waiver. This allowed Texas to implement stricter "work-first" policies, personal responsibility agreements, and time limits, which were later largely adopted or influenced federal welfare reform.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced Aid to Families with Dependent Children with Temporary Assistance for Needy Families. Texas continued operating under its waiver (renaming its TANF employment program "Choices"), maintaining its focus on immediate employment and granting flexibility to local workforce boards.

Parallel to welfare reform, the Food Stamp Employment and Training program (now Supplemental Nutrition Assistance Program Employment and Training) evolved, introducing work requirements, particularly for Able-Bodied Adults Without Dependents, and expanding services.

In August 2005, the NCP Choices program, a collaborative effort between TWC, Office of Attorney General, Boards, Workforce Solutions Offices, and family court judges was initiated.

Administrative authority for these programs in Texas has shifted over time, notably with the TWC becoming central to workforce development and the recent transfer of SNAP E&T administration from TWC to the Texas Health and Human Services Commission (HHSC) in April 2018. Continuous federal acts (e.g., Deficit Reduction Act, Farm Bills, Agriculture Improvement Act, Fiscal Responsibility Act) have led to ongoing adjustments in program requirements, funding, and a stronger emphasis on employment outcomes and earning gains.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Each of these programs serve a different demographic of participants, with unique eligibility criteria. HHSC and the Office of Attorney General determine eligibility for program participants and refer them to TWC for services.

The Choices program serves custodial parents who are currently receiving public assistance, while the NCP Choices program serves noncustodial parents whose child support payments are in arrears or have not yet been established. The Choices program sets work requirements based on family composition, for families with either one or two parents. For two-parent families, at least one of them must work to meet the program's work requirement. Choices services assist applicants, recipients, non-recipient parents, and former recipients of TANF cash assistance in preparing for, obtaining, and retaining employment. In FY 2024, 8,786 customers received Choices services, and 7,534 customers received NCP Choices services.

The SNAP E&T program serves mandatory work registrants that are receiving food assistance and are 16 to 59 years old and work less than 30 hours per week or are unemployed. The program may also serve SNAP recipients that are exempt from work registration or reside in minimum-service counties. In FY 2024, 3,802 customers received SNAP E&T services.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC provides the overall framework, funding, and oversight for the Choices, NCP, and SNAP E&T programs, while the Local Workforce Development Boards implement the program at the local level through contracts with service providers who deliver direct services to individuals. The program is designed to be client-centered and focused on helping individuals achieve their employment goals.

The Choices, NCP, and SNAP E&T programs all use similar service delivery models, offering assessment, employment plan development, case management, job search assistance, training opportunities, and support services. Choices, NCP, and SNAP E&T are all mandatory participation programs. Services provided by all these programs aim to assist unemployed and underemployed individuals in obtaining stable, self-sufficient employment. The mandatory participation programs impose consequences for failure to participate as required, such as denial of public assistance and food benefits, and incarceration. More information about referrals and consequences for each program is provided below.

NCP

The Office of the Attorney General identifies eligible NCP participants, refers them to the courts, monitors their child support payments, and takes action to remove noncompliant participants. Local family courts issue orders mandating participation in the program and may impose consequences for noncompliance. Local Workforce Development Boards coordinate and administer services locally and communicate results back to local family courts and the Attorney General.

Choices

HHSC determines eligibility and mandatory or exempt status of participants and electronically transmits this information to TWC's automated case management system, WorkinTexas.com. Once the TANF recipient's information is electronically transmitted to WIT, Workforce Center staff conduct outreach.

All mandatory Choices participants who are outreached and who fail to comply with Choices work requirements are sanctioned by HHSC as follows:

Self-Evaluation Report

- Before Workforce Solutions Office staff initiates a sanction recommendation, an attempt is made to determine whether good cause exists for the noncompliance.
- If good cause is not established, a penalty request is initiated within seven days of noncompliance.
- HHSC works the penalty within five workdays after receiving notice of Choices noncooperation.
- If the Choices participant fails to participate for two consecutive months, TANF benefits are denied, and the Choices participant must reapply and demonstrate cooperation in the Choices program for 30 days to have TANF benefits restored.

SNAP E&T

HHSC determines eligibility and mandatory or exempt status of participants and electronically transmits this information to TWC's case management system, WIT. Once the SNAP recipient's information is electronically transmitted to WIT, the outreach process occurs as follows:

- SNAP recipients classified as Able-Bodied Adults Without Dependents are outreached within 10 days of appearing in WIT.
- SNAP recipients classified as SNAP E&T General Population are outreached as funding permits.

HHSC sanctions all mandatory work registrants who are outreached and fail to comply with SNAP E&T work requirements by forfeiting their distribution of SNAP benefits for the following time periods.

- One month for the first noncompliance or until the individual agrees to comply, whichever is longer.
- Three months for the second noncompliance or until the individual agrees to comply, whichever is longer.
- Six months for a third or subsequent noncompliance or until the individual agrees to comply, whichever is longer.

Program Guides

Additional information about how each program is administered is available at the following links.

- [Choices Program Guide](#)

- [NCP Choices Program Guide](#)
- [SNAP E&T Program Guide](#)

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Noncustodial Parent (NCP) Program	\$2,500,000	\$0	\$2,500,000
Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T)	\$14,507,901	\$0	\$14,507,901
Temporary Assistance for Needy Family (TANF) Choices Program	\$90,418,754	\$81,589,402	\$8,829,352
Total	\$107,426,655	\$81,589,402	\$25,837,253

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

As previously discussed, TWC works closely with both HHSC and the Office of Attorney General to administer the three mandatory workforce programs. The agencies have several contracts and agreements governing these partnerships. TWC also has grant agreements with the 28 Local Workforce Development Boards governing the implementation of the programs at the local level.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC’s mandatory workforce programs are administered in partnership with federal and state agencies that provide funding, regulations, oversight, and customer referrals. TWC also works closely with the 28 Local Workforce Development Boards to deliver these services directly to customers. More information about federal coordination is provided below.

Choices and NCP

The U.S. Department of Health and Human Services, Administration for Children and Families (ACF), administers the TANF Block Grant which funds the Choices program. HHSC reports to ACF about Texas' TANF program. Texas must also submit a TANF Work Verification Plan that gives information about allowable work activities and the documentation and verification of those activities. HHSC prepares the following reports, with input from TWC, and submits them to ACF:

- [TANF State Plan – Texas Health & Human Services](#)
- [TANF Work Verification Plan](#).

SNAP E&T

The U.S. Department of Agriculture's Food and Nutrition Service administers the SNAP E&T program. The Service allocates SNAP E&T funds to HHSC for the administration of the program, approves state plans, and monitors compliance with federal SNAP E&T laws and regulations through a management evaluation review process. Consultation and coordination between HHSC and the workforce development system for both SNAP E&T and Choices is discussed in [HHSC's SNAP Employment and Training State Plan - FFY 2024](#).

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility).

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In

addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Reemployment Services and Eligibility Assessment

A. Provide the following information at the beginning of each description.

Name of division or program: Reemployment Services and Eligibility Assessment

Location within the agency: Workforce Development Division, Policy and Board Support

Contact name: Suzette Robinson, Director

Statutory citation: Texas Labor Code, Chapters 201-215 and 307

B. What is the objective of this division or program? Describe its major activities.

The [Reemployment Services and Eligibility Assessment \(RESEA\) Program](#) is funded through TWC's federal Unemployment Insurance (UI) grant and is mandated by the state to help UI claimants quickly find new employment, minimize their dependence on UI benefits, and ensure integrity in the UI system by providing individualized assessments and targeted reemployment services. State participation in RESEA is voluntary.

The RESEA program has four purposes.

- Reduce UI duration through improved employment outcomes.
- Strengthen UI program integrity.
- Promote alignment with the vision of WIOA.
- Establish RESEA as an entry point to other workforce system partners.

The RESEA program provides UI Claimants with a wide array of available resources that support reemployment and connect them to career services. The Workforce Development Division works in concert with the UI Division to guide, plan and report on the program in accordance with the U.S. Department of Labor's Employment and Training Administration's (DOLETA) guidelines. TWC provides funding to each of the 28 Local Workforce Development Board partners, to administer and hire contract service providers to provide mandatory services to all claimants that are profiled as likely to exhaust UI benefits before finding employment. Contracted staff provide reemployment services in person and via mobile and virtual platforms to UI claimants. Failure to complete all the required RESEA services or failure to show up for the scheduled initial RESEA appointment may result in referral to the UI Division for adjudication and suspension of benefits.

Goal in Texas: Job Over Benefits (GiTJOBS) is the Texas-specific name TWC has assigned to the RESEA program. Customers who are profiled into mandatory participation in the RESEA program are having better experiences across the board thanks to GiTJOBS.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

TWC tracks four key performance measures to assess the efficacy of the RESEA program. The first two are measured at the Board level and are mandated in annual contracts – these are initial appointment completion rate and failure to report (FTR) rate. DOLETA requires states to maintain completion rates of 70 percent or greater and FTR rates of 30 percent or less. TWC sets higher standards of 77 percent completion rate and 23 percent FTR rate at the Board level. Because the GiT:JOBS initiative has streamlined the customer experience, more customers are completing all required services. Statewide customer completion rates have increased from 54 percent in 2023 to 64 percent in 2024, with 14 of the 28 Board area completion rates increasing by 10 percent or more year over year.

The other two key performance measures tracked by DOLETA are the average UI duration and statewide reemployment rates, which were 14 weeks and 66 percent respectively for Texas as of the FY 2024 mid-year report. Texas exceeded the DOLETA targets for UI duration and reemployment in both FY 2023 and FY 2024. Additionally, Texas' performance improved in both categories year over year. Statewide average UI duration for RESEA customers decreased from 15 to 14 weeks and statewide reemployment rate for RESEA customers increased from 65 percent to 66 percent. DOLETA mid-year reports can be found here: [ETA TEN 07-23](#) and [ETA TEN 12-24](#). Starting in FY 2021, DOLETA set aside 10 percent of the program funding to award performance outcome payments to states that meet UI duration targets and reemployment targets. Texas has met the UI duration target all four years and the reemployment target every year since FY 2022. Texas is one of the first states to utilize the RESEA performance outcome payments as an incentive to improve RESEA completion rates. Board performance in providing claimants with all required services improved roughly 20 percent year over year.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The Unemployment Compensation Amendments of 1993 amended the federal Social Security Act to require states to establish Worker Profiling and Reemployment Services (WPRS) systems to profile and identify UI claimants who are likely to exhaust benefits and need assistance finding new employment.

Beginning in 2005, DOLETA funded the voluntary Reemployment and Eligibility Assessment (REA) program to address the individual reemployment needs of UI claimants as well as prevent and detect incorrect benefit payments.

In 2015, the RESEA program replaced the REA program providing greater access to reemployment services in addition to services previously provided under the REA program.

In 2018, amendments to the Social Security Act permanently authorized the RESEA program and implemented several significant changes including formula-based funding and a series of requirements intended to increase the use and availability of evidence-based reemployment interventions and strategies. At that time, TWC replaced the Rapid Reemployment Services program with the RESEA program.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The primary eligibility requirement for individuals to participate in RESEA is that they must be receiving UI benefits. TWC uses a statistical model to determine potential for reemployment for all UI claimants. If selected, a notification letter is sent by TWC to the UI claimant and participation in RESEA Services is mandatory.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Statistical Model and Profiling: Each week, claimants who received their first unemployment benefits payment are profiled and assigned a score using the RESEA statistical model. Claimants are assigned a score between 0.00–1.00 based on individual factors such as work history, unemployment claim history, and wage earnings. A higher score indicates a greater risk of exhausting unemployment benefits before returning to work. Only claimants who are required to search for work as a condition of receiving UI benefits are profiled for RESEA and assigned a score.

Board Cutoff Scores: TWC's Information Innovation & Insight division determines cutoff scores for each Board based on local exhaustion rates and economic conditions. Boards are required to outreach all claimants assigned a score at or above the cutoff score for RESEA services. Each Board's cutoff score is reviewed quarterly and revised as necessary.

Mandatory RESEA Participants: Claimants who are assigned an RESEA score that is at or above the Board's cutoff score and are outreached by contracted staff for services must participate in and complete all required RESEA services. The following are required RESEA services:

- RESEA orientation, which includes information about access to Workforce Solutions Office services and RESEA program requirements and their impact on continued eligibility for UI benefits.
- Enrollment in employment services funded by the Wagner-Peyser Act.
- Assistance in developing and implementing an IEP.
- A one-on-one Unemployment Benefits Eligibility Assessment, including a review of work search activities and referral to adjudication, as appropriate.
- Provision of customized labor market information based on an assessment of the claimant's specific needs.

Unless the claimant is given an exemption, failure to participate in or complete all required RESEA services may result in a suspension or loss of unemployment benefits.

Tracking Participation: WorkInTexas.com is used to enter and track participation, rescheduling, FTR, appointment attendance, and employment planning goals for RESEA participants. The following table contains the timeline for RESEA services:

Requirement	Deadline
RESEA orientation date	Within 7 to 21 days from the date the auto-scheduler runs after the claimant has been added to the outreach pool
All RESEA services must be provided	Within 7 calendar days from the scheduled RESEA orientation date
All RESEA services must be entered in WorkInTexas.com	Within 7 calendar days from the scheduled RESEA orientation date

Additional program information is available in the [RESEA Program Guide](#).

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Reemployment Services and Eligibility Assessment	\$18,699,859	\$18,699,859	\$0

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population

By applying for RESEA funding, states agree to integrate the RESEA program with WIOA-funded and Wagner-Peyser-funded services. RESEA activities were developed to supplement rather than supplant current reemployment activities provided by the workforce system, and, in this context, RESEA participants must be co-enrolled in Wagner-Peyser-funded Employment Services as part of the initial RESEA orientation. Co-enrollment in WIOA Dislocated Worker or other available programs may also be appropriate. RESEA's serves as an entry point to the workforce system for over one million UI claimants each year.

Employment Services Merit Staff also assist in the delivery of RESEA services in line with a Standard Operating Procedure developed in April 2025.

TWC also participates in an evaluation workgroup with four other states where participants discuss best practices for building evidence, as well as a multi-state RESEA selection model evaluation with U.S. DOL.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC's RESEA program works closely with DOLETA, which provides program funding. Program staff also collaborates with Local Workforce Development Boards, responsible for operating Workforce Solutions Offices and securing contract staff to deliver RESEA services to customers. While DOLETA conducts periodic assessments of the program in Texas, TWC's RESEA program staff also regularly visit Boards to ensure compliance with DOLETA guidelines.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The Reemployment measures are impeded by the current list of allowable work-search activities. The broad list of work-search activities, and participant program requirements to be in compliance leaves an opportunity for claimants to continue to receive benefits to exhaustion, without applying for an actual job.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

RESEA Evaluation Activities: In accordance with the amendments to §306 of the Social Security Act included in the Consolidated Budget Act of 2018, TWC conducted evaluations of RESEA interventions and service delivery strategies beginning in the 2020 program

year. These evaluations examine the program's effect on UI claim length and employment outcomes.

Evaluation activities included a statewide implementation study that examined how the program is operated across the state and a randomized controlled trial that tested the effectiveness of providing a second appointment to RESEA participants.

The Implementation and Process Evaluation, led by Texas A&M's Public Policy Institute (TAMU), is ongoing and will provide foundational program information on each Board's RESEA processes. This study is expected to be completed in September 2025. TAMU also commenced two quasi-experimental design studies evaluating the impact of RESEA services on employment outcomes, median wages, and UI duration for FY 2022 and FY 2023. In addition, TAMU has developed a plan to conduct a randomized controlled trial evaluating the impact of the various services provided to customers as part of the Subsequent Meetings Pilot.

For more information, visit [Reemployment Services and Eligibility Assessment Grants](#).

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Senior Community Service Employment Program

A. Provide the following information at the beginning of each description.

Name of division or program: Senior Community Service Employment Program

Location within the agency: Workforce Development Division, Grants

Contact name: Steven Sager, Director; Ryan Clinton, Manager

Statutory citation: Texas Labor Code, Section 302.021; Texas Human Resources Code, Section 101A.101

B. What is the objective of this division or program? Describe its major activities.

The Senior Community Service Employment Program (SCSEP) is funded under Title V of the federal Older Americans Act and is administered under guidance from the U.S. Department of Labor's Employment and Training Administration (DOLETA). The program helps older job seekers, age 55 and above, who have a low income by offering training and help to find jobs in the public and private sectors. Participants earn a small wage for working part-time at nonprofit groups or government agencies. Participants learn new skills or improve the skills they already have.

Five national organizations (AARP, Center for Workforce Inclusion, National Asian Pacific Center on Aging, SER Jobs for Progress, and Institute for Indian Development) receive funds directly from DOL to operate SCSEP in Texas. Appropriations are distributed as follows: 78 percent of the funds go to DOLETA-funded national grantees and 22 percent of the funds go to the states. TWC contracts with AARP Foundation to operate SCSEP in TWC's SCSEP 90-county service area.

A list of service providers in Texas by county can be found in the SCSEP Service Providers spreadsheet.

AARP Foundation administers the program under a competitive contract awarded by TWC. TWC's Federal Grant Management Team provides guidance and support to grantees throughout the grant lifecycle, acting as a vital link between TWC and its partners.

Additional information about the program and the administration can be found:

- [Senior Community Service Employment Program](#)
- Section VII of the [WIOA Combined State Plan for Program Years 2024–2027](#)

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Federal performance measures for SCSEP include:

- Authorized Positions Filled

- SCSEP Community Service Hours
- Employed Q2 Post Exit – SCSEP
- Employed Q4 Post Exit – SCSEP
- Median Earnings – SCSEP
- Satisfaction Survey Rate – Host Agencies
- Satisfaction Survey Rate – Participants
- SCSEP Service Level
- SCSEP Service to Most In Need, as defined in Question E below

Performance definitions and goals assigned to grantees are listed in [Subpart G - Performance Accountability](#).

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Older Americans Act (OAA) Amendments of 1973 created SCSEP to provide part-time subsidized jobs for low-income persons aged 55 and older. The OAA Amendments of 2000 shifted SCSEP's purpose from providing subsidized community service jobs to providing subsidized community service training to help older Texans obtain unsubsidized jobs. The 2006 OAA Amendments established a maximum of 48 months of participation in the program, with exceptions under certain circumstances, and added core performance measures. SCSEP is the only OAA program administered by DOLETA.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

SCSEP's target population is low-income seniors. SCSEP eligibility requirements include being 55 years of age or older, being unemployed, having a household income that is 125 percent or less of the federal poverty guideline, and being eligible to work in the country. Priority of service is given to individuals with one or more of the following characteristics:

- People who are 65 or older get special priority to join the SCSEP program, as well as people who:
 - Have a disability

- Have a hard time speaking English
- Live in rural areas
- Are veterans
- Have trouble finding jobs
- Are unable to find work after getting help from a WIOA program
- Are homeless or at risk of becoming homeless
- Have been in jail or prison within the last five years

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The State Director of AARP Foundation, headquartered in Washington D.C., oversees both the state subcontract and the federal Texas project directly funded by DOLETA to the AARP Foundation national office.

TWC's Federal Grants team administers the program by participating in Request for Applications (RFA) development, which involves budget creation, and the capturing of lessons learned. They are also responsible for initiating grants and amendments, renewals, and closeouts. Furthermore, the department manages and oversees grant compliance, ensuring adherence to all regulations. They also oversee expenditure requirements and performance targets, providing technical assistance and implementing corrective actions when necessary. Finally, the department is tasked with developing performance outcomes for inclusion in RFAs. TWC also works with the 28 Local Workforce Development Boards in Texas. These Boards help by offering more training and job assistance. Through MOUs boards, service providers and host agencies collaborate, avoid duplication of services, and to provide services to participants. Host agencies are local non-profit organizations, school districts, or city, county, state, or federal entities that agree to provide training, supervision, and support for SCSEP participants and, if possible, to hire participants in permanent unsubsidized jobs. Active host agencies sign agreements annually with the subgrantee, and host agency supervisors sign participants' Individual Employment Plans.

To encourage communication among SCSEP providers in Texas, TWC continues to facilitate quarterly grantee conference calls in order to gather information and share best practices. Grantee field staff members connect with their counterparts in the same workforce area and coordinate efforts that strengthen partnerships with Boards and other local entities.

AARP Foundation utilizes approximately 16 FTEs which includes two Regional State Managers overseeing field coordinators who provide services in TWC's SCSEP service area. The WIOA Combined State Plan, Section VII, includes the SCSEP State Plan. TWC developed the SCSEP State Plan by working with the five national SCSEP providers operating in Texas, the Boards, and HHSC. Stakeholders were also invited to provide comments on the plan.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Senior Community Service Employment Program	\$4,439,676	\$4,409,039	\$30,637

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

No other program besides SCSEP specifically targets low-income older workers. TWC's subgrantee – AARP Foundation – and the national grantees work together to ensure that services are not duplicated in Texas counties. AARP Foundation has signed MOUs with the Boards whose workforce areas overlap with TWC's SCSEP service area. TWC has worked with the national organizations to eliminate counties being served by more than one SCSEP grantee.

All of the SCSEP providers pursue and maintain MOUs with Workforce Solutions Offices in their service areas to allow for referrals and the use of Workforce Solutions resources for SCSEP participants.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

As previously discussed, TWC works closely with DOLETA and AARP Foundation to administer the SCSEP program in Texas. In turn, the SCSEP providers work closely with the Board and their Workforce Solutions Offices to coordinate services to participants.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

Several barriers impede SCSEP performance in Texas. Rural counties face significant challenges, including limited broadband access, a shortage of host agencies and employers, and lack of public transportation—restricting both participation and service delivery. Participants often lack access to technology devices, further hindering engagement in training and job search activities. Additionally, the \$7.25 per hour minimum wage reduces program appeal, especially when travel costs are high. While no specific outdated laws directly hinder SCSEP, the lack of statewide investment in digital infrastructure, rural transit, and workforce development coordination limits the program’s effectiveness in underserved areas.

The Texas WIOA Combined State Plan acknowledges these barriers, citing limited program awareness, challenges in service delivery, and under-enrollment in rural areas. These issues remain unresolved, particularly where population density is low and additional barriers such as limited English proficiency and literacy persist. Strategic efforts to expand partnerships, leverage mobile outreach, and invest in digital inclusion are essential to address these gaps.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program’s regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency’s particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Adult Education and Literacy

A. Provide the following information at the beginning of each description.

Name of division or program: Adult Education and Literacy

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Mahalia Baldini, Deputy Division Director

Statutory citation: Texas Labor Code, Chapter 315

B. What is the objective of this division or program? Describe its major activities.

The Adult Education and Literacy (AEL) program helps adults learn new skills by teaching reading, writing, math, and English in a variety of different program models. The primary objectives are to ensure eligible adults have access to high-quality educational opportunities that enhance their skills, promote workforce readiness, and facilitate successful transitions to postsecondary education and employment.

TWC's AEL department provides administrative oversight of the program but does not directly administer services. Adult education and literacy statewide grants are allocated to and aligned with the 28 Local Workforce Development Board areas to support integrated service delivery and performance accountability. Currently, TWC manages grants with 51 AEL service providers. A directory of service providers by local workforce development board area is linked here: [TCALL Provider Directory](#).

The department is responsible for the strategic direction, oversight, and effective administration of adult education programs throughout the state. These objectives are accomplished through the following key functions:

- Strategic planning and resource allocation
- Grantee support and programmatic guidance
- Knowledge sharing and best practices dissemination
- Policy development and implementation
- Performance monitoring and accountability

Additional information about the program is available on the TWC at [Adult Education & Literacy Program](#).

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance

measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

AEL grants define annual target enrollment and performance measures, also known as contracted measures, which grantees are required to meet each program year. The contracted measures are:

- Measurable Skills Gain
- Credential Attainment Rate
- Employed Quarter 2 after exit
- Employed Quarter 4 after exit
- Median Earnings
- Effectiveness in Serving Employers

The Legislative Budget Board also implements the following five targets to reflect the state's commitment to increasing the number of students participating in career pathway programs.

- Percent Employed/Enrolled Quarter 2 after exit
- Percent Employed/Enrolled Quarter 2–4 after exit
- Credential Rate
- Participants served – AEL
- Participants Served – AEL Career Pathways

Additionally, the Average Cost per Participant Served is tracked and reported. Refer to Section II, Exhibit 2 for actual program performance outcomes.

Definitions of these measures can be found in the [Performance Guide](#).

TWC prepares and submits an outcomes-based report, as required each biennium under Rider 44, to the Texas Legislature. The most recent report can be found in the [Adult Education and Literacy Outcomes Report to the Texas Legislature for FY 2024](#).

The program's FY 2024 achievements highlighting its effectiveness are outlined and described in the [AEL Strategic Plan Progress Report FY 2024](#).

TWC submits the required annual performance report for Texas to the federal Office of Career, Technical, and Adult Education (OCTAE) within the U.S. Department of Education. The [Statewide Performance Report - WIOA Title II Adult Education Program PY 2023-24](#) breaks down the performance for WIOA Title II Adult Education Programs based on total information and participant characteristic demographics required to be tracked.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

On May 18, 2013, Governor Perry signed Senate Bill 307, which transferred the Adult Education and Family Literacy programs from TEA to TWC. Key requirements of the legislation included:

- Utilizing a competitive procurement process to award contracts to local service providers.
- Creating an AEL advisory committee.
- Reporting to the Legislature biennially on the education and employment outcomes of students in the adult education and literacy programs.

The transfer of the program aligned to the federal adoption of WIOA, which required Adult Education and Family Literacy programs to be a core partner alongside Workforce and Vocational Rehabilitation programs.

After the transfer and completion of rulemaking for the AEL program, TWC held its first solicitation for grant awards in 2013, which was the first AEL grant solicitation in 10 years. Current TWC Rule §805.41 requires a multiyear grant award, and when considering a renewal, the Commission shall take into account performance and other factors. TWC held solicitations in 2014, 2018, and 2023. OCTAE provides states with technical assistance on this topic in the Determining Applicant Eligibility When Conducting a State Solicitation for Adult Education and Family Literacy Act Funds Technical Assistance Guide. Requiring the demonstration of past effectiveness helps the grant solicitation attract high-quality applicants, which was a priority when AEL was transferred to TWC.

On March 20, 2025, the President signed an Executive Order eliminating the U.S. Department of Education. As of July 2025, future plans for the Department have not been shared with state workforce agencies.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The eligible population to be served consists of an individual who is a legal resident of the United States, has attained 16 years of age and who is not enrolled or required to be enrolled in secondary school under state law and who:

- Is basic skills deficient.
- Does not have a secondary school diploma or its recognized equivalent and has not achieved an equivalent level of education, or
- Is an English language learner.

Each of these eligibility criteria indicates that the individual needs academic supports—whether to increase numeracy or literacy skills or improve English fluency—to attain an educational or employment goal. Therefore, service providers provide all AEL participants basic skills instruction in math, reading, writing, and/or English.

A comprehensive report – [Adult Education in Texas: A Demographic Study](#) – published by the TWIC in December 2024 indicates that 20.7 percent of the Texas population over the age of 16 met the federal definition to qualify for AEL services. Texas' population in need of AEL services has slightly decreased since the previous report in 2018, from 4,807,600 in 2018 to 4,700,115 in 2024.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC's AEL department administers adult education and literacy programs by:

- Developing policy for adult education and literacy services.
- Interpreting and implementing the requirements of state and federal statutes and regulations governing AEL.
- Allocating and competitively awarding funds for the provision of AEL services.
- Providing technical assistance.
- Establishing performance targets aligning adult education and literacy programs with other programs and services within the Texas workforce system.

The TWC AEL department works with other TWC departments as well as external contractors to provide statewide service delivery of the AEL program through its vast network of AEL grantees/providers. Collaborating TWC divisions and departments include:

Self-Evaluation Report

- Workforce Grants
- Information Technology
- Information, Innovation and Insight
- Office of General Counsel
- Finance
- Fraud Deterrence and Compliance Monitoring

External Contractors

Using federal discretionary funds, TWC also contracts with several entities to supplement the state's technical assistance approach. Below are a few of the state's targeted initiatives that support a robust and informed system of service providers across the state. Each initiative is reprocured at least every five years.

TWC Funded Initiative	Description
Statewide Professional Development Provider	Delivers professional development strategies and technical assistance to all TWC-funded AEL grantees and stakeholders so they may provide comprehensive services to AEL participants. Currently, Texas A&M University's Texas Center for the Advancement of Literacy and Learning (TCALL) is the state's contracted service provider.
Distance Learning Professional Development Center	Delivers distance learning and remote learning training, technical assistance, and capacity building services for AEL grantees and students. Runs the state's distance learning call center and provides support for digital-based activities, including education technology, digital literacy, AI in the classroom, and distance education curriculum.
Career Pathways Professional Development Center	Delivers evidence-based professional development services and conducts evaluation projects for AEL grantees and workforce system stakeholders on AEL career pathway model expansion. These career pathway models include, but are not limited to: • integrated education and training • integrated English literacy and intensive service models which include services for internationally trained professionals • workplace literacy and employer engagement • post-release services for second chance individuals
Community Based Professional Development Grant	Delivers professional development to community-based non-profit organizations through one annual conference and seven regional symposia. The events ensure quality instructional practices and strategies for non-TWC funded adult education providers and allow for partnership and referrals to

TWC Funded Initiative	Description
	ensure leverage of community resources to support adult learners in the state

Additional information about program administration can be found in the [Texas AEL Guide](#).

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Administrative Funds	\$6,202,881	\$5,452,881	\$750,000
Allocated Funds	\$82,989,002	\$73,506,224	\$9,482,779
State Leadership	\$6,035,550	\$5,635,550	\$400,000
TOTAL	\$95,227,433	\$84,594,655	\$10,632,779

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

The state has made investments in providing AEL services to individuals who lack a high school diploma or its recognized equivalent. Similarities to other state programs are indicated below. TWC’s AEL program, however, is unique in that it has a statewide network of providers and a robust menu of allowable services.

In addition to state funded programs, through a comprehensive survey of adult education in Texas, the TWIC estimated that nonprofit organizations and volunteer groups served about 80,000 students in 2011.

When directed through statute or requested by partners, the TWC Executive Director appoints a representative to sit on various committees. Recent AEL-related appointments include participation in setting frameworks and performance indicators and benchmarks for both the TEA and THECB adult high school diploma programs.

At the local level, AEL providers are required to develop and implement an MOU with their local workforce development boards. As required partners under WIOA, duplication of services should be avoided by working together via the various funding streams each partner receives. Per WIOA §121(b)(1)(A), One-Stop partners must:

- Provide program access and career services through the One-Stop system.
- Contribute funds to maintain the One-Stop system, including infrastructure costs.
- Enter into a local memorandum of understanding with the local board.
- Participate in the One-Stop system's operation according to the MOU and applicable laws.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Local Workforce Development Boards – Boards are responsible for assessing community needs, developing a local workforce plan that includes AEL, overseeing the performance of AEL providers, and ensuring alignment with regional economic development goals. Essentially, TWC sets the statewide strategy and provides funding, while Boards implement the strategy at the local level.

AEL Providers – AEL providers are contracted by Boards to provide direct services. They are accountable to the Board for meeting performance goals and adhering to state and federal regulations. TWC sets the overall performance standards and provides technical assistance to both Boards and providers. These are typically community colleges, school districts, community-based organizations, and other non-profit entities that directly deliver AEL services to adults. TWC ensures that funding is allocated to each county in the state and each applicant chooses which counties they will serve if selected for an award. These counties roll up into designated Board areas. As part of the state's competitive application for AEL funding, each applicant must demonstrate how it will align services to support the needs of the Board areas included in its application.

Texas Education Agency – TWC and TEA have an MOU that promotes collaboration and coordination between adult education and secondary education. This is particularly important for programs that serve students who are transitioning between secondary and adult education or who are pursuing dual enrollment options. Collaboration also addresses issues like data sharing and alignment of curriculum standards.

Texas Higher Education Coordinating Board – TWC collaborates with THECB to ensure that AEL programs are aligned with postsecondary education and training opportunities. This includes developing pathways for AEL students to transition into college programs and ensuring that AEL curriculum prepares students for the demands of higher education.

U.S. Department of Education, Office of Career, Technical, and Adult Education – OCTAE provides funding and guidance to TWC for adult education programs.

Texas Department of Criminal Justice (TDCJ) – TWC partners with TDCJ to provide education programs for inmates, which prepares them for success upon release.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

Since 2014, TWC has created and implemented a strategic plan for the AEL program to maximize available funding that supports career pathway services for lower skilled adults. These services allow AEL participants to receive basic literacy and numeracy instruction, complete workforce training, and, as a result, contribute to and benefit from the growing Texas economy.

There is a growing need for AEL services, but the state contribution of funding does not allow for the level of innovation or services Texas needs to develop and implement programs specifically designed for AEL participants. There is a higher cost associated with workforce training, support services, and tailored instruction and curriculum for adult learners. In addition, it is important to note that state funds are not bound by federal regulatory guidance, thereby allowing TWC to be more visionary in its AEL services.

Regardless of funding and regulatory obstacles, TWC has implemented several models to support more career pathway options for lower skilled adults. Because of this focus, the number of individuals enrolled in career pathway programs continues to grow. As a result, the need for additional state funding and greater flexibility also continues to grow.

TWC is currently tracking federal Senate Bill 1400, known as the "Adult Education WORKS Act", which was introduced in the 119th Congress this year and would amend the Adult Education and Family Literacy Act and the WIOA to strengthen adult education. This bill's proposed amendments are not expected to have a significant impact on existing program requirements or implementation strategies if enacted. TWC is carefully tracking the bill's development.

In light of the Presidential Executive Order issued on March 20, 2025, "Improving Education Outcomes by Empowering Parents, States, and Communities," the function, funding, and long-term sustainability of the AEL program require careful consideration. The AEL program is closely monitoring the partial or complete closure of the U.S. Department of Education and where the current functions and roles of the department (pertaining to AEL) will be reassigned, whether to the state or to other federal agencies.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

Advisory Committee Report

On Jan. 28, 2025, TWC on behalf of the presiding officer of the Adult Education and Literacy Advisory Committee presented the [Adult Education and Literacy Committee's Annual Report for 2024](#), pursuant to §315.005, to the Commission. The Advisory Committee consists of nine members who represent various community entities, including the required business and workforce development board. Two recommendations were provided to the Commission:

1. Strengthen collaboration with Texas employers to provide AEL customers, including special populations, with vocational and employability skills, supporting a "no wrong door" approach and meeting employer needs.
2. Revise the AEL Strategic Plan to include quantitative metrics, creating a public dashboard. This will increase transparency and accountability by tracking key performance indicators, measuring program effectiveness, and informing data-driven decisions to improve outcomes and meet employer needs. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:
 - Why the regulation is needed.
 - The scope of, and procedures for, inspections or audits of regulated entities.
 - Follow-up activities conducted when non-compliance is identified.
 - Actions available to the agency to ensure compliance.
 - Procedures for handling consumer/public complaints against regulated entities.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Office of Apprenticeship

A. Provide the following information at the beginning of each description.

Name of division or program: Office of Apprenticeship

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Desi Holmes, Director

Statutory citation: Texas Education Code, Chapter 133; Texas Labor Code, Sections 302.251-302.258

B. What is the objective of this division or program? Describe its major activities.

TWC's Office of Apprenticeship (OA) plays a comprehensive role in expanding apprenticeship programs across Texas, utilizing both state and federal funding. Efforts involve providing extensive resources and technical assistance through online platforms, conferences, and presentations, and supporting current and future grantees. OA conducts broad outreach via virtual and in-person events, including an annual statewide conference and targeted webinars, to assist employers in developing and registering programs with the U.S. Department of Labor's Office of Apprenticeship (DOL-OA). Further, OA facilitates the strategic distribution of funding to local entities to foster the development and expansion of Registered Apprenticeship Programs and increase the number of apprentices.

Additional information is available on the [Apprenticeship Program](#).

[Report on Available Apprenticeships in Texas - Program Year 2024](#) has additional information about apprenticeships in Texas.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The Apprenticeship Program's Legislative Budget Board performance measure – Participants Served – is the unduplicated number of participants receiving apprenticeship-funded services. The number of participants served in the Apprenticeship Program is also included in the Participants Served – Career & Training Services performance calculation. Refer to Section II, Exhibit 2 for actual program performance outcomes.

[Apprenticeship Related Instruction Cost Study FYs 2021-2022](#) provides more detail on the cost effectiveness of the Apprenticeship Program in Texas.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services

have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

During the Regular Session of 2021, the 87th Texas Legislature passed Senate Bill 1524 creating a pilot program called the Apprenticeship Tax Refund Pilot Program. The purpose of this program is to encourage more Registered Apprenticeship Programs (RAPs) in new and diverse fields. More information on the program is available in [Report on Apprenticeship Tax Refund Pilot Program for Program Year 2023](#).

The Critical Skills Apprenticeship Initiative, which TWC's Commission approved in February 2022, addressed workforce shortages in middle skills occupations by focusing on the critical skills needed within those occupations. The initiative focused on creating and expanding apprenticeship training programs such as:

- Automotive service technicians and mechanics
- Nursing assistants
- Patient care technicians
- Production machinists, assemblers, and fabricators
- Logistics management and supply chain analysts

In 2023, the 88th Texas Legislature approved funding to support quality pre-apprenticeship programs in which a participant has a clear pathway to a Registered Apprenticeship. The approved funding was approximately \$6 million for the FY 2024-25 biennium.

The 88th Texas Legislature also approved \$20 million for the FY 2024-25 biennium to support Texas Industry Recognized Apprenticeships (TIRAs). TIRAs combine on-the-job training that is supervised by experienced workers with job-related classroom instruction.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

There are three primary groups directly affected by this program:

- Apprentices – seeking employment and/or a career
- Employers/business – seeking a well-trained/highly skilled workforce
- Apprenticeship training programs – providing classroom-related training

Each apprenticeship training program is a partnership between industry and education. The industry partner is represented by an Apprenticeship Committee, whose members are

appointed by one or more employers of the apprentices and is responsible for overseeing the training program. The education partner is represented by a public school district or a state postsecondary institution. The educational partner is generally referred to as a Local Education Agency (LEA). Training programs seeking funding have to partner with an LEA that will serve as the fiscal agent for the distribution of the funding. Each Training Program that is funded as well as each apprentice has to be actively registered with U.S. Department of Labor Education and Training Administration – Office of Apprenticeship.

Each training program may have specific qualifications for job seekers entry into their apprenticeship training program such as the following.

- Age – 18 years of age to be an apprentice in a hazardous occupation.
- Education – Typically a high school diploma or high school equivalency certificate.
- Physical Ability – In some instances both physical strength and endurance. When necessary, apprentices must be able to work in a physically demanding environment for extended periods of time and in all weather conditions.
- Performance on aptitude tests.
- Secondary or postsecondary grades.
- Previous work experience.

In addition, federal WIOA funds, which supplement the State General Revenue apprenticeship funds, require that apprentices must also meet basic WIOA eligibility requirements, as follows:

- 18 years of age or older (adults)
- U.S. citizen or noncitizen authorized to work in the U.S.
- meets Military Selective Service registration requirements (male only)

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

For state-funded apprenticeship programs and initiatives, TWC's OA provides information via the internet (website materials), conferences, and presentations, including presentations to the TWIC and its sub-committee, Apprenticeship Training and Advisory Committee. TWC OA works with current and future grantees on upcoming timelines and provides technical assistance. Online materials include items such as the [Chapter 133](#)

[Administrator Guide](#), program applications, and data collection systems. Materials are maintained and updated as needed to support the different funding streams. Staff populate the [Funding Opportunities](#) information that includes items such as “next available opportunity,” applications, and frequently asked questions. For federally funded apprenticeship programs, TWC’s OA staff do outreach activities both virtually (including social media) and in-person.

Staff also coordinate an annual [ApprenticeshipTexas](#) statewide conference and periodic outreach webinars promoted to all workforce partners. Monthly webinars are directed to the grantees and their local navigator and are supported through apprenticeship expansion funding. These webinars are designed to expand local capacity to build and support apprenticeship expansion.

Staff’s focus is to assist employers in exploring apprenticeship, developing RAP standards, and assisting in a seamless DOL registration process. OA staff also collaborate in the development of Requests for Application to distribute funding to support local entities for the development and expansion of RAPs and growth of number of apprentices.

TWC has been successful in all DOL grant opportunities since 2017 and has exceeded performance for increased number of RAPs and apprentices in each grant closed thus far.

TWC receives federal grant funding from DOL-OA to increase, modernize, and expand Registered Apprenticeship Programs and the number of apprentices in Texas. The federally funded expansion grants include:

- State Apprenticeship Expansion (SAE 2020) – Expired June 30, 2024
- State Apprenticeship Expansion, Equity and Innovation (SAEEI)
- Healthcare Initiative
- Critical Skills Initiative
- Apprenticeship Building America
- Apprenticeship Expansion Formula
- State Apprenticeship Expansion Formula

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). *(If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)*

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Apprenticeship	\$4,168,824	\$0	\$4,168,824
Apprenticeship Federal	\$5,060,183	\$5,060,183	\$0
Industry Recognized Apprenticeship Program (IRAP)	\$45,689	\$0	\$45,689
Pre-Apprenticeship	\$1,158,065	\$0	\$1,158,065
Total	\$10,432,761	\$5,060,183	\$5,372,578

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

OA has entered into an interagency contract (IAC) with San Jacinto College that includes working with six Boards (Cameron, Capital Area, Gulf Coast, Northeast Texas, North Central, and West Central) to develop an apprenticeship expansion five-year plan. The funding in this IAC is to support capacity building to continue expanding the knowledge and use of the apprenticeship model.

OA has also entered into an IAC with Dallas College. The college was selected by the Texas Education Agency to serve as the technical assistance center for development of K–12 teacher apprenticeships. TWC furthered that partnership as part of the Tri-Agency Workforce Initiative. Dallas College works with education stakeholders such as education service centers, local education agencies, Boards, and community organizations to support the development and implementation of K–12 teacher apprenticeships. Dallas College is also working with San Jacinto College in the development of the apprenticeship expansion five-year plan.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC works closely with DOL-OA to ensure its programs meet federal requirements and qualify for federal funding, aligning Texas' apprenticeship efforts with national goals. This federal agency is the primary partner for TWC's apprenticeship initiatives, and provides grant funding, guidance and technical assistance to TWC.

TWC partners with the Boards to tailor apprenticeship programs to regional economic conditions and ensure they meet the specific skill needs of local employers.

TWC as provided in Texas Education Code, Chapter 133, grants funds to local education agencies (LEAs) and apprenticeship committees to support the costs of job-related classroom instruction in registered apprenticeship training programs. Registered apprenticeship training programs must partner with an LEA or their own apprenticeship committee, which act as fiscal agents for Apprenticeship Training Program funds.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Jobs and Education for Texans Grant

A. Provide the following information at the beginning of each description.

Name of program or function: Jobs and Education for Texans Grant

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Matthew Sniadecki, Manager

Statutory citation: Texas Education Code Chapter 134

B. What is the objective of this division or program? Describe its major activities.

The [Jobs and Education for Texans \(JET\) Grant Program](#) supports the purchase of equipment connected to new or expanding career and technical education (CTE) programs that:

- Prepare students for employment in local high demand occupations.
- Lead to a license, certificate, or postsecondary degree.
- Are provided in school districts in cooperation with other public junior, technical or state colleges.

JET grants provide potential economic returns through:

- Supporting emerging industries or high-demand occupations.
- Offering new or expanded CTE opportunities in public high schools.

TWC administers the JET grant program through a structured process that includes:

- Announcing funding opportunities
- Accepting and reviewing applications
- Awarding grants based on merit and alignment with state workforce needs
- Ongoing monitoring and reporting to ensure accountability and program success

TWC staff leverage partnerships with key stakeholders to market this grant opportunity, assist with the development of application documents, and participate as evaluators when needed.

The list of entities that received JET grants in 2024 is included in [Governor Abbott Announces Over \\$15 Million In Career Training Grants Across Texas.](#)

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The LBB has established the following two measures for the JET grant program. Refer to Section II, Exhibit 2 for actual program performance outcomes.

- Contracted Number of First-Year JET Trainees or Students
- Number of New First Year JET Contracts.

The program maintains a grant dashboard displaying information regarding all grants awarded since 2016. The dashboard is available through the Previous JET Awards link on the [program webpage](#). Information can be filtered by any of the categories displayed. The data provided includes:

- Grantee type
- Name of the Grantee
- Workforce Board area
- Occupations supported
- Fiscal year of the award
- Total number of grants awarded
- Total number of students trained (during the grant period)
- Estimated economic impact – estimated year one wage increase (number of participants in the program during the grant period multiplied by the entry-wage for the occupation supported by the grant)
- Award amount per student – amount awarded divided by students trained
- Average award amount
- Estimated return on investment
- Awards categorized by occupation group
- Award amount by grantee

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The JET grant transitioned to TWC in 2016. JET was previously administered by the Texas Comptroller's Office. Since 2016, the Legislature has increased the General Revenue funding dedicated to this program multiple times. As of January 2025, the program is allocated approximately \$30 million per biennium to award in grants.

In 2021, the 87th Legislature passed HB 4279 designating the Windham School District as an eligible participant to provide educational services to inmates in the custody of TDCJ. This law benefited student inmates by providing the opportunity for the district to be awarded funds through the JET grant program.

In 2022, the TEA signed an Inter-Agency Contract with TWC to provide \$50,000,000 in funds for the 2022-23 JET grants for Texas school districts and open enrollment charter schools. With this funding, schools could purchase equipment to develop CTE programs.

In 2025, the 89th Legislature passed two bills relating to the JET grant program. The first, HB 322, authorizes JET grants to pay costs for the acquisition, implementation, and ongoing maintenance of technology solutions necessary to support new CTE programs at public junior colleges, public technical institutes, public state colleges, and school districts and open-enrollment charter schools. The second, SB 1728, adds new eligible applicants to the program including the Texas Juvenile Justice Department (TJJD), juvenile justice boards, and juvenile probation departments.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

The JET program provides grants to buy and install equipment for CTE courses. These courses must lead to a license, certificate or post-secondary degree in a high-demand occupation.

Entities that are eligible for JET grants include:

- Public junior, state or technical colleges
- Texas Independent School Districts (ISDs) in partnership with a public junior, state, or technical college
- Open-enrollment charter schools in partnership with a public junior, state, or technical college
- Windham School District

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and

procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Grants are offered through a highly competitive annual Request for Application (RFA) process. Three Workforce Development Division teams are involved in the process.

Education Outreach and JET Grant Program Team

This team is responsible for working directly with TWC's Grant Administration, General Counsel, Finance, Labor Market Information (LMI) staff and agency leadership for grant document development and updating resources for applicants including but not limited to the following tasks:

- Assisting with the development and drafting of all RFA documents.
- Working with LMI Economists to develop supporting data to include in applications or as attachments to the RFA for reference.
- Research, evaluate, and test the way JET grant applicants will be scored for each cycle of the grant and update as needed.
- Communicate with local workforce development boards on all JET grant requirements and guidelines that results in a better and useful understanding of grant program and application process.
- Annual update of all JET grant support resources, tools, and videos in the JET grant tool kit to assist applicants during the application process.
- Development and coordination of any marketing or informative webinars to generate interest in applicants.
- Train all evaluators to ensure a useful understanding of grant scoring criteria and application requirements to ensure accurate and consistent evaluation results.
- Participate as evaluators.
- Review all evaluation results with General Counsel staff to eliminate and prevent errors.
- After an RFA closes, work with Grant Administration staff to develop recommended updates for the next grant cycle, discuss and develop trend analysis and data reports to share with JET Advisory Board members and TWC leadership.
- Coordinate meeting of the JET Advisory Board to share evaluation results and provide program recommendations for awards and perimeters for future grant

cycles. The [JET Advisory Board](#) meets at least once each quarter, or as needed, to review all applications received.

- Collect final Advisory Board recommendations and present to Commission for action and implementation approvals.

Application Evaluation Team

This team is responsible for reviewing all applications submitted for funding. Evaluation includes the following tasks:

- Ensure all program guidelines and requirements are met.
- Review assigned applications to score within established guidelines and criteria that leads to selecting the strongest applicants for each grant cycle.
- Complete evaluation during assigned timeframe and enter resulting scores in the format required by the Grant Administration team.
- Meet with Grant Administration team and fellow evaluators if there are discrepancies in scores to align.

Contract Management Team

This team is responsible for the day-to-day management of projects after they have been awarded and put into contracts. Management includes the following tasks:

- Develop contract documents utilizing standard templates.
- Quarterly review of reports to ensure training is on target.
- Regular communications with grantee to ensure smooth progress of training and identification of any potential issues.
- Review of program outcomes to confirm reasonable expenditures by grantee.
- Other items as needed.

In addition to administering the JET grants, this team also manages the [Dual Credit Grant Program](#) and TWC's sponsorship of the [Texas Science and Engineering Fair](#).

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). *(If you have already submitted funding source info through the***

“Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Jobs and Education for Texans	\$15,150,742	\$0	\$15,150,742

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population. No identical programs, but similar programs would be:**

TWC does not have any MOUs, interagency agreements, or interagency contracts in place regarding this grant program. While other entities may provide funding opportunities to purchase training equipment, TWC's JET grant program has specific eligibility requirements.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Career coaches in the Workforce Readiness Outreach program at the Boards help to promote this grant program to the schools they partner with. They forward announcements and press releases the agency publishes relating to this program.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

The timeframe to get information back to applicants on whether their application was awarded, not awarded, or disqualified is too lengthy. Applicants are often waiting on grant decisions to be made to build programs, recruit students, hire faculty, etc. to develop the programs proposed in their grant documents. Based on current timelines, JET grant applicants often wait more than eight months to learn that they have been disqualified, scored too low, or were not awarded because funds have been depleted.

Sharing grant status information earlier, when staff have the ability to provide it, can be especially helpful to schools, teachers, and students across the state.

Historically, TWC has waited to announce awardees until all contracts are executed in case grant funds are made available during the contract negotiation phase, possibly freeing up enough funding to award additional grants. On previous occasions when additional grants could be awarded, it has affected about one to three grantees per year.

However, the list of those applicants who score above the minimum threshold but cannot be awarded due to lack of funds is usually quite long. For example, in the past three fiscal years, TWC had the following number of applications that scored enough points to be eligible to be awarded, but the program exhausted all funds:

- 53 in FY 2023
- 58 in FY 2024
- 68 in FY 2025

With these factors in mind, program and contract staff continue to work together to improve policies and processes related to grant award notifications.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Texas Veterans Leadership Program

A. Provide the following information at the beginning of each description.

Name of division or program: Texas Veterans Leadership Program

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Bob Gear, Director

Statutory citation: Texas Labor Code, Chapter 302, specifically the following sections:

- Section 302.0031, College Credit for Heroes
- Section 302.0033, Texas Operation Welcome Home
- Section 302.00335, Texas Veterans Leadership Program

B. What is the objective of this division or program? Describe its major activities.

The Texas Veterans Leadership Program is a TWC resource and referral network. It connects returning veterans with the resources they need to lead productive lives and enjoy the full benefits of the society they have willingly served.

TVLP's Veterans Resource and Referral Specialists (VRRSs) are assigned to each of the 28 Workforce Development Board areas plus three transition centers on military installations. They work closely with staff members from Workforce Solutions Offices and the Texas Veterans Commission (TVC). These specialists understand the needs of veterans because they also are veterans. All VRRSs are veterans who have served in Iraq and/or Afghanistan. VRRSs outreach veterans and transitioning service members (TSMs) directing them to help in obtaining employment, veteran benefits, and other programs. The program emphasizes serving individuals facing specific or complex challenges as they reintegrate into the workforce. A list of the VRRSs and their contact information is available in the [Veterans Resource & Referral Specialists Contact Directory](#).

TVLP is the umbrella over all other TWC veteran programs and is the catalyst that drives the programs, listed below. [Texas Veterans Leadership Program](#) is an online source for veteran services.

- **Texas Operation Welcome Home** – In response to one of the Governor's Tri-Agency Workforce Initiative charges, TVLP worked with the Boards, TVC, and military installations including nine active duty, two reserves, and one National Guard facility to develop this program to better meet the education, training, and employment needs of transitioning service members, recently separated veterans, and military spouses in Texas.
- **We Hire Vets Employer Recognition Program** – TWC and TVC co-sponsor We Hire Vets, a program that recognizes Texas employers for their commitment to hiring veterans. Employers whose workforces are composed of at least 10 percent military veterans are eligible to receive a "We Hire Vets" decal to display on their storefronts and an electronic decal to display on their websites.

- **Texas Transition Alliance** – This group of stakeholders meets on a semiannual basis to discuss best practices, cross-train on one another's programs, collaborate to address the needs of TSMs, and facilitate ongoing coordination to improve employment outcomes for veterans. The members include staff from TWC, TVC, and military transition centers, as well as garrison/base commanders, employers, employer associations, and designated Boards and Workforce Solutions Offices.
 - **Statewide Program to Transition from Military to Civilian Employment** – This program is designed to assist transitioning military service members, recently separated veterans, and military spouses transition from military service to civilian employment. It is dedicated to helping participants translate their military skills to the civilian labor market and includes employment services, training, wraparound support services.
 - **Texas Veterans Network** – This is a statewide automated veteran service coordination referral system that captures services received, referrals made, and services available through an integrated network. It is designed to increase access to services for TSMs, veterans, and their families to ensure a successful transition into civilian life.
 - **College Credit for Heroes** – This program seeks to maximize college credits awarded to veterans and service members for their military experience to expedite their transition into the Texas workforce. The program's goal is to eliminate obstacles to attaining licensing, certification and accreditation, and degree awards at state and national levels so veterans can transition more quickly from college classrooms to the workforce.
 - **Hiring Red, White, and You Job Fair** – Each November, TVLP, in conjunction with the 28 Boards, Texas Medical Center, and TVC, hosts an annual statewide job fair to connect Texas veterans and their spouses to Texas employers that value the experience, discipline, and other exceptional qualities often inherent in a military background.
 - **Veterans Workforce Outreach Initiative** – TWC contracted with two vendors to provide services to hard-to-serve veterans who are not currently being served through Workforce Solutions offices and have one or more significant barriers to employment.
- C. **What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

Information regarding the effectiveness and efficiency of TVLP and the programs is as follows:

Texas Veterans Leadership Program

Since its inception in July 2008, TVLP has assisted 59,159 Texas veterans. This assistance includes obtaining employment, financial assistance, housing, food assistance, and enrollment into federal and state government veteran programs and benefits. TVLP staff have connected veterans to physical and mental health care and have prevented numerous veterans from suicide.

TVLP's programs have been critical to retaining top level talent for Texas employers and maintaining the Texas veteran unemployment rate below 3.2 percent for the past 15 months.

We Hire Vets Employer Recognition Program

From September 2008 through the end of March 2025, the program has distributed 1,412 We Hire Vets decals to deserving Texas employers.

In fall 2023, Workforce Solutions Central Texas, TVLP, and TVC conducted the largest We Hire Vets Employer Recognition Ceremony to date. Fifty-four local employers were awarded We Hire Vets decals.

Texas Transition Alliance

The Alliance meetings allow military transition centers and Boards to highlight their best practices and discuss current issues and challenges they are facing.

An example of a best practice adopted by the Alliance is the use of a needs assessment for TSMs and military spouses by several military installations. The assessments help highlight the types of training, certifications, and licensures that TSMs and military spouses are seeking. These assessments also identify gaps in services provided by the Texas workforce system.

Statewide Program to Transition from Military to Civilian Employment

As of May 29, 2025, six Board areas have been approved for this grant funding. Two Board areas have received funding and are enrolling TSMs, recently separated veterans, and military spouses into training or have started providing supportive services.

Texas Veterans Network

Performance highlights for April 1, 2023 through Dec. 31, 2024 are included in the chart below.

Quarterly Outcome Measures Texas Veterans Network	Target	Results
Total Number of Organizations in Network	100	94
Number of Network Building Events Held	250	236
Number of Network Training/Workshops Held	70	83
Number of Network Providers that have Veteran Service Coordination and Referral System installed and fully accessible	100	94
Number of referrals made in the Veteran Service Coordination and Referral System including partner to partner; call center to coordination; coordination to CBO.	62,400	65,958
Number of Successful Referrals closed	45,300	52,958
Number of Unduplicated Veterans Served using the Veterans Service Coordination and Referral System	34,000	27,099

College Credit for Heroes

Data from a 2022 study reveals a notable increase in the average number of credit hours awarded to veterans and transferred to College Credit for Heroes grantees and partner schools. In 2022, veterans received an average of 43 credit hours, a substantial increase from the seven credit hours reported in 2021.

Additional information on the Texas Veterans Leadership Program is available in the [Supplemental Annual Report 2024](#).

Hiring Red, White, and You Job Fair

The 2024 event drew more than 16,005 job seekers and included 4,699 veterans and 2,107 employers. Since its 2012 inception, the Hiring Red, White, and You Job Fair has connected more than 153,407 job seekers to 26,569 employers, with more than 3,860 same-day hires.

Veterans Workforce Outreach Initiative

Program Performance Targets	Target	Total Target	% Met
Total number of enrollments	478	476	99%
Number of assessments provided	476	599	126%
Number of participants receiving basic skills upgrade training	350	476	136%

Program Performance Targets	Target	Total Target	% Met
Number of participants receiving supportive services	358	220	61%
Number of participants placed in employment	324	301	93%

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In 2008, TVLP was created to work with and assist returning veterans from the wars in Iraq and Afghanistan as well with all veterans. During this period, returning veterans were facing many obstacles to employment. TVLP staff provided peer-to-peer mentoring to assist veterans in overcoming these obstacles.

Through the next five years, TVLP assisted 15,281 returning veterans. This period included the recession brought on by the housing market crash. The veteran unemployment rate in 2011 was 12.1 percent and the unemployment rate for veterans from 18 to 29 years old was 29 percent.

TVLP saw an opportunity for TWC to be one of four states participating in a joint U.S. Army and U.S. Department of Labor Employment and Training Administration grant to increase outreach to transitioning service members and increase their employment opportunities. TWC applied for a \$750,000 grant to create the State of Texas Soldier Employment Initiative (STSEI). The grant lasted from 2012 through June 2015. The major accomplishments of the grant were getting TVLP and TVC staff on Fort Hood and Fort Bliss to share information on employment, training, benefits, and veteran programs to TSMs at least three months before they separated from the Army. The STSEI program outreached over 24,560 Army Unemployment Compensation for Ex-Servicemembers claimants. To measure the success of its work, TWC tracked the average number of weeks these claimants had been drawing unemployment. The starting average was 24.6 in September 2012. In April 2015, the average number dropped to 15.8 weeks. The work done through STSEI continues today through Texas Operation Welcome Home.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The TVLP program follows basic self-attestation for veterans meeting Wagener Peyser eligibility requirements.

The Statewide Program to Transition from Military to Civilian Employment uses the standard dislocated worker eligibility requirements for the Workforce Innovation Opportunity Act.

Employers eligible to receive the We Hire Vets recognition must have:

- A workforce comprised of 10 percent or more of U.S. Military Veterans.
- A Texas Taxpayer Unemployment Insurance Account in good standing.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TVLP works with nearly every department in TWC, all 28 Boards, TVC, other state agencies, city governments, county governments, chambers of commerce, employers, veteran service organizations, community-based organizations, faith-based organizations, and the federal government, specifically military installations and the Department of Veterans Affairs. TVLP's mission is to take care of the veterans and maintain outstanding partnerships.

Seventeen VRRSs work with the 28 Boards and TVC staff throughout the state. These team members are located in Workforce Solutions Offices and available to work with veterans who are not eligible to be seen by TVC employment staff or if TVC staff are not available.

Three VRRSs work on military installations with transition assistance centers including Fort Hood, Fort Bliss, and Joint Base San Antonio. They work directly with TSMs and military families.

One TVLP staff member works directly with participating schools in the College Credit for Heroes program. This staff member also:

- Conducts outreach to institutions of higher education and handles veterans' education questions.
- Maintains the We Hire Vets tracking sheet.
- Assists the TVLP director with the annual Hiring Red, White and You Job Fair.

The TVLP director is designated as TWC's veteran liaison. The liaison duties include responsibilities ranging from hiring procedures, training hiring managers on the state's military employment preference, training other state agency human resources personnel on the state's Military Employment Preference, handling complaints, and facilitating resolutions when employees who are veterans experience issues.

Other TVLP staff functions include the following:

- Chair the Employment Workgroup of the Texas Coordinating Council for Veteran Services. At least two staff members participate in all nine workgroups of the council.

- Participate in veteran treatment courts and serve on homeless veteran committees, veteran suicide-prevention committees, and U.S. Department of Veterans Affairs' community veterans engagement boards across the state.
- Partner with the Texas Veterans of Foreign Wars, American Legion, Boards, and TVC to host in-person job fairs, dedicated to connecting veterans with hiring employers.
- Connect TSMs, recently separated veterans, and military spouses with specific employers, including state agencies.
- Enter information into the Work Opportunity Tax Credit (WOTC) system that generates the conditional WOTC letter for eligible veterans. This letter is given to employers to inform them a veteran is eligible for the WOTC incentive to hire veterans.
- Prepare the [Report on the Transition from Military Service to Employment 2024](#) report according to Texas Labor Code, Section 302.020.

Texas Operation Welcome Home

On March 7, 2016, Governor Greg Abbott established the Tri-Agency Workforce Initiative to assess local economic activities, examine workforce challenges and opportunities, and consider innovative approaches to meeting the state's workforce goals. Included in the Tri-Agency's charge was an evaluation of gaps in services to Texas veterans. The Texas Operation Welcome Home program was developed by the Tri-Agency Workforce Initiative in conjunction with the 28 Boards, TVC, and military installations that include nine active duty, two reserves, and one National Guard facility. The program is designed to better meet the education, training, and employment needs of transitioning service members, recently separated veterans, and military spouses in Texas.

We Hire Vets Employer Recognition Program

TWC and TVC co-sponsor We Hire Vets, a program that recognizes Texas employers for their commitment to hiring veterans. Employers whose workforces are composed of at least 10 percent military veterans are eligible to receive a "We Hire Vets" decal to display on their storefronts and an electronic decal to display on their websites. Employers that qualify for the We Hire Vets program also receive a letter signed by the TWC Commissioner Representing Employers and the TVC Chairwoman. TWC and TVC outreach and encourage employers to hire veterans. The efforts made by We Hire Vets employers help to inspire other employers to hire veterans as well.

Since 2017 until March of 2025, the We Hire Vets program has issued 1,412 decals and letters to Texas employers. TWC's Commissioner Representing Employers recognizes We Hire Vets employers at the Texas Conference for Employers. These conferences are held throughout the state.

Welcome Home Texas Transition Alliance

The Welcome Home Texas Transition Alliance is a group of stakeholders that meet on a semiannual basis to discuss best practices, cross-train on one another's programs, collaborate to address the needs of TSMs, and facilitate ongoing coordination to improve employment outcomes for veterans. The stakeholders include members of TWC, TVLP, TVC, and military transition centers, as well as garrison/base commanders, employers, employer associations, designated Boards, and Workforce Solutions Offices.

As a best practice set forth by the alliance, military installations now conduct needs assessments of TSMs and military spouses. The assessments help highlight the types of training, certifications, and licensures that TSMs and military spouses are seeking. Such assessments also identify gaps in services provided by the Texas workforce system.

Statewide Program to Transition from Military to Civilian Employment

This program is designed to assist transitioning military service members, recently separated veterans, and military spouses transition from military service to civilian employment. This program is dedicated to helping service members and veterans translate their military skills to the civilian labor market and includes employment services, training, and wraparound support services. This program also assists these populations in finding apprenticeships with civilian employers.

Texas Veterans Network: The Texas Veterans Network (TVN) is a statewide automated veteran service coordination referral system that captures services received, referrals made, and services available through an integrated network designed to increase opportunities for TSMs, veterans, and their families to receive all services necessary for a successful transition into civilian life.

College Credit for Heroes Program: The College Credit for Heroes (CCH) program seeks to maximize college credits awarded to veterans and service members for their military experience to expedite their transition into the Texas workforce. The program's goal is to eliminate obstacles to attaining licensing, certification and accreditation, and degree awards at state and national levels so veterans can transition more quickly from college classrooms to the workforce.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Services to Veterans	\$2,373,061	\$192,272	\$2,180,789
Texas Veterans Leadership Program (TVLP)	\$1,357,239	\$1,285,976	\$71,264
Total	\$3,730,300	\$1,478,248	\$2,252,053

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

The U.S. Department of Labor's Veterans' Employment and Training Services administers the Hire Vets Medallion Program, which was started after TWC's We Hire Vets program. Employers must pay to receive a medallion. Not all employers are eligible to participate in the Hire Vets Medallion Program. For example, state and federal governmental agencies are not allowed to participate. When compared to the We Hire Vets campaign, any employer—as in any person, institution, organization, or other entity—that pays salaries or wages for work performed or that has control over employment opportunities is eligible to apply, including state and federal government agencies. In addition, there is no charge for employers to participate in the We Hire Vets program.

The Jobs for Veterans State Grant Program, which provides federal funding to state agencies, and the TVLP are similar but far different programs. The two programs complement one another. Most important, they work together for the benefit of the veteran. Texas has the largest veteran population of 1.5 million and there is no shortage of work regarding this population.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TVLP staff work with all 28 Local Workforce Development Boards. Coordination and collaboration with Boards and their contractor staff is paramount. For example, TVLP is part of the planning committees for the annual hiring Red, White and You job fairs. TVLP staff members brief veterans, TSMs, and military spouses on all of the different programs and services offered at the Workforce Solution Offices. TVLP staff refer veterans to the multiple programs housed with the Workforce Solutions Offices.

TVLP staff working on military installations brief U.S. Department of Defense personnel on all of the state services and programs TSMs, veterans, and military spouses are eligible for. The goal is to bring these state services to services members so Texas can retain top talent for the state's ever-growing workforce.

TVLP staff have brought top employers to military installations, enabling connections to private- sector businesses such as Tesla and Samsung and public-sector entities such as state agencies. Multiple state agencies have participated in the Army's individualized Career Skills Program, which allows a TSM to participate in an internship with a Texas state agency.

TVLP and TVC staff have worked with multiple state agencies in identifying TSMs and veterans for the Military Employment Preference Direct Hire provision for open positions.

TVLP staff network, maintain relationships, and refer veterans to the many different programs of the U.S. Department of Veterans Affairs (VA). Mental health and the homeless veteran programs are the two most pressing programs in which TVLP and VA work together. The VA's Veterans Readiness and Employment Program refers veterans to the TVLP.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

Since 2020, the College Credit for Heroes program has focused on capacity building and sustainability due to the limited number of grant applications the program has received. In 2025, the program is using the focus on capacity building to challenge Texas institutions of higher education to evaluate military education and training to award credit toward credentials that are stackable towards degree plans in targeted occupations.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Employer Engagement and Community Outreach

A. Provide the following information at the beginning of each description.

Name of division or program: Employer Engagement and Community Outreach

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Kristie Caviness, Manager

Statutory citation: Texas Labor Code, Chapters 303 and 309; Texas Education Code, Chapter 134A

B. What is the objective of this division or program? Describe its major activities.

TWC's Employer Engagement and Community Outreach (EECO) team works with a broad range of partners around the state to help employers train and upskill their employees through a network of public community and technical colleges, Local Workforce Development Boards, and other community-based organizations. The team has staff located around the state to support the following grant programs, which are all available through a non-competitive application process.

- [Skills Development Fund](#)
- [Skills for Small Business](#)
- [Self Sufficiency Fund](#)
- [High Demand Job Training](#)
- [Texas Industry Partnerships](#)
- [Lone Star Workforce of the Future](#)
- [Upskill Texas](#)

The EECO team's main activities include:

- Engaging in collaboration and outreach with community partners to promote grant opportunities.
- Providing technical assistance to all grant applicants.

[The Lone Star Workforce of the Future Fund Advisory Board](#) assists TWC in administering the program. The advisory board meets at least twice a year, or as needed, to make recommendations to the Commission.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

TWC tracks a variety of metrics for each grant program promoted by the EECO team. Performance measures related to trainees served by Self-Sufficiency and Skills Development grants are listed in Section II, Exhibit 2. Additional examples of performance data for individual grant programs are provided below.

Lone Star Workforce of the Future: The main goal of this grant is to train and place at least 50 percent of program participants in full-time employment in high-demand occupations making a self-sufficient wage in the county where they live or work. The grant program launched in 2024 and outcome data is not yet available. Grants last for 18 months to allow time for training (12 months) and placement (6 months).

Skills Development Fund: In FY 2024, 26 projects received an average grant award amount of \$423,833 serving 42 businesses and supporting the creation of 2,286 new jobs while assisting with the upskilling of 4,294 existing jobs. Statewide, the average wage paid to workers trained with Skills Development Fund grants increased from \$10.33 per hour in FY 1996 to \$33.93 per hour in FY 2024. Also since 1996, these grants have provided training to more than 4,800 employers to upgrade or support the creation of more than 435,000 jobs. Annual performance data for the Skills Development Fund is included in [TWC's Supplemental Report](#) each year. In 2020, TWC conducted an [effectiveness study](#) of the Skills Development Fund at the direction of the 86th Texas Legislature.

LBB has established the following two measures for the Skills Development Fund. Refer to Section II, Exhibit 2 for actual program performance outcomes.

- **Contracted Avg. Cost Per Skills Development Trainees** - The average contracted cost per trainee in Skills Development Fund grants. The purpose of the measure is to report the average contracted cost for training individuals through the Skills Development Fund.
- **Contracted # of Skills Development Trainees** - The number of individuals required to be trained in Skills Development Fund contracts. The purpose of the measure is to report on the number of people contracted to be trained through the Skills Development program.

Self Sufficiency Fund: In FY 2024, 744 participants gained industry recognized certifications in high demand target occupations and at least 60 percent of those trainees were placed in an occupation for which they were trained.

LBB has established the following two measures for the Self Sufficiency Fund. Refer to Section II, Exhibit 2 for actual program performance outcomes.

- **Contracted Number of Self-Sufficiency Trainees.** The average contracted cost per trainee in Skills Development Fund grants. The purpose of the measure is to report the average contracted cost for training individuals through the Self Sufficiency Fund.
- **Contracted Average Cost per Self-Sufficiency Development Trainee.** The number of individuals required to be trained in Skills Development Fund contracts. The purpose of the measure is to report on the number of people contracted to be trained through the Sufficiency program.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The Skills Development Fund was created in 1995 by the 74th Texas Legislature through House Bill 1863. This legislation charged TWC with administering the program and established its framework. In 2019, the Legislature passed House Bill 700 expanding the list of entities eligible to apply for funding from the Skills Development Fund to include Local Workforce Development Boards and required a study and report regarding the effectiveness of the fund. Since that time, the Legislature has continued to provide funding for these grants and increased the amount by more than \$5 million from the 2024-25 biennium to the 2026-27 biennium.

In 2023, the 88th Legislature passed House Bill 1755 directing TWC to establish and administer the Lone Star Workforce Fund program. The bill also required TWC to establish an advisory board consisting of education and workforce stakeholders to assist the Commission in administering the program.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Employers, public community and technical colleges, Local Workforce Development Boards, and other community partners across the state are eligible for the grants promoted by the EECO team. Each grant program has specific eligibility requirements, as outlined above in Question B.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

The EECO team's 10 Regional Business Liaisons live in the areas they serve and provide technical support to all stakeholders and partners to ensure eligible employers across the state are aware of workforce training dollars that are available to them. The liaisons develop and present information to various stakeholders, including economic development organizations, chambers of commerce, non-profits, businesses, community and technical colleges, Local Workforce Development Boards, and various industry organizations like Texas Manufacturing Assistance Center. Through conversations and collaboration, the liaisons assist in bringing partners together to identify the types of training and resources needed and to design a program that fits those needs. The liaisons also serve as guides to other workforce services available in their area, helping businesses and communities make the connections they need to maximize their workforce. The [EECO Map](#) sets out regions with contact information for the Regional Business Liaisons.

The EECO team provides technical support to eligible applicants by reviewing application documents and offering suggestions on how to improve the submission. They ask questions to determine what grant type is most appropriate for the employer and they ensure applicants are meeting all requirements of the grant program. Grants are available on a first-come, first-served basis. The EECO team takes grant applications throughout the year until all funds are obligated.

Once a grant is formally submitted to TWC, the Workforce Development Division's Grants team is responsible for evaluating applications for eligibility, issuing grant awards, monitoring performance and expenditures on active grants, and closing out grants and reporting outcomes. During the evaluation process, the EECO team communicates requested revisions to the applicant and answers questions related to the proposed project. Once the project moves to the award stage, the EECO team steps aside and moves on to the next project.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Skills Development Fund	\$17,831,667	\$0	\$17,831,667

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Self Sufficiency Fund	\$1,577,431	\$1,577,431	\$0
Total	\$19,409,098	\$1,577,431	\$17,831,667

The Employer Engagement and Community Outreach team supports a portfolio of additional grant programs, such as High Demand Job Training Grants, Skills for Small Businesses, Upskill Texas, and Texas Industry Partnerships. The Commission has allocated statewide WIOA and other funds for each of these programs. The Legislature funded the Lone Star Workforce of the Future grant program for the first time in FY 2025 with \$2.5 million.

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

TWC does not have any MOUs, interagency agreements, or interagency contracts in place regarding its employer engagement and community outreach activities. While other entities may provide funding opportunities similar to those offered by the EECO team, TWC's grant programs has specific eligibility requirements.

The Skills Development Fund requires an MOU between the applicant and the business that outlines the responsibilities of each partner to the grant. There are five specific bullet points that must be included in all MOUs that are taken directly from the contract with the applicant and TWC. Short of that, the MOU is strictly between the two entities and is part of the application documents.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

As previously discussed, the EECO team works with a variety of partners to promote grant opportunities and develop collaborations to apply for grants.

TWC works closely with the Boards to facilitate partnerships and identify training needs. Boards play an important leadership role in working with training entities and develop successful customized training projects. Public community colleges and public technical colleges are key partners in many of the grant programs.

Although Boards are not eligible applicants for Skills for Small Business grants, they are instrumental in helping TWC's business liaisons outreach to as many employers as

possible. TWC staff provide training and collateral material to the Boards' Business Services Units staff so they can also outreach employers about the grant.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The Skills Development Fund is Texas' premiere training grant and the Legislature has allocated millions of dollars to it each year. EECO's goal is to encumber as many of those dollars as possible throughout the state to help Texas employers invest in their employees. However, staff has struggled to find enough applicants to allocate all of the available funding every year. In an effort to overcome this issue, the team has expanded its focus within the last two years by making presentations directly to employers and employer organizations, rather than only college partners, to spread the word about the many grant opportunities available to them through our partners.

Additionally, some requirements of the individual grant programs, including the average cost of training per participant and the prevailing wage threshold, are difficult for certain applicants to meet due to increasing training costs and differing wages in small vs. large cities.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Tri-Agency Initiatives

A. Provide the following information at the beginning of each description.

Name of division or program: Tri-Agency Initiatives

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Lorena Knight, Manager

Statutory citation: Texas Government Code, Chapter 2308

B. What is the objective of this division or program? Describe its major activities.

In March 2016, Governor Greg Abbott created the Tri-Agency Workforce Initiative. The Governor tasked TEA, THECB and TWC to work together on developing strong links between education and industry, with the goal of helping Texas grow in economic prosperity.

In response to the charges laid out by Governor Abbott and by House Bill 3767 from the 87th Texas Legislature, Regular Session, TEA, THECB, and TWC partnered to identify the following three high-priority focus areas for the Tri-Agency Workforce Initiative.

- **Pathways:** Support efficient and flexible pathways to earning degrees, certificates, and other credentials linked to high-wage, in-demand jobs.
- **Support:** Ensure students receive the supports necessary to succeed at all stages of their educations and in their transitions to the workforce.
- **Infrastructure:** Create a robust infrastructure for interagency collaboration around common goals, data, and processes to ensure improved student outcomes and meet employers' needs.

The Tri-Agency Initiative sets out goals and resources along with the Tri-Agency Workforce Goals and Strategies.

In addition to maintaining regular communications and collaboration, Tri-Agency staff from the three agencies work under the direction of the three agencies' commissioners – TEA's Commissioner, THECB's Commissioner, and TWC's Chairman. In addition to maintaining regular communications and collaboration, Tri-Agency staff have completed and launched three statewide programs designed to address the initiative's priorities – Credential Library, Texas Regional Pathways Network, and Texas Teacher Apprenticeship Strategy – which are described along with other activities in Question F below.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB

performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

In 2020, the Tri-Agency Workforce Initiative released the [Tri-Agency Workforce Initiative 2020 Commissioners' Report Executive Summary](#), a progress report on their responses to the Governor's charges and the implementation of HB 3, 86th Texas Legislature, Regular Session.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The foundations of Texas's commitment to a robust workforce began in 2015 with THECB's 60x30TX plan outlining ambitious goals for college completion and workforce readiness by 2030. Building on this vision, Governor Abbott officially established the Tri-Agency Workforce Initiative in March 2016. This collaborative powerhouse brought together TEA, THECB, and TWC to foster economic prosperity, publishing their first recommendations shortly thereafter in the 2016 report [Prosperity Requires Being Bold: Integrating Education and the Workforce for a Bright Texas Future](#).

Momentum grew in 2019 when House Bill 3 revolutionized school finance, emphasizing college, career, and military readiness. Governor Abbott charged the Tri-Agency with implementing this legislation, and the Initiative also established the Texas Regional Pathways Network's steering committee. By February 2020, Governor Abbott expanded the Tri-Agency's mandate, directing them to tackle long-term education and employment needs across seven key areas: readiness, completion, transitions, upskilling, educator pipeline, partnerships, and infrastructure. A progress report followed later that year.

2021 proved pivotal as Governor Abbott signed three bills solidifying the Tri-Agency's framework:

- HB 3767 formalized their collaboration and goals
- SB 788 standardized data sharing
- SB 1230 established the Texas Commission on Community College Finance

These legislative steps enabled the 2022 adoption of [Building a Talent Strong Texas](#), an expansion of the original 60x30TX objectives. That same year, the Tri-Agency Initiative released its Work-Based Learning Strategic Framework and began developing a Texas-specific credential library.

The transformation continued into 2023 with House Bill 8, which revolutionized community college funding. In 2025, the Tri-Agency Commissioners are set to approve the Texas Teacher Apprenticeship Strategy, marking a decade of strategic efforts to cultivate a skilled and prosperous Texas.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The Tri-Agency Workforce initiative seeks to build a strong Texas workforce and ensure that Texans are prepared for jobs in the industries that power the state's economy today and tomorrow. This support is available to all Texans, so no eligibility qualifications are required.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Tri-Agency partners collaborate on signature projects that support Texas students and workers and build talent pipelines to spur economic growth across the state. Staff work together to streamline the implementation of individual and combined efforts, respond to legislation, and share information and other resources with constituents. Staff support regional and local implementation of state strategies and gather feedback from local stakeholders who are driving impact. Several of the largest initiatives are described below.

Credential Library

This project is managed by Tri-Agency staff. The credential library, referred to as MyTXLibrary, provides a publicly accessible web-based library of credentials such as diplomas, certificates, certifications, digital badges, apprenticeships, licenses, or degrees that are delivered, issued, funded, or governed by the state; aligned with recognized skills and industry standards; available to residents of the state; and used by employers in the state.

Members of TWC's Tri-Agency and Special Projects department work with a contractor, Credential Engine, to build, modify, expand, and vet information included in the online credential library for Texas. The team meets with Credential Engine on a weekly or bi-weekly basis to review the status of the project, test new functions, and initiate next phases of the project.

Texas Regional Pathways Network

The [Texas Regional Pathways Network](#) (TRPN) brings together state and regional leaders to build strong educational and career pathways that prepare Texans for careers in high-wage,

in-demand industries. Leaders engaged in the TRPN represent multiple sectors, including K-12 education, postsecondary education, workforce and economic development, business and industry, government, and nonprofit and community-based organizations.

TRPN was launched in 2019 to support Governor Abbott's Tri-Agency Workforce Initiative. With a vision that all Texans are prepared to contribute to a competitive Texas economy, the mission of the TRPN is to build regional talent pipelines that begin in high school career and technical education (CTE) programs. These pathways are designed to support economic growth across the state and ensure that all Texans have the skills and credentials needed for economic advancement.

The TRPN is a growing community of regions across the state working to develop, refine, and scale high-quality career and education pathways. Through the network, grantees share knowledge and best practices, make strategic connections, and build intentional partnerships across regions in service of their goals.

Texas Teacher Apprenticeship Strategy

To promote a work-based learning model, Tri-Agency staff worked together and with stakeholders such as school districts, Boards, and non-profit representatives to develop a strategy for K-12 teacher apprenticeships. These apprenticeships are designed to continue the education and training of existing employees, such as paraprofessionals, and provide valuable support to high school students aspiring to become highly skilled teachers.

Apprenticeship programs integrate essential on-the-job training with educator preparation coursework, ensuring apprentices gain practical experience alongside academic learning. Each apprentice works under the guidance of a dedicated mentor, following a framework of strategic teacher competencies to foster professional growth. Throughout the process, apprentices receive compensation and benefits following a progressive wage scale that supports their journey toward becoming fully credentialed, effective educators.

Other Projects

In response to Texas Education Code, Section 7.012, the Tri-Agency partners developed and posted a model data-sharing agreement for use by public schools, public and private institutions of higher education, and state and local workforce entities when sharing data protected under the Family Educational Rights and Privacy Act of 1974 among themselves as well as with other entities authorized to receive these data.

In response to Texas Labor Code, Chapter 318, the Tri-Agency Workforce Initiative developed the [Tri-Agency Framework for Work-Based Learning](#), which establishes a comprehensive, functional definition of "work-based learning," organizes work-based learning programs by type (such as apprenticeships, internships, and service-learning experiences), and provides guidance on implementing high-quality work-based learning.

In response to Rider 51 of the General Appropriations Act, 88th Texas Legislature, Regular Session (2023), TWC staff gathered information about cross-agency coordination on apprenticeship and other work-based learning funding and worked with TEA and THECB to identify available funding sources for future apprenticeship and other work-based learning programs, Cross Agency Coordination on Apprenticeship and Work-Based Learning Funding, General Appropriations Act, Article VII, TWC, Rider 51.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

TWC strategically allocates funding from federal program funding streams, including WIOA, DOLETA, and TANF, to support the activities of the Tri-Agency Initiative.

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

The Tri-Agency Workforce Initiative brings three state agencies together to meet statewide education and workforce goals. Projects are coordinated across the three agencies and are not launched until the three Tri-Agency Commissioners have reviewed and approved. Projects are guided by the priorities and strategies developed in response to the governor’s charges and HB 3767.

Other initiatives are sometimes mislabeled as “Tri-Agency.” For example, if the public sees that TEA and THECB are working together on dual credit program, it is assumed that the work is a Tri-Agency initiative. That assumption, however, is not correct. The three agencies typically work together on many projects and will continue to do so as part of normal operations. Only projects guided and approved by the Tri-Agency Commissioners bear the Tri-Agency label.

In response to Rider 51 of the General Appropriations Act, 88th Texas Legislature, Regular Session (2023), TWC staff gathered information about cross-agency coordination on apprenticeship and other WBL funding and worked with TEA and THECB to identify available funding sources for future apprenticeship and other WBL programs: Cross Agency Coordination on Apprenticeship and Work-Based Learning Funding, General Appropriations Act, Article VII, TWC, Rider 51.

In response to Texas Education Code, Section 7.012, the Tri-Agency partners developed and posted a model data-sharing agreement for use by public schools, public and private institutions of higher education, and state and local workforce entities when sharing data

protected under the Family Educational Rights and Privacy Act of 1974 (FERPA) among themselves as well as with other entities authorized to receive these data: SB 788 (87R) Mode Data Sharing Agreement

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Tri-Agency staff regularly work with the following entities:

- Independent School Districts and Open-Enrollment Charter Schools
- Local Workforce Development Boards
- Institutions of Higher Education
- Community-based programs

Staff work with these entities to:

- Promote work-based learning programs and experiences.
- Launch and expand TRPN opportunities.
- Provide strategies for addressing teacher vacancies.
- Share information and other resources that enable workforce and education stakeholders to work together.
- Provide guidance on funding available through each agency.
- Take inventory of workforce credentials available throughout the state.
- Determine the value of those credentials to employers and their employees.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

In response to Texas Labor Code, Chapter 318, the Tri-Agency Workforce Initiative developed the Tri-Agency Framework for Work-Based Learning, which establishes a comprehensive, functional definition of "work-based learning," organizes Work-Based Learning programs by type (such as apprenticeships, internships, and service-learning

experiences), and provides guidance on implementing high-quality Work-Based Learning: [The Tri-Agency Strategic Framework for Work-Based Learning Report](#)

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Workforce Readiness Outreach

- A. Provide the following information at the beginning of each description.**

Name of division or program: Workforce Readiness Outreach

Location within the agency: Workforce Development Division, Education and Outreach

Contact name: Matthew Snaidecki, Manager

Statutory citation: N/A

- B. What is the objective of this division or program? Describe its major activities.**

The Workforce Readiness Outreach (WRO) program helps Texas secondary and postsecondary students explore all training and education options beyond high school and how they align to different career interests. Under the program, a team of career coaches provides students with practical guidance about labor market data, career readiness, secondary education pathways, work-based learning, apprenticeships, and internships.

TWC's career coaches travel to schools and colleges across the state to offer these services and coordinate the efforts of several regional teams of career coaches employed by Local Workforce Development Boards.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

In 2024, WRO career coaches from TWC and the Boards collectively provided 11,072 workforce readiness group sessions and 16,939 one-on-one meetings with 233,313 students and 64,432 adults. TWC's team also responded to 4,612 hotline calls.

TWC tracks several student outcome data points to determine if there is a difference between the performance of districts that received WRO services from TWC versus all other school districts across the state. The data collected shows a higher performance rate in several categories for the districts receiving WRO services in comparison to the statewide data. For example, students completing career and technical education (CTE) requirements in the 2021-2022 academic year was 31.2 percent for those receiving WRO services compared to 27.6 percent for all schools. That same year, high school graduates meeting Career or Military Ready criteria was 26.7 percent for those receiving WRO services and 24.2 percent for all schools.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

TWC began providing WRO services to schools across the state in 2014. The demand for these services was so large, the team quickly expanded from one career coach to three coaches on staff in roughly two years. In 2019, the agency launched a pilot program to replicate the state-level team at the local level by awarding seven Boards a grant to build a regional Workforce Readiness Outreach of their own. The TWC team on-boarded the pilot teams and worked closely with them as they built their programs. The pilot ended in 2021 with great success and though there were no longer any grant dollars available, all 28 Boards were invited to grow their own teams and use any appropriate funding sources available to support this work. Seven new Boards opted in, and the original seven pilot teams remained.

Each year, more boards show interest in joining the outreach network, but lack of sustainable funding has proven a great challenge to the efforts to grow the team.

The program continues to seek ways to secure sustainable funding to ensure permanence and ability to scale. The 89th Texas Legislature passed House Bill 120, which may provide an opportunity for career coach roles to be supported through Foundation High School funding as external career advisers. More research and communications with agency partners are needed to determine feasibility and develop a plan.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

WRO services are available to any secondary or postsecondary students, their parents, or district/campus staff across the state. Services may also be provided in foster youth group homes or transition centers and in TDCJ and TJJD facilities.

Career coaches can also partner with fellow Board program staff, industry representatives, employers, local colleges, and community organizations for the purposes of partnership and collaboration as appropriate.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC's WRO team includes three career coach positions. 23 of the 28 Boards have signed letters of intent to maintain their own teams of career coaches, but only 19 Boards have active teams as of July 2025. TWC provides guidance to the Boards on the operation of the WRO program through [Workforce Development Letter 05-21](#)

Schools can reach out to the WRO teams at TWC or the Boards to request to have a career coach visit a campus, district, or regional office and provide services to students and/or faculty and staff. WRO staff will work together between the local team and state-level team to cover all invitation requests as needed.

The WRO teams at TWC and the Boards play a critical role in helping the future workforce understand and adapt to the growing Texas economy. Career coaches use labor market information to inform students, educators, and counselors about in-demand careers in their regions. They are also trained in career guidance and workforce development, which is not a requirement for most school counselors so the services they provide are distinct to this team. Career coaches offer a wide variety of useful materials to students, parents, and schools, including those available on [TWC's Labor Market Information website](#).

TWC's WRO team also responds to requests received through a 1-800 hotline. Students, parents, teachers, school counselors, and currently and previously incarcerated individuals can call this hotline to request personalized career exploration data or information packets.

WRO staff also produce and update informational materials such as the Foundation High School Endorsement Bulletins.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

TWC strategically allocates funding from federal program funding streams, including WIOA, DOLETA, and TANF, to support the activities of the Workforce Readiness Outreach team.

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

Most of the Board regional teams have MOUs or Letters of Agreement with school districts to ensure that the services provided by the Workforce Readiness Outreach teams do not replicate or supplant the academic or college advising services readily available on school campuses.

The state-level team does not require Letters of Agreements or MOUs to work with schools. There are no identical or similar programs.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Career Coaches at the Local Workforce Development Boards work in partnership with the state-level team to ensure there is consistency in the basic services provided by the teams as well as the content the teams cover in all workshops, trainings, and presentations.

The team works closely with staff from TEA to ensure all career readiness materials are up to date with education policy and requirements.

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

As previously mentioned, inconsistency of funding availability or sustainability has made it challenging for the Boards to establish, expand, and retain career coaching staff. Further, TWC uses federal workforce funding to support Workforce Readiness Outreach services and decisions by Congress and U.S. DOL could impact the continuing availability of funding for this purpose.

Other challenges for the WRO program include the following:

- Local flexibility for Board teams to modify program offerings has made it challenging for the state-level staff to ensure consistency of services across the state.
- Frequent changes to local staff have made it difficult for state-level staff to keep up with onboarding needs, as well as collecting team productivity data.
- Finally, some Board teams are very committed to remaining closely partnered with the outreach network, while other teams appear to want to focus only on their regional interests.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Workforce Development Grant Administration

A. Provide the following information at the beginning of each description.

Name of program or function: Workforce Development Grant Administration

Location within the agency: Workforce Development Division, Grants

Contact name: Leslie Kruse, Deputy Director

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

The Workforce Development Division's Grants team plays a crucial role in empowering and maintaining the integrity of the Texas workforce system. TWC has strategically consolidated the administration of most of its workforce grant programs under the Workforce Development Grants team, aiming to streamline and enhance consistency across programs. This structure ensures grant administration staff operate under shared leadership and a common vision, facilitating the establishment of standardized policies, procedures, and reporting requirements. Ultimately, this alignment aims to create a more cohesive and efficient grant administration framework, benefiting both TWC staff and Texans across the state.

In Program Year 2024, the Workforce Development Grants team awarded 1,083 grants to 278 unique grantees, totaling \$2,216,915,233.50, in addition to monitoring previously awarded grants. Attachment 17 provides a list of all grants awarded by TWC from FY 2020-24.

The larger grant programs administered by the Workforce Development Grants team are discussed in other sections of the Guide to Agency Programs. Overviews of all grants managed by the Workforce Development Division are available and can be provided to Sunset staff upon request.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

TWC utilizes a structured reporting tool to gather comprehensive information from its grantees. This tool serves as a crucial mechanism for monitoring performance and understanding the activities of grant funded programs. By implementing a standardized approach, TWC ensures consistent data collection across grantees in an initiative, enabling effective comparison and analysis of program outcomes. This allows the Commission to track progress toward established goals, ensure accountability for the use of public funds, share successes, and identify areas for improvement and shared learning.

The reporting tool captures both quantitative and qualitative insights into program implementation. Grantees are required to report on specific, measurable indicators, as well as providing detailed, qualitative reviews of accomplishments. Examples of quantitative performance metrics include:

- Number of participants outreached and recruited for enrollment. This metric assesses the program's effectiveness in attracting individuals to training opportunities.
- Number of eligible participants enrolled. This indicates the program's effectiveness in converting outreach efforts into actual program participation.
- Number of participants that obtain employment. This is a key outcome metric, reflecting the program's impact on participants' career prospects.
- Number of Industry-Based Certifications awarded. This highlights the program's success in equipping participants with recognized industry credentials.

Qualitative reviews include analyzing performance outcomes, describing training activities and support services provided, explaining factors influencing program results, and outlining strategies to address challenges or enhance program delivery. This approach allows TWC to gain a deeper understanding of the “story” behind the reported numbers, developing a more informed and effective oversight of its grant work.

The measures above are a small sample of a library of metrics each grant program may use for collecting data. Prior to each program start, staff defines program outcomes to measure program success, and existing metrics are revised, updated, or supplemented to ensure appropriate data is collected. Report tools specific to each initiative are developed and provided to each grantee, ensuring consistency among reported data.

Using the data collected, Staff analyze outcomes to measure grantee performance, program success, and return on investment. Success is determined based on a comparison of final results to the defined success standards. Successful programs are evaluated for opportunities for scaling, while unsuccessful programs are revised in an effort to achieve success or discontinued.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Eligibility for the grants administered varies according to the specific requirement and guidelines established by the funder. Eligibility guidelines for individual grant programs is provided in the Guide to Agency Programs sections for each program.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC grants are awarded through both competitive and noncompetitive processes, depending on the individual program requirements.

For competitive grants, the Workforce Development Grants team works with program staff to complete the Request for Applications (RFA) development, evaluation and award processes and monitor performance of grantees.

Non-competitive grants are typically awarded through application-based statewide initiatives, formula allocations, distributions, or specific legislative mandates, rather than through a competitive proposal process. The Workforce Development Grants team works jointly with the Office of General Counsel and Grants Administration Department to define evaluation criteria and terms and conditions and to develop grant and final executed documents.

The TWC grant process is a collaborative effort between multiple business units, emphasizing coordination and preventing duplication. All units involved must adhere to TWC's policies. The key roles and responsibilities of those involved in grant processes are described below.

- Commissioners: Approve allocations, distributions, other statewide funding, program design, functioning as policymakers.
- Initiating Program: Manages the solicitation process for both competitive and non-competitive grants, including preparing both solicitation or application-based opportunities with complete packages and documentation, facilitate meetings, develops evaluation criteria and manages evaluations, formats award notification and documents.
- Project Managers/Program Contacts/Subject Matter Experts: Contribute to work plans, outcome measures, and evaluation criteria, and may also participate in evaluation teams.
- Business Operations Division, Procurement and Contract Services, Grants Administration Department: Oversees the solicitation process, ensuring legal and policy compliance, developing evaluation tools, leading the evaluation process, and managing award execution and record-keeping.
- Office of General Counsel: Ensures legal authority, mitigates risks, advises on solicitation language, develops legal terms and conditions, and reviews final award documents.

- Finance Division: Advises on fiscal matters, participates in budget development within solicitations, and reviews financial terms.
- Workforce Development Grants: Negotiates and develops grant documents, executes grant awards, consistently reviews expenditures and performance targets, outputs and measures, processes and approves amendments, and conducts grant closeouts.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Funding for the Workforce Development Grants team is strategically allocated across the multiple grant programs that the team administers.

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

TWC's grantmaking remains strategically focused on broad workforce development initiatives. This mission driven approach ensures TWC's programs complement, rather than duplicate, the efforts of other agencies, leading to strategic referrals and a more comprehensive service network for Texans.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC grant programs actively engage with local, regional, and federal government entities to enhance workforce development. Primarily, TWC funds Boards to tailor programs to community needs. Collaboration also occurs through partnerships on local initiatives aligned with economic development strategies and leveraging regional bodies for addressing multi-county workforce challenges and accessing regional expertise. TWC receives and administers federal funding and aligns with federal priorities and implementing national initiatives at the state and local levels.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

TWC's grant management is hindered by an IT system intended for procurements, not grant management activities. Additional key grant functions are spread across disparate

platforms. This reliance on multiple, unintegrated systems creates extensive manual processes, data silos, and ultimately obstructs efficient and comprehensive grant oversight.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

The Workforce Development Grants team is currently involved in a rapid process improvement project focused on RFAs and grant development, aiming to eliminate inefficiencies, standardize processes, and reduce the timeline from program initiation to grant award.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Career Schools and Colleges

A. Provide the following information at the beginning of each description.

Name of program or function: Career Schools and Colleges

Location within the agency: Workforce Development Division, Compliance and Assistance

Contact name: Blair Mosley, Manager

Statutory citation: Texas Education Code, Chapter 132

B. What is the objective of this division or program? Describe its major activities.

The Career Schools and Colleges (CSC) program is responsible for regulating most private postsecondary educational programs in Texas in accordance with state statute and rule. The program ensures quality in program offerings leading predominantly to employment or upskilling and provides consumer protection.

Critical functions include:

- Licensing career schools in compliance with legal requirements.
- Issuing exemptions to career schools that are eligible for exemptions from Ch. 132.
- Reviewing and approving programs of instruction.
- Reviewing the qualifications of and approving key staff at career schools.
- Monitoring student outcomes.
- Ensuring compliance of licensed schools with legal requirements and taking enforcement actions in response to violations and handling appeals.
- Investigating and initiating enforcement against unlicensed schools.
- Reviewing and monitoring program-related activities conducted by Integrated Service Area Managers, including:
 - Investigating student complaints
 - Performing on-site school visits.
 - Providing technical assistance to career schools and students.
 - Administering refunds from the Tuition Trust Account.
 - Monitoring school closures.
 - Collecting and publishing data on regulated schools.

The Tuition Trust Account exists to help reimburse students if a closed school did not complete the training of enrolled students or did not pay refunds already due. The Tuition Trust Account also reimburses other schools for direct, additional expenses incurred in providing a "teach-out" for the closed school's students, when this can be arranged.

Additional information is available online, [Career Schools & Colleges Program](#).

The Eligible Training Provider (ETP) program provides WIOA and other workforce program training participants with access to a wide selection of approved training programs. TWC's

Eligible Training Provider Coordinators manage the application process for training providers in their assigned Board areas. They also provide guidance on program eligibility and help with submitting program information. Besides that, they handle updates for existing ETPs.

The critical functions of TWC's ETP program are:

- Serving as the TWC point of contact for Boards, training providers, and the public regarding the ETP program's procedures, policy, and automated system.
- Verifying and certifying Board-approved applications for inclusion on the statewide list and ensuring that all information is complete, accurate, verifiable, and in compliance with WIOA and TWC requirements.
- Providing training and technical assistance to support training providers and Boards.
- Providing a UI Wage match service for training providers interested in becoming certified.
- Maintaining the automated application and certification system for training providers.

To be listed on the statewide ETP list, WIOA mandates that all ETPs, except U.S. Department of Labor's Employment and Training Administration (DOLETA) Registered Apprenticeships, provide verifiable performance data for all students. TWC collects the data through the annual student data report, and TWC submits it to DOLETA.

The ETP list and program and administration information is available online, [Eligible Training Providers](#).

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The following data comes from the Proprietary Education Consolidated Online System (PECOS) system which was replaced in November 2024 with a new online portal called EDvera. Staff continues to work with EDvera to configure it to meet Texas' needs. Some critical data and functions are still being developed. Staff are planning to automate queries in EDvera to allow performance metrics to be reported through a department dashboard.

In FY 2024, the Career Schools and Colleges program:

Self-Evaluation Report

- Monitored the compliance of 703 career schools or colleges (LBB measure).
- Processed the renewal applications of 292 career schools or colleges.
- Evaluated and made determinations in 121 exemption requests.
- Investigated 21 complaints against career schools or colleges.
- Processed 17 school closures.
- Investigated 4 tips on suspected unlicensed schools.
- Conducted 836 on-site visits to schools.
- Processed applications for over 613 school staff.
- Processed applications for 103 new and 56 revised courses of instruction.
- Processed 229 school catalog and enrollment material revisions.
- Processed 30 changes of school ownership or name.
- Processed 69 changes of school name or address.
- Reviewed the completer, placement, and employment data for 1,244 programs approved during the fiscal year.

In Fiscal Year 2024, the ETP program:

- Maintained 533 certified training programs.
- Approved 122 new certified training programs.
- Approved 206,569 updates to certified programs on the state's Eligible Training Provider List.
- Provided training and technical assistance to hundreds of users of the ETP online system, including Board ETP contacts, training providers, and members of the public.
- Provided three onsite workshops to Board ETP staff and training providers.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In 2003, the 78th Texas Legislature passed House Bill 2492 transferring the regulation of career schools and colleges from THECB to TWC to better align career and technical education with the state's workforce development efforts. Since 2003, TWC has worked to streamline the regulatory process by implementing process improvements and technology enhancements to improve coordination with workforce training providers. The number of licensed career schools in Texas has grown from 416 licensed schools to currently more than 700 licensed schools.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Texas Administrative Code Chapter 807 provides requirements that must be met by a career school or college, its owners, staff, instructors and programs. Schools must meet financial standards including positive equity or net worth balance; a current ratio of at least one-to-one (current assets/current liabilities); and stockholder's equity or net worth exceeding the amount shown for goodwill, if applicable. All owners, directors, representatives, instructors, and administrative staff must be of "good reputation" A full description of requirements can be found in [TAC Subchapters E-G](#).

To be listed on the statewide ETP list, WIOA mandates that all ETPs provide verifiable performance data for all students in their programs. This requirement does not include Registered Apprenticeships. The data is collected through Student Data Reports (SDRs) distributed to providers by TWC. For new programs, submission of SDRs is required before they can be on the statewide ETPL. This requirement ensures training programs are effective and benefit the students. SDRs are required to be submitted annually for programs to remain on the ETP list.

[WD Letter 15-19, Change 2](#), provides the eligibility criteria and performance expectations for Eligible Training Providers.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

New School Applications: The CSC program oversees the process for any new career school or college seeking to open and operate in Texas. This involves the following:

- Providing application materials and guidance to prospective schools.
- Reviewing applications for completeness, accuracy, and compliance with legal requirements, including financial stability.

- Monitoring site surveys/visits conducted by Integrated Service Area Managers (ISAMs) to assess facilities, equipment, and administrative operations.
- Approving qualified schools for operation by issuing a Certificate of Approval.
- Managing application withdrawals or denials for schools not meeting the specified criteria.

Certificate of Approval Renewals: Existing licensed schools must undergo periodic renewal to continue operating. The CSC program is responsible for:

- Providing timely notice of renewal requirements to schools.
- Reviewing renewal applications for ongoing compliance with financial, operational, and programmatic standards.
- Addressing deficiencies identified during the renewal process, including potential corrective actions and penalties for non-compliance.
- Denying renewal if compliance is not achieved, which may result in school closure.

Staff Registration: The CSC program monitors who is representing the school and if they are properly registered as a staff member with the state. Staff will assist applicants for the approval, process and document for each one and retain records and follow up as well.

Program of Instruction Application: The CSC program handles all applications for a new or revised programs of instruction at Career Schools. This includes assessing course outline information, the need for the course and all the data for that program of instruction to be properly followed to ensure success.

Exemptions: The CSC program also handles any school seeking exemptions from CSC regulation based on statutory criteria.

Changes of Ownership: The change of ownership means to reapply with the state to be considered as the owner, in whole, with all regulations. Any changes require proper documentation and notification as requested.

Regularly Scheduled Surveys: Conducted by ISAMs or other designated staff. These surveys involve:

- *Physical Site Inspections:* Verify adequate facilities, equipment, and safety standards.
- *Record Review:* Examine student files, attendance records, financial documentation, and compliance with policies.

- *Staff Interviews:* Gather information from school administrators, instructors, and staff.

Annual Reporting:

- *Collecting Data:* Requiring schools to submit data on student enrollment, completion rates, job placement, and employment outcomes (Completer, Placement, and Employment Reporting).
- *Data Analysis:* Analyzing this data to assess the quality and effectiveness of schools and programs.

Complaint Investigation:

- *Complaint Receipt:* The process of receiving complaints from enrolled or previously enrolled students for actions that violate statutory and rule requirements.
- *Initial Review:* Review for completeness, timeliness, and jurisdiction.
- *Investigation and Notification:* If found to be in violation, will issue a warning letter and give instructions on how to resolve violations.

Handling School Closures and Tuition Protection: This function protects students financially in the event of school closures.

- *School Closures:* Overseeing school closures to ensure all requirements were met before closure.
- *Ensuring Refunds:* Guaranteeing refunds to students who are part of a school's closure.

Tuition Trust Account Management:

- Collecting funds from schools for the Tuition Trust Account (TTA).
- Managing and disbursing funds from the TTA to cover student refunds or teach-out expenses.

Customer Service: Handling telephone calls, responding to emails, and providing information to schools, students, and the public.

Eligible Training Provider List Applications: The application process is as follows:

- The provider submits provider, campus and program information to their local Board. The Board reviews the information and may require updates.

- The Board submits provider/program information to TWC.
- TWC reviews the information and may require updates.
- TWC includes the provider's programs on the statewide Eligible Training Provider List.
- This process usually takes between two to four weeks, depending on the amount and accuracy of information provided. DOL Registered Apprenticeships do not go through this process and are added directly to the list.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Career Schools and Colleges	\$1,185,889	\$0	\$1,185,889

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

There is no duplication of oversight, as schools approved and regulated by another state agency are statutorily exempt from regulation by TWC.

THECB approves degree programs in Texas. For career schools and colleges with degree programs, THECB provides degree-granting authority or approves degrees and TWC approves the school.

TVC's Veterans Education program approves programs for which qualified veterans and dependents may use their GI Bill education benefits. Some career schools and colleges have programs approved by TVC. In this case, TVC requires compliance with CSC requirements and as well as the requirements of TVC.

TWC coordinates with several state agencies to regulate career schools and colleges that offer specialized types of training. Licensed career schools and colleges provide training in the following areas where the expertise of other agencies is necessary to ensure that the requirements for licensure or certification are met:

- Texas Board of Nursing: Professional Nursing programs
- Department of Texas Health and Human Services: Medication Aide, Nurse Aide programs
- Texas Board of Dental Examiners: Dental Assisting programs
- Department of State Health Services: Laser Hair Removal and Limited Radiologic Technician programs

Other state agencies, such as the Texas Department of Licensing and Regulation, also oversee specific types of specialized career schools not regulated by TWC, such as barbers.

As outlined above, several state agencies rely on TWC to grant legal approval for a career school or college to operate, while also imposing additional program-specific requirements. TWC collaborates closely with these agencies to clarify regulatory roles and ensure coordinated oversight. This interagency coordination, including defined processes and responsibilities, is communicated to schools that must obtain approval from multiple entities to offer certain programs.

Texas Education Code, Section 132.023, requires TWC, in consultation with the Texas Guaranteed Student Loan Corporation (TGSLC) and state agencies that regulate career schools and colleges, to develop a comprehensive strategy to reduce default rates at career schools and colleges and to improve the overall quality of the programs operated by these schools and colleges. TWC currently has an MOU with THECB, TGSLC, and the Texas Department of Licensing and Regulation.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The U.S. Department of Education (ED) oversees Title IV funds in schools authorized to participate in the Title IV program. Title IV is a form of federal student financial aid. In general terms, a school must have a Certificate of Approval (issued by TWC), operate for two years, and become accredited by an accrediting agency recognized by ED before it can apply for the right to participate in the Title IV program. TWC has no jurisdiction for or involvement in the administration of federal financial aid; however, ED consults with TWC on questions of state authorization of schools that are or may become Title IV schools. Additionally, TWC and ED share information with one another while developing corrective actions to understand the impact of corrective actions on students at the career schools.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The CSC program has faced several challenges including leadership turnover and staffing vacancies. The program did receive one additional requested FTE for FY 2026-27. TWC's exceptional item request focused on the expansive growth of career schools to establish the need for additional staff; over the last 20 years, the program has grown from 416 licensed schools to 729 licensed schools as of May 2025.

Due to the previously cited turnover and increase in licensing volume, as well as staff time being spent on a new system development, more than half of licensed career schools' certificates of approval being expired including some for two to five years.

In early 2025, the CSC program began a focused effort to dedicate most staff resources to reducing and eliminating a backlog of 400+ overdue renewal applications from licensed schools. As of May 2025, 59 overdue renewals remained, and efforts continue to bring these schools into compliance with law. Concurrent with efforts to eliminate the backlog, CSC program leadership has focused on reinstating processes to help ensure statutory application processing timeframes are met.

A new online platform and database of record, EDvera, is still being fully deployed. Its development and implementation were significantly delayed from expected launch in December 2023, and at go-live in November 2024, essential functionality was still incomplete. The CSC program is still working with the vendor to achieve full functionality, with staff performing manual workarounds. The system is anticipated to be fully functional by Fall 2025, but with several necessary components unrealized because as an off-the-shelf solution, it cannot be cost-effectively customized to meet all TWC's requirements or needs including a statutory requirement to publish enforcement actions against career schools on TWC's website. Thus, TWC resources will be required to establish manual data reporting. Additionally, many of the standard operating processes mentioned previously that are needed to ensure applications are processed timely are not available in EDvera, which will require parallel processes to continue and will not allow for consolidation of tracking into EDvera.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

Purpose of Regulation

The purpose of regulation is to ensure that career schools and colleges provide training that prepares students for gainful employment in the occupation for which they are trained. Regulation also offers consumer protection by ensuring schools are compliant with law and

rule and establishing safeguards for students in the event a school ceases operations before fulfilling the training for which payment has been made.

Inspections

ISAMs conduct on-site inspections at all regulated career schools and colleges prior to issuing an initial Certificate of Approval. An ISAM conducts technical assistance visit approximately 90 days after the school begins operations. Thereafter, visits are annual. Additional ISAM visits may be initiated in response to complaints or other regulatory concerns, and a final inspection is conducted when a school closes. All ISAM visits - including initial, 90-day, annual, and closure inspections - are conducted using a standardized protocol and method of review. When appropriate, TWC may coordinate inspections with other co-regulating agencies.

Compliance Actions and Enforcement Tools

Follow-up actions including sanctions when institutions meeting the definition of a career school or college are found to be non-compliant with the legal and regulatory requirements include the following:

- Corrective action plans when compliance deficiencies are identified as a result of site visits, complaint or other investigations, or failure to maintain approvals necessary to retain licensure.
- Refund orders when student complaints are substantiated with findings of particular violations.
- Financial penalties for certain violations.
- Revocation of program approvals when not meeting employment rate requirements.
- Denial or revocation of licenses for schools that engage in serious violations or continue to fail to comply with requirements when directed to do so.
- Orders to cease and desist operation if operating without approval and non-responsive to directives.

The full range of sanctions is outlined in Texas Administrative Code, Title 40, Section 807.351–807.353. For all compliance matters, standard deadlines for resolution are provided, along with sufficient notice and opportunity to remedy deficiencies. Enforcement actions - such as license denial or revocation - are pursued only after an institution fails to comply despite multiple opportunities to do so. Schools may appeal financial penalties, program denials, or license revocations through the administrative hearing process.

Complaint Procedures

In accordance with Texas Administrative Code, Title 40, Section 807.301, schools are required to establish a student complaint process that includes a clearly written procedure outlined in the school catalog. Complaint policies must be posted in public areas, and any unresolved complaints must be referred to TWC or the appropriate accrediting agency.

The complaint process is governed by Texas Administrative Code, Title 40, Sections 807.301 and 807.302. Upon receipt of a written complaint, TWC assesses whether it falls within the agency's jurisdiction and whether investigation is feasible. If both criteria are met, the complaint is assigned to the appropriate ISAM staff for field investigation. The investigation follows a standardized protocol, including formal correspondence with both the complainant and the school, collection of relevant documentation, and issuance of a written decision. If warranted, the decision may include directives for refunds or other corrective actions. All activity and outcomes are recorded in permanent complaint records.

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

Complaints Received by Source	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Complaints Received	33	28	47	27	25
Complaints Initiated by Agency (originating from criminal history checks)*	0	0	0	0	0
Complaints Initiated by Agency (not originating from criminal history check)	0	0	0	0	0
Complaints Originating from Public (including other regulated persons or entities)	33	28	47	27	25
Complaints Originating from Other Agencies	0	0	0	0	0

*Only applicable if conducting fingerprint criminal history checks

Disposition of Complaints	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Complaints Received*	33	28	47	27	25

Disposition of Complaints	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Complaints Found Jurisdictional	31	27	47	26	24
Claims Found Non-Jurisdictional	3	1	1	1	2

*Since complaints may not be processed within a single fiscal year, rows below may not equal the total. Also, a single complaint often has multiple claims made within it. CSC's PECOS database tracks complaint disposition at claim level, therefore, complaints can have multiple dispositions, e.g., one complaint can have 3 claims and therefore have 3 different dispositional outcomes such as substantiated, unsubstantiated and indeterminate.

Complaints Resolved	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Complaints Resolved After Investigation	28	24	17	24	8
Claims Dismissed for Lack of Evidence Found in Investigation	0	1	0	2	0
Claims Dismissed Due to No Violation Found in Investigation*	22	12	14	9	8
Total Claims Resolved Through Informal Action	0	0	0	0	0
Total Claims Resolved Through Formal Action	7	4	1	2	0

*Multiple claims can be attached to the same complaint. It is possible for one claim to be dismissed, and another claim substantiated on the same complaint.

Disciplinary Actions Taken	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Complaints Resolved Through Final Orders (Formal and Informal)*	0	0	0	0	0
<u>Number of Administrative Penalties Issued</u>	28	56	83	71	33
<u>Total Amount of Administrative Penalties Issued</u>	0	0	0	0	0
<u>Total Amount of Administrative Penalties Collected</u>	\$32,334.00	\$54,200.00	\$68,987.50	\$57,750.00	\$28,250.00
<u>Average Amount of Administrative Penalties Issued</u>	0	0	0	0	0
<u>Average Amount of Administrative Penalties Collected</u>	\$1,154.79	\$967.86	\$831.17	\$813.38	\$856.06
Warnings	0	0	0	0	0
Reprimands	0	0	0	0	0
Suspensions	0	0	0	0	0

Self-Evaluation Report

Disciplinary Actions Taken	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Probated Suspensions	0	0	0	0	0
Revocations	0	0	0	0	0
Remedial Plans (if applicable)	0	0	0	0	0
(Other Disciplinary Action – Specify)**	0	0	0	0	0

* Since complaints may not be processed within a single fiscal year, rows below may not equal the total

Timelines for Enforcement Actions	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Average Days from Complaint Received to Final Resolution	114	64	77	68	80
Maximum Days from Complaint Received to Final Resolution	225	134	157	112	90
Average Days from Complaint Received to Dismissed	136	73	55	81	101
Average Days from Complaint Received to Dismissed (no investigation)	132	0	0	12	88
Average Days from Complaint Received to Investigation Finished	149	56	56	79	102
Average Days from Start to Finish of Investigation	49	61	20	42	0
Number of Complaints Open for More than One Year (as of August 31 of Fiscal Year)	0	0	0	0	0

Final Resolution = complaint dismissed, or final order entered; does not include time in appeals to district court.

State Monitor Advocate

A. Provide the following information at the beginning of each description.

Name of program or function: State Monitor Advocate

Location within the agency: Workforce Development Division, Compliance and Assistance

Contact name: Horacio Lopez–Montes, Texas State Monitor Advocate

Statutory citation: Texas Labor Code, Chapter 307

B. What is the objective of this division or program? Describe its major activities.

The Monitor Advocate System is a federal/state control function that ensures migrant and seasonal farmworkers (MSFWs) have equitable access to employment services offered by Workforce Solutions Offices across the state. Each state in the U.S. and Puerto Rico has a State Monitor Advocate whose monitoring and advocating responsibilities are outlined in federal regulations stemming from the Wagner-Peyser Act (as amended by Title III of WIOA). The U.S. Department of Labor Employment and Training Administration (DOLETA) administers the [Monitor Advocate System](#) at the federal level.

Texas' State Monitor Advocate (SMA) works diligently to achieve the goals set by our regional and national partners. The role of the SMA is to ensure compliance with federal regulations, such as equal access to workforce services, and that MSFWs are not discriminated against in any way. The SMA monitors each Workforce Solutions Office for compliance and gives guidance. The SMA also advocates for improved services to MSFWs such as the following:

- Finding MSFWs who are not being reached by the normal intake activities of the Workforce Solutions Offices. In other words, MSFW outreach.
- Boosting awareness of agricultural jobs available through the Agricultural Recruitment System.
- Increasing the number of employers utilizing the Agricultural Recruitment System.
- Identifying and removing roadblocks that prevent MSFWs from getting good jobs.
- Providing upskilling programs to help MSFWs qualify for even better-paying jobs.
- Teaming up with other organizations that support MSFWs.
- Creating awareness and keeping an eye out for exploitation and illegal practices that might target MSFWs.

Additional information is available online at [Migrant & Seasonal Farmworker Resources](#).

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

DOLETA establishes five annual performance targets for SMAs. To monitor compliance, state workforce agencies submit quarterly performance data to DOLETA. The chart below summarizes the performance targets.

Item	Compliance Level
Reviews of Significant Offices	100%
Field checks conducted when more than 10 job orders have been placed through the Agricultural Recruitment System	25%
Field checks conducted when 10 or fewer job orders (but at least one) have been placed through the Agricultural Recruitment System	100%
Outreach contacts per week	40
Timely processing of ES complaints	100%

Performance outcomes for all states in Program Year 2023 are available online, [PY 2023 LEARS 5148 Report Part I Data by SWA](#).

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The Wagner-Peyser Final Rule, discussed in the Employment Services Guide to Agency Programs section, strengthens the SMA role by increasing its authority and independence. Key changes include requiring the SMA to be a senior-level employee reporting directly to the Executive Director or designee, providing adequate resources and access to management, preventing conflicts of interest, especially in complaint processing, and protecting the SMA from retaliation for reporting noncompliance with Employment Services regulations.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

According to the 2022 U.S. Department of Agriculture 2022 Agricultural Census report, there are 120,468 MSFWs in Texas. DOLETA designates Workforce Solutions Offices as Significant MSFW Workforce Solutions Offices if their MSFW population accounts for 10 percent or more of their annual participants or reportable individuals in Employment Services, as well as those who are included due to special circumstances such as when there is a large number of MSFWs estimated in the Board area. MSFW outreach staff who

are assigned to Significant Workforce Solutions Office areas must implement a targeted outreach strategy, annually outreaching each office, to ensure that employment services are tailored to the unique needs of MSFWs in the area. Twelve Employment Services positions are designated for MSFW outreach in six Board areas, either full or part time, and nine of those positions are filled. The majority of the MSFW outreach staff split their duties between outreach and other Employment Services responsibilities in their respective offices.

The table below lists Workforce Solutions offices that currently have such a designation.

Texas Significant MSFW Offices by Board Area	Cities
Workforce Solutions Lower Rio Grande Valley	Mission/Rio Grande City Edinburg Weslaco Raymondville
Workforce Solutions Borderplex	Horizon (North Loop)
Workforce Solutions South Plains	Muleshoe Plainview
Workforce Solutions Middle Rio Grande	Eagle Pass
Workforce Solutions South Texas	Laredo
Workforce Solutions Cameron County	Brownsville Harlingen

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The SMA's functions fall into the following two main categories: monitoring and advocating, hence the name "State Monitor Advocate." The SMA has two FTE's that assist with state monitor activities.

1. Monitoring involves observing and measuring progress as well as the degree of compliance with Employment Services regulations.
 - Annually, Texas' SMA conducts on-site visits to all twelve Workforce Solutions Offices designated as significant MSFW offices by DOLETA. In addition, the SMA visits five to seven other Workforce Solutions Offices across the state. During these visits, the SMA assesses the level of compliance with federal statutes and regulations. Information gathered during these monitoring visits is compiled into reports that assist TWC in fulfilling its Wagner-Peyser Act objectives and in delivering quality, non-discriminatory employment services to MSFWs. Currently, six monitoring reports are completed each year, covering six board areas, with the goal of increasing this to seven reports in the coming year.

- The SMA provides technical assistance during each monitoring visit. These sessions aim to inform local staff about best practices and provide detailed explanations of the protections afforded to MSFWs under federal regulations. These technical sessions help local staff improve their proficiency in serving the MSFW population.
2. Advocating involves publicly defending, recommending, and supporting improved services for MSFWs.
- The SMA and SMA staff are responsible for reviewing the effectiveness of the Employment Services and Employment Related Law Complaint System. The SMA and SMA staff are prohibited from activities that may conflict with their monitoring responsibilities, including having an active role in the complaint intake process, logging of complaints and apparent violations, investigations into apparent violations and complaints, contact with the complainants, resolution decisions or notification of resolutions. Additionally, they are not involved in the appeals process for complaints. The SMA and SMA staff receive complaint logs and a monthly outreach summary report from the Boards. These reports are used to monitor the complaint system and to process and resolve complaints.
 - The SMA offers ongoing guidance to TWC supervisory staff regarding the implementation of regulatory changes and new strategic plans. This guidance is designed to improve service delivery and ensure full compliance with the terms and conditions of the federal grant. Key areas where the SMA provides valuable information include the complaint system, the agricultural recruitment system, and MSFW outreach in the field.
 - The SMA contributes to the development of statewide guidance, operating manuals, and directives that impact service delivery to MSFWs by providing technical assistance.
 - To enhance awareness and combat crime and illegal practices within the agricultural sector, the SMA coordinates webinars for all TWC boards and moderates training sessions led by professionals with expertise in human trafficking, with a focus on labor trafficking, and U.S. hires before and during the H-2A visa program. These webinars and training sessions are scheduled every one to two months.
 - The SMA meets at least monthly with organizations supporting farmworkers, such as the Texas Farmworker Coalition, as well as with employer organizations. These meetings facilitate a better understanding of their needs and the current status of the agricultural industry.
 - The SMA also must explain and make available, at the requestor's cost, pertinent directives and procedures to employers, employer organizations, farmworkers, farmworker organizations, and other parties expressing an interest

in a readily identifiable directive or procedure issued and receive suggestions on how these documents can be improved.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Migrant Seasonal Farm Workers/State Monitor Advocate	\$95,830	\$93,655	\$2,175

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

The National Farmworker Jobs Program (NFJP) is a DOLETA-funded initiative aimed at assisting MSFWs and their families in achieving greater economic stability. The current grantee operating in Texas is Motivation, Education and Training. They are a private non-profit offering career services, trainings for upskilled work and in some instances economic assistance for housing needs. Unlike Wagner-Peyser Act services, NFJPs have eligibility requirements and can also include dependents of MSFWs. NFJP's have a regional approach where service coverage is focused on areas where they have historically high number of MSFWs requesting services. TWC has an MOU in place with Motivation, Education and Training aimed at coordinating efforts to serve the MSFW population, including customer referral and outreach activities.

The Migrant Education Program is an initiative funded by the U.S. Department of Education aimed at ensuring children in migrant families, ages 3 through 21, overcome academic challenges and graduate with a high-school diploma. TEA runs the Migrant Education Program. TWC is working on an MOU with TEA's Migrant Education Program to coordinate efforts in locating and referring customers.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The Monitor Advocate System is a federal/state monitoring system. Each state workforce agency has an SMA who reviews state MSFW services on an ongoing basis. At the federal level, the DOLETA regional offices have Regional Monitor Advocates who provide support to SMAs and one National Monitor Advocate who oversees the entire system. SMAs hold

meetings and receive trainings from other divisions within DOLETA, such as the Wage & Hour Division and Occupational Safety and Health Administration.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The greatest challenge is sufficient funding for staff and resources to the State Monitor Advocate office to allow coverage to expand to the entire state.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Foreign Labor Certification

A. Provide the following information at the beginning of each description.

Name of division or program: Foreign Labor Certification

Location within the agency: Workforce Development Division, Compliance and Assistance

Contact name: Stacey Wire, Manager

Statutory citation: Texas Labor Code, Chapter 307

B. What is the objective of this division or program? Describe its major activities.

The [Foreign Labor Certification](#) (FLC) program enables employers to hire temporary foreign workers through the H-2A (agricultural) and H-2B (non-agricultural) visa programs when qualified U.S. workers are unavailable. The program's primary objective is to meet employer needs while protecting the domestic workforce by ensuring that the hiring of foreign workers does not negatively affect the wages or working conditions of U.S. workers.

Major activities performed by TWC program staff include the following.

- **U.S. Worker Recruitment:** Actively recruit U.S. workers for open positions before an employer can be certified to hire foreign labor. Job postings are reviewed to ensure that wages, job duties and requirements are similar to U.S. workers in the same occupations.
- **Application Review:** Review employer applications to verify that proposed job duties, wages, and working conditions are comparable to domestic standards.
- **Compliance and Oversight:** Coordinates site visits and housing inspections to ensure employers comply with program requirements
- **Wage Surveys:** Perform annual agricultural wage and practice surveys to establish prevailing compensation rates.
- **Complaint Resolution:** Assist in resolving complaints related to H-2A or H-2B employment and coordinates with the appropriate federal agencies.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The FLC program is responsible for completing housing inspections for H-2A job orders. DOL requires housing inspections to be completed at least 30 days prior to the employer's intended work start date. For job postings, DOL has no performance measures, but TWC has its own goal of having H-2A postings opened within seven days after receiving the job order.

The following table provides data on work completed in the FLC program over the past five program years.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
H-2A Job Orders Filed	761	923	1156	1292	1488
H-2A Job postings created	708	903	1138	1234	1424
H-2B Job orders filed	1147	1209	1471	1481	1372
H-2B Job postings created	462	930	1178	1032	1052
Housing inspections completed	632	731	954	1020	1232
Total units inspected	2749	3152	1692*	1876	2130
Housing capacity for all units inspected	5980	7522	10332	11334	12584

* The number of units decreased after 2021 due to a change in the way units were counted. Through 2021, each individual sleeping area (bedrooms, etc.) were counted as distinct units. As of 2022, units are counted as distinct housing facilities (each house, trailer, apartment, etc. Is counted as a single unit).

The following table shows the percent of job postings and housing inspections that the FLC program staff completed within goal timeframes over the last five program years.

Fiscal Year	Job Postings	Housing Inspections
2020	72 %	91 %
2021	86 %	89 %
2022	90 %	84 %
2023	88 %	87 %
2024	71 %	89 %

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Prior to March 2005, all permanent labor certifications were processed by state FLC units. In March 2005, DOL restructured the process to make all permanent labor determinations at the federal level. Applications for permanent labor certifications are no longer performed by the states.

In January 2010, DOL assumed the responsibility for making prevailing wage determinations, a responsibility previously performed by states. The states still conduct the annual agricultural prevailing wage and practice surveys.

TWC is still responsible for reviewing H-2A and H-2B job orders, opening job postings for these orders, and conducting pre-occupancy housing inspections for H-2A employers.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Employers who can document business need for temporary workers, and who have not been debarred from participation, are eligible for the program. Eligibility is determined by DOL rather than TWC.

Eligibility information for individuals seeking H-2A or H-2B visas can be found in the Immigration and Naturalization Act at 8 U.S.C. 1184(a)(1) and 1185(a)(1). TWC does not play a role in determining the eligibility of foreign workers to obtain work visas.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The FLC program is administered through two distinct processes, H-2B for non-agricultural jobs and H-2A for agricultural jobs, both involving coordinated review by TWC staff and DOL.

H-2B (Non-Agricultural) Process

Employers initiate the H-2B process by concurrently submitting an application to DOL's online portal and a corresponding job posting to the state's job bank, WorkInTexas.com. TWC staff and DOL review the submissions for compliance. DOL notifies the employer of any required corrections.

Once DOL issues a Notice of Acceptance, TWC activates the public job posting to begin the recruitment period. Following recruitment, the employer submits a report of their efforts to DOL. If all program requirements are met, DOL provides the employer with a final certification letter, which is required for their visa petition to U.S. Citizenship and Immigration Services (USCIS).

H-2A (Agricultural) Process

The H-2A process begins when an employer submits a job order directly to our agency. TWC staff review the order for compliance and dispatch regional staff to conduct a

mandatory inspection of the employer-provided housing. After the employer addresses any deficiencies and the job order is approved by TWC, the job is posted publicly.

The employer then submits their primary application to DOL. From this point, the process mirrors the H-2B program: DOL reviews the application, issues a final acceptance, and, after a successful recruitment period and housing inspection approval, grants a certification letter for the employer's USCIS petition.

Referral and Field Services

Workforce Solutions Office staff administer regional services by recruiting and referring qualified U.S. job seekers to these positions.

- For H-2B jobs, job seekers may self-refer through WorkinTexas.com.
- For H-2A jobs, referrals are managed directly by staff to ensure compliance with federal regulations, which includes reviewing job terms and worker rights with each applicant. Staff may mediate contact between the job seeker and employer to ensure qualified applicants are properly considered.

Field services are integral to the H-2A program. ISAMs and their assistants conduct mandatory housing inspections and field visits of employer provided housing for H-2A job orders, to ensure it meets federal standards. Inspections are generally conducted on an annual basis for as long as the employer participates in the program. Field visits are informal and can be completed at the discretion of the state, usually when there is a problem with the employer housing or when an informal complaint is received.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Foreign Labor Certification	\$1,027,111	\$993,857	\$33,254

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

The Texas Department of Housing and Community Affairs (TDHCA) also inspects migrant seasonal farmworker (MSFW) housing. TDHCA licensing is independent of the H-2A

program and is required for any employer who houses more than two migrant seasonal farmworkers or more than one MSFW family.

TDHCA licenses all MSFW housing, both private and public, as long as the housing meets their threshold for the number of workers housed (more than two MSFWs or more than one MSFW family). TDHCA can use TWC inspections at a lower cost for employers, so TWC shares all MSFW housing inspections they do with TDHCA. Also, since TDHCA, not TWC, inspects public MSFW housing, through an informal agreement TDCHA shares this data with TWC to pass on to DOL.

TWC inspects all private, not public, MSFW housing. TWC also inspects public housing that does not meet TDHCA's threshold for licensing. Although not required by DOL, TWC has a Memorandum of Understanding with Texas Rio Grande Legal Aid that requires TWC to inspect these accommodations so that no housing will be approved by DOL without a state inspection.

TDHCA's regulations allow them to use inspections completed by other state or federal agencies at a reduced license fee for employers who use these inspections. TWC provides copies of housing inspections we conduct for H-2A employers to TDHCA to assist with issuing licenses to these employers and to allow H-2A employers to pay the reduced fee for their licenses. H-2A employers who use public accommodations housing need to have that housing inspected by TDHCA and must pay the full licensing fee. TDHCA informs the FLC unit when these employers file their license applications so that we can inform DOL that the housing is being inspected by another state agency.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

DOLETA allocates funds to TWC for the administration of the FLC program in Texas. The FLC program operates within regulations published by DOLETA, which also issues program guidance to the states and grant certifications to employers that allow them to petition the U.S. Citizenship and Immigration Services (USCIS) for a visa. Certification from DOLETA does not guarantee visa issuance by USCIS. FLC works with local Workforce Solutions staff across the state. Workforce Solutions staff conduct recruitment for the job postings created by FLC and attempt to find U.S. workers to fill the open positions.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

Texas is one of 17 states that filed a lawsuit (*Kansas, et al. vs. U.S. Department of Labor*) against the Department of Labor to prevent the implementation of the Farmworker Protection Rule, which was published in the Federal Register on April 29, 2024. A preliminary injunction has been issued prohibiting DOL from enforcing the rule in any of the states involved in the lawsuit. Until further notice, H-2A employers in Texas are still filing under the regulations that were in effect on June 27, 2024. If the rule does take effect in Texas, employers will be responsible for guaranteeing additional protections to workers hired on H-2A job orders, including U.S. workers and those in corresponding employment, and TWC will be required to discontinue services to employers in specific circumstances.

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Work Opportunity Tax Credit

- A. Provide the following information at the beginning of each description.**

Name of program or function: Work Opportunity Tax Credit

Location within the agency: Workforce Development Division, Compliance and Assistance

Contact name: Michelle Kranes, Deputy Director

Statutory citation: Texas Labor Code, Section 302.021

- B. What is the objective of this division or program? Describe its major activities.**

The [Work Opportunity Tax Credit](#) (WOTC) is a federal income tax benefit administered by DOLETA for private employers who hire from target populations. WOTC reduces a business' federal tax liability during the first year of employment, serving as an incentive to select job candidates who may be somewhat disadvantaged in their efforts to find employment.

Employers must apply for and receive a certification from the state workforce agency, which is TWC in Texas, verifying the new hire is a member of a targeted group before they can claim the tax credit. The amount of the tax credit ranges from \$1,200 to \$9,600 per qualifying employee, as detailed in the chart below. The credit is based on employee retention and their qualified wages during the first year of employment. There are 14 different target groups eligible for certification under the WOTC program. Each target group has qualifiers that need to be met to be certified. For information about the requirements for each target group, please review the [WOTC brochure](#).

Tax Credit Amount	Target Group Name
\$1,200	Summer Youth
\$2,400	Long-Term Unemployment
\$2,400	Supplemental Nutrition Assistance Program (SNAP)
\$2,400	Temporary Assistance for Needy Families (TANF)
\$2,400	Ex-felons
\$2,400	Designated Community Residents
\$2,400	Vocational Rehabilitation Recipients
\$2,400	Supplemental Security Income Recipients
\$9,000	Long Term Family Assistance Recipients
\$2,400	Veterans Receiving SNAP Benefits
\$2,400	Unemployed Veterans (unemployed 4 weeks to 6 months)
\$4,800	Disabled Veterans (unemployed 4 weeks to 6 months)
\$5,600	Unemployed Veterans (greater than 6 months)
\$9,600	Disabled Veterans (greater than 6 months)

In addition to processing WOTC applications for Texas employers, TWC's WOTC unit also supports other state workforce agencies throughout the country by determining if benefits were received in Texas that can be used to certify the claim in their state for their employers. This action is called an Out of State Verification of Eligibility request.

- C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

The work of the WOTC unit is production based with performance goals for processing and accuracy. The service level standard is to issue first decisions to customers within 40 days.

Self-Evaluation Report

TWC also tracks the average turn-around time for processing to help track backlog numbers and develop plans for backlog reduction when necessary.

The chart below shows production statistics over the last five federal program years (October 2019 to June 2025) for TWC's WOTC unit.

Program Fiscal Year (Oct – Sep)	Receipts	Certificates	Denials**	Error Rate***	% of first determinations in 40 days****	Value of Tax Credits
2020	527,033	128,164	361,310	n/a	97.37%	\$339,784,200.00
2021	709,693	192,417	458,514	1.14%	97.01%	\$522,590,400.00
2022	764,110	185,715	561,889	0.46%	98.07%	\$475,931,800.00
2023	641,541	134,381	500,747	0.46%	96.24%	\$347,022,600.00
2024	515,244	65,766*	353,391	0.35%	64.63%	\$163,977,600.00
2025 through June	416,033	86,866	398,391	1.70%	66.25%	\$229,529,000.00
Average – does not include 2025 data.	631,524	141,289	447,170	0.60%	90.66%	\$369,861,320.00

*From the end of FY 2023 through FY 2024, the WOTC program was converting to a new online portal, creating a backlog staff is working to address. This resulted in a lower number of certificates and denials being issued for those fiscal years.

**Texas encourages employers to submit all applications for possible certification. This eliminates employers having to do research and helps identify certification opportunities the job seeker may not realize they are eligible for and results in a relatively high number of denials.

***The average error rate for WOTC is below the 5 percent error rate mandated by DOLETA. Calculation of the error rate began in 2020.

****WOTC strives for 95 percent of all applications having a first decision within 40 days. FY 2024 is below this goal due to delays in the online portal conversion.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

WOTC first emerged in 1996, born from the federal Small Business Job Protection Act. Its initial purpose was to encourage businesses to hire individuals from specific, often underserved, populations. These foundational target groups included recipients of TANF,

veterans, food stamp recipients, ex-felons entering the workforce, economically disadvantaged youth, and those receiving Supplemental Security Income. However, WOTC's early years were marked by uncertainty. From 1997 through 2005, the program faced multiple short-term reauthorizations, creating a somewhat unstable environment for employers relying on its benefits. During this period, it also overlapped with the Welfare-to-Work tax credit, leading to some administrative complexity.

A significant streamlining occurred in 2006 with the passage of the federal Tax Relief and Health Care Act. This legislation effectively merged the Welfare-to-Work tax credit directly into WOTC, simplifying its structure and ultimately reducing redundant programs. The Act also took steps to simplify the overall target group definitions.

The economic challenges following the 2008 recession brought about temporary expansions to WOTC's reach. In 2009, the federal American Recovery and Reinvestment Act temporarily introduced two new target groups: Disconnected Youth and Unemployed Veterans. While separate from WOTC, the 2010 HIRE Act also demonstrated a broader legislative focus on employment, offering temporary tax credits for hiring unemployed workers, highlighting a national commitment to job creation. Further emphasizing support for veterans, 2012 saw the addition of another temporary group: Long-Term Unemployed Veterans.

A turning point for stability arrived in 2015 with the federal Protecting Americans from Tax Hikes Act. This crucial legislation not only provided multi-year stability for WOTC, reducing its reliance on frequent reauthorizations, but also expanded its reach by adding a new permanent target group: the Long-Term Unemployed (individuals unemployed for 27 weeks or more). The program's continued relevance was affirmed in 2021, when the federal Consolidated Appropriations Act extended WOTC through 2025, ensuring its availability for businesses for several more years.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Employers must have an active and liable Unemployment Tax account with TWC to be able to submit applications.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

TWC processes WOTC claims in three phases, described below.

Intake

Employers may file claims with TWC by mail, email, or by uploading to the WOTC portal. Claims must be filed within 28 calendar days of the employee's start date. Claims beyond the 28 days are denied for untimely filing. The employee must be a first-time hire and cannot have been previously employed by the employer.

Verification

TWC's WOTC unit verifies eligibility and issues a determination on an application by either certifying, denying, or pending the application for manual review. The WOTC portal runs automation that can make three possible decisions:

- *Certified* – 100 percent qualifier match to certify the application under one of the fourteen target groups.
- *Need Further Review (NFR)* – At least 50-99 percent eligibility match and requires manual intervention to reach a final review.
- *Denial* – Less than a 50 percent eligibility match so the application is denied.

Claims that are pended for NFR are then placed into a queue by postmark date to be reviewed by an analyst. An analyst will then review the qualifiers and search additional databases to try to find information needed to create a 100 percent match for eligibility. An analyst can take one of three actions:

- *Certify the application* – The analyst was able to locate the additional benefits to reach the 100 percent requirement for certification. Examples would be identifying additional months of SNAP or TANF benefits and Supplemental Security Income identification.
- *Issue a "needs" request* – Sometimes additional information is needed from an employer or a consultant submitting on their behalf to make the final decision on an application. The needs letter will tell the customer what we require to finalize processing.
- *Deny the application* – The analyst was not able to find the additional benefits to issue a certification. The application does not meet the requirement for certification and is denied.

The WOTC portal allows for approximately 75 percent of all applications to be processed using system automation. The remaining 25 percent must be researched by staff to issue a determination. TWC has data sharing agreements with the Texas Health and Human Services Commission and Texas Department of Criminal Justice that provide information to assist in reviewing applications for certification.

Notification

This phase consists of mailing or posting decisions on applications. Customers with online access can print their own decision letters and reports. Customers without online access receive decision letters through the mail.

The WOTC unit also issues conditional certificates to job seekers to assist them in gaining employment. The conditional certificates are a preliminary determination indicating the job seeker may qualify as a veteran, ex-felon, or vocational rehabilitation recipient. The conditional certificates are used as a hiring tool to let employers know there is a good chance of receiving a tax credit for hiring the individual. The conditional certifications are mailed directly to the jobseeker advising them to use them as a part of the application process.

Tax Refund for Wages Paid to Employee Receiving Financial Assistance

TWC's WOTC unit also administers the TSR program, which provides incentives for employers to hire and employ individuals who have received financial assistance in accordance with Chapter 31, Human Resources Code or medical assistance in accordance with Chapter 32, Human Resources Code (TANF and Medicaid specifically). Staff process the applications and send certified applications to the Comptroller's Office so a refund can be issued to the employer. The tax refund cannot exceed \$2,000 in the first year of employment.

All applications must be submitted between January 1st and March 31st for the previous calendar year. Processing of applications must be completed by October 1st. Applications can be submitted by mail, email, or through the online portal. The TSR program is currently handled by one staff member. Fewer than 1,000 applications are received each year. These applications are manually processed due to the requirements for certification.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Work Opportunity Tax Credit (WOTC)	\$1,328,508	\$1,281,525	\$46,983

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

There are no MOUs specific to the WOTC program. WOTC uses TWC's current data sharing agreement with Texas HHSC and TDCJ.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The Local Workforce Development Boards provide employers an overview of the WOTC program through their business services units. Additionally, Boards can request conditional certifications for jobseekers through TVC staff, Workforce Solutions Office staff, and Texas Veterans Leadership Program staff.

State workforce agencies submit data to DOLETA through the quarterly electronic submission via the web-based State Workforce Agency Reporting System. The report requires the following information.

- Applications Received
 - WOTC applications
 - Out-of-State Verification of Eligibility requests
- Denials Processed
 - Untimely applications
 - Prior employment
 - No target group
- Certificates Issued
 - Broken down by O*Net (Occupational Information Network) Code
 - Broken down by Target Group
 - Broken down by Wages
- Needs Pending – applications awaiting a response to a needs letter
- Requests needing action (backlog)

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Operational and Customer Support

Four TWC divisions provide essential support structures designed to enhance the effectiveness of the agency's core programs that directly serve the public. While not directly interacting with the public, these divisions are critical to ensuring positive customer experiences, fair processes, data-driven improvements, and program integrity. Customer Care lays the groundwork for positive interactions. The Appellate Services Division ensures fairness and due process in decisions. Information, Innovation and Insight provides valuable data and analysis to optimize service delivery. Fraud Deterrence and Compliance Monitoring safeguards the system against fraud, waste, and abuse. Overall, these divisions work interdependently to build a more robust, efficient, and reliable TWC that effectively serves the needs of Texas's workforce and employers.

Appellate Services Division

TWC's Appellate Services Division (ASD) reviews and issues decisions on cases where individuals or employers disagree with initial determinations made by the agency regarding eligibility for unemployment or other programs. This division conducts hearings, reviews evidence, and issues rulings that can be appealed further to civil courts.

Special Program Appeals

A. Provide the following information at the beginning of each description.

Name of division or program: Special Program Appeals

Location within the agency: Appellate Services Division

Contact name: Hugh Daniel, Director; Melissa Butler, Deputy Director; Lasha Lenzy, Division Director

Statutory citation:

- Texas Education Code, Chapters 132, 204, 208, 212, 61
- Texas Labor Code, Chapters 51, 61
- Texas Property Code, Chapter 301

B. What is the objective of this division or program? Describe its major activities.

Originally labelled the "special hearings" unit, Special Program Appeals (SPA) was created as a standalone department in 2022 to promote the efficient, consistent, and professional handling of appeals processes across the agency. SPA hearing officers primarily conduct administrative hearings and issue written decisions on lower-level Wage Claim appeals under the Texas Labor Code, Chapter 61 and Tax Liability hearings under TAC §815.113.

Additionally, SPA supports other TWC Divisions such as Child Care, Workforce, and Civil Rights. By centralizing appeals processes for diverse divisions under a single department, SPA fosters greater consistency in legal interpretation, reduces redundancies, promotes the sharing of best practices across the agency, and contributes to a more unified and effective TWC.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

SPA support staff process incoming appeals, schedule those appeals for hearing, send hearing notices and evidentiary packets to the parties, register parties for hearings, answer questions, and ensure decisions are properly mailed. SPA hearing officers conduct the administrative hearings and issue written decisions or present proposed decisions to TWC's Commissioners.

As SPA matures, efficiencies have been realized. For example, the department identified that both a paper case folder was being maintained at the state office for documentation retention purposes and an electronic case folder with convenience copies of documents used by hearing officers. SPA staff determined that a paperless process could increase efficiency within the department. A Rapid Process Improvement project was initiated in 2024 seeking to reduce the duplicate, parallel processes and develop a leaner, more efficient workflow. This six-month project made case documents available digitally as a comprehensive records case management system for SPA, without unnecessary printing and re-scanning. Completed on schedule in September 2024, the project eliminated 20 workflow tasks associated with printing and scanning documents, enabled uploading to increase visibility and accessibility of documents in a digital format, reduced approximately 19 minutes of processing time per case, simplified record retention and disposal of printed documents; and created digital case management standard operating procedures for administrative and hearing officer staff.

SPA production levels are as follows:

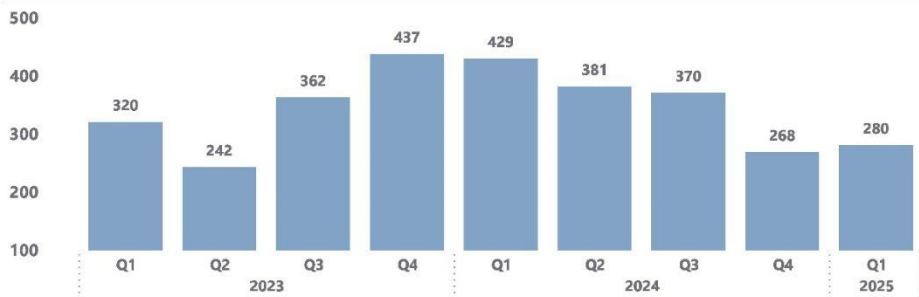


The ASD Division Works for Texas

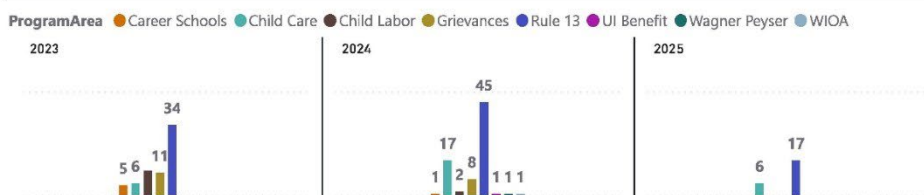


Formed in 2022, the SPA Department continues to provide valuable streamlined service to all TWC Divisions, contributing to ongoing success.

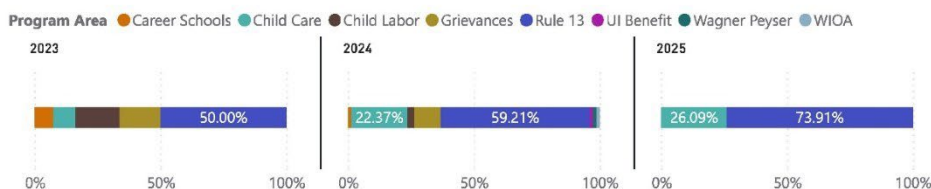
Total SPA Decisions



Total Non-Payday Decisions



Non-Payday Program Activity by Percentage



This is a collective measure of the fourteen programs administered by Special Program Appeals (SPA):

Payday	UI Benefit	Child Care
Board Decisions	Career Schools	Child Labor
Fair Housing	Internal Grievances	CHOICE
Eligible Training Provider	SNAP E&T	TANF
WIOA	Rule 13	

(Source: All Charts (SQL Query))

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

There are no eligibility requirements beyond the requirement that the affected person or entity have received an adverse determination from the relevant TWC Division regarding the program in question and that the affected person or entity have filed the necessary appeal to have their case adjudicated. Please see Section “f” for more detailed information.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

SPA is responsible for the impartial and efficient resolution of appeals within the supported TWC Divisions and programs. When combined with the SPA hearing officers’ expertise in adjudication, value and efficiency are the natural byproducts.

A breakdown of the divisions and programs that SPA supports can be found in Exhibit_GAP_SPAProcesses.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Appellate Services: Special Appeals and Appeals Tribunal	\$13,542,669	\$12,504,078	\$1,038,591

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

SPA provides specialized adjudication services to the TWC divisions that it supports. There is no analogous program inside the agency; however, the State Office of Administrative Hearings (SOAH) could be considered to provide similar services; but with SPA providing services entirely within TWC, and with TWC not soliciting services from SOAH, any threat

of overlap, duplication, or conflict is removed. Additionally, TWC hearings conducted under TWC rules are generally less formal and designed for a quicker resolution than SOAH hearings conducted under the Texas Administrative Procedures Act.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Appeal Tribunal

A. Provide the following information at the beginning of each description.

Name of division or program: Appeal Tribunal Department (Lower-Level UI Appeals)

Location within the agency: Appellate Services Division

Contact name: Christina Karnes, Director; Melissa Butler, Deputy Director; Lasha Lenzy, Division Director

Statutory citation: Texas Labor Code, Chapters 201-215 & 301

B. What is the objective of this division or program? Describe its major activities.

The Appeal Tribunal (AT) Department's purpose flows from the foundational principle that "The right to appeal from a determination is a specific right, and it is essential all State unemployment compensation programs provide the means for ensuring that hearings on appeals shall be fair to all persons concerned." (Benefit Payment Procedures, Memorandum VII, Part I, Appeals Procedures; Social Security Board, Aug. 2, 1938). This principal is enshrined in federal regulations, beginning with the Social Security Act. Accordingly, TWC is required to operate an AT Department, aka Lower-Level UI Appeals, due to federal mandates stemming from the Social Security Act and the U.S. Department of Labor's (USDOL) oversight role.

Because the UI program is built upon this unique federal/state partnership, regulatory authority for the UI program (and from it, appeals) is vested in the state legislature, yet state laws governing UI must conform to federal law, to regulations established by the federal government, and to general guidelines established by USDOL.

In carrying out its functions, the AT Department is charged with ensuring due process by providing fair and impartial hearings that are far less costly than court. The AT Department prioritizes providing appeal proceedings that are simple, speedy, and inexpensive. This approach ensures sound, practical, and fair appeal and hearing procedures for claimants and other interested parties, while also promoting responsible resource management. Simplicity in hearings ensures that all parties can understand their rights without the burden of overly formal or technical procedures. Speed in conducting and disposing of hearings helps to ensure prompt benefit payments. Furthermore, cost-effective hearings guarantee that individuals are not deprived of their rights due to financial limitations, and that the state efficiently manages its appellate workload, minimizing unnecessary expenses.

AT Department staff process incoming appeals, schedule those appeals for hearing, send hearing notices and evidentiary packets to the parties, register parties for hearings, answer questions and promptly hold administrative hearings and issue written decisions accurately and promptly. AT Department hearing officers conduct the administrative hearings and issue written decisions primarily on regular UI benefits lower-level appeals pursuant to the Texas Unemployment Compensation Act. AT Department staff and hearing officers also handle other appeals related to unemployment, such as:

- Disaster Unemployment Assistance

- State Extended Benefits
- Other federal unemployment programs enacted during times of emergency

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Since 2013, the AT Department has increased efficiency, improved customer service, and maximized available resources. This has allowed the AT Department to increase production from 137,001 processed appeals in FY 2012 to 206,234 in FY 2024 while maintaining required USDOL quality standards. Currently, budgeted FTEs are 183.5, including support functions. The following chart sets out for additional metric information.



The ASD Division Works for Texas



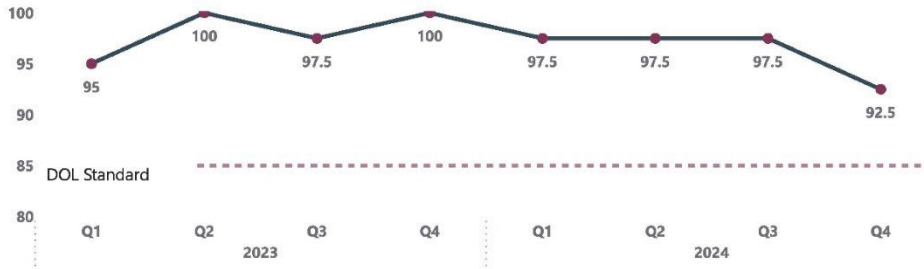
The AT Department Maintains Epic, Efficiency, Productivity and Quality Levels

Decisions Mailed



*The high workload was attributed to pandemic-related cases. (Source: Appeals Data Administration (ADA))

Percentage of Case Quality Scores at or Above 85%



The Department of Labor (DOL) measures lower authority appeals quality by the percentage of appeals with quality scores equal to or greater than 85%. Data for Q1 2025 is not available at this time. (Source: DOL ETA 9057-Quality Scores)

Accuracy of Decisions Mailed



Decisions needing no correction after mailing. (Source: Appeals Data Administration (ADA))

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Appeal Tribunal customers are a subset of UI claimants and employers, and must meet the following general requirements to avail themselves of Appeal Tribunal processes:

- Must be a party of interest to the case.
- Must have received an adverse determination.
- Must file the appeal during the statutory 14-day appeal period.

Party of Interest is defined by TWC Rule 15 (40 TAC §815.15).

Appeal period is defined by Texas Labor Code §212.053 and 40 TAC §815.32.

For FY 2024, AT Department customers were comprised of approximately 80 percent claimant appellants and 20 percent employer appellants.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The AT Department is responsible for the impartial and efficient resolution of appeals related to UI programs. With a long-standing history within the agency, the AT Department has honed its processes and developed deep expertise in adjudicating these types of cases with a commitment to fairness and accuracy that has made the AT Department a trusted arbiter in these critical matters.

Process Overview:

The appeals process typically follows the stages as visually mapped out in Exhibit_GAP_UI Journey of Appeal.

Timeliness Metrics:

The AT Department is committed to processing appeals in a timely manner in accordance with USDOL and LBB measures. While the exact timeframe can vary depending on the complexity of the case and the volume of appeals being processed, striving to adhere to the following timeliness and quality measures:

USDOL Measures:

UI PERFORMS Core Measures: Acceptable Levels of Performance

- Average Age of Pending Lower Authority Appeals: The sum of the ages, in days from filing, of all pending Lower Authority Appeals divided by the number of Lower Authority Appeals.
 - Acceptable Level of Performance ≤ 30 Days
- Average Age of Pending Higher Authority Appeals: The sum of the ages, in days from filing, of all pending Higher Authority Appeals divided by the number of Higher Authority Appeals.
 - Acceptable Level of Performance ≤ 40 Days
- Lower Authority Appeals Quality: Percentage of Lower Authority Appeals with Quality Scores equal to or greater than 85% of potential points, based on the evaluation results of quarterly samples selected from the universe of lower authority benefit appeal hearings.
 - Acceptable Level of Performance $\geq 80\%$

Secretary Standards in Regulations

- Lower Authority Appeals (Regulation): Percent decided within 30 days of filing
 - Acceptable Level of Performance $\geq 60\%$
- Lower Authority Appeals (Regulation): Percent decided within 45 days of filing
 - Acceptable Level of Performance $\geq 80\%$

UI PERFORMS Management Information Measures- Secretary's Standards

- Lower Authority Appeals Timeliness
 - Acceptable Level of Performance: 30 days
- Lower Authority Appeals Timeliness
 - Acceptable Level of Performance: 45 days

Other Appeals Measures include:

- Appeals Timeliness Measures and Case Aging Measures
- Lower Authority Appeals Timeliness
- Lower Authority Appeals, Case Aging

- Lower Authority Appeals Quality - Due Process

See section II, Key Functions and Performance, for information on LBB measures.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Appellate Services: Special Appeals and Appeals Tribunal	\$13,542,669	\$12,504,078	\$1,038,591

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

N/A

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The AT Department operates within the mandatory federal/state partnership between the USDOL and TWC.

USDOL has oversight responsibility for the quality of state UC appellate processes, as outlined in the Social Security Act. Specifically, the Secretary of Labor certifies states as eligible for administrative grants for the "proper and efficient administration" of their UC law if their unemployment laws are approved under the Federal Unemployment Tax Act. USDOL also ensures states have methods of administration that ensure full payment of unemployment compensation when due, and that state law provides an opportunity for a fair hearing before an impartial tribunal for those whose UC claims have been denied. USDOL's authority is derived from Sections 302(a) and 303(a)(1) and (3) of the Social Security Act.

The relationship between the federal and state entities is vital. The federal government provides the overarching framework, funding, and oversight, while the states implement and administer the program at the local level. Non-compliance by a state can result in a loss of the federal UI tax credit, which would significantly increase costs for employers

within that state. State cooperation and adherence to federal guidelines are critical to the success of the UI program.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

TWC maintains historical files including reviews and audits that may provide additional understanding of the partnership with USDOL, if needed.

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Customer Care Division

Customer Care provides exceptional customer service and streamlines access to agency services. It is a central point of contact for customers seeking information and assistance. The division focuses on continuous improvement by gathering customer feedback, eliminating redundancies, and enhancing online accessibility and usability. Essentially, the division strives to make all TWC processes more user-friendly and responsive to customer needs.

As part of the improvement process, the "No Wrong Door" initiative, launched in September 2021, aims to transform the agency's customer experience by creating clear pathways to services, increasing awareness of available workforce system resources, and designing service delivery around the customer's needs. To achieve this, Customer Care is implementing a roadmap based on data analysis and market research, which includes the following tools.

- Customer Relationship Management System
- Interactive Voice Response
- Virtual Assistant Technology
- Chatbots and Live Chat
- Enhanced Customer Self-Service Portal
- Integrated Knowledge Base
- Two-way Text Messaging
- Survey/Feedback Loops

Currently, the Customer Relationship Management System and Integrated Knowledge Base are being implemented with the agency's UI and Workforce Development divisions, where the highest percentage of customers interact with the agency. Following the launch of these tools, next steps include expanding them agency-wide and to local workforce development boards pending legislative budget approval.

Customer Experience

A. Provide the following information at the beginning of each description.

Name of division or program: Customer Experience

Location within the agency: Customer Care Division

Contact name: Michael Hamilton, Manager

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

TWC's website ([Texas Workforce Commission](#)) serves as the comprehensive online resource platform for the public to find and receive TWC services. To achieve this standard, the website was rewritten and upgraded in the fall of 2023. Upgrades included accessibility enhancements for the customer, standardized level at which the website is written for customer to easily understand content, and webpages being dynamic to be viewed on a mobile device, tablet, or desktop computer. The main objective is to connect individuals with employment opportunities and resources while supporting employers in their workforce needs. The website offers unemployment benefits, information on job training and career services for individuals. It also gives employers information on workforce development, unemployment tax, and recruiting. In addition, the TWC website has resources on labor market trends, child care and early learning, employment laws, grant administration, and local Workforce Development Boards.

The TWC website provides essential resources for both individuals and employers related to workforce development, including:

Individuals: Unemployment, training, career help, labor market data, and child care resources.

Employers: Workforce development support, tax information, and recruiting employees. General: employment law, grants, and Workforce Development Boards.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

To measure effectiveness and efficiency, the department monitors:

Website Performance Standards

Digital Certainty Index measures the overall quality of the website by combining results from three categories: Quality Assurance, Search Engine Optimization, and Accessibility. Each category receives a percentage score and these scores are weighted differently when calculating the Digital Certainty Index Score.

- Quality Assurance measures how credible and usable our site is for the user. The measurement is broken down into these major categories: Content Quality, Content Freshness, Security, and User Experience.

Self-Evaluation Report

- Search Engine Optimization measures how well the site enables search engine optimization in the following major categories: Technical, Content, User Experience, and Mobile.
- Accessibility measures how well the site meets Web Content Accessibility Guidelines, which are categorized into three levels (A, AA, and AAA) to meet the needs of various situations with different groups.

Internal Customer Ticket Close Rate

Refers to percentage of support of service requests (tickets) successfully resolved and marked as “closed” within a defined period.

- Reflects the efficiency and effectiveness of the Customer Experience team to address and complete internal customer requests.

Website Analytics

Data collected about users' interaction with the website which allows:

- data-driven decisions about the audience, their interests, and ease of content navigation.
- targeted improvement areas and prioritize resolutions.
- content optimization by learning which content performs the best and resonates with visitors.

Methodologies involve:

- Scanning sites for compliance and performance
- Mitigating content to meet standards
- Processing requests to update content for relevancy

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

N/A

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

The TWC website is administered through a multifaceted approach, combining internal TWC staff expertise with external vendor support to ensure functionality, security, and accessibility. The online resource platform is administered involving the operational processes described in Exhibit_GAP_WebsiteOperations.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Customer Relations and Customer Experience	\$1,150,205	\$1,084,943	\$65,261

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Customer Relations

- A. Provide the following information at the beginning of each description.**

Name of division or program: Customer Relations

Location within the agency: Customer Care Division

Contact name: Henri Chen, Manager

Statutory citation:

- Texas Government Code, Chapter 2114
- Texas Labor Code, Chapter 301.023
- Texas Government Code, Chapter 2114

- B. What is the objective of this division or program? Describe its major activities.**

The Customer Relations Department serves as the agency's Ombudsman's department and central access point for individuals seeking assistance from the agency. Its primary objective is to ensure that all customers, particularly those unfamiliar with the agency's services or uncertain how to access them, receive prompt, accurate, and respectful guidance.

Key functions include:

- Providing general customer support across all areas of the agency.
- Assisting customers in navigating TWC programs and identifying appropriate services.
- Offering service to the public and business owners who seek clarity on agency processes or program eligibility.

The department houses the agency's Ombudsman team, which plays a critical role in resolving complex or escalated customer concerns. Responsibilities of the Ombudsman include:

Investigating complaints: Receiving and investigating complaints from individuals who believe they have been treated unfairly or have experienced a problem with the agency's services, processes, or decisions.

Facilitating resolution: Working collaboratively across divisions to ensure complaints that have not been resolved through standard escalation channels are addressed fairly and thoroughly.

Recommending improvements: Based on investigations and observations, the Ombudsman team may recommend changes to agency policies, procedures, or practices to prevent future problems and enhance service delivery.

Identifying systemic issues: Analyzing patterns in complaints to uncover root causes and proposing solutions to improve agency operations and customer outcomes.

Department staff deliver services through a multi-channel support model that includes phone, in-person, email, online chat, and website inquiries. Each inquiry is assessed, and customers are connected to the appropriate TWC division or resources. For complex or unresolved cases, the Ombudsman team's function provides a final opportunity for resolution, reinforcing the agency's commitment to transparency, fairness, and continuous improvement.

The Customer Relations Department is also responsible for ensuring compliance with customer service expectations set by the Texas Legislature, specifically outlined in Texas Labor Code Section 301.023, titled "Complaints," as amended by SB 280 (78th Regular Session, 2003), and Texas Government Code Chapter 2114, known as the Customer Service Act.

Additionally, the Customer Relations Department plays a key role in upholding TWC's customer service commitment, which is reflected in our day-to-day public service efforts and is documented in the Agency's Philosophy, Standards of Conduct, [Compact with Texans](#), and Performance Planning and Review System.

- C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

Under the Customer Service Act, TWC is required to create an inventory of external customers, gather and measure service delivery quality, and report customer satisfaction data. This law allows TWC to establish customer service goals, benchmark performance, and enhance service delivery. The Customer Relations Department administers and monitors these activities to promote customer service excellence.

As part of its responsibilities, the Customer Relations Department maintains the Customer Complaint Tracking and Reporting System, which is crucial for the tracking and reporting of complaints. The department ensures all written and electronic complaints are acknowledged within five business days, and telephone inquiries are addressed within one business day. This commitment is reflected in the Compact with Texans and the agency's Strategic Plan.

The Customer Relations Department compiles and reports on performance measures to monitor progress in complaint resolution and ensure continuous improvement in customer service.

To measure effectiveness and efficiency, the department monitors:

- **Ticket Close Rate** - Number of tickets closed per month.
- **Customer Satisfaction Surveys** - Administered randomly to assess helpfulness, timeliness, and clarity of assistance.
- **Average Phone Handle Time** - The number of minutes it requires to help a customer.

Methodologies involve:

- Data extracted from the Customer Relations Department's ticketing tool.
- Direct feedback through survey results.

- D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.**

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

There are no eligibility requirements for the public to access the Ombudsman unit at TWC. It can be a valuable resource for customers facing unresolved issues, offering a path to a fair and impartial resolution.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Program Administration and Process Overview

The department plays a critical role in ensuring seamless communication and customer support across various channels. Customers can reach Customer Relations in-person, by phone, through live chat, email, or web form, ensuring accessibility for all.

Each inquiry is carefully processed, tracked, and logged in the Zendesk Customer Relationship Management system, maintaining a high standard of accountability and efficiency. All communication channels, including recorded phone calls and electronic messages, are documented to guarantee transparency and consistency. By responding to inquiries within 24 hours, TWC helps maintain a high level of customer satisfaction and trust.

Process Flow:

1. **Inquiry Receipt:** Customers contact TWC staff through their preferred communication method.
2. **Tracking and Logging:** All inquiries are logged in Zendesk CRM, enabling quick follow-up, referral to another program area, and accurate record-keeping.
3. **Response and Education:** Staff resolve inquiries and provide educational support to empower customers to self-serve in the future, gradually reducing their reliance on our services.
4. **Referral Process:** For complex issues or those requiring access to restricted information, staff refer customers to the appropriate program area. Staff provide multiple contact options, allowing customers to choose the communication channel that best suits their preference.

Collaboration with Other TWC Divisions

The Customer Relations Department is a central hub that fosters collaboration across TWC divisions and Commission offices. The department ensures that customer inquiries are addressed promptly and accurately, preventing delays and enhancing the overall customer experience. By acting as a bridge between departments, customer relations staff help resolve more complex issues, ensuring that each customer receives the assistance they need through the most efficient channels.

Value of the Customer Relations Department

The department is essential to maintaining the smooth operation of the agency. Staff streamline the process of managing inquiries, reduce the burden on specialized program areas, and ensure that customers are always informed, empowered, and supported. This work not only helps resolve customer issues but also builds trust in the agency, improves service delivery, and ensures a cohesive experience for everyone involved.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Customer Relations and Customer Experience	\$1,150,205	\$1,084,943	\$65,261

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The Customer Relations Department regularly refers customer inquiries to the Local Workforce Development Boards for resolution. The referrals are tracked and monitored , providing performance reports that measure how efficiently the boards address and resolve customer issues or complaints.

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Fraud Deterrence and Compliance Monitoring Division

Fraud, Deterrence and Compliance Monitoring (FDCM) is dedicated to safeguarding the integrity of TWC programs and funds. The division's primary function is to prevent, detect, and address fraud and ensure compliance with TWC rules and regulations. This function is accomplished through protecting unemployment insurance funds, monitoring employer compliance with labor laws, investigating potential fraud and abuse, taking enforcement actions, and implementing deterrent strategies to discourage future fraudulent or non-compliant behavior.

Fraud Deterrence and Compliance Monitoring

A. Provide the following information at the beginning of each description.

Name of division or program: Fraud Deterrence and Compliance Monitoring

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Jason Stalinsky, Division Director

Statutory citation: See subsequent sections for the various departments within Fraud Deterrence and Compliance Monitoring

B. What is the objective of this division or program? Describe its major activities.

The objective and function of FDCM is to detect and deter fraud, waste, theft, and abuse in all TWC programs and operations. FDCM monitors the effectiveness, efficiency, economy, and integrity of all TWC programs and operations including those performed by its contractors and grantees.

Objective:

- **To protect state and federal funds:** FDCM aims to ensure that taxpayer money and other resources allocated to TWC programs are used appropriately and not lost to fraud, waste, and abuse.
- **To ensure program integrity:** FDCM seeks to maintain the trustworthiness and reliability of TWC programs, ensuring that they operate as intended and serve their intended beneficiaries.
- **To deter fraudulent activity:** By detecting, preventing, and investigating fraud, waste, and abuse, FDCM aims to discourage individuals and entities from attempting to defraud TWC programs.
- **To comply with federal and state laws:** FDCM ensures that TWC programs operate in compliance with relevant state and federal laws and regulations.

Function:

- **Fraud Detection:**
 - Analyzing data to identify patterns, anomalies, and high-risk indicators of potential fraud.
 - Using data analytics tools and techniques to proactively detect fraudulent activity.
- **Fraud Prevention:**
 - Implementing internal controls and safeguards to prevent fraud from occurring.
 - Providing training and education to staff and stakeholders on fraud awareness and prevention.
- **Investigation:**
 - Conducting thorough investigations of suspected fraud, waste, and abuse.
 - Gathering evidence, interviewing witnesses, and preparing cases for prosecution or administrative action.
- **Compliance Monitoring:**
 - Conducting audits and reviews to ensure compliance with TWC policies and procedures, as well as state and federal laws and regulations.
 - Identifying and addressing weaknesses in internal controls and program operations.
- **Enforcement:**
 - Referring cases of suspected fraud to law enforcement agencies for prosecution.
 - Imposing administrative sanctions on individuals and entities that have engaged in fraud, waste, or abuse.
- **Work with stakeholders:**
 - Partnering with various entities including local workforce development boards, prosecutors, local governments, and other organizations.
 - Providing resources on laws, regulations, and best practices to internal and external stakeholders.

- C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

N/A

- D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.**

In 2005, TWC's Executive Director Larry Temple created the Regulatory Integrity Division in response to Governor Rick Perry's Executive Order RP36. Mr. Temple consolidated all agency accountability functions, which had previously been scattered among the various divisions, into this new division. The new division ensures that the agency's accountability functions were performed independent of various other departments.

Effective Sept. 1, 2021, the division was renamed Fraud Deterrence and Compliance Monitoring. The change from "Regulatory Integrity" to "Fraud Deterrence and Compliance Monitoring" made clear TWC's obligation to fight fraud in all programs and ensuring both the public and internal staff understood the agency's commitment to the highest standards of accountability in its handling and expenditure of public funds. As part of the restructuring, TWC moved the Collections & Civil Actions Department, which collects debt for the Unemployment Insurance and Payday law programs to the Finance Division.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

N/A

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

FDCM is made up of several departments which work together to help prevent, detect, and reduce fraud waste and program abuse within all TWC-governed programs as well as to monitor the effectiveness, efficiency, economy, and integrity of all TWC programs and operations including those performed by its contractors and grantees. Each department

fulfills a function as part of TWC's overall mission and is explained in detail in subsequent sections.

Departments within the Division include Benefit Payment Control, Equal Opportunity Compliance, Fraud Prosecutions, Office of Investigations, Quality Control and Evaluation, Subrecipient Monitoring, Unemployment Insurance Data Analysis, Vocational Rehabilitation Contract Oversight, and Wage and Hour.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

See subsequent FDCM sections.

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

Each Federal agency that partners with TWC has an office of inspector general or similar oversight entity that has the authority to investigate fraud, waste and abuse issues that come to their attention.

HHSC is the state grantee for SNAP and is responsible for fraud, waste and abuse related to the SNAP program. If TWC becomes aware of fraud, waste and abuse issues related to SNAP Employment and Training, those issues are reported to HHSC.

The State Auditor's Office (SAO) notifies state agencies of fraud, waste, and abuse reports. If TWC is informed of an SAO inquiry, the agency checks whether the inquiry relates to a matter already under review by TWC and TWC will work with SAO to resolve the issue. Similarly, TWC collaborates with federal entities as needed if they are investigating a fraud, waste, and abuse issue.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Federal Agencies:

- **U.S. Department of Labor:** The unemployment compensation (UC) program is a federal/state partnership. DOL determines whether states' UI program operations conform and comply to federal UC laws. DOL also provides guidance to states on

UC policies and procedure. FDCM interacts with DOL for reporting, guidance, coordination of investigations and data sharing initiatives:

- **U.S. Department of Education:** The Department of Education provides funding and oversight for the Vocational Rehabilitation program, which relates to FDCM's compliance monitoring of vocational rehabilitation vendors through VR Contract Oversight.
- **U.S. Department of Justice, U.S. Attorneys for the various districts in Texas, Federal Bureau of Investigations, U.S. Postal Service:** FDCM works with these entities for case referrals, investigation collaboration and sharing best practices related to fraud detection.
- **U.S. Department of Health and Human Services (HHS):** FDCM works with HHS on cases of possible shared fraudulent activity in the subsidized childcare program.

State Agencies:

- **Office of the Attorney General for the State of Texas:** FDCM collaborates with the Attorney General's Office on legal matters related to fraud prevention and prosecution
- **Texas Department of Health and Human Services (HHSC):** FDCM has a relationship with HHSC to refer fraud cases that involve the SNAP. This collaboration might involve data sharing and coordination of investigations.

Local Agencies:

- **District and County Attorneys for all counties in the state of Texas:** These are the local prosecuting authorities. FDCM works closely with these offices to refer cases, provide evidence and coordinate restitution efforts.
- **All Sheriffs and Police Departments in the state of Texas:** Local law enforcement agencies assist with serving warrants, conducting interviews and gathering evidence.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

While the Agency is committed to fraud, waste, and abuse prevention, detection, and investigation across TWC programs and services, only the subsidized childcare program is specifically enumerated in statute as having fraud, waste, and abuse assigned activities. During the 89th Legislative Session, HB 3700 was filed by Rep. Hubert Vo, which would amend statute to require TWC to prevent, detect, and investigate fraud, waste, and abuse in all TWC programs. The bill was passed and signed by Gov. Greg Abbott and takes effect Sept. 1, 2025.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Office of Investigations

- A. Provide the following information at the beginning of each description.**

Name of division or program: Office of Investigations

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Emy Montoya, Director

Statutory citation:

- Authority to investigate is authorized in Texas Labor Code § 301.071(a) and (b), Chapter 301, Subchapter K, § 302.002(b), and Chapter 214.
- Texas Executive Order RP36, Relating to Preventing, Detecting and Eliminating Fraud, Waste and Abuse – issued by Governor Perry (July 12, 2004).

- B. What is the objective of this division or program? Describe its major activities.**

The mission of the Office of Investigations is to support TWC's commitment to the highest standards of accountability in its handling and expenditure of public funds. This is accomplished by providing selected inquiry and investigative services pertaining to allegations of fraud, theft, program abuse, or misconduct.

The Office of Investigations encompasses the areas of Program Investigations, UI ID Theft Investigations, Fictitious Employer Investigations, investigations of complaints under Chapter 81D, Texas Health and Safety Code related to COVID-19 vaccination mandates by private employers, and Internal Investigations.

Program Investigations includes the Program Investigations Unit, Fictitious Employer Unit, and the UI Unit. The critical functions performed include:

- Conducts investigations of allegations of fraud, theft, waste, misconduct and program abuse.
- Presents evidence in the prosecution of criminal investigations.
- Provides technical assistance on Workforce Board level investigations of Child Care Program fraud.
- Develops and conducts fraud prevention/detection and fact-finding training for Workforce Board/Contractor employees.
- Provides investigative technical guidance and consultation to Workforce Board/Contractor employees.
- Provides investigative assistance to local/state/federal law enforcement agencies.
- Fictitious Employer Unit investigates schemes where there's a fraudulent TWC tax account that is used as the last employer and/or in conjunction with false base period wage credits.
- UI Investigations Unit conducts investigations into cases of identity theft involving individuals who fraudulently claim unemployment benefits using stolen identities.

Internal Investigations performs the following critical function:

- Conducts investigations of allegations of fraud, theft, waste, misconduct and program abuse against TWC and Workforce Board staff.
- Investigates misuse of the unemployment benefits system by TWC or Workforce Board staff.
- Performs background checks on new hires and speakers at TWC conferences.

- C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

Office of Investigations' services and functions evolved from a detect and collect methodology to a robust system dedicated to preventing waste, fraud and program abuse by implementing controls within TWC programs. Office of Investigations works closely with the Unemployment Insurance (UI), Information Technology (IT), and Information, Innovation, and Insight (I|3) divisions to analyze unemployment claims for ID theft, implement processes to detect and prevent fraud, develop risk assessments, and ensure that payments are timely and accurately made and preventing overpayments (whether accidental or fraudulent).

The Coronavirus Aid, Relief and Economic Security Act, while essential in supporting citizens of Texas during the pandemic, brought an unprecedented surge in fraudulent activity targeting the UI system. From FY 2022 through FY 2024, staff closed a total of 280,331 UI identity theft cases, with 75,356 of those closures occurring in FY 2024. A major step forward in our prevention efforts came in the Summer of 2024 with the implementation of enhanced identity verification requirements. Claimants who are selected for identity verification must do so either through in-person verification at their local United States Postal Service or through the ID.me platform. The dedication and vigilance of our investigative staff have been instrumental in not only stopping the release of fraudulent payments but also in recovering improperly paid benefits.

Investigations

Self-Evaluation Report

Type of Investigations	FY 2024
Child Care*	241*
Internal	3
Background Reviews	361
UI – ID Theft	75,356
Career Schools	3
Total	75,964
Resulting Intentional Program Violation raud Overpayments	\$2,185,864.56

*On most child care cases, the Board/Contractor staff completed the fact-finding with the Office of Investigations providing technical support.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

TWC's anti-fraud policy and procedures aid in the prevention and detection of fraud, waste, and abuse that may impact agency operations or the programs it administers. TWC's policy applies to employees, consultants, vendors, contractors, system participants, and other persons/entities doing business with TWC.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Office of Investigations includes a Director and a Program Investigations Manager. The Program Investigations Manager oversees the Fictitious Employer Unit, Program Investigations Unit, and Unemployment Insurance Unit. The Internal Investigations Unit reports directly to the OI Director. The OI Director reports to the Deputy Division Director of Fraud Deterrence.

As a department within FDCM, Office of Investigations has primary responsibility for administering and reporting the investigations of suspected fraudulent acts. OI coordinates investigative activities with Internal Audit, Office of General Counsel, Human Resources Management, local workforce boards and when necessary, appropriate external law enforcement and other oversight agencies. OI shares information with UI Tax regarding potential fraudulent accounts used for UI claims (i.e. fictitious employers) and UI Tax notifies FDCM about findings.

Program Investigations Unit

The Program Investigations Unit conducts investigations of allegations of fraud, theft, waste, misconduct and program abuse in TWC programs except for the Unemployment Insurance program, which is handled by the Unemployment Insurance Unit. The unit provides technical assistance and direction on Workforce Board level investigations of Child Care Program fraud. When necessary, the Program Investigations Unit will accept a Child Care Program fraud case for investigation or action at the state level or refer the case for criminal prosecution. The Program Investigations Unit is also responsible for investigating complaints filed under Chapter 81D, Texas Health and Safety Code related to COVID-19 vaccination mandates by private employers. Finally, the unit also develops and conducts fraud prevention, detection, and fact-finding training for Workforce Board/Contractor staff.

Unemployment Insurance Unit

Specific to the UI program, TWC has a robust ID verification process and fraud detection (“high risk protocol”) that has prevented over 1 million fraudulent attempts from receiving payment. Individuals with claims identified as suspicious under this protocol are required to complete identity verification procedures through a third-party vendor or in-person verification at United States Postal Service locations. OI is a key line of defense in investigating suspected fraudulent UI claims that have been flagged as suspicious through TWC fraud detection process.

TWC provides information on the agency’s website to inform the public about unemployment benefits and identity fraud at [Unemployment Benefits Fraud & Identity Fraud](#). This webpage includes instructions that allow individuals and employers to report suspected identity theft related unemployment benefit fraud using TWC’s secure online fraud portal. The online resources also provide information on the warning signs of unemployment identity fraud and provides steps that may help protect individuals from unemployment identity fraud.

Fictitious Employer Unit

The Fictitious Employer Unit works to identify and investigate potential fraudulent UI Tax accounts used for UI claims (i.e., fictitious employers). This unit collaborates with the Unemployment Insurance Division, the Tax Department, and Information, Innovation, & Insight and analyzes claims data, data reports, and other leads to identify potential fictitious employers. The unit investigates these leads by reviewing employer and claimant information and conducting interviews. If sufficient evidence of fraud is found, the unit takes appropriate action and identifies affected claims. Throughout the investigation process, the unit prioritizes data security, confidentiality, and collaboration with other departments to ensure the integrity of the unemployment insurance system.

Internal Investigations Unit

The Internal Investigations Unit investigates allegations of fraud, theft, waste, misconduct and program abuse against TWC and Workforce Board staff. The Internal Investigations Unit is also responsible for investigating fraud, waste, and abuse allegations against vocational rehabilitation staff. This unit also investigates misuse of the unemployment benefits system by staff and conducts background checks on new hires and TWC conference speakers.

Office of Investigations makes every effort to protect the rights and the reputations of those involved in an investigation involving allegations of fraud, including the employee/complainant who reports alleged fraud, the individual(s) interviewed during the resultant investigation, and the individual(s)/entity(s) against whom the allegations were made.

In the event that an investigation substantiates that fraudulent activities have occurred, Office of Investigations will prepare and distribute a report to appropriate management personnel and the Executive Director. To avoid any appearance of bias, OI should not be involved in any disciplinary process that may result from an investigation it conducted. Any planned disciplinary action must be coordinated with Human Resources, Office of General Counsel, Regulatory Integrity Division, and if necessary, outside counsel.

Reports to State Auditor's Office

When Office of Investigations has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that fraudulent or unlawful conduct has occurred in relation to the department or entity, Office of Investigations shall report the reason and basis to the State Auditor's Office in accordance with Texas Government Code §321.022. Office of Investigations will report once a month during the same week the monthly Office of Investigations Operations Update is provided to the FDCM Director; and on a case-by-case basis when a case of interest to the State Auditor's Office is opened. Exceptions to this reporting requirement are as follows:

- Losses involving client eligibility.
- Human Resources issues or complaints.
- Losses involving fraud/unlawful conduct by unemployment insurance claimants.
- Internal agency matters not involving losses due to fraudulent/unlawful conduct.
- Investigation Issues.
- Issues that should be reported to Office of Investigations for action include fraud, policy violations and employee misconduct.

Reporting Suspected Fraud, Waste, and Abuse

An employee may report fraud, theft, waste, or abuse in a TWC Program through an established internal procedure. Also, an employee or other complainant has access and instructions for reporting fraud as set out online, at [Reporting Fraud, Theft, Waste, or Abuse in a TWC Program](#). Also, a complaint may be submitted directly to the State Auditor's Office at [Fraud Hotline](#).

Failure of any TWC employee to promptly report any violation could result in disciplinary action up to and including termination of employment.

Any employee or other complainant who reports suspected fraudulent activities is not privy to details or other information gathered during the investigation, while it is in progress. Investigation results are not routinely disclosed or discussed with anyone other than those who have a legitimate need to know. If an allegation was not made anonymously, a summary report stating whether or not the allegation was substantiated may be submitted to the employee/complainant.

Because of the potential for damaging the reputation of an innocent party if a false allegation is made, a TWC employee who knowingly reports false or misleading information regarding suspected fraud is subject to disciplinary action, up to and including termination of employment.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Investigations & Fraud Prosecutions	\$3,785,110	\$3,709,303	\$75,807

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

The U.S. Department of Labor Office of Inspector General (DOL-OIG) investigates fraud, waste and abuse of all DOL programs. The TWC Office of Investigations often conducts joint investigations with DOL-OIG. Additionally, the Office of Investigations coordinates with other federal agencies, as applicable (Postal-OIG, HUD-OIG, DOE-OIG, etc.). Where interests overlap, the Office of Investigations works with or assists other state agencies, such as HHSC-OIG or the Texas Office of the Attorney General investigators.

When allegations of fraud, theft, program abuse, or violations of state or federal law are brought to the attention of the Office of Investigations, the following may occur:

- The allegation may be elevated to the appropriate state or federal authority.
- The allegation may be accepted for investigation and/or action at the state level.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Conducting Investigations with Federal/Outside Agencies

When not directed by law, regulations or policy, the Director of the Office of Investigations will determine when it is appropriate to partner with federal or outside agencies on conducting investigations. When required, the supervising investigator will prepare the incident reports to notify federal and outside agencies of an incident detected by or reported to OI. Based on DOL-OIG's mission and the Office of Investigations mission, many incidents will be reported, and DOL-OIG will assign a Special Agent to the case. Likewise, DOL-OIG will often request TWC OI's assistance on a case. DOL-OIG special agents are commissioned federal law enforcement officers. Each TWC investigator must become familiar with DOL-OIG Special Agent's authority and operating procedures. TWC investigators represent the state, TWC and themselves in a professional and courteous manner at all times. If an investigator has any questions, issues or concerns during or about joint operations with other agencies, they direct them to their supervising investigator for resolution.

The Office of Investigations typically partners with federal or state agency investigators on investigations involving suspected criminal activity against a TWC program with the shared

aim to refer the investigation results for criminal prosecution. TWC investigators are not law enforcement agents and partner with law enforcement, when necessary, as part of a case.

The Office of Investigations collaborates with the Fraud Prosecutions Unit on cases referred to the state level after being declined at the federal level.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

TWC is up against constant fraud attacks with a declining federal UI administrative grant from the Department of Labor. The agency has been relying on additional federal integrity grants to support fraud prevention and detection efforts during the pandemic (for example, for OneSupport call center support) but the additional grant funds are ending. The loss in administrative funding, combined with the increased workload of preventing and detecting constant fraud attempts, poses a challenge to the agency.

While the Texas Unemployment Compensation Act has sections addressing earnings and eligibility related benefit fraud, there are no statutes in the Act addressing identity theft related benefit fraud.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

CliftonLarsonAllen conducted an audit of the Child Care Program in FY 2023 and determined that Local Workforce Development Boards were not making adequate attempts to collect overpayments. FDCM developed additional guidance, and the Office of Investigations provided technical assistance to assist with resolution of the issue. The audit conducted by CliftonLarsonAllen for FY 2024 concluded with favorable results for the Child Care Program. The FY 2024 audit stated that all findings identified in the prior FY (2023) were appropriately addressed and resolved. No new findings or issues were reported for FY 2024.

DOL [Unemployment Insurance Program Letter \(UIPL\) Number 16-21, Change 1](#), highlights the importance of identity verification as part of the UI claims process to prevent fraudulent claims and sets forth the required administrative procedures when processing claims and determining UI eligibility. UIPL 16-21, Change 1, places restrictions on when a state may request identity verification, provides requirements for the identity verification process, and establishes information that must be reported to DOL.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Benefit Payment Control

- A. Provide the following information at the beginning of each description.**

Name of division or program: Benefit Payment Control

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Patricia Haeber, Director

Statutory citation: Texas Unemployment Compensation Act, Chapter 214

- B. What is the objective of this division or program? Describe its major activities.**

Benefit Payment Control (BPC) is a UI function required by DOL. The objective of BPC is to promote and maintain integrity of the UI program through prevention, detection, investigation, and establishment of UI overpayments made to claimants. Preventing and detecting improper payments and recovering benefit overpayments, whether fraudulent or not, are among DOL's highest priorities.

TWC is responsible for safeguarding UI funds and ensuring program integrity. This requires collaboration between multiple divisions, including FDCM. FDCM's Benefit Payment Control department's major activities for ensuring program integrity include:

1. Fraud Detection and Prevention:

- **Data Crossmatches:** BPC utilizes crossmatches with Federal, State, and Local partners to detect when an individual fails to report, or incorrectly reports earnings, along with other eligibility issues.

- **Employer Outreach and Education:** Providing information to employers about UI fraud and how to prevent it, encouraging them to report suspected fraud and participate in verification efforts.

2. Investigation:

- **Investigating Allegations of Fraud:** Conducting thorough investigations of suspected UI fraud by gathering evidence, contacting claimants and employers, and evaluating whether the individual committed fraud.
- **Administrative Penalties and Sanctions:** Imposing administrative penalties and sanctions on individuals who commit UI fraud, such as disqualifying them from receiving remaining UI benefits in the claim year and establishing which benefit weeks are subject to a mandatory 15 percent fraud penalty due to the individual's fraudulent activity.

3. Benefit Payment Control:

- **Audits and Reviews:** Conducting audits and reviews of UI claims after payments have been issued to identify improper payments and ensure compliance with UI laws and regulations.
- **Overpayment Establishment:** Establishing overpayments for improperly received UI benefits, identifying the benefit weeks subject to the 15 percent penalty, determining the amount owed, and notifying claimants of their repayment obligations.
- **Fraud Reporting:** Establishing methods for reporting suspected fraud.

4. Compliance Monitoring:

- **Process Improvement:** Continuously reviewing and improving the department's processes and procedures to enhance efficiency, effectiveness, and customer service.
- **Staff Training:** Providing ongoing training to staff on investigation procedures, best practices, and how to improve performance.

These activities are vital to maintaining the integrity of the Texas UI program and ensuring that benefits are paid to eligible individuals who are unemployed through no fault of their own. By preventing fraud and holding individuals who commit fraud accountable, FDCM's Benefit Payment Control department helps to protect the UI trust fund and ensure that resources are available to support workers who need them most.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB

performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Potential fraud is detected in a variety of ways, but the most effective is the automated crossmatches that TWC employs. TWC utilizes crossmatches with Federal, State, and Local partners to detect when an individual fails to report, or incorrectly reports earnings, along with other eligibility issues. The following are crossmatches that BPC staff are directly involved with:

- **National Directory of New Hires and State Directory of New Hires** – Federal and state laws require employers to report the date a person is hired to the Texas Attorney General. This weekly crossmatch uses the date a person returned to work and compares it to claimants filing for benefits. If a claimant requests unemployment benefits after the date an employer reported that person as being hired, BPC contacts the parties and will investigate. The investigation may result in a correction of earnings due to a claimant's error or a determination of fraud if the claimant committed fraud. BPC investigated 23,396 New Hire cases in FY 2024.
- **Employer Quarterly Tax Records** – TWC's Unemployment Tax program collects wage information and unemployment taxes from Texas employers on a quarterly basis. The BPC department compares the quarterly tax wage records to the wages reported by claimants who filed for benefits during the same period. BPC investigates discrepancies between what the employer and claimant reported. This may result in a correction of earnings or a fraud determination. BPC investigated 19,444 Tax Wage Record cases in FY 2024.
- **Interstate Benefits Crossmatch** – Like the Employer Quarterly Tax Records crossmatch, this biweekly crossmatch compares quarterly tax records to claimants filing for benefits. However, this crossmatch focuses on claimants who have a Texas claim but are residing in another state. The Interstate Benefits system looks for reported wages in the claimant's state of residence, and border states, that were earned during the same period the claimant filed for benefits in Texas. BPC investigates discrepancies, which may result in a correction of earnings or a fraud determination. BPC processed 93 Interstate Benefits crossmatch cases in CY 2024.
- **Incarceration Crossmatch** – BPC uses information from Texas Department of Criminal Justice for state incarcerations and from Appriss for county incarcerations to conduct a weekly crossmatch against claimants who are filing for benefits. The goal of this comparison is to identify individuals who are filing for unemployment benefits while they are incarcerated. When a match is found, BPC investigates the claim. This investigation may result in the claimant being found ineligible during the time of incarceration or a fraud determination. In FY 2024, BPC investigated 1,903

incarceration cases, which resulted in 633 fraud votes and 1,270 non-fraud votes. BPC imposed \$2,831,442 in total overpayments.

- **Death Crossmatch** — BPC uses the date of death records from the Texas Department of State Health Services to conduct a weekly crossmatch against claimants who are filing for benefits. BPC immediately suspends payment on claims and reviews the date of death to ensure there has been no activity on the claim after the claimant died. The investigation normally results in a permanent hold (deactivation) on any further claim activity. These cases are not tracked separately.

In addition to crossmatches, BPC investigates potential fraud that comes from internal or external tips and leads. Internal detection occurs when TWC staff who work with UI claims discover potentially fraudulent or improper activity or payments on a claim and refer the issue for investigation. External detection comes from tips submitted to our Fraud Hotline and online Fraud Reporting Portal, or other external sources. BPC handled 18,333 inbound calls from claimants in FY 2024.

In 2013 and 2014, the UI Division and the Regulatory Integrity Division, now called the Fraud Deterrence and Compliance Monitoring Division, collaborated to create and operationalize a standardized process known as the Fraud Criteria Mandate. This Mandate is TWC's process for how to determine fraud, as described in the bullets below. A Fraud Detection matrix was developed that applies consistent standards to the circumstances of the case to ensure UI Benefits fraud determinations meet quality standards, that fraud is consistently applied, and cases are completed in a timely manner. The Matrix is a tool that helps staff with recommendations for whether to pursue fraud or not. The purpose was to standardize TWC's understanding and administration of the law. As a result, TWC:

- More closely aligned procedures with the definition of fraud in the Texas Unemployment Compensation Act.
- Created a Fraud Detection Matrix review which provides a guideline for staff to determine if the investigation meets all the legal elements required to issue a fraud ruling as well as providing a scale to identify the egregiousness of the fraud.
- The matrix looks at the number of weeks overpaid, or the amount overpaid, any prior fraud or earning corrections, and whether the claimant admits a willful misrepresentation.
- Updated fact-finding questionnaires to align with the Fraud Criteria Mandate.
- Eliminated the three-vote system for all fraud decisions. TWC now uses a two-vote system.
- Implemented a 15 percent penalty applied to all fraud overpayments.

TWC adopted the campaign “Everyone Owns Integrity” and provided agency employees and workforce partners a unified message promoting the concept that everyone can take steps to reduce the risk of fraud. TWC also informs employers about the benefits of reporting new hires and responding to requests for information to help in reducing the number of fraudulent claims.

In 2016, the BPC department began using a custom case management system. This multi-level application allows BPC to efficiently manage all open and closed investigations. The system also provides the ability to run performance reports, store case documents, track quality evaluations shared with staff, store training materials (FAQ), tracks absenteeism, and generate supervisor reports to address performance issues.

In 2020, because of the increase in claims due to the pandemic, BPC streamlined its fraud hotline process to efficiently handle the complaints in a timelier manner. Prior to the pandemic, information received through the hotline was reviewed by several staff, including management approval, to analyze the complaint and determine next steps. The new process included providing training to staff and giving them the tools to review and process the fraud hotline complaints on their own in a timely manner. Staff were able to reduce the turnaround time for handling complaints by approximately 70 percent.

In 2024, BPC streamlined the department’s investigation process through a Rapid Process Improvement project. The project’s outcome enables staff to focus on more recent fraud cases. This allows BPC to direct efforts toward cases where the involved parties are likely to have accurate information and documentation regarding earnings. Management assigned investigation staff to focus on the most egregious cases as a priority.

Additionally, to increase BPC’s effectiveness and efficiency, BPC collaborates with staff in the IJ3 Division. This division analyzes data and provides a list of Social Security Numbers with the most egregious potential fraudulent claims. BPC prioritizes the claims by assigning staff to investigate these cases and issue fraud determinations.

In 2024, FDCM hired a dedicated trainer and a quality assurance specialist to increase quality and drive performance. This includes:

- Both the trainer and quality specialist participated in the Rapid Process Improvement process. The quality specialist was able to use knowledge gained from reviewing calls and cases when discussing and implementing ideas for improving processes. The trainer took the process decisions made during the project and created training materials for staff and provided instructor-led training on the new procedures.
- When the quality assurance specialist detects a potential training need, either for an individual or a group, they can coordinate with the training specialist to provide training or develop materials to assist BPC staff who perform the fraud investigation work.

- BPC management has direct communication with the quality assurance and training specialist so immediate action can be taken when necessary.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In 2021, TWC reorganized the Regulatory Integrity Division and renamed it the Fraud Deterrence and Compliance Monitoring Division. The reorganization reinforced the division's primary goal to deter fraud before it happens so improper payments are not made. The new FDCM Division encompasses a broader range of activities, including enhanced data analytics, proactive investigations, and closer collaboration with other divisions within TWC, and other agencies, to detect and combat unemployment insurance fraud more effectively.

As an agency, TWC continues to leverage a multi-disciplinary team of experts that analyze and develop actionable recommendations for enhancing existing efforts towards preventing, detecting, and recovering funds from fraud, promoting access for all, ensuring timely benefit payments, and reducing workload backlogs.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The BPC program primarily affects claimants who received unemployment benefits for the weeks when they were not eligible. Claimants can remain eligible to receive unemployment benefits as long as there are funds to draw from and they meet eligibility requirements such as:

- Being registered for work
- Being able and available for work
- Making an active search for work

An incarcerated individual is not considered available for work because they are not in a position to start a full-time job while in prison. A claimant can receive partial UI benefits when working part time but becomes ineligible when they begin working full time or if their earnings during a benefit week exceed 125 percent of their weekly benefit amount. In FY 2024, BPC investigations completed 42,840 cases and established \$38,660,123 in overpaid UI benefits. It is estimated that 50 percent of these overpayments were due to claimants who failed to correctly report employment, both intentional fraud and unintentional errors.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The BPC program emanates from provisions of the Social Security Act and Internal Revenue Code through the U.S. Secretary of Labor and is administered in the State of Texas by TWC. The Employment and Training Handbook 301, issued by USDOL, provides standards and guidance for conducting investigations. As described in Section C of the handbook, BPC uses a series of crossmatches and tips to assist in identifying possible cases of UI eligibility fraud, investigating those claims, and then issuing an earnings or fraud determination depending on the results of the case.

UI benefit fraud generally falls into two categories. The first category concerns identity related fraud, in which a claim is filed by a bad actor using someone else's identity without that person's knowledge or consent. Identity related benefit fraud is investigated by the Office of Investigations.

The second type of benefit fraud is eligibility related fraud, in which the individual owns the social security number (SSN) or colludes with the SSN owner to file a claim but provides false or misleading information in an effort to increase the weekly benefit payment. In some cases, the UI Division will conduct the initial investigation and provide the first fraud vote based on UI's investigation before the case is referred to BPC. Ultimately, all potential eligibility related fraud is referred to BPC for an investigation and a first and/or second fraud vote. The most common type of eligibility fraud is when a claimant fails to report, or incorrectly reports, their work and earnings while filing for benefits.

BPC also issues second fraud votes on claims filed under the Disaster Unemployment Assistance and other federal benefit extension programs, such as Pandemic Unemployment Assistance.

Since one UI benefit system mainframe is used by the agency there is little opportunity for duplication. The benefit system creates assignments that are routed to the appropriate departments for handling.

FDCM and the Information Innovation & Insight, UI, Appellate Services, Finance, and Information Technology divisions collaborate on a cross-divisional integrity team, along with TWC's Deputy Director, to assess strategies for enduring the integrity of the UI system by reducing improper payments and fraud, especially ID fraud.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the

“Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Quality Control and Evaluation (Includes Benefit Payment Control & VR Contract Oversight)	\$871,275	\$619,233	\$252,042

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

TWC has a data sharing agreement with the Department of State Health Services to obtain access to death data, which allows BPC to complete the Death Crossmatch.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

USDOL issues program letters, support, guidance and sets performance standards. The DOL Employment and Training Administration monitor's the agency's fraud and overpayment prevention, detection, and recovery efforts. The Office of the Inspector General conducts audits of the UI program to strengthen integrity and also investigates cases of UI fraud for criminal prosecution.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

Following are the last three calendar years of performance data produced by TWC's BPC investigations.

January 2022 to December 2022

Self-Evaluation Report

Overpayment Detection Method	Dollars Established Non fraud	Dollars Established Fraud	Total
Wage/Benefit cross match	\$18,649,918	\$697,945	\$19,347,863
Interstate cross match	\$66,618	\$0	\$66,618
New Hire cross match	\$8,352,267	\$1,227,309	\$9,579,576
Other controllable	\$2,625,544	\$2,307,890	\$4,933,434
Non - controllable	\$86,354,465	\$192,889	\$86,547,354
Total - BPC Investigations department	\$116,048,812	\$4,426,033	\$120,474,84
# of investigators	8	8	8
Overpayments established per investigator	<u>\$14,506,102</u>	<u>\$553,254</u>	<u>\$15,059,356</u>

January 2023 to December 2023

Overpayment Detection Method	Dollars Established Non fraud	Dollars Established Fraud	Total
Wage/Benefit cross match	\$21,693,169	\$1,042,621	\$12,716,652
Interstate cross match	\$108,436	\$0	\$108,436
New Hire cross match	\$11,205,168	\$1,511,484	\$12,716,652
Other controllable	\$2,104,730	\$2,670,232	\$4,774,962
Non - controllable	\$69,669,863	\$443,799	\$70,113,642
Total - BPC Investigations department	\$104,781,366	\$5,668,13	\$110,449,502
# of investigators	10	10	10
Overpayments established investigator	<u>\$10,478,137</u>	<u>\$566,814</u>	<u>\$11,044,951</u>

January 2024 to December 2024

Overpayment Detection Method	Dollars Established Non fraud	Dollars Established Fraud	Total
Wage/Benefit cross match	\$23,275,749	\$1,712,858	\$24,988,607
Interstate cross match	\$175,895	\$5,067	\$180,962
New Hire cross match	\$11,649,682	\$1,290,354	\$12,940,036
Other controllable	\$2,278,004	\$1,975,113	\$4,253,117
Non - controllable	\$78,140,015	\$781,715	\$78,921,730
Total - BPC Investigations department	\$115,519,345	\$5,765,107	\$121,284,452
# of investigators	18	18	18
Overpayments established per estigator	<u>\$6,417,741</u>	<u>\$320,284</u>	<u>\$6,738,025</u>

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Wage and Hour – Texas Payday Law Administration

- A. Provide the following information at the beginning of each description.**

Name of division or program: Wage and Hour Department – Texas Payday Law Administration

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Anna Colbert, Director

Statutory citation: Texas Labor Code, Chapters 61 and 62

B. What is the objective of this division or program? Describe its major activities.

The Wage and Hour Department – Texas Payday Law Administration ensures the timely payment of employees' wages through the administration of the Texas Payday Law.

Payday Law Program

Through Texas Labor Code, Chapter 61, and Chapter 821 of the TWC Rules (40 TAC 821), TWC provides an administrative alternative to costly litigation in resolving pay disputes between private sector employers and employees by assisting employees in obtaining payment of owed wages. This is accomplished by conducting wage complaint investigations and issuing written decisions that are appealable.

Minimum Wage Act

Texas Labor Code, Chapter 62, requires the agency to disseminate information about the rights and responsibilities of employer and employees under the Act. This information is shared on the agency's website, [Texas Minimum Wage Law - Texas Workforce Commission](#). Violations of the Act are enforceable through a private cause of action in court. While the agency does not have enforcement authority under the Texas Minimum Wage Act, the Wage and Hour Department can look to the Texas Minimum Wage Act, when applicable, to determine the rate of pay in a wage claim complaint.

TWC's Wage and Hour Department plays a significant role in administering and enforcing the Texas Payday Law. Here are the major activities TWC undertakes in this program:

- **Investigating Wage Claims:** This is a primary function. TWC receives and investigates claims from employees who believe they have not been paid wages owed to them by their employers. This includes claims for unpaid regular wages, overtime, commissions, and bonuses.
- **Determining Wages Owed:** After investigating a claim, TWC determines whether the employee is owed wages by the employer. This involves reviewing evidence from both the employee and the employer to determine if unpaid wages are owed.
- **Assessing an Administrative Penalty:** If TWC determines an employer acted in bad faith, TWC may assess an administrative penalty against the employer in an amount not to exceed the lesser of the wages owed or \$1,000. This serves as a deterrent to employers who might otherwise fail to pay their employees correctly. The administrative bad faith penalty is paid to TWC.

- **Collecting and Disbursing Unpaid Wages:** The Collections department, which is a part of the Finance division, attempts to collect the wages owed to the claimant. If successful, TWC disburses the recovered funds to the claimant.
- **Providing Information and Education:** TWC provides information and educational materials to both employers and employees about the Texas Payday Law and Texas Minimum Wage Act through TWC's website and by responding to calls and emails from the public. This helps employers and employees understand their rights and obligations.
- **Adopting Rules:** TWC adopts rules to interpret and implement the Texas Payday Law. These rules provide guidance on various aspects of the law, such as determining employment status, what types of deductions are permissible, the procedures for filing and investigating wage claims, and the appeal procedures available to parties.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Legislative Budget Board Cumulative Measure: Number of Payday Law Decisions Issued

Payday Investigations	FY22	FY23	FY24
Number of Wage Claims Received	11671	14155	15104
Number of Wage Claims Investigated/Decisions Issued	10372	10735	12409
Amount of Wages Ordered Due	\$6,755,161	\$7,791,693	\$10,518,274
Amount of Wages Collected*	\$5,553,250	\$6,404,217	\$7,566,631

**collection activities are handled by the Finance division.*

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Effective Sept. 1, 2021, the Collections and Civil Actions Department was moved from FDCM to the Finance Division. Labor Law Investigations was renamed Wage and Hour effective Sept. 1, 2022.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The Texas Payday Law and associated rules affect any employee working for a private sector employer. The payday investigative process is complaint driven; any employee who has not been paid appropriately may file a payday wage claim with this agency for investigation. The Texas Payday Law does not apply to independent contractors.

TWC's Wage and Hour Department provides an opportunity for individuals who feel they have not been paid correctly with an avenue for pursuing those wages through a no-charge administrative process. These parties might otherwise be unable to financially bear the cost of obtaining their earned wages. Individuals who have not been paid appropriately by a private sector employer, can file a wage complaint and have it investigated under the statute. Complainants are provided guidance on filing a payday wage complaint for unpaid wages.

Employers found to be in violation are provided a summary of the payday law and warned that subsequent violations could result in an administrative penalty. Employers found to have acted in bad faith in not paying wages may be assessed an administrative penalty (\$1000 or amount claimed, whichever is less) and employers with multiple violations may be required to post a surety bond or the attorney general may seek injunctive relief in district court.

There are no additional qualifications or eligibility requirements to receive these services aside from the requirement to be an employee of a private sector employer that the agency has jurisdiction over under [40 Texas Administrative Code § 821.3](#).

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Wage and Hour Department – Texas Payday Law Administration is organized within FDCM of TWC, with the Division Director reporting to the Executive Director.

The Austin office location houses the Wage and Hour examiners, support staff, a trainer, and management. All investigations are conducted by telephone, email, and mail. Intake staff also answer Payday questions from callers.

The Wage & Hour Claims flowchart, Exhibit_GAP_FDCM_W&HFlowchart, is a visual guide of the wage claim process.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any

funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Texas Payday Law Administration	\$4,428,768	\$0	\$4,428,768

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

The [U.S. Department of Labor, Wage and Hour Division](#) (USDOL-WH) enforces federal minimum wage and overtime laws.

Under the Fair Labor Standards Act (FLSA) the USDOL-WH must establish jurisdiction over the employer before it can investigate a wage complaint. As a result, all private employers are covered under state law but may not be covered under federal law. Federal law has a two-year jurisdictional period for most issues and a three-year period for willful violations. State law has 180-day jurisdictional period. Also, federal law has a retaliation prohibition and state law does not.

In reviewing wage complaints, the USDOL-WH can only look at the employee’s entitlement to minimum wage for hours worked or overtime based upon the agreed rate of pay. Under the Texas Payday Law, TWC has authority to review the agreed rate of pay in determining the employee’s unpaid wages for all hours worked. Texas Payday Law also allows an employee to receive additional types of wages including fringe benefits, bonuses, and commissions. In addition, the federal law does not have the collection tools provided under state law.

TWC’s Wage and Hour Department has a general MOU with the USDOL-WH. TWC and USDOL-WH recognize the value of establishing a collaborative relationship to ensure compliance by the regulated community in the State of Texas with the enforcement of laws of common concern. This partnership was formed to effectively and efficiently foster communication and cooperation.

Information concerning misclassified employees is shared between TWC’s Wage and Hour Department, USDOL-WH, and TWC’s Tax Department. Cases concerning unpaid wages are also referred between USDOL-WH and TWC’s Wage and Hour Department where jurisdiction may be appropriate.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC's Wage and Hour Department partners with the U.S. Department of Labor as described above in Question H.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The mainframe application used by Wage and Hour is outdated and presents challenges to the program's continued performance. Wage and Hour Application Modernization is a capital budget project that began on Sept. 1, 2023. The project's goal is to design a system that supports the current case management system along with online filing capabilities in a language and a platform that is user friendly to claimants and employers while increasing supportability for IT staff. The project is scheduled to be completed around August 2025 and would improve data integrity, reduce the risk of disclosure of personal identifiable information, and improve program outcomes and measures. Failing to complete the modernization project or needing to overly reduce the scope of the project poses a risk to the program's ability to effectively meet future program objectives.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

In 2024, the Internal Audit team reviewed the Wage and Hour Department to determine if controls are in place to ensure compliance with federal and state requirements (Project No. 2023-005-30). The audit found that the Wage and Hour Department had controls in place to process wage claims according to state laws and regulations. The audit report suggested two improvements: (1) set reasonable and achievable goals for processing claims, and (2) make sure shared Outlook email accounts are secure. To address the first suggestion, the Wage and Hour Department analyzed its workload and updated its claim processing goals. To address the second suggestion, the department removed one person's access to the shared Outlook email and now reviews access to these distribution lists every three months.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a

case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

Information on Regulated Population; Complaints Against Regulated Persons, Businesses, or other Entities; and Disciplinary Actions FY 2020 to FY 2024

*Number within Total Regulated Population (Active Credentials Only)	FY20	FY21	FY22	FY23	FY24
Total number of regulated persons (employees/claimants)	7306	11059	13231	14177	7667
Total number of regulated entities (employers)	5531	7913	9201	9398	5538

Complaints Received by Source	FY20	FY21	FY22	FY23	FY24
Total Complaints Received	9952	7448	11671	14155	15104
Complaints Initiated by Agency (originating from criminal history checks)*	0	0	0	0	0
Complaints Initiated by Agency (not originating from criminal history checks)	0	0	0	0	0
Complaints Originating from Public (including other regulated persons or entities)	9952	7448	11671	14155	15104
Complaints Originating from Other Agencies	0	0	0	0	0

*Only Applicable if Conducting Fingerprint Criminal History Checks

Disposition of Complaints	FY20	FY21	FY22	FY23	FY24
Total Complaints Received*	9952	7448	11671	14155	15104
Complaints Found Jurisdictional	7810	4842	7440	8127	5812
Complaints Found Non-Jurisdictional	2407	1750	2228	2389	3105
Total Complaints Dismissed (no investigation)	2544	2141	2920	2621	3811
Complaints Dismissed for Lack of Evidence (no investigation)	183	357	1317	740	977
Total Complaints Sent for Investigation	10234	6984	10372	10735	12431

*Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total

Wage and Hour Department – Texas Child Care Law Administration

A. Provide the following information at the beginning of each description.

Name of division or program: Wage and Hour Department – Texas Child Labor Law

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Anna Colbert, Director

Statutory citation: Texas Labor Code, Chapter 51

B. What is the objective of this division or program? Describe its major activities.

The Wage and Hour Department – Texas Child Labor Law Administration safeguards the safety, health, and well-being of children in the workplace through the administration of the Texas Child Labor Law. Through the Texas Labor Code, Chapter 51, and Chapter 817 of the TWC Rules (40 TAC 817), TWC ensures that children are not employed in occupations and under conditions that are detrimental to their safety, health, and well-being by responding to complaints, conducting on-site inspections, and educational outreach.

This division carries out several major activities related to enforcing child labor laws, as follows:

- **Investigations:**
 - *Complaint Intake and Evaluation:* Receive and evaluate complaints from various sources (employees, parents, other agencies, etc.) alleging violations of child labor laws.
 - *Investigations:* Conduct investigations into potential violations. This may involve:
 - Reviewing employer records (payroll, time sheets, employee files, etc.).
 - Interviewing employers, employees (including minors), and other relevant individuals.
 - Inspecting work sites for hazardous conditions or prohibited occupations.
- **Compliance and Enforcement:**
 - *Determining Violations:* Analyze evidence and determine if violations of child labor laws occurred.
 - *Enforcement Actions:* If violations are found, appropriate enforcement actions are taken, which may include:

- Issuing notices of violation.
- Assessing an administrative penalty.
- Requiring employers to correct violations (e.g., changing work hours, removing minors from prohibited jobs).
- **Education and Outreach:**
 - *Providing Information:* Offer information and resources on child labor laws to employers, employees, parents, schools, and the public through:
 - Website content
 - Publications
 - Presentations and training sessions
 - Staff responses to calls and emails
 - *Promoting Compliance:* Encourage voluntary compliance with child labor laws by increasing awareness and understanding.
- **Data Management and Reporting:**
 - *Maintaining Records and Data:* Maintain records of investigations, violations, and enforcement actions.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Legislative Budget Board Cumulative Measure: Number of On-site Inspections Completed for Texas Child Labor Law Compliance.

Child Labor Inspections	FY22	FY23	FY24
Number of Telephone Inquiries	206	230	226
Number of Inspections	1871	2028	2351
Number of Violations	907	3471	5527

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

The services and functions have not changed from the original intent of the Child labor program; however, the department did undergo a name change from Labor Law Investigations to Wage and Hour effective Sept. 1, 2022.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Child labor law regulations are needed to protect children from hazardous working conditions, and interference with their education and development. The program provides protection over children in the workplace through on-site inspections and educational outreach.

The public can file complaints (anonymously) on any business that may be employing children illegally and the child labor investigators may inspect any business where there is reason to believe a child is or has been employed in the past two years. "How to File a Complaint" can be found online, [Texas Child Labor Law](#). All complaints are reviewed for inspection follow-up.

After an inspection resulting in a violation and to ensure compliance, a closing conference is held with the employer to review the findings, provide a copy of the law, and discuss preventative measures. Also, administrative penalties (up to \$10,000/Violation) may be assessed to ensure future compliance.

The Texas Child Labor Law and associated rules affect children under 18-years of age, or under 21-years of age for sexually oriented businesses. There are no additional qualifications or eligibility requirements to receive these services.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Wage and Hour Department – Texas Child Labor Law Administration is organized within FDCM division, with the Division Director reporting to the Executive Director. The Austin office location houses the Wage and Hour support staff and management. The child labor law investigators are stationed in Austin, San Antonio, McAllen, Houston, Fort Worth, Dallas, and Lubbock. The child labor law investigators conduct onsite inspections of any business in Texas.

Key Processes:

1. Complaint Intake and Triage:

- a. *Intake:* The program receives complaints from various sources: employees (or their parents/guardians in the case of minors), employers, other government agencies, or the public. Complaints can be submitted by email, mail, fax, or by phone.
- b. *Initial Review:* Staff reviews the complaint to determine if it falls within the program's jurisdiction (i.e., involves potential violations of Texas Child Labor Laws or wage and hour laws).
- c. *Triage:* The complaint is categorized and prioritized based on factors such as the severity of the alleged violation, the vulnerability of the affected employee(s), and the availability of resources. Some complaints may be referred to other agencies (e.g., the federal Department of Labor) if they have primary jurisdiction or if a joint investigation is warranted.

2. Investigation:

- a. *Assignment:* A qualified investigator is assigned to the complaint based on location of the place in violation.
- b. *Investigation Plan:* The investigator develops a plan for conducting the investigation, which may involve:
 - i. Reviewing employer records (payroll, time sheets, employee files, etc.).
 - ii. Conducting interviews with employers, employees (including minors), and other relevant individuals.
 - iii. Inspecting work sites for hazardous conditions or prohibited occupations (in child labor cases).
- c. *Evidence Gathering:* The investigator gathers evidence to support or refute the allegations in the complaint.
- d. *Analysis:* The investigator analyzes the evidence to determine if a violation of child labor laws or wage and hour laws has occurred.

3. Compliance and Enforcement:

- a. *Determination:* The investigator makes a determination as to whether a violation occurred.
- b. *Notification:* The employer is notified of the determination by means of a closing conference which is held either in person or by phone.
- c. *Remediation:* If a violation is found, the employer may be required to take corrective action, such as:
 - i. Paying administrative penalty.
 - ii. Changing work hours or conditions to comply with child labor laws.
 - iii. Removing minors from prohibited occupations.
- d. *Penalties:* The program may assess an administrative penalty against employers who violate child labor laws. The amount of the penalty is based on factors established in Texas Labor Code § 51.033 including the seriousness of the violation and the employer's history of previous violations. TWC Commissioners adopted a penalty matrix, under TWC Rule § 817.36, that is used to determine the amount of the penalty.
- e. *Appeals:* Employers have the right to appeal determinations and penalties. The appeals are handled by Special Program Appeals and Commission Appeals depending on the stage of the appeal process.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Texas Child Labor Law Administration	\$821,668	\$0	\$821,668

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

The U.S. Department of Labor, Wage and Hour Division (USDOL-WH) enforces child labor laws. Under the FLSA the USDOL-WH must establish jurisdiction over the employer before it can investigate child labor issues. As a result, all private and public employers are covered under state law but may not be covered under federal law.

The Wage and Hour Department has a general MOU with the USDOL-WH. TWC and USDOL-WH recognize the value of establishing a collaborative relationship to ensure compliance by the regulated community in the State of Texas with the enforcement of laws of common concern. This partnership was formed to effectively and efficiently foster communication and cooperation, and to provide employers and employees information, outreach materials, and access to training resources that will help protect the health, safety and welfare of young workers. The Wage and Hour Department and USDOL-WH refer cases to each other when one agency does not have jurisdiction of an issue and the other agency has jurisdiction over that issue.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Child Labor Law Program provides educational outreach to public schools, educational service centers and local workforce development boards yearly, since they directly assist children in finding jobs. Child Labor Law Program staff may perform this outreach in person or remotely depending on the request.

The Wage and Hour Department receives inquiries from local law enforcement agencies on child labor enforcement. The Wage and Hour Department waits for any criminal matters to be handled by law enforcement before the Department issues any penalties.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The Wage and Hour Application Modernization project, a capital budget item, was intended to include functionality for the Child Labor program. However, due to budgeting constraints, the Child Labor program will not be included in the modernization project, which will create a barrier to improvements in the Child Labor program's ability to improve program processes.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

Information on Regulated Population; Complaints Against Regulated Persons, Businesses, or other Entities; and Disciplinary Actions

Fiscal Years 2020 to 2024

Refer to Question C for number of telephone inquiries, number of inspections, and number of violations.

Complaints received by Source	FY2020	FY2021	FY2022	FY2023	FY2024
Total Complaints Received	31	38	43	39	39
Complaints Originating from Public (including other regulated persons or entities)	31	38	43	39	39

Disposition of Complaints	FY2020	FY2021	FY2022	FY2023	FY2024
Total Complaints Received*	31	38	43	39	39
Complaints Found Jurisdictional	31	38	43	39	39
Complaints Found Non-Jurisdictional	0	0	0	0	0
Total Complaints Dismissed (no investigation)	0	0	0	0	0
Total Complaints sent for Investigation	31	38	43	39	39

*Since Complaints May Not be Processed within a Single Fiscal Year, Rows Below May Not Equal the Total

Equal Opportunity Compliance

A. Provide the following information at the beginning of each description.

Name of division or program: Equal Opportunity Compliance

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Jon Pokorney, State EO Officer

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

Objective: To ensure the State of Texas and its subrecipients properly implement and comply with the nondiscrimination and equal opportunity provisions of the Workforce Investment and Opportunity Act (WIOA) which are contained in Section 188 of WIOA. Section 188 and Department of Labor regulations at 29 CFR Part 38 prohibit discrimination on the basis of race, color, religion, sex, national origin, age, disability, political affiliation or belief, and for beneficiaries, applicants, and participants only, citizenship status or participation in a WIOA Title I-financially assisted program or activity.

Major activities performed include:

- Monitor and enforce compliance with federal Equal Opportunity (EO) laws and regulations in all Board and subcontractor operations.
- Update TWC's Non-Discrimination Plan as required by 29 CFR § 38.55 to ensure the Non-Discrimination Plan accurately describes the state's plan for addressing WIOA Section 188 nondiscrimination and equal opportunity practices.
- Process discrimination complaints that fall under Section 188 of the WIOA, Section 504 Rehabilitation Act of 1973, Americans with Disabilities Act (ADA) Title II, Civil Rights Act of 1964 and related statutes and regulations, which prohibit discrimination in programs and activities receiving federal financial assistance.
- Oversee and train all 28 local workforce board level Equal Opportunity Officers.
- Direct calls received through the EO Hotline and emails sent to the EO complaint email address.
- Workforce Board Support with the WIOA One-stop Certification: Collect, review, and maintain information for Board support, WIOA Section 188 Review Checklist, and Texas Accessibility Standards (TAS) Reviews.

- Ensure EO policy and guidance letters contain the correct content, meet policy guideline requirements, and serve as a Subject Matter Expert for Workforce Development staff.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The Equal Opportunity Compliance Department (EOCD) continually works to improve guidance and training resources for board and agency staff to better ensure compliance with WIOA Section 188 regulations and seeks opportunities to collaborate with stakeholders. There are on average 3 new Local Workforce Development Board EO Officers each year and improved guidance and training resources are especially helpful for these new EO Officers. Additionally, EOCD is responsible for maintaining the state's Nondiscrimination Plan and submitting an updated plan to the Department of Labor every two years.

EOCD reviews complaints alleging discrimination in TWC programs and activities. EOCD procedures emphasize trying to resolve customer issues even when those issues may not be related to discrimination. As such, although a complaint may be dismissed for lack of jurisdiction, a customer may still have experienced a satisfactory outcome.

Disposition of Complaints	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Total Complaints Received	4	9	9
Complaints Found Jurisdictional	1	0	4
Complaints Found Non-Jurisdictional	3	9	5
Complaints Withdrawn by Complainant	0	0	2
Investigation Did Not Substantiate Discrimination	1	0	2
Investigation Substantiated Discrimination	0	0	0

WIOA Section 188 regulations require posters in offices and notices to applicants and participants with information about nondiscrimination protections under WIOA Section 188 and contact information for the State EO Officer and Local Workforce Development Boards EO Officers as applicable. The posters, notices, and other communications generate calls

and emails to EOCD's EO hotline phone number or EO complaint email address by the public when they have an issue related to a TWC or Board program or activity. EOCD's EO complaint email address received approximately 250 emails between May 1, 2024, and April 30, 2025, which averages to just over 20 emails a month. A number of the calls and emails do not directly relate to EOCD functions or involve programmatic complaints, in which case, staff will attempt to assist the person by providing information or referring the issue to the correct department. Programmatic complaints are complaints that do not allege discrimination.

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Calls to EO Hotline	325	632	772

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Under recent Wagner-Peyser Act Employment Services, 20 CFR 658 Subpart E, regulatory changes, effective January 2026, EOCD will be required to intake employment discrimination complaints from ES participants and Migrant and Seasonal Farmworkers filed with Workforce Development ES staff and refer those complaints to TWC's Civil Rights Division or the Equal Employment Opportunity Commission. These complaints are outside the usual jurisdiction of the EOCD department as they do not relate to discrimination in agency programs and activities.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

WIOA § 188 requirements apply to any recipient of WIOA Title I funding per the definition of recipient found at 29 CFR § 38.4(zz), programs or activities that are part of the One-Stop delivery system and that are operated by One-Stop partners as part of the One-Stop delivery system, and the employment practices of a recipient and/or One-Stop partner. Per the definition of recipient, WIOA § 188 requirements apply to TWC's unemployment insurance and vocational rehabilitation programs.

Americans with Disabilities Act (ADA) Title II prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of state and local governments, which includes TWC. The protection under ADA Title II for members of the public is separate from the protections under ADA Title I related to the employment relationship, which are handled at TWC by Human Resources and the Office of General Counsel.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and

procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The EO Compliance Department consists of the State EO Officer, who also serves as the Director of Policy & Planning for FDCM, an EO Coordinator, and a Customer Engagement Specialist.

The duties of the State EO Officer are described in 29 CFR § 38.31 and generally include coordinating the responsibilities of the EOCD department and serving as the agency's liaison with the Department of Labor's Civil Rights Center.

The EO Coordinator is responsible for coordinating and conducting the annual EO monitoring of each Workforce Board. Each of the 28 Local Workforce Development Boards undergoes one of the three monitoring assessments on an annual basis. The monitoring assessments include an Onsite Evaluation, an EO Survey, and a Document Analysis. The Boards are split into four groups with the monitoring audits aligning to a quarterly schedule. Each Board will complete all three of the monitoring tools over a three-year period. Each monitoring tool reviews the Boards compliance with physical and programmatic accessibility issues.

Subrecipient Monitoring assists with Board monitoring for EO issues by reviewing participant files to ensure required notices are given to applicants and participants. A final report is issued after the conclusion of each Board monitoring and if deficiencies are discovered, a corrective action plan will be included. The corrective action plan is developed in coordination with the Board and outlines a timeline for completion.

The EO Coordinator is also responsible for training new Board EO Officers, responding to Board EO inquiries, responding to EO hotline phone calls and EO complaint emails, communicating with people who have filed an EO complaint, and investigating EO complaints.

In 2024, EOCD added a Customer Engagement Specialist to allow the department to better support Board and agency staff compliance with EO regulations with an emphasis on customer communication and engagement. The Customer Engagement Specialist focuses on developing and enhancing department training resources to better support Board and agency staff. Also, the Customer Engagement Specialist maintains the EOCD's SharePoint tools for Board EO Officers and serves as backup to the EO Coordinator.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)

Funding for our Equal Opportunity Compliance program is strategically allocated across multiple programs. This allows us to effectively address diverse facets of EEO compliance, including training, investigations, and policy development.

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

EOCD, the Department of Labor's Civil Rights Center, and Local Workforce Development Boards share responsibilities for compliance with WIOA Section 188, which aims to ensure programs and activities are operated in a nondiscriminatory manner. DOL Civil Rights Center oversees compliance of state agencies, including TWC, that receive federal funding through DOL. TWC monitors the Board's compliance, while the Boards monitor compliance at the local level. Complainants have the option of filing complaints directly with DOL Civil Rights Center. Complaints filed with TWC or the Boards alleging discrimination in programs or activities will be referred to the appropriate entity for review.

The state's Nondiscrimination Plan outlines the division of duties between TWC and the Boards. For instance, TWC handles complaints against the agency, while the local boards handle concerns against their local programs. TWC's guidance documents, such as policy memos and compliance checklists, further address specifics of these duties, and EOCD provides training materials to assist. These training materials include, but are not limited to, new EO Officer training, EO Officer role and responsibilities, complaint processing procedures, and language access requirements. These materials and training outline who is responsible for complaints as they may relate to TWC or Board programs and activities. Further, TWC and Board EO staff communicate and work together, often communicating throughout an investigation to ensure a smooth process, and to ensure that complaints are handled at the appropriate level. EOCD offers technical assistance and support to Board EO staff and also partners with the Quality Assurance Network to present at an annual civil rights training that is available for all Board EO staff to attend.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Refer to Question H above.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

With the most recent change in federal executive authority, USDOL has removed some guidance documents. EOCD anticipates that USDOL will issue updated guidance. However, there are challenges reconciling recent executive orders with existing EO regulations in the absence of guidance from USDOL.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

In June 2024, TWC Internal Audit completed a review of agency monitoring programs (Project No. 2023-003-30). The objective of the audit was to determine if the results of monitoring activities were properly addressed by agency management. The audit included a review of EOCD monitoring procedures related to Board compliance. The audit found that some Corrective Action Plan documents failed to capture the date of the Corrective Action Plan. The audit also found that EOCD's tools did not allow for effective tracking of corrective actions. EOCD updated monitoring procedures to ensure the final Corrective Action Plan document was correctly identified and dated. Procedures were also modified to ensure routine follow up on corrective actions. Additionally, preliminary work has been completed on an application to better track progress and closure of corrective actions.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Subrecipient Monitoring

A. Provide the following information at the beginning of each description.

Name of division or program: Subrecipient Monitoring

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Mary Millan, Deputy Director

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

The Subrecipient Monitoring Department (SRM) reviews the financial and programmatic operations of Boards, their Subrecipient Service Providers and other Grantees. Site visits, desk reviews, and testing procedures are performed to ensure programs are administered according to grant requirements, funds are spent for authorized purposes, and reliable information is reported to decision makers.

SRM's mission is to ensure that organizations receiving federal and state funds from TWC (known as subrecipients) comply with all applicable laws, regulations, and TWC policies in their use of those funds. Our primary responsibility is to provide monitoring reviews of Boards, Subrecipients and other Grantees, and their use of over \$850 million in federal and state funds administered by TWC for workforce development activities and subsidized childcare services.

A detailed breakdown of the mission is:

- **Ensuring Compliance:** The core mission is to verify that subrecipients adhere to the terms and conditions of their grants or contracts. This includes compliance with:
 - Federal and state laws and regulations.
 - TWC policies and procedures.
 - Specific grant/contract requirements (e.g., eligible activities, allowable costs, reporting requirements).
- **Safeguarding Public Funds:** A key objective is to protect taxpayer dollars and other public resources from misuse, fraud, waste, and abuse.
- **Promoting Program Integrity:** Subrecipient Monitoring helps to maintain the integrity of TWC programs by ensuring that subrecipients are operating their programs in a responsible and effective manner.
- **Providing Technical Assistance:** In addition to monitoring for compliance, Subrecipient Monitoring also involves providing monitoring technical assistance and support to subrecipients to help them understand and meet their obligations.
- **Taking Corrective Action:** When non-compliance is identified, Subrecipient Monitoring is responsible for taking appropriate corrective action, which may include:
 - Developing and implementing corrective action plans.
 - Requiring repayment of misused funds.

- Recommending sanctions or penalties.
 - Recommending termination of grants or contracts.
- **Reducing fraud:** By performing due diligence, subrecipient monitoring is designed to prevent or detect fraudulent actions.

The department also performs a variety of other functions related to and in support of the monitoring function.

- Conduct special reviews due to inquiries and complaints, as necessary.
- Conduct federally required data validation reviews annually for Workforce Innovations and Opportunities Act, Adult Education and Learning, and Senior Community Services Employment Program.
- Conduct federally required Child Care Improper Payment testing once every three years.
- Provide Monitoring Technical Assistance to Boards, Grantees, other State agencies, and agencies of other States upon request.
- Present at the Board Quality Assurance Network meetings twice a year.
- Present at the Board Finance Directors Meetings quarterly.
- Present at other conferences several times a year upon request.
- During COVID-19, and through at least FY 2025, SRM has coordinated with Child Care & Early Learning Division staff to monitor on a risk basis, over \$3 billion in Child Care Relief Funding provider payments to approximately 14,000 childcare providers throughout the State of Texas.
- Starting in FY 2020, SRM transitioned to an external SharePoint Library, maintained by SRM, so that all Boards, Subrecipients, and Grantees selected for monitoring could upload their Document Request Packet responses digitally.
- Starting in FY 2022, TWC required the Boards to provide all Board and Subrecipient policies and procedures to SharePoint once a year in October, and then upon changes throughout the year. This allows all TWC staff to have access to them upon request and allows the Boards to only provide them once. SRM staff facilitate this process, and the files are part of the existing SRM External SharePoint Library.

In addition, SRM works extensively with FDCM Business Support. This department provides extensive automation support, maintains the FDCM Application and exception reports identifying risks to the Boards.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

SRM developed Child Care exceptions reports (completed by FDCM Business Support) to help identify the high-risk areas in the TWC Child Care programs at all the Local Workforce Boards. The Child Care exceptions reports are a tool for the Boards to use to detect potential fraud. This has also resulted in the monitoring teams reducing the amount of time out in the field because the reports helped focus on critical areas of concern.

SRM also developed a certification system for local monitoring functions to reduce duplication of work at the State and local levels. SRM continues to evaluate the local monitoring function to determine if the State can rely on the work performed by the local level monitors. Once SRM certifies the local monitoring function, SRM then relies on the local monitoring for the next two years. This system has helped in reducing the amount of work performed by the State, while still maintaining the quality of monitoring work.

A Rapid Process Improvement (RPI) project was conducted in 2014, and a follow up project was conducted in 2017. Both rounds of RPI fine-tuned SRM to be more efficient and effective in conducting monitoring and reporting on the related findings. Over the last 10 years, SRM has shown consistent progress in the following areas:

- Structured onboarding and training
- Reduced turnover
- Increased productivity
- Reduced bottlenecks
- Increased throughput
- Streamlined the reporting process
- Improved timeliness of reports
- Automated processes
- Switched to digital work papers and files

Every quarter, SRM completes a productivity report that is included with other departments in the division. This report shows consistent improvements in productivity since 2019 when SRM started the current reporting process.

Self-Evaluation Report

	FY19	FY20	FY21	FY22	FY23	FY24	5-Year % improvement	FY25 (Q1-Q2)
Monitoring Reviews Conducted	79	48	103	110	135	126	↑ 59%	47
Monitoring Reports Issued	40	32	53	133	118	84	↑ 110%	58
Audit Resolution Closures	30	13	26	31	32	37	↑ 23%	18
Audit Resolution IRLs Issued	27	16	36	38	26	40	↑ 48%	21
Single Audit Closures	113	171	138	152	170	204	↑ 81%	63
HB 1 Budget Approvals	28	28	28	28	28	28	0	16
Indirect Cost Rate Proposals	7	7	6	6	6	4	0	2
Total Numbers	324	315	390	498	515	523	↑ 61%	225

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

SRM was created in 1996 to ensure that the requirements of the Job Training Partnership Act (JTPA) and other federal programs were met. JTPA regulations at 20 Code of Federal Regulations, Part 627.475 require a "State monitoring plan...which...ensures that all areas

of Service Delivery Area (SDA) and Substate Grantee (SSG) operations are monitored on-site regularly, but not less than once annually.” Although WIOA replaced JTPA, the requirement to monitor annually remains.

TWC rules require monitoring of subrecipients and contract service providers in 40 Texas Administrative Code, Part 20, Chapter 802, Subchapter D, Sections 802.61-802.64.

SRM has been restructured since the 2013 Sunset Self Evaluation Report. Within SRM, there is a Fiscal Services Department which is comprised of an Audit Resolution section and a Single Audit section.

Audit Resolution

- Governed by 40 TAC Part 20 Chapter 802 Subchapter D, Sections 802.65.
- Resolves federal, Board and Subrecipient monitoring findings.
- Responsible for State-level hearings and sanction requests.

Single Audit

- Responsible for desk reviews of Grantee audit reports as required by the Office of Management and Budget Circular A-133.
- Review indirect cost rate proposals as the cognizant agency.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

Subrecipient Monitoring activities affect:

- Workforce Development Boards, Subrecipient Service Providers, and other grantees – Those selected for monitoring participate by coordinating with SRM, cooperating with the monitoring process including meetings, interviews, information-gathering, and testing, participation in the exit conference, development and implementation of a corrective action plan, if areas of concern were identified, and audit resolution, if needed.
- TWC divisions and departments such as Workforce Development, Child Care and Early Learning, Finance, and Office of Employer initiatives – Relevant TWC divisions collaborate with SRM for the annual risk assessment of Boards and grantees.
- TWC, the State of Texas, taxpayers, customers of the Texas Workforce Solutions Network – SRM monitoring efforts are designed to meet the goal of ensuring effective, efficient, and accountable state government operations.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

Subrecipient Monitoring

- Serves Boards and agency Grantees that provide employer and participant services by providing feedback on operating results.
- Provides 120 monitoring reviews.
- Provides resolution of 120 reviews, if applicable.
- Performs over 200 single audit desk reviews and 6 indirect cost rate proposals.
- Provides services to agency decision-makers by reporting the results of monitoring reviews, Single Audit reports, and resolution activities.

FDCM Business Support has the responsibility to provide support to SRM by providing the following:

- Development and maintenance of the FDCM Application
- Child Care Early Warning Report – Bimonthly
- Monitoring Samples (Annually for Each Board)
- Child Care Exception Reports – Quarterly
- WIOA Data Validation (Annually for Each Board)
- AEL Data Validation (Annually)
- Child Care Data Validation (Every Three Years for Each Board)

The Subrecipient Monitoring Lifecycle consists of four distinct phases:

- Annual Risk Assessment:
 - Subrecipient Monitoring completes an annual risk assessment of Boards and grantees prior to the fiscal year monitoring cycle.
 - SRM works in collaboration with all applicable TWC Divisions and Departments to identify areas of fiscal and program risks to the mission of TWC.

- SRM uses a matrix to identify Board activities and assign a level of risk to each activity using formal risk assessment methodology.
- The risk assessment identifies areas of highest risk and informs the Annual SRM Monitoring Plan to ensure the most effective use of monitoring resources. The LBB performance goal for SRM is 120 reviews (including Board, non-Board, data validation, and other reviews).
- The Annual SRM monitoring plan is approved by the TWC Executive Director.
- Pre-Review:
 - The SRM project team initiates the monitoring project with the Board Executive Director.
 - The SRM project manager works with the Board Executive Director to schedule the review and sends an Engagement Letter and Confirmation page for signature no later than 12 weeks before the review.
 - SRM provides the Board with a Document Request Packet no later than 8 weeks prior to the review. The documentation requested will be reviewed by SRM for compliance with grant and other requirements.
 - No later than 4 weeks before the start of the review, a desk review is conducted by the SRM project team.
 - Questionnaires and samples are requested no later than one week prior to the Entrance Conference.
- Review:
 - The SRM project team will conduct an Entrance Conference with the Board laying out the parameters for the review, establish points of contact for interviews, information-gathering and testing, and answer questions about the process.
 - The SRM team provides daily updates and any potential findings.
 - At the conclusion of the review, the SRM project manager will schedule an exit conference with the Board and issue an exit conference report documenting any potential issues identified during the review.
- Post Review:
 - SRM provides a draft copy of the monitoring report to applicable TWC staff for a 48-hour review and comment period.

- SRM provides an informational copy to the Board Executive Director 5 days in advance of issuance giving the Board the ability to provide responses, corrective action plans and anticipated implementation dates, and person's responsible for the corrective action. The Board's response will be included in the final report.
- The final monitoring report is issued to the Board Chair, Board Executive Director, designated representatives of the U.S. Department of Health and Human Services, the Designated representatives of the U.S. Department of Labor, Texas Workforce Commissioners, and agency executive staff, pursuant to Commission Rule §802.65(a).

After the SRM Monitoring report is issued, the Audit Resolution process begins. Audit Resolution will send an initial request letter requesting documentation within 45 calendar days of the letter issuance. Audit Resolution will work with the grantee on the monitoring findings.

SRM may request sanctions for findings noted in consecutive years. Any questioned costs identified by SRM will be either allowed or disallowed (money is subject to repayment to TWC). Disagreements with disallowance will continue through a series of processes, ending in an administrative hearing by a TWC hearing officer.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Subrecipient Monitoring	\$3,064,940	\$2,623,568	\$441,372

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Due to a recent audit by the United States Department of Agriculture Food and Nutrition Services Division , Food and Nutrition Services noted that Texas HHS does not have oversight of the Employment and Training portion of the SNAP. Texas HHS conducts SNAP eligibility but has an agreement with TWC for TWC to manage the Employment and Training portion of the program. Food and Nutrition Services recommended Texas HHS to learn TWC's fiscal and program monitoring process. SRM has spent a significant amount of time training HHS staff in how to monitor the program and facilitates the review of Boards with HHS.

SRM also works closely with the U.S. Department of Health and Human Services Administration of Children and Families on the Child Care Improper Payments review every three years.

SRM coordinates with other divisions to address state and federal audits multiple times per year.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

TWC Internal Audit noted in a 2019 report that some Apprenticeship grants have not been monitored. TWC SRM includes these grants in its risk assessment and the TWC Workforce Division provides information on any concerns with Apprenticeship grantees. In 2020, TWC Internal Audit noted that TWC SRM does not provide copies of monitoring reports internally to our IJ3 Division. All monitoring reports are now provided to this division.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please

briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Fraud Prosecutions Unit

A. Provide the following information at the beginning of each description.

Name of division or program: Fraud Prosecutions Unit

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Charles Sutherland, Director

Statutory citation: Texas Labor Code, Chapters 213 and 214; Texas Labor Code, Section 301.071

B. What is the objective of this division or program? Describe its major activities.

The Fraud Prosecutions Unit is part of FDCM division. The Fraud Prosecutions Unit builds criminal cases of fraud in TWC programs and sends them to prosecutors around Texas. This unit mainly focuses on UI fraud, especially when people falsely collect UI benefits while working and earning money. This is called 'earnings fraud.' In these cases, people intentionally don't report, or severely under-report, their work and earnings to TWC. The Fraud Prosecutions Unit works with local prosecutors by discussing evidence, planning legal strategy, and explaining the details of TWC programs. This unit also provides witnesses for grand jury hearings and trials. The unit also handles requests from local prosecutors to get earnings records for UI fraud cases.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

From CY 2022 through CY 2024, the Fraud Prosecutions Unit built and referred 235 cases of UI fraud to criminal prosecutors throughout Texas, resulting in 176 indictments. Of those 176 indictments, there have been 34 successful prosecutions in which the accused plead guilty, plus 29 dismissals followed upon payment of full restitution owed to TWC. These figures do not include the months of January through June 2024, during which time the Prosecutions Unit did not have an active managing attorney. For CY 2022 through CY 2024, the unit's efforts have resulted in the recovery of \$7,094,726 in stolen unemployment benefits for the Texas Unemployment Compensation Trust Fund (this is the total recovery from multiple sources during the prosecution process, i.e., repayments to avoid criminal

prosecution after receiving a Notice of Potential Prosecution letter, repayments upon referral of the case to the prosecutor, repayments by claimants who are placed on probation, and absorptions occurring while cases are in prosecutions status). A list of defendants who plead guilty to theft of UI Benefits is maintained on the agency's website at [Criminal Prosecutions of Unemployment Benefits Fraud](#).

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

For many years the agency referred cases of UI fraud utilizing non-attorney personnel from the Benefit Payment Control Unit. These cases were referred as Class A misdemeanors under the authority of TEX. LAB. CODE § 214.001. Recognizing the need for a more centralized and systematic effort to detect fraud throughout every aspect of its transactions, in late 2005, the agency created Regulatory Enforcement Division (now FDCM) and made the prevention, detection, and elimination of fraud and abuse in the UI program a central top priority. As the severity and dollar amounts involved in these cases rose to the level of felonies, Prosecutions began referring these cases to district attorney offices throughout the state for felony prosecution either as theft (Texas Penal Code § 31.03) or Securing Execution of Document By Deception (Texas Penal Code § 32.46). UI Fraud increased during the COVID-19 pandemic due to the large federal payments and programs such as Pandemic Unemployment Assistance which had fewer safeguards than a regular unemployment claim. The Prosecutions unit was an important tool for TWC to use in its efforts to recoup state and federal funds in cases of eligibility fraud. Currently, Prosecutions continues to refer cases across the state that involve the theft of not just regular UI Benefits, but Coronavirus Aid, Relief, and Economic Security Act benefits as well.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The Fraud Prosecutions unit is the only unit making referrals to district attorneys and law enforcement at local levels and is solely responsible for working with state prosecutors. This prosecution effort affects UI claimants who have committed fraud by intentionally failing to report work or earnings from work to TWC, or grossly under-reporting earnings from work to TWC, when filing for and receiving unemployment benefits. It is a requirement of the unemployment insurance program that claimants report all their earnings while filing for benefits and be able and available to work.

Additionally, employers can be affected by UI fraud investigations if their records are subpoenaed or if they are asked to provide information about former employees. While UI fraud ultimately affects taxpayers, as it depletes the funds available for legitimate UI claims; the Fraud Prosecutions Unit's efforts benefit taxpayers through recovery of stolen unemployment benefits.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

Typically, potential prosecution cases are submitted to the Fraud Prosecutions Unit after an administrative determination of fraud has been issued by TWC's Benefit Payment Control. The Fraud Prosecutions Unit reviews these cases for viable criminal referrals. From these cases, the Unit selects those likely to be successful referrals and issues Notice of Potential Prosecution letters asking claimants to pay what is owed to the TWC or face possible referral of their case for criminal prosecution. Claimants who do not make a good faith effort to pay back stolen benefits may have their cases selected for full investigation and preparation for referral to appropriate criminal prosecutors throughout the state.

The Fraud Prosecutions Unit investigation includes the following process:

- **Gathering information:** The unit issues subpoenas to obtain records from:
 - Banks where UI funds are directly deposited.
 - US Bank, which manages the TWC UI debit card program for transaction history.
 - Merchants where UI debit cards were used.
 - Employers where the claimant worked when filing for and receiving unemployment benefits and not reporting (or under-reporting) to TWC .
- **Verifying identity:** The Unit obtains identity documents to prove the identity of the unemployment claimant and prepares an identity report for prosecutors.
- **Collecting Wage Data:** The unit collects wage data obtained from employers to share with prosecutors.
- **Preparing Cases:** The unit prepares a comprehensive summary of the crime and gathers supporting evidence for prosecutors.

Once a case is prepared and approved, by the attorney/manager of the unit and referred for prosecution, investigators may need to testify before grand juries or at trial. If an unemployment claimant is placed on probation and ordered to make restitution, investigators may also help probation authorities prepare presentence investigation reports and help facilitate the repayment process to TWC.

It should be noted that the Fraud Prosecutions Unit and Office of Investigations stay in communication regarding the handling of assignments and investigations. If there is more

than one unemployment claimant involved with the case, the decision about handling the case resides with the Office of Investigations.

To deter UI fraud, details of successful prosecutions are published at [Criminal Prosecutions of Unemployment Benefits Fraud](#). Also, at certain intervals, TWC issues an official press release to the news media and public.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Fraud Prosecutions and Office of Investigations	\$3,785,110	\$3,709,303	\$75,807

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The Fraud Prosecutions Unit primarily works with state felony prosecutors in district attorney offices throughout the state. TWC does not have inherent prosecutorial authority and thus works with the district attorney offices of the 254 counties in the state to facilitate prosecutions.

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

The Fraud Prosecutions Unit faces challenges that include fraudsters finding ways to avoid charges being pursued, laws that may affect how prosecutors prioritize fraud cases, and outside jurisdictions not cooperating with the unit's efforts. Fraudsters often return to the UI system after a fraud determination has been issued on a prior claim year. The prosecution efforts can be hindered due to the fraudsters using benefits from a more recent claim to offset the overpayment balance of a claim with a fraud determination to the point where their criminal case must be dismissed. While the theft of monies through benefit fraud was still a crime, when the overpayment is recovered, prosecutors are no longer interested in

pursuing criminal prosecution. This is especially burdensome when it is later discovered that the benefits used to offset the overpayment were also the result of fraudulent claim certifications.

Additionally, Section 214.001 of the Texas Unemployment Compensation Act creates a Class A Misdemeanor offense for intentionally making a false statement or representation in order to obtain or increase a benefit payment, regardless of the amount of benefits stolen. Although a Class A Misdemeanor is a serious crime, it does not receive attention from District Attorney Offices which already have a large and demanding case load. Increasing the penalty under Section 214.001 to a State Jail Felony may increase the likelihood that District Attorneys use it for filing charges.

Lastly, the Fraud Prosecutions Unit faces difficulties with certain jurisdictions that may refuse TWC's referrals for any number of reasons. One example is Harris County, which has adopted a policy not to pursue any benefits fraud cases. Prosecutions are also limited with respect to Travis County. The Travis County Public Integrity Unit previously took TWC referrals for fraud cases around the state; however, due to a loss of funding, the Travis County District Attorney will only pursue cases in which the defendant resides within Travis County at the time the referral is made.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

A core function of the Fraud Prosecutions Unit involves casework and investigation. Maintaining a commitment to security and efficiency, in CY 2022, the Fraud Prosecutions Unit moved away from paper files and began utilizing digital files for its cases. This allowed for enhanced security and less waste. For public transparency, FDCM maintains a public facing webpage that includes a listing of cases for each calendar year in which defendants pled guilty to theft of UI Benefits. The Criminal Prosecutions of Unemployment Benefits Fraud webpage can be found at [Criminal Prosecutions of Unemployment Benefits Fraud](#).

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the

data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Unemployment Insurance Data Analysis Unit

A. Provide the following information at the beginning of each description.

Name of division or program: Unemployment Insurance Data Analysis Unit

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Jeffrey Hooks, Director

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

The objective of the UI Data Analysis Unit is to perform thorough audits of core functions of the UI program and to report the results of those audits in a straightforward and comprehensible manner to U.S. Department of Labor (USDOL) and for internal process improvement.

Benefits Accuracy Measurement (BAM) assesses whether UI benefits are properly paid or denied.

- Paid Claims
- Denied Claims

The **Tax Performance System** assesses the accuracy, timeliness, and completeness of Unemployment Insurance tax operations and makes recommendations for improvement.

- Status Determinations and Status Posting Functions
- Cashiering
- Report Delinquency
- Collections
- Field Audit
- Account Maintenance

Data Validation assesses the accuracy of UI Required Reports to USDOL and collaborates with TWC's Support Services, Tax/Contributions, and Applications Solutions departments to improve them.

- Benefits
- Taxes/Contributions

The UI Data Analysis Unit performs the required Quality Control program functions for the UI program. Failure to perform the Quality Control programs defined in this section of the CFR puts TWC receipt of its grant funding at risk. 20 CFR § 602.42 Effect of failure to implement Quality Control program. "Any State which the Secretary finds, after reasonable notice and opportunity for hearing, has not implemented or maintained a Quality Control program in accordance with this part will not be eligible for any grants under title III of the Social Security Act until such time as the Secretary is satisfied that there is no longer any failure to conform or to comply substantially with any provision specified in this part".

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

BAM, the Tax Performance System, and Data Validation are mandatory federal programs administered by the State of Texas and subject to federal oversight. In addition to meeting federal requirements, UI Data Analysis also shares the results of its audits and quality control work with internal TWC departments. UI Data Analysis shares its results with relevant departments as issues develop and through annual reports posted on the Unit's internal SharePoint page. Following a small Rapid Process Improvement project in 2018/2019, UI Data Analysis programs have generally exceeded federal performance standards.

- BAM has exceeded federal timely audit completion standards since 2020.
- Both Tax Performance System and Data Validation have completed all federal submissions by their respective deadlines for the last seven years.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

BAM has developed over the years from a program designed to inform and improve state UI programs to also serve as an additional means of federal oversight of state UI

effectiveness and quality. The trend became much more noticeable after passage of the Improper Payments Information Act of 2002 and later the Improper Payments Elimination and Recovery Improvement Act of 2012. USDOL began using overpayment and underpayment rates calculated by BAM to estimate overall improper payment rates for the UI system in each state as required by these acts. The Improper Payments Elimination and Recovery Improvement Act requires an improper payment rate below 10 percent so USDOL began encouraging states to keep their improper payments below that threshold. The Payment Integrity Information Act of 2019 is the current version of this law. USDOL closely monitors the performance of state UI programs through the Benefits Accuracy Measurement, Tax Performance System, and Data Validation reporting.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The UI Data Analysis unit at TWC is primarily focused on analyzing data related to the UI program. As such, its activities and findings can potentially affect a wide range of entities and persons, both directly and indirectly:

Directly Affected:

- **Unemployment Insurance Claimants:** Data analysis can affect claimants in several ways:
 - **Eligibility Determinations:** Data analysis can help identify potential fraud or ineligibility, leading to investigations, denials of benefits, or overpayment determinations.
 - **Benefit Amounts:** Analysis of wage data can impact how benefit amounts are calculated.
 - **Program Changes:** Data analysis can inform changes to UI program policies and procedures, which can impact claimant access to and the amount of benefits.
- **Employers:** Employers are directly affected through:
 - **UI Tax Rates:** UI experience ratings, which determine employer tax rates, are based on data about layoffs and unemployment claims. Data analysis can lead to changes in how these rates are calculated.
 - **Verification Processes:** Data analysis can help identify employers who may be misclassifying workers or engaging in other practices that affect UI costs, leading to audits or investigations.

- **UI Claim Protests:** Data about job separations and reasons for unemployment are used to evaluate employer protests of UI claims.
- **TWC Staff and Management:** The UI Data Analysis unit provides information that directly affects TWC's operations and decision-making:
 - **Program Management:** Data informs decisions about staffing levels, resource allocation, and program design.
 - **Policy Recommendations:** The unit's findings are used to make recommendations for changes to UI laws, regulations, and policies.
 - **Performance Measurement:** Data is used to track the performance of the UI program and to identify areas for improvement.
 - **Legislators:** UI data are often used for legislative discussion and decision-making.

Indirectly Affected:

- **Taxpayers:** Efficient and effective management of the UI program, informed by data analysis, helps to protect taxpayer dollars.
- **The Texas Economy:** The UI program plays a role in stabilizing the economy during recessions. Data analysis helps ensure the program is functioning effectively to meet this goal.
- **Workforce Development Professionals:** Data analysis can provide insights into workforce trends and skill gaps, which can inform the design of training programs and other workforce development initiatives.
- **Researchers and Policymakers:** The data collected and analyzed by the UI Data Analysis unit is often used by researchers and policymakers to study unemployment trends, evaluate program effectiveness, and develop new policy ideas.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

BAM performs annually at least 480 audits of paid UI claims and at least 450 audits of denied claims. A BAM report is prepared annually for internal review. Procedures are defined by USDOL manual ETA 395 and TWC has little discretion to deviate from them. Twice a year the USDOL audits each state program.

The Tax Performance System audits the Texas tax program and prepares an annual report. The annual report is required to be submitted to USDOL annually. Procedures are defined by USDOL manual ETA 407c and TWC has little discretion to deviate from them. USDOL audits each state program every four years.

Data Validation audits various UI reports at various intervals, chiefly annual intervals. Procedures are defined in USDOL manual ETA 361 and TWC has little discretion to deviate from them. USDOL is scheduled to audit this program every four years.

The Benefits Timeliness and Quality (BTQ) program within the UI Division complements BAM. BTQ assesses the quality of Unemployment Insurance claims-taking and adjudication, given the information available at the time. BAM performs a retrospective assessment. BAM also searches for concealed earnings but on a much smaller scale governed by a sampling technique.

The BTQ program is also mandated by 20 CFR § 602 et seq. 20 CFR § 602.20 requires Benefit Timeliness and Quality, Benefit Accuracy Measurement, Tax Performance System, and Data Validation to be independent of the UI Division, however BTQ is still within the UI Division at TWC. Nonetheless, UI Data Analysis regularly communicates with the UI Division to develop a comprehensive analysis of UI quality.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
FDCM UI Integrity	\$1,823,969	\$1,730,039	\$93,930

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

All UI Data Analysis programs are federal programs administered by the state. All programs are subject to federal oversight. All of the federal UI quality control programs

(BAM, Tax Performance System, Data Validation, and BTQ) are closely monitored by USDOL and the primary databases utilized by these programs are maintained by USDOL. As these programs are used by USDOL to monitor the effectiveness of their grants to state unemployment insurance operations, USDOL dictates the data it requires from states and the frequency of its transmission.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

The organizational placement of the BTQ programs in the UI Division, contrary to 20 CFR § 602.20, makes it more difficult to build a comprehensive picture of UI performance.

The BAM program focuses on the results of UI adjudications. The BTQ program focuses on the process of UI adjudications. Since these are distinct federally required programs, they cannot be merged. However, these programs could be located within the same department. Putting the BAM and BTQ programs within the same department would provide the agency with a more holistic picture of UI operations. Pursuant to 20 CFR § 602.20, these programs should not be within the UI Division. The BTQ program should be moved from the UI Division to the UI Data Analysis department in the Fraud Deterrence and Compliance Monitoring Division.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

USDOL closely monitors the performance of Benefits Accuracy Measurement, Data Validation, and Tax Performance System programs in every state. USDOL publishes their performance on the [USDOL Employment & Training Administration - UI](#) website.

- Benefits Accuracy Measurement - [Unemployment Insurance Performance Management](#)
- Tax Performance System - [Tax Performance System Computed Measures](#)
- Data Validation - [UI Data Validation Information Center](#)

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a

case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Vocational Rehabilitation Contract Oversight and Support

A. Provide the following information at the beginning of each description.

Name of division or program: Vocational Rehabilitation Contract Oversight and Support

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Misti Stirling, Deputy Director

Statutory citation: Texas Labor Code, Section 352.053(b)

B. What is the objective of this division or program? Describe its major activities.

Vocational Rehabilitation Contract Oversight and Support (VRCOS) monitors and audits Vocational Rehabilitation (VR) Contractors to ensure quality goods and services are provided to VR customers. The purpose of a contract monitoring review is to verify TWC contractors are following the requirements set forth in their contract(s) as well as established [Vocational Rehabilitation Standards for Providers Manual](#).

VRCOS conducts remote and on-site monitoring and provides oversight of contracted VR goods and services. VRCOS makes decisions on the type of monitoring to be conducted – desk, on-site, or hybrid – based on the type of service provided by the VR contractor and where services are provided. VR contractors with physical locations where VR customers are provided goods and services are more likely to receive an on-site monitoring due to the associated risk. VRCOS would assess the physical location to ensure safety of VR customers.

As of April 2025, the VR program has 1,109 active client services contracts. Of those, 814 contracts have expenditures across 660 unique contractors. Some VR contractors have more than one active contract. These contracts are for many different goods and services that can be provided to VR customers. Any contracted good or service provided to a VR customer is susceptible to monitoring by VRCOS. RehabWorks (RHW), the VR case management system, has 71 unique service category codes which demonstrates the variety of goods and services that can be provided by VR contractors. Goods and services range from durable medical equipment to hospital services to employment services.

For FY 2025, VRCOS is monitoring 39 contractors of VR goods and services. In FY 2024, VRCOS spent half of the year conducting a business process redesign and half the year monitoring a small group of 10 contractors to evaluate the launch of the new processes and procedures. Prior to the business process redesign, VRCOS monitored 47 contractors in FY 2022 and 41 contractors in FY 2023. It is important to note that staffing levels have fluctuated. VRCOS currently has four monitors on the monitoring team. In FY 2022, VRCOS had six monitors, and in FY 2023, the department had five monitors.

The monitoring team within VRCOS leads fiscal and programmatic compliance monitoring of VR contractors by developing and maintaining a risk assessment model, annual monitoring plan, and VR monitoring tools. VRCOS issues a report of findings and works with VR contractors on corrective action plans to resolve issues and the recoupment of improperly paid funds. In addition to reporting on contractor findings, VRCOS issues an Executive Summary which notes internal management issues to assist in improving the internal provision of VR goods and services and provide information on potential system failures or VR program staff training needs.

When VRCOS is conducting reviews, monitors use checklists that align with contract terms and conditions and standards to evaluate the provision of goods and services. VRCOS has unique checklists for each type of good or service being monitored. Contractors submit documentation to VRCOS, and monitors use that documentation along with RHW case notes and data, interviews with customers and VR staff if needed, and information in other systems such as BlueZone to determine compliance. Findings from monitoring reviews can vary from documentation issues such as not filling out all required elements in forms to findings that carry improper payments such as a noncertified or noncredentialed contractor staff providing services to VR customers. In FY 2023, VRCOS reported 194 unique findings. In FY 2022, VRCOS reported 265 unique findings.

VRCOS has 11 team members. Staff conducting monitoring are required to obtain and maintain their Certified Texas Contract Manager certifications. The VRCOS organizational chart is available for review and listed below is a brief explanation of a few of the high-level duties.

The Audit Resolution Specialist works with contractors to ensure they submit an acceptable corrective action plan to remedy noted findings, repay improper payments according to repayment terms, and issues Closeout Reports. Additionally, the Audit Resolution Specialist conducts a follow-up review six-months post-closeout to ensure the corrective action plan is functioning as intended and continues to resolve the findings noted in the original review.

The Risk and Fraud Specialist address contractors who do not submit a corrective action plan or fail to implement a submitted corrective action plan, conducts remedial action reviews to select and impose remedial and adverse actions against contractors, and processes suspensions and debarment of contractors. The Risk and Fraud Specialist also conducts special reviews when egregious findings emerge or there is a concern about potential fraud, waste, or abuse. The Risk and Fraud Specialist works closely with the

FDCM Office of Investigations and refers cases to Office of Investigations when necessary for further investigation.

The Quality Assurance Specialist conducts Quality Assurance reviews of 10 percent of monitored cases to ensure reviews are conducted according to internal policy and guidelines and VRCOS staff are adequately trained.

The management team and Quality Assurance Specialist provide training and technical assistance to Vocational Rehabilitation staff and contractors related to the monitoring process, scope of reviews, and frequent findings.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

For the first half of FY 2024, VRCOS underwent a business process redesign of its overall functions and processes. As a result, VRCOS made the following adjustments:

- Added an Audit Resolution Specialist position.
- Improved communication and coordination with internal TWC stakeholders.
- Added a Quality Assurance function to review 10 percent of all cases examined through VRCOS audits.
- Added a Risk and Fraud Specialist who is undergoing Certified Fraud Examiner certification.
- Realigned support functions.

Additionally, a focused Rapid Process Improvement (RPI) project was completed specific to the VRCOS risk assessment process. This RPI project aimed to reduce risk assessment time and improve the monitoring plan creation process. This project resulted in a significant reduction in risk assessment time, decreasing it from two months to just one month.

Furthermore, this project standardized the monitoring plan creation process by consolidating information from two prior processes into a single, streamlined template. This eliminated redundancies and unnecessary delays. Following this redesign, 60 percent of the contract sampling process is automated, reducing the completion time from several days to an impressive three minute total runtime system.

After these process redesigns and improvements, VRCOS can now conduct approximately 35-40 full-scope contractor monitoring reviews per fiscal year while ensuring high quality

services through Quality Assurance reviews. Additionally, VRCOS conducts ad hoc special and focused reviews as needed and assists Vocational Rehabilitation with recouping improperly paid funds discovered by Vocational Rehabilitation staff outside of a VRCOS monitoring review. VRCOS has recovered \$24,354 of improperly paid funds since the redesign.

VRCOS issues a customer satisfaction survey to Vocational Rehabilitation contractors post-audit to ensure we continually work to improve our processes and collaboration with stakeholders.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

When the Department of Assistive and Rehabilitative Services was transferred to TWC on Sept. 1, 2016, the VRCOS department joined FDCM as part of its monitoring and oversight functions.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Vocational Rehabilitation Contract Oversight and Support functions affect:

- VR customers by assisting with ensuring quality goods and services are provided.
- VR contractors by ensuring contract terms and conditions, standards, and policies are followed.
- VR program by providing input on internal management issues.

Contract Administration Services within the Procurement and Contract Services department conducts enhanced monitoring and technical assistance reviews of VR contractors. During risk assessment and monitoring plan development, CAS and VRCOS coordinate closely to deconflict monitoring schedules and ensure VR contractors are not undergoing multiple audits from different departments simultaneously. Year-round, there are monthly cross-divisional meetings between VR program, contract management, and contract monitoring to ensure alignment and no duplication of work being performed. Additionally, the enhanced monitoring conducted by CAS reviews the current state of contracted services while VRCOS monitoring uses a past scope for monitoring, focused on monitoring goods and services that have been received, invoiced, and paid.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and

procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Contract Oversight Monitoring Lifecycle consists of five phases:

1. Annual Risk Assessment
 - a. Cross-divisional work is conducted in coordination with VR program and Contract Administration Services to identify areas of fiscal and program risk to the Vocational Rehabilitation System.
2. Pre-Review
 - a. The review is scheduled, and an Engagement Letter is sent to the contractor.
 - b. Cross-divisional pre-planning coordination is conducted to ensure all risk factors are considered for the monitoring review.
 - c. Specific cases and Service Authorizations are selected for the review, and a document request is made to the contractor to assess compliance.
3. Review
 - a. An Entrance Conference is held with the contractor to ensure understanding of the monitoring process and discuss any outstanding documents needed to conduct the review.
 - b. The review is conducted onsite or via a desk review.
 - c. An Exit Conference is held to discuss preliminary findings and potential improper payments.
4. Post Review
 - a. Additional research and review of documents and records is conducted as needed.
 - b. Quality Assurance reviews are conducted on a sampling of cases reviewed.
 - c. Cross-divisional review-and-comment period is conducted to ensure meaningful input from VR program and contract management staff on noted findings and improper payments.
 - d. A Preliminary Report is sent to the contractor as an opportunity for an informal rebuttal period.

- e. Findings Report is issued to the contractor with an opportunity to appeal any reported improper payments.

5. Audit Resolution

- a. Review of contractor corrective action plan and resolution of improper payments if assessed.
- b. Support provided to contractors to ensure resolution of issues. Coordination with VR program and contract management staff as needed.
- c. Closeout Report is issued to the contractor after an acceptable corrective action plan has been received and either improper payments are repaid in full or the first payment on a repayment plan is made.
- d. A six-month follow up review is conducted to ensure that the corrective action plan is functioning as intended. If repeated or new issues emerge, they are assessed for either a new corrective action plan or referral to a Remedial Action Review panel for potential adverse action.

The VRCOS TWC Contract Oversight Monitoring Guide is available for more information.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Quality Control and Evaluation (Includes VR Contract Oversight & Benefit Payment Control)	\$871,275	\$619,233	\$252,042

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Quality Control and Evaluation

- A. Provide the following information at the beginning of each description.**

Name of division or program: Quality Control and Evaluation

Location within the agency: Fraud Deterrence and Compliance Monitoring

Contact name: Misti Stirling, Deputy Director

Statutory citation: N/A

- B. What is the objective of this division or program? Describe its major activities.**

Quality Control and Evaluation (QCE) serves as TWC's primary quality control function. QCE collaborates with divisions and departments to:

- Assist divisions in developing risk assessment instruments to identify areas of risk in their operations, including the risk of fraud, waste, and abuse and developing mitigation strategies to address those risks.
- Assist divisions in developing self-inspection checklists and other self-evaluation tools for internal monitoring on a defined schedule (monthly, quarterly, semi-annually).
- Assist divisions in preparing for audits, inspections, or other monitoring activities (Internal Audit, State Auditor's Office, Federal oversight entities, State Single Audit).
- Undertake special projects at the direction of the executive director or at the request of division directors in the area of quality control review and evaluation.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

QCE strives to ensure that project work aligns effectively by documenting a problem statement, information about current state, clearly defined objectives, project sponsors, and a project timeline in a project charter, at the outset of the project. A project charter and a project plan are developed at project initiation as outlined in Question F. By ensuring clarity at the start of a project, the project can stay on target and be effective and efficient. Cross-divisional stakeholders are provided an opportunity to review and comment on the charter to ensure aligned project understanding and expectations.

To ensure tools and methods are developed to meet the objectives of the project, a project plan is created. The project plan is shared with stakeholders and discussed in the project kick-off meeting. This further promotes project success by stakeholders understanding how the objectives will be met.

As the project progresses, QCE obtains stakeholder feedback and provides project updates during full project and sub-workgroup meetings, Executive Briefings, and leadership update meetings.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or

services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Quality Control and Evaluation was established in 2023 at the direction of the Executive Director to ensure TWC's internal programs and operations are run effectively and that the potential for fraud, waste, and abuse is minimized. The department consists of three staff – the Deputy Director of QCE, who also serves as the Director of VRCOS, a Management Analyst, and a Data Analyst.

Role/Title	Responsibilities
QCE Director	Oversees QCE staff and projects.
Management Analyst III	Policy and procedure development, analyze process and collaborates with staff.
Data Analyst	Collaborates with staff and project stakeholders for improvements in data related issues and solutions.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

QCE's functions have similarities with the work performed by Internal Audit and Business Transformation. However, QCE does not issue audit findings. QCE reports may note opportunities for consideration or identify promising practices; however, programs and departments who are partnering with QCE are not required to submit corrective action plans or make the suggested changes. The opportunities for consideration conveyed by QCE are to be discussed and considered by executive and division-level leadership and executed as they instruct. QCE typically works with a department or program before or after an audit, and QCE's function is intended to compliment the work done by Internal Audit.

QCE does not engage in projects solely for process improvement or business redesign. However, initiating a QCE project could be from the discovery of a compliance issue or a risk to the reputation or mission of the agency or a department that needs to be examined.

QCE actively works to avoid project overlap with other project teams by creating a project charter as part of the project initiation phase. The project charter sets project parameters, details who is involved, and provides an opportunity for feedback from cross-divisional stakeholders to ensure there is no overlap with work performed by Internal Audit or Business Transformations. If a project conflict is identified, the project will not move forward, or the project charter would be amended to remove the conflict. This helps to save costs and prevent interference with other projects that may perform similar tasks or functions.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g.,

flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

QCE engages in projects that are identified through executive-level and division-level leadership interest. QCE may engage in a project due to an upcoming audit or because of a recent audit that demonstrated a need for additional support to correct audit issues. QCE may also engage in a project due to a recent investigation or other identified area of concern or quality control needs.

QCE's work process for projects can vary dependent upon the scope and need of the project. However, a typical project workflow consists of project initiation, project plan, project execution, and project closeout activities described as follows:

1. Project Initiation

- a. Initiate authorization and chartering of the project.
- b. A project charter document is created outlining the project goals and objectives.
- c. During this stage, QCE evaluates project viability considering resources and potential risks by reviewing all available process maps, one-pagers, SharePoint sites, dashboards, IT access needs, and any other high-level program information related to the project partner's program and function(s).

2. Project Plan

- a. Create a defined project plan document that will outline the project activities.
- b. The project plan typically includes a plan for pre-evaluation planning activities, evaluation activities, and a project timeline.

3. Project Execution

- a. The initial process for executing the project plan may include but is not limited to the following:
 - i. Information gathering through surveys, meet-and-greets, and one-on-ones.
 - ii. Reviewing applicable regulation, statute, rule, policies, and procedures.
 - iii. Review of systems and data.
 - iv. Reviewing audit and investigatory reports.
- b. Next, a project kickoff meeting is held to convey to stakeholders:

- i. Purpose of project/problem statement(s).
 - ii. Review of pre-evaluation information gathered.
 - iii. Confirmation of information in project charter, including objectives and project timeline.
- c. Project tools and templates that may be used for the evaluation activities include but are not limited to the following.
- i. SWOT Analyses - a strategic planning tool that helps individuals or organizations identify internal strengths and weaknesses, and external opportunities and threats.
 - ii. Root Cause Analyses
 - iii. Risk Inventories
 - iv. Action Plans
 - v. Task Trackers
 - vi. QCE created dashboards, and/or
 - vii. Rapid Process Improvement methodologies such as:
 - 1. TOS – Throughput Operating Strategy
 - 2. SIPOC – Suppliers, Inputs, Process, Output, Customers
 - 3. Gap-It
 - 4. RASCI Matrix - a tool used to identify specific roles as “Responsible”, “Accountable”, “Support”, “Consult, or “Inform”.
4. Project Closeout
- a. This is the final stage of the project and ensures final verification that the work has been performed according to plan or documentation of the reason(s) the project did not go as planned.
 - b. Complete a project closeout report or other documentation.
- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and**

fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Quality Control and Evaluation (Includes VR Contract Oversight & Benefit Payment Control)	\$871,275	\$619,233	\$252,042

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program’s regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency’s particular programs.**

If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Information, Innovation and Insight Division

This division, often referred to as I|3, serves as the agency's strategic intelligence hub, driving data-informed decision making and continuous improvement. I|3 provides workforce insights, tracks program effectiveness, assesses program impact, and streamlines processes for improved efficiency and customer service. Most importantly, the I|3 Division empowers TWC to make informed decisions, optimize program performance, and adapt to the evolving needs of the Texas workforce.

Labor Market Information

A. Provide the following information at the beginning of each description.

Name of division or program: Labor Market Information

Location within the agency: Information Innovation and Insight Division

Contact name: Jennifer Colehower, Division Director

Statutory citation: Texas Labor Code, Section 302.002

B. What is the objective of this division or program? Describe its major activities.

The Information Innovation & Insight Division is responsible for helping TWC, its partners, and other economic-education-workforce development stakeholders leverage data to better meet the needs of employers, individuals, families, and communities in Texas.

As a department within the I|3 Division, the Labor Market Information (LMI) Department is dedicated to collecting, producing, analyzing, and disseminating accurate labor market information. The department's mission is to assist customers including job seekers, students, educators, policymakers, employers, and workforce planners in making informed decisions related to business investment, career planning, and public or private workforce strategies.

Through a cooperative agreement with the U.S. Bureau of Labor Statistics (BLS), LMI administers four core statistical BLS-funded programs, each with fixed federal deliverables and strict accuracy standards:

The **Quarterly Census of Employment and Wages (QCEW)** program produces a near census of all UI-covered and federal workers, providing detailed employment and wage data by industry and geography. The data is categorized by industry using the North American Industry Classification System and covers over 95 percent of U.S. jobs, encompassing both private and public sectors. This data supports other BLS programs and is widely used by state agencies for forecasting, planning, and policy.

The **Occupational Employment and Wage Statistics (OEWS)** program conducts a semiannual survey producing employment and wage estimates for over 800 occupations. OEWS provides data by region and industry, based on a rotating three-year sample of 1.2 million establishments.

The **Current Employment Statistics (CES)** program conducts a monthly payroll survey collecting employment, hours, and earnings data from approximately 144,000 businesses nationwide. In Texas, Current Employment Statistics produces monthly estimates for all 26 metropolitan statistical areas and both metropolitan divisions.

The **Local Area Unemployment Statistics (LAUS)** program provides monthly estimates of labor force, employment, unemployment, and unemployment rates for the U.S. Census Bureau regions and divisions, States, and substate areas. Geographic coverage includes metropolitan statistical areas, micropolitan statistical areas, metropolitan divisions, combined statistical areas, counties, selected cities, and other areas including local workforce boards.

The LMI Department also manages several key program areas funded by the U.S. Department of Labor's Employment and Training Administration (DOLETA). Together, these programs support workforce planning and economic development efforts across Texas by producing forward-looking employment forecasts, disseminating critical labor market data, and developing and maintaining public-facing tools that make this information accessible.

The **Projections** program generates industry and occupational employment forecasts every two years for a ten-year period, covering Texas and the 28 Local Workforce Development Areas (LWDAs). This process relies on two key components: industry employment data and occupational employment within each industry, known as staffing patterns.

The **Economic Analysis** unit disseminates key labor market data produced by the LMI Department, focusing on BLS programs such as LAUS, CES, QCEW, and OEWS. It also supports DOLETA-funded activities, including industry and occupational projections, and manages access to various LMI web tools. The unit handles data requests, responds to inquiries, and distributes updates to subscribers. Staff contribute to publications like the Texas Labor Market Review, participate in conferences, conduct training sessions, and deliver presentations on Texas and local economic conditions.

The **LMI Information Technology** program area creates and maintains LMI online applications and associated databases. The bulk of the LMI IT products are custom Web applications developed by LMI for public use and are hosted on TWC servers. The LMI department works closely the TWC Information Technology Division to maintain system platforms.

Separately under the supervision of the Office of Foreign Labor Certification, LMI conducts the H2A Prevailing Wage and Practice Survey. The agricultural survey services the H2A visa and job order program. As directed by the U.S. Department of Labor, the

survey collects wage and labor practice data for specific crop activities to determine required employer standards.

LMI designs, develops, and maintains 13 dynamic web-based applications that support informed decision-making in education, careers, workforce development, and economic growth. Serving a broad audience, from students to policymakers, these tools are a key channel for sharing vital labor market and career information statewide.

Major LMI applications include:

LMI Portal Homepage

The [LMI homepage](#) serves as a central hub, providing streamlined access to LMI's 12 online applications, digital publications, and resource collections. Visitors include students, parents, educators, career counselors, and workforce professionals.

Texas LMI

[Texas LMI](#) is an interactive website developed by TWC's LMI Department to disseminate Texas labor market statistics. The site features 11 economic data tools and an employer contact directory, supporting a wide range of workforce and economic planning needs. Users will find a suite of easy-to-use labor market research tools that provides time series labor market data, inquiry capabilities for labor force, employment/unemployment estimates, industry and occupational projections, and occupational wage data. Texas LMI also provides monthly publications of key economic data for the state, metropolitan statistical areas, and each LWDA. In addition, annual Industry reports are available.

Texas Wages

[Texas Wages](#) is an interactive LMI online application that provides the most recent wage information about the State and local areas in a user-friendly format. It supports state Workforce Development Boards, businesses, educational institutions, other state agencies, and the public.

Texas Labor Analysis

[Texas Labor Analysis](#) is an online suite of labor analysis tools designed to provide insight into Texas' labor supply and demand. This website presents wage data, occupational projections, current labor supply, and Help Wanted Online job posting data. The major features include Labor Supply Analysis, Labor Demand Analysis, Labor Gap Analysis, Regional Occupational Profiles, and Top Statistics Reports by workforce development area. The system utilizes data provided by the Texas Higher Education Coordinating Board, online job postings and TWC.

Monthly Help Wanted Online

[Monthly Help Wanted Online](#), provides real-time labor market information useful in tracking the extent and nature of employers' demand for labor by occupation, industry, and geography; helping users find the latest industry and employment trends for jobs in the State of Texas. Users may search for and generate reports by occupation, county, local workforce development area, map, and education service center region.

Texas Skills to Work

[Texas Skills to Work](#) is an online application that assists transitioning Service Members and Veterans in Texas use their military experience, training, and skills to find jobs in the civilian workforce. By using Detailed Work Activities for résumé development and matching specific skills to job listings in the region and city that users select, Texas Skills to Work helps translate military experience, training, and formal education into language employers can understand.

Texas AutoCoder

The O*NET-SOC [Texas AutoCoder](#) is an online application that converts user-entered occupational descriptions into corresponding O*NET and Standard Occupational Classification (SOC) codes. Developed by R.M. Consulting, Inc., TWC's LMI Department subscribes to and customizes this tool annually. The Texas version includes direct links to related resources such as Texas Career Check, Texas Wages, WorkInTexas, and Daily Help Wanted Online, providing users with occupation-specific information based on their search criteria.

Texas Reality Check

[Texas Reality Check](#) is an interactive tool that helps users understand the connection between lifestyle choices, budget planning, and career decisions. By selecting desired living expenses, users receive a list of occupations in Texas that can support their chosen lifestyle, along with typical wages and education requirements. It's widely used by students, educators, and career counselors for career exploration and financial literacy.

Texas Career Check

[Texas Career Check](#) is a comprehensive online career exploration resource for students, parents, counselors, and jobseekers. It provides detailed information on hundreds of occupations, including wages, job outlook, and required education, as well as data on Texas colleges and training programs. Users can explore careers, compare schools, and create personalized education and career plans. There are over 450 occupational videos available as well as "Pop-a-Job", a game where students learn about occupations in an entertaining way.

State Training Inventory

The [State Training Inventory](#) is an online application designed to assist employers, workforce planners, students, and the public with information that might be helpful in locating education and workforce training programs, see the connection between education and occupations, and estimate the formal supply of skilled workers. This website is a compilation of Texas education and workforce training providers, their programs, contact information, labor market information, enrollment, and graduation data (where available).

Texas CREWS

The Texas Consumer Resource for Education and Workforce Statistics ([Texas CREWS](#)) is an online interactive dashboard providing comparative information about Texas public 2-year and 4-year postsecondary institutions. Hosted by TWC, the application evaluates programs and institutions on resulting wages and student loan levels, allowing parents and students to make informed decisions about college and get the best return on their educational investment.

TWC UI Claimant Dashboard

In response to the COVID-19 pandemic and its effects on the workforce, LMI developed an interactive online mapping application, [Unemployment Claims by Numbers](#), that displays UI claim data by workforce development area, county, zip code, Texas House and Senate districts, and U.S. Congressional districts.

Career and Technical Education Downloads

The [Career and Technical Education \(CTE\) downloads](#) application provides lists of in-demand occupations that are aligned with Texas Career Clusters and Statewide CTE Programs of Study information. This data is available by Workforce Development Area and contains relevant labor market information to help understand which jobs are most likely to be available and well-compensated.

- C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.**

The LMI Department is funded by two primary federal sources: the Bureau of Labor Statistics (BLS) and the Employment and Training Administration (DOLETA), both in the U.S. Department of Labor. Each has distinct deliverables and performance measures, allowing LMI to provide both high-precision data and responsive workforce development support.

Under a federal cooperative agreement, LMI administers QCEW, OEWS, CES, and LAUS, with strict monthly, quarterly, and annual deadlines. Performance is measured by data accuracy, timeliness, and completeness, ensuring Texas contributes high-quality data to national datasets, ensuring consistency and comparability across the states.

DOLETA funds the development, management, and delivery of workforce and labor market information through the Workforce and Labor Market Information Grants to States. Under this grant LMI is required to:

- Maintain the Workforce Information Database
- Produce state and local industry and occupational projections
- Provide LMI training and employee development for workforce service providers
- Conduct labor market analysis and produce tailored economic reports

Program effectiveness is evaluated based on both deliverable completion and the value LMI provides to workforce boards, policymakers, educators, and economic developers.

Effectiveness is measured through:

1. Direct customer engagement and presentations
2. Data dissemination and technical training
3. Strategic partnerships and collaborative initiatives
4. Online platform engagement and user analytics

In Program Year (PY) 2023, the Economic Analysis unit hosted 59 dissemination and outreach events, reaching over 6,100 participants, with over 1,300 direct engagements, including labor market trainings and economic briefings.

LMI maintains strong partnerships with TEA, THECB, Bureau of Labor Statistics, University of Texas at Austin, Texas Comptroller, and the U.S. Census Bureau, supporting joint data initiatives, reducing duplication, and aligning efforts across agencies. Internally, LMI assists TWC divisions, reviews workforce board plans, and supports statewide efforts like the Texas Talent and Economic Growth initiative.

LMI currently offers 13 web-based applications that are continuously monitored for user activity, with performance metrics including user sessions, page views, and downloads. These analytics inform system improvements, guide future product development, and help identify evolving user demands.

During PY 2023, LMI recorded over 1.6 million total web sessions and more than 19.4 million pageviews across its applications. Notably, Texas Reality Check accounted for

approximately 57.8 percent of all user sessions and 88.5 percent of total pageviews, confirming its continued popularity as a top resource for students exploring career paths and lifestyle planning.

Web use data for LMI applications for PY 2023 is provided below: Program year is July 1, 2023 to June 30, 2024.

LMI Website/Application Metrics			
Application	Users	Sessions	Page Views
Reality Check	562,765	942,396	17,235,894
Texas Career Check	261,157	445,438	1,435,265
Texas Skills	8,828	14,537	155,984
Texas LMI	42,592	78,875	140,900
Autocoder	2,876	3,669	107,100
Texas Crews	8,967	11,327	105,844
Texas Wages	24,645	37,893	92,035
Texas LMCI (lmci.state.tx.us)	39,592	54,084	76,641
Texas Labor Analysis	5,486	9,507	71,791
State Training Inventory	13,382	16,594	40,732
Career & Technical Education	2,469	3,279	3,525
Monthly Help Wanted Online	1,332	1,874	3,446
UI Claims Dashboard	1,249	1,866	1,887
LMI Main (lmi.twc.texas.gov)	1,268	1,523	1,618
Totals	976,608	1,622,862	19,472,662

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Since 2013, the department has evolved significantly in response to House Bill 5. Starting in 2014, an Education Outreach specialist was hired to guide middle school students on high school endorsements, which grew into a broader program covering course planning, CTE pathways, and postsecondary options. Between 2015 and 2017, the team expanded and added editorial support. A 2019 pilot extended outreach to regional workforce boards, leading to a formal statewide network launched in 2021, now involving about 17 boards.

In 2021, TWC underwent a broader reorganization. LMI moved from External Relations to the newly named Information Innovation & Insight Division, and the Education Outreach team became its own department within the Outreach and Employer Initiatives Division.

Despite these changes, the department's mission to provide labor market information in support of job seekers, educators, and businesses remains unchanged.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

The LMI program has no eligibility requirements; it is a publicly funded resource providing free access to employment, wage, industry, and workforce data. LMI supports economic planning, workforce development, and informed decision-making across Texas.

Users include job seekers, employers, workforce boards, policymakers, educators, and researchers, all of whom rely on LMI to understand labor trends and align strategies with real-time market needs.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The LMI Department operates within the Information, Innovation, and Insight Division of the Texas Workforce Commission. It is centrally administered from Austin and does not have regional or field offices. All services are delivered at the state level through coordinated units, supported by virtual and in-person outreach when needed.

The department is led by a director with oversight of four core functional units, each managed by a dedicated program manager.

- Quarterly Census of Employment & Wages (QCEW)
- Occupational Employment & Wage Statistics (OEWS)
- Economic Analysis
- Current Employment Statistics (CES)
- Local Area Unemployment Statistics (LAUS)
- Industry and Occupational Projections
- Business Outreach

- LMI Information Technology

These units collectively ensure the production, quality, and dissemination of labor market data that supports workforce development, economic planning, and public access to career information.

The BLS program functions are administered under a detailed Cooperative Agreement, which includes specific deliverables, timelines, and performance expectations for each statistical program. In addition, each program follows strict operations manuals that define policies, procedures, and quality assurance practices to ensure compliance with federal statistical standards.

Additional oversight and program guidance is provided by DOLETA through the Workforce and Labor Market Information Grants to States grant. The annual Training and Employment Guidance Letter outlines the requirements and timeframes for all deliverables.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Labor Market Information Program	\$4,744,560	\$4,552,792	\$191,768

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

N/A

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The LMI Department collaborates extensively with federal, state, and regional partners to ensure labor market data is accurate, relevant, and actionable.

At the federal level, LMI operates under cooperative agreements with BLS and receives grant funding from DOLETA, producing key datasets such as CES, LAUS, OEWS, QCEW, and Projections.

At the state level, LMI works closely with the TEA and THECB to support workforce-education alignment and participates in Tri-Agency initiatives on career pathways, advising, and data governance.

Regionally, LMI partners with all 28 Local Workforce Development Boards, offering labor market analysis, training, and support for WIOA planning, including assistance with In-Demand and Target Occupation Lists to guide program development based on local economic conditions.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Performance Reporting and Analysis

A. Provide the following information at the beginning of each description.

Name of division or program: Performance Reporting and Analysis

Location within the agency: Information Innovation and Insight Division

Contact name: Jennifer Colehower, Division Director

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

The Information Innovation and Insight Division is responsible for helping TWC, its partners, and other economic-education-workforce development stakeholders leverage data to better meet the needs of employers, individuals, families, and communities in Texas.

The Performance Reporting and Analysis (PRA) Department within the I|3 Division is composed of two teams that conduct the following:

Performance Measure Development and Reporting: Evaluating, revising, and developing performance measures and targets for internal management, TWC's Strategic Plan, and state plans supporting federal programs operated by TWC. This work includes developing performance reporting methodologies and preparing monthly, quarterly, and annual performance reports. Reports based on state and federal performance and management measures are utilized for workforce system monitoring, program management, and strategic planning.

Performance Analysis and Evaluation: Evaluating performance data including identifying limitations in data, applying data modeling to predict future performance, assessing performance results with considerations for outcomes outliers and economic factors outside of the workforce system's control. This work also includes supporting data-driven enhancements and interventions with workforce program areas and agency operations.

Specialized Reporting and GIS Analysis: Preparing non-routine, specialized ad hoc reports based on customer requests to support program development and management. Reports are also utilized to support and guide strategic decision making. GIS analysis integrates TWC data with geographic information helping TWC divisions to track program and operational trends and making location-based or relocation decisions, including conducting demographic analyses across various geographies.

Data Analysis Tools Development: Developing standard tools to allow internal customers to more easily access and evaluate workforce system data. This includes working with internal customers to identify their program and operational monitoring needs, develop data fluency within TWC and self-service capabilities for both internal and external customers, including Local Workforce Development Boards and other program partners.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance

measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The PRA Department tracks the effectiveness and efficiency of agency programs, including operating as the central location for development, collection, and reporting of LBB performance measures. The PRA Department works closely with internal and external stakeholders to continuously refine program performance measures and target setting methodologies to better serve their needs. Effectiveness and efficiency are evaluated based on customer feedback, reporting accuracy, staff time spent on requests, and number and quality of routine and specialized reports. To develop and drive process improvement within the reporting sphere, the PRA Department regularly consults with other states and federal agencies.

The following are examples of effectiveness and efficiency led by the PRA Department:

The TWC's initiative to build the TWC's Enterprise Data Warehouse (EDW) for internal customers advanced the creation of fraud detection and prevention tools for the UI program, and development of a Tableau-based UI claimant supply dashboard allows Local Workforce Development Boards to examine customer populations and better understand their customer needs and current status. The PRA Department continues to rely on the EDW to further its effectiveness and efficiency efforts through development of modern Tableau-based tools for TWC's Vocational Rehabilitation program as well as Board-operated programs such as Child Care and Career & Training programs.

As one of the first states to implement common measures before the federal Common Measures existed, the PRA Department strives to integrate and improve services through pursuit of similar goals and outcomes for workforce system customers by alignment of performance measure methodologies.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

In 2021, TWC's performance reporting functions were merged with the agency's labor market information functions to form the Information Innovation & Insight Division. Before this, these functions were contained in two different divisions within TWC.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Internal TWC customers, the PRA Department's products are primarily used by TWC Commissioners, executive leadership, and agency staff. External customers include Local Workforce Development Boards and their contractors, U.S. Department of Labor (DOL), Texas Health and Human Services Commission, the Texas Veterans Commission, the

Legislative Budget Board, and the Texas Workforce Investment Council. The data products, primarily in the form of performance reports, assist internal and external stakeholders evaluate the workforce system's overall effectiveness and provide business intelligence for decision making. There are no specific eligibility requirements for the persons or entities affected. A statistical breakdown is not applicable, since collaboration and interfaces with internal and external customers and partners are context-dependent, and many of these entities are impacted or involved simultaneously on any given initiative.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The PRA Department works with its internal and external customers to produce and analyze data and business processes to better serve Texas employers, individuals, families, and communities.

Assessment Based on State Performance Accountability Measures:

TWC regularly uses performance data to evaluate programs and partners. TWC was an early implementer of the Common Measures and, in 2005, extended their use beyond that of Wagner-Peyser and WIOA (formerly the Workforce Investment Act) to cover other federal and state-funded workforce system programs. Using the same measures and definitions across programs helps improve program evaluations and remove potential barriers to the integration of services through creating a common understanding of success for customers.

TWC actively monitors the workforce system through monthly performance reports. Program staff reviews the reports and communicates with workforce system partners, as appropriate, to provide technical assistance and obtain information on best practices to share with other partners. Teams within the PRA Department build visuals and other interactive business intelligence tools for use by agency staff and workforce system partners.

Target setting is a key part of the evaluation and accountability system. Developing effective statistical models to guide target setting improves program performance. WIOA requires that the U.S. Secretaries of Labor and Education create statistical models to help set targets for WIOA performance indicators for Title I and Title III programs. Since 2019, TWC has used Statistical Adjustment Models (SAMs) and has modified them to help ensure accountability among Boards for the common WIOA measures. Starting in 2022, the PRA Department teams began creating Performance Assessment Models (PAMs) that use internally produced state data structures to develop models to evaluate WIOA performance measures in Program Years 2024 and 2025.

Statutory prescribed performance measures are applied to assess performance across TWC's core programs. TWC also applies state-prescribed performance measures and with input from Boards, grantees, and other partners, the PRA Department works to continuously develop and test other measures that may provide a more meaningful way of communicating strengths and identifying areas of improvement.

Evaluation and Research Projects:

TWC works with Boards, academic researchers, and other partners on the development and execution of system evaluations.

The PRA Department has performed evaluation work relating to the impact of the VR program, Project SEARCH. Individuals with intellectual disabilities are able to compare internships in competitive integrated employment settings with the goal of obtaining permanent employment.

Analytical resources are used to prevent waste, fraud, and abuse within the UI system by developing predictive analytics models to be used by UI's benefit payment control and investigative staff. TWC supports other states' efforts to promote integrity in their systems by sharing best practices and contributing to the UI Integrity Center's Suspicious Actor Repository.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the "Agency Program Information" spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Performance Reporting	\$4,959,209	\$4,181,297	\$777,912

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

The PRA Department performs reporting and analytic functions for TWC and its stakeholders. It is uniquely positioned and often consults with other agencies and institutions that do not have an in-house state-of-the-art analytics, systems engineering, and data science shop.

The I|3 Division participates in the Tri-Agency Data Workgroup with similar data leaders from TEA and THECB. Through this group, the Tri-Agency created a data sharing

agreement to improve data sharing opportunities and data sharing practices. Through such mechanisms, the agency avoids duplication of efforts in producing analysis of the workforce system.

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The PRA Department teams work with Local Workforce Development Boards to evaluate performance, negotiate targets, and develop performance measures and performance reporting tools. It similarly works with federal oversight agencies such as the USDOL, Department of Education, Attorney General and Rehabilitation Services Administration to negotiate targets, develop performance measures and performance reporting tools.

- J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

TWC strives to cultivate a data-driven culture with embedded pockets of analytical resources and talent in the agency's core programs. Despite this, the I|3 Division holds the agency's primary role and responsibility for target setting, performance analysis, and outcomes reporting. This is a well-defined role that does not overlap with other agency resources. Additionally, the I|3 Division's two primary departments covering performance reporting and labor market information both play a role in improving data fluency, an understanding of workforce and economic data, and performance outcomes for the workforce system. Moreover, through the Data Insight Network (DIN), the teams in the PRA Department coordinate and collaborate with analysts who are embedded within workforce program divisions such as Adult Education and Literacy, VR, and Child Care to develop business intelligence need to manage changing conditions in the field.

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under**

review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Business Transformation and Rapid Process Improvement

A. Provide the following information at the beginning of each description.

Name of division or program: Business Transformation and Rapid Process Improvement

Location within the agency: Information, Innovation, and Insight Division

Contact Name: Anita Smith, Director

Statutory citation: N/A

B. What is the objective of this division or program? Describe its major activities.

TWC is committed to maximizing its efficiency and effectiveness to best serve the people of Texas and fulfill its mission. The Business Transformation and Rapid Process Improvement (BT-RPI) program at TWC supports that commitment by driving operational excellence, continuous improvement, and innovation within the agency. The program's purpose is to enhance the agency's efficiency, effectiveness, and customer service by identifying and eliminating inefficiencies, streamlining and transforming processes, and fostering a culture of improvement and innovation. Established more than a decade ago, the BT-RPI program has evolved to become TWC's engine for driving change.

The BT-RPI Program is housed within the I|3 Division which gathers and reports data on behalf of the organization. This structure ensures that improvements are data-driven and aligned with the agency's strategic goals.

The BT-RPI team accomplishes its goal using three main strategies:

1. Developing enterprise solutions through Business Transformation projects that transform our business systems
 - The BT-RPI team is responsible for looking holistically at the systems that make up TWC and finding areas that need to be fortified or redesigned. The team develops strategies for current and future operational excellence based on operational analysis and customer needs. The team works with leadership to align transformations with the agency's mission, vision, and strategic plan.

2. Managing and leading process improvement projects and initiatives, while supporting teams through their process
 - The BT-RPI team along with Process Improvement Practitioners utilize the Integrated Theory of Constraints and Lean Six Sigma (ITLS) methodology to help manage or lead process improvement projects, optimizing divisional operations. This approach is generally taken when a process within a department needs changing. Processes connect to make systems. By making sure improvement efforts are continued at departmental or process levels, it fortifies the foundations of our business systems.
3. Training and Coaching TWC staff on Continuous Improvement methodologies and principles
 - The goal is to empower employees to actively participate in improving their daily work processes. Therefore, the BT-RPI team provides coaching and training on the ITLS methodology, Business Transformation, and Change Management. The amount of training varies depending on the duties team members will perform during the project. By empowering agency staff with these skills, the BT-RPI team achieves greater results than working independently, directly contributing to a culture of continuous improvement.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

TWC assesses the effectiveness and efficiency of the BT-RPI program by tracking improvements in timeliness, defect reduction, throughput, and cost savings across various projects and initiatives, as well as the overall number of improvement opportunities within the agency. These metrics are measured by comparing post-implementation data against pre-implementation baselines, using data from division dashboards, Work in Process boards, and agency reports.

BT-RPI projects are implemented at various levels within TWC, resulting in numerous improvements annually. The following examples illustrate the program's effectiveness across different project types and measurement categories.

Business Transformation project example:

- The UI ID Theft Fraud Prevention project demonstrated significant *defect reduction* (fraudulent claims) and *cost savings*. This was an Enterprise Solutions Business Transformation project. About six months into the Covid-19 pandemic,

TWC experienced a significant increase in the number of unemployment claims that were being filed using stolen identities. This was driven by record claim volume and disaster claims having fewer identity verification controls. The large volume of potentially fraudulent claims was overwhelming the Fraud Deterrence Office of Investigations' resources.

Led by the BT-RPI team, the UI ID theft verification project was conducted in a three-week sprint to greatly reduce the number of fraudulent claims that were being paid. Representatives from multiple divisions across the agency met to collaborate and address the issues. Some of the solutions included improved triage, process automation, case management automation, and identity verification.

After the three-week sprint, the team met and collaborated weekly to continuously improve and implement tools to prevent fraud. The project achieved a 900 percent increase in identifying fraudulent claims and a 450 percent increase in UI cases completed. Ultimately, through the implementation of this BT-RPI initiative, TWC prevented over 99 percent of fraud attempts, saving taxpayers billions of dollars.

Rapid Process Improvement project example:

- The Open Records project resulted in significantly improving timeliness and throughput. The BT-RPI team helped to lead and manage the project and supported the members of the Open Records department through the process.

TWC Open Records department experienced a substantial increase in unanswered requests following the onset of the COVID-19 pandemic, peaking at 9,750 individual requests pending. To address this, a collaborative effort between the Open Records, BT-RPI, and IT departments was initiated in early 2021.

A RPI initiative was developed to focus on visualizing existing workflows and identifying bottlenecks and inefficiencies. Based on data analysis and team member collaboration, specialized roles were assigned to disclosure officers, and limits were put on the number of open requests that could be handled at one time to better balance the workload and avoid unfruitful multitasking. Additionally, an enhanced intake triage strategy was developed and implemented to improve efficiency. This strategy enabled quick resolution of simple requests and sorted/grouped request lists allowed staff to focus on specific types, leading to faster processing speeds. The IT team supported the effort by providing an eDiscovery tool to expedite record retrieval, and temporary staff were brought in to tackle the easiest requests. The UI division even developed a script to automate data gathering from the mainframe, particularly useful for large requests. Finally, processes such as internal controls, escalation triggers, and an age-based request processing cycle were implemented.

These interventions drastically improved timeliness and throughput. The backlog of open requests was reduced from 9,750 to just 400, with fewer than 300 past due. Monthly closures of requests surged from around 500 to over 900 by December 2021, and an

exceptional 2,712 requests were closed in January 2022. Efficiency improved significantly thanks to the new processes and automation that were spearheaded by the BT-RPI team. Ultimately, the department transitioned to a more sustainable "new normal" of operations, reducing reliance on paper-based systems and implementing proactive measures to prevent future backlogs.

Training and Coaching TWC Employees on Continuous Improvement Principles and Methods example:

- Over the past decade, the BT-RPI team has trained over 200 employees to work across the agency as RPI Practitioners and has exposed multiple more employees to process improvement methods. Most recently, in FY 2024 and FY 2025, the BT-RPI team trained 26 employees in over 60 hours of RPI methodologies. A key measure of the training's success is that 20 of these graduates went on to lead or co-lead real-world improvement projects. These projects addressed 15 different improvement opportunities for their individual departments processes and operations, across eight divisions.

The projects from those who completed the most recent RPI Practitioner training engaged over 90 individuals on project teams and in total, allowed the improvements to be shared with more than 500 people within the organization through launch presentations, and added more than 3,100 hours of capacity back to the employees at TWC. These process improvement implementations removed dozens of non-value-added steps, automated processes where applicable, eliminated redundancies, and revised steps for better efficiencies. These results demonstrate the effectiveness of the training program in disseminating process improvement knowledge throughout the agency and driving tangible improvements in timeliness, quality, waste reduction, and other areas of improvement.

In summary, the BT-RPI program demonstrates its effectiveness and efficiency through significant improvements in timeliness, defect reduction, throughput, and cost savings across a range of projects executed throughout the agency. The UI ID Theft project saved taxpayers billions of dollars by preventing fraud. Open Records reduced its backlog by over 95%, drastically improving service delivery. Training initiatives have generated thousands of hours of added capacity, improved timeliness and quality, and disseminated process improvement techniques throughout TWC. The results generated through the guidance and training of the BT-RPI program demonstrates the program's significant contribution to TWC's overall performance.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Every successful organization has a story of evolution. For TWC, that story is one of deliberate, continuous improvement—a journey that began with a single, calculated step

and has grown into a powerful, agency-wide culture of transformation. This is the history of how TWC built its Business Transformation program, from the ground up.

The Genesis: A Mandate and a Pilot (2011)

Beginning in 2011, SB 563 commissioned TWC to pilot a structured approach for improving efficiency and quality of operations without adding resources. TWC selected the WOTC program, which was struggling under a rising tide of applications and significant backlogs—processing only 60 percent of applications by the tax deadline.

Adopting the ITLS methodology, the team focused on eliminating bottlenecks to increase processing capacity and speed. The results were remarkable. There was a 48 percent decrease in the average time to make a determination, a 60 percent decrease in the processing backlog, and a 45 percent increase in applications processed by the tax filing deadline.

This efficiency unlocked \$97 million in additional potential tax credit value for Texas employers in just nine months. The pilot was an undeniable success, demonstrating that a structured, data-driven methodology could achieve profound improvements and laying the groundwork for our agency-wide program.

The Foundation: Rapid Process Improvement (2012-Present)

Building on the momentum of the WOTC pilot, TWC launched its formal RPI program in 2012. This was the first foundational layer of a transformation pyramid.

RPI took the successful ITLS model and scaled it across the agency. RPI is a proven, seven-phase methodology that empowers individual departments and teams to analyze their own workflows, identify their unique constraints, and implement targeted solutions.

The RPI program was built on a core philosophy that remains central to TWC's culture today: "The people who do the work are best equipped to help improve the work."

By engaging frontline staff and Subject Matter Experts (SMEs) directly in problem-solving, TWC ensured that solutions were practical, effective, and had buy-in from the very people who would implement them. Department by department, division by division, RPI projects strengthened the individual processes that form the bedrock of our agency. Each project made a process more efficient, more effective, and more responsive to the needs of TWC's customers. This laid a solid, stable foundation for the next stage.

The Expansion: The Rise of Business Transformation

A system is simply a collection of interconnected processes. Once the RPI program had fortified individual processes across the agency, TWC leadership expanded the vision to look at how those processes connect. This was the birth of Business Transformation (BT)—the next level of our pyramid.

Business Transformation takes a holistic view, looking not just at processes within a single division, but at entire systems that span across multiple divisions. BT projects analyze how work, information, and resources flow through the agency as a whole to serve TWC's customers.

The goal of Business Transformation is to:

- Align resources more effectively across the agency.
- Improve coordination, synchronization, and communication between teams.
- Redesign entire systems to create a seamless and logical experience for our customers.

This system-level approach has allowed TWC to make an even greater impact. It has given TWC the agility to respond to unexpected challenges with unprecedented speed. During the pandemic and in the face of natural disasters, the BT and RPI frameworks allowed TWC to stand up new programs and adapt services in a matter of weeks, not months.

The Apex: A Culture of Continuous Improvement and Innovation

Today, the Business Transformation program represents a mature and integrated system for improvement, best visualized as a pyramid:

- **The Foundation (RPI):** Strong, efficient, and effective processes at the department level.
- **The Structure (Business Transformation):** Cohesive, synchronized, and agile systems that connect processes across the entire agency.
- **The Enhancements (The Apex):** We are now at a stage where we can incorporate additional tools to make our transformed systems even more powerful. We strategically incorporate tools like Artificial Intelligence to handle repetitive tasks, simplify automation to speed up workflows, and strengthen data analytics tools to give our leaders a holistic view for better, faster decision-making.

This journey—from a single pilot program to a fully realized transformation framework—has done more than just improve metrics. It has fundamentally changed the culture at TWC. TWC continues to foster an environment where people are encouraged to be innovative and embrace change, to transparently communicate problems as opportunities for improvement, and to take initiative.

By building a strong foundation, expanding our vision, and continuously seeking to innovate, the Business Transformation program not only supports customers today but prepares TWC to serve the Texans of tomorrow.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

N/A

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

As outlined in a previous section, the BT-RPI program is structured around three strategies: 1) Developing enterprise solutions through Business Transformation projects that transform our business systems; 2) Managing and leading process improvement projects and initiatives and supporting teams through the process; and 3) Training and Coaching TWC staff on BT-RPI methodologies and principles. This enables TWC to continue to build a strong foundation and culture for continuous improvement. These strategies are implemented through a combination of enterprise-level projects, departmental process improvement initiatives, and a tiered training program for all staff.

BT is a method used for implementing enterprise solutions that transform the systems at TWC. BT includes taking a holistic view of the agency and shifting our systems to better support our agency's Vision, Mission, and Goals.

The BT-RPI team administers BT projects by first identifying opportunities that align with TWC's strategic goals and addresses significant organizational inefficiencies. This can come through requests from leadership or concerns raised by employees or customers. The team then serves as internal consultants, working with leadership to analyze program and system performance, gain data-driven insights, and make informed decisions. For example, a recent project with VR addressed the issue of maintaining enough qualified vendors to serve our customers. The BT-RPI team analyzed the situation and implemented tools to identify types of services and locations where we needed to implement a stronger, more targeted recruitment strategy. BT allows us to take a broader look at how different processes are connected and work to transform the entire system for increased agency output.

Managing and leading process improvement projects and initiatives and supporting teams through the process is the usual approach taken by the BT-RPI team for departmental or process level improvement needs. The BT-RPI team's role can range from being the lead Process Improvement Practitioner and Project Manager of a project, to co-leading it with a practitioner from within the division, to being an advisor and coach during the project in support of the Division leading the project. All approaches include collaborative efforts.

The BT-RPI program relies on two key methods to implement process improvement project initiatives: 1) Tiger Teams for immediate problem solving and 2) structured RPI projects for

solving more complex issues. The BT-RPI Team determines the best approach based on whether root cause has been determined and confirmed with data.

Tiger Team method: Tiger Teams consist of a small number of people, usually 3-4, who come together to solve a specific problem. Tiger Team work must be approved by a director and the team must have an approved charter with a clear Problem Statement and Goal. Either a member of the BT-RPI team or a certified TWC RPI Practitioner works with the team to give guidance on process improvement principles as needed.

Structured RPI method: For larger problems needing more clarity the department management will choose an RPI project that walks through a seven-step model developed within TWC and uses the ITLS methodology to achieve results. The projects can be managed and led by a member of the BT-RPI team, or the departments can choose to let an RPI Practitioner lead the work with the BT-RPI team member to participate as a co-lead, coach, or consultant. This allows those within the department to lead the work while being confident that they have enough support to achieve measurable improvements by the end of the project.

Lastly, the training and coaching of TWC staff on ITLS methodologies and process improvement principles is the third strategy incorporated to achieve the program's goal. Process improvement is most effective when those performing the work can contribute to its improvement. TWC offers targeted process improvement training to equip staff with the knowledge and skills to identify and address process bottlenecks, reduce waste, and improve overall efficiency. TWC offers a tiered training program, ranging from an introductory online course to in-depth classroom training, the latter of which is taught by the BT-RPI team.

The BT-RPI program relies on three different methods to train staff on process improvement and achieve results. The program starts with a one-hour computer-based training course providing a basic overview of the BT-RPI program, accessible to all employees through our online learning management system. Building on this foundation, Micro Classes offer focused training on specific process improvement tools and techniques, enabling divisions to achieve quick wins. These classes can range from 45 mins to a full day if a team desires more intensive training. Finally, the 60-hour RPI Practitioner Classroom Training provides in-depth instruction on the seven-step RPI process. Participants apply their learning by completing an approved process improvement project, mentored by a BT-RPI team member. Employees have the option to only complete the classroom training and be listed as an RPI practitioner. To become a Certified TWC RPI Practitioner, employees must complete the classroom training and an approved, vetted project within their department. The project results are then presented to Division and Executive leadership. Currently, there are about 16 Certified RPI Practitioners within TWC, demonstrating the program's success in building internal expertise.

By incorporating these three strategies, TWC maximizes its BT-RPI impact despite having a core team of only three full-time employees. Empowering employees through training and collaborative projects significantly expands the agency's capacity for improvement. This

distributed approach fosters a culture of transparency and encourages proactive problem-solving. As a result, TWC has seen an improvement in process timeliness and throughput since implementing the BT-RPI program, demonstrating the effectiveness of its blended top-down and bottom-up approach to continuous improvement. This has yielded results that are significantly greater than the team size and allocated resources, providing excellent return on investment for the agency.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Strategy and Business Transformation/Improvement	\$178,758	\$167,578	\$11,180

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

N/A

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe: Not Applicable**

N/A

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.**

N/A

Administration Support

Business Operations, Information Technology, Finance, the Office of General Counsel, and the Office of Communications and Media form TWC's administrative backbone. These departments provide essential internal supportive services enabling all other divisions to efficiently deliver workforce development programs and services to Texans.

Information Technology Division

TWC's Information Technology (IT) Division, headed by the Chief Information Officer, provides a wide variety of digital solutions for the agency, including fundamental technology infrastructure, systems for managing unemployment claims and tracking workforce development programs, and online platforms connecting job seekers and employers. The Division also develops and maintains these systems, troubleshoots technical issues, implements new technologies to improve efficiency, ensures data security and privacy, and provides technical support to TWC staff and external users. The Division is also coordinating artificial intelligence efforts to enhance the agency's ability to serve Texans through efforts including 24/7 chatbot support, personalized job recommendations, automating tasks for faster service, and detecting fraud to protect taxpayer dollars. IT's work enables the seamless delivery of workforce services across the state.

Office of Communications and Media

The Office of Communication and Media acts as the public voice and information hub for the agency to ensure its message reaches the intended audiences effectively and the public is well-informed about workforce issues and available resources. The Office's Communications team consists of professional storytellers, multimedia artists, traditional and digital media specialists, and information facilitators. The Office's Campaigns and Creative Content team is a group of marketing, public relations, and graphic design specialists who support consistent branding and messaging for the agency. Through the promotion of TWC initiatives, the agency is able to engage with stakeholders to build relationships and meet the workforce needs of the state.

Finance Division

The Finance Division is responsible for the financial health and stability of the agency. It ensures that the agency's financial resources are managed effectively and responsibly, and that the agency complies with all applicable laws and regulations. This division supplies the financial backbone that allows TWC to deliver its vital workforce services to the people and businesses of Texas. Many of the functions of the Finance Division are similar to those of other agencies, however TWC's collections functions are unique. The following sections describe these collections functions in detail.

Wage and Hour Collections

A. Provide the following information at the beginning of each description.

Name of division or program: Wage and Hour Collections

Location within the agency: Collections and Civil Actions Department, Finance Division

Contact name: Angelo Ferrazzano, Director

Statutory citation: Texas Labor Code, Sections 61.066 - 61.096

B. What is the objective of this division or program? Describe its major activities.

To enforce the Texas Payday Law, the Wage and Hour Collections Unit, previously the Labor Law Collections Unit, takes action to recover unpaid wages and penalties from employers deemed liable by the Wage and Hour Investigations Department's Preliminary Wage Determination Orders. The unit's collection process includes: (1) issuing Demands for Payment when the employers are delinquent; (2) garnishing employer bank accounts via Notices of Delinquency and Freeze; (3) filing Administrative Liens against employer real property; and (4) placing warrant holds on state payments to offset the owed amounts, so that state payments to the employer are held and offset to satisfy the amounts ordered.

The Wage and Hour Collections Unit is responsible for distributing collected wages to claimants and ensuring penalty payments are properly transferred to the State General Fund.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

While individual claim amounts vary, the Wage and Hour Collections Unit ensures that appropriate collection actions are consistently applied to recover wages owed to individuals.

Wage and Hour Collections	FY20	FY21	FY22	FY23	FY24
Administrative Liens Filed	880	604	685	987	915
Dollar Amount Captured by Liens	\$394,147.55	\$389,501.75	\$434,535.67	\$460,895.58	\$305,859.34
Collection from Bank Freeze Action	\$1,750,282.91	\$954,840.22	\$1,271,873.38	\$1,205,031.13	\$1,399,053.97
Wage Claims Settled by Collection	3,286	2,341	2,436	2,513	2,522

Wage and Hour Collections	FY20	FY21	FY22	FY23	FY24
Penalties Collect	\$257,565.76	\$79,501.	\$81,552.	\$121,387.87	\$113,134.57

- D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.**

The collection tools used to enforce wage and penalty orders issued under the Texas Payday Law evolved from the time the law was enacted in 1989. Initially, there were no collection tools incorporated into the statute. In 1993, the authority to refer cases to the Office of the Attorney General for enforcement through the issuance of an assessment against the liable employer was added, as well as the authority to file liens against the employer. The authority to issue bank freeze and levies was added in 1995. As a result of the addition of bank action to the Payday Law collection powers, referral to the Attorney General for enforcement was generally discontinued except for special, egregious cases, usually involving multiple claimants.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

For claimants, collection actions are taken when workers are unable to receive their rightful wages, either due to employer neglect, misclassification, or disputes over pay. Pursuing a wage claim can provide a pathway for workers to recover unpaid wages and back pay.

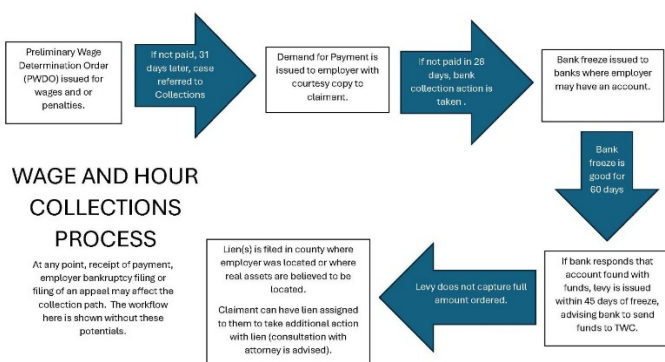
The impact of wage claim collection actions taken against employers for wage claims can lead to reputational damage, especially if the issue becomes public or the employer is perceived as unfair in handling wage disputes. Employers are also faced with potential financial consequences, including having to repay the owed wages along with interest and possibly other penalties. If the employer is found in violation of Texas labor laws, it may lead to further legal consequences or even audits from the TWC.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

Wage and Hour Collections is a downstream process from FDCM division, Wage and Hour Investigations department. Wage claims are filed by persons who believe that their employers have failed to pay them for all hours worked, or deducted items from their pay without authorization. If the investigation finds that the claimant is due wages, a determination to this effect is issued, advising the liable employer that they must submit payment within a set timeframe or appeal the finding. If the investigation also finds that the

Self-Evaluation Report

employer has committed repeat offenses, a penalty can be issued against the employer in addition to wages owed. The penalty is not passed on to the claimant but is a deterrent to keep the employer from further violations and is retained by the state in the same manner as a fine. If the employer fails to submit payment or file a timely appeal, the case is referred to the Wage and Hour Collections Unit, who initiate collection action. Under the Texas Payday Law, a lien can be filed against the employer and bank collection action in the form of a bank freeze and levy on their bank accounts can be issued. In addition, simultaneously to the lien being issued, notice of the debt is reported to the Texas Comptroller for collection through their warrant hold program, which holds any payments administered through that agency to be offset against the debt.



- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Labor Law Collections	\$420,769	\$15	\$420,754

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

U.S. Department of Labor, Wage and Hour Division also handles wage complaints, although the focus is on minimum wage and overtime compliance. This division does not address any issues beyond wage disputes.

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The Collections and Civil Actions Department currently has eight reciprocal collection agreements with other states to help enforce each state's wage orders against employers who reside or have assets in those states. This can be beneficial in enforcement since, as a state law, banks and other entities outside of Texas that may hold assets belonging to liable employers residing outside of Texas, may be hesitant to comply with the Texas Payday Law. These reciprocal collection agreements are made with the state-level equivalent of the Texas Wage and Hour Department (formerly known as Payday Investigations) in each of those states. These agreements include the State of California Division of Labor Standards, Illinois Department of Labor, State of Tennessee Department of Labor and Workforce Development, Alaska Department of Labor, Montana Department of Labor and Industry, Wisconsin Department of Workforce, Maine Department of Labor, and New York Department of Labor.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

NA

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the

data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Collections and Civil Actions

A. Provide the following information at the beginning of each description.

Name of division or program: Collections and Civil Actions

Location within the agency: Finance Division

Contact name: Angelo Ferrazzano, Director

Statutory citation:

- Texas Child Labor Law: Texas Labor Code, Section 51.042 - 51.046; Texas Government Code, Section 403.055
- Unemployment Insurance Claimant Benefit Overpayment Collections: Texas Unemployment Compensation Act, Sections 211.004, 212.006, 214.002, 214.003 and Sec. 214.00; Texas Government Code, Section 403.055
- Unemployment Insurance Employer Tax/Contribution Collections: Texas Unemployment Compensation Act, Sections 213.031 - 213.060
- Vocational Rehabilitation Overpayment Collections: Texas Government Code, Section 403.055; Texas Government Code, Chapter 2107
- Child Care Overpayment Collections: Texas Unemployment Compensation Act, Section 301.192; Texas Government Code, Section 403.055

B. What is the objective of this division or program? Describe its major activities.

The Collections and Civil Actions department acts as a centralized recovery unit, ensuring the financial integrity of TWC programs by actively pursuing and recovering outstanding debts through various legal and administrative means. The primary objective is to recover funds owed to the State of Texas, as determined and referred by various upstream TWC programs. The department's major activities involve employing a range of collection tools to recoup debts arising from these programs. These activities include:

- **Texas Child Labor Law Violations:** Pursuing collections through bank freezes/levies and warrant holds.
- **UI Claimant Benefit Overpayments:** Utilizing benefit offsets; warrant holds, Treasury Offset Program (TOP) participation, and assessments.

- **UI Employer Tax/Contribution Collections:** Implementing liens, warrant holds; bank freezes, assessments; referral to the Office of the Attorney General (OAG), and TOP participation.
- **Vocational Rehabilitation Overpayment Collections:** Employing warrant holds and referrals to the OAG.
- **Child Care Overpayment Collections:** Utilizing warrant holds.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Child Labor Law Collections	FY20	FY21	FY22	FY23	FY24
Cases Referred to Collections	10	31	12	25	14
Penalties Assessed	\$5,332.20	\$26,195.31	\$24,508.37	\$26,813.44	\$10,324.75
Bank Freezes Attempted	25	72	39	78	30
Levies Issued	5	10	12	11	5
Warrant Holds Placed	0	0	0	0	8
Amount Collected	\$1,998.75	\$5,171.12	\$24,358.37	\$8,333.19	\$6,394.91

UI Benefits Overpayment Collections	FY20	FY21	FY22	FY23	FY24
Treasury Offset Program	\$7,248,466.51	\$12,766,577.60	\$57,842,084.75	\$72,424,808.83	\$31,566,416.83
Claimant TOP Payments	\$186,869.50	\$342,244.02	\$2,367,838.48	\$1,658,798.82	\$575,439.12
Warrant Hold Offsets	\$534,869.68	\$856,024.08	\$2,906,415.08	\$3,263,942.80	\$3,276,836.73
Benefit Offsets	\$23,447,597.00	\$75,003,258.00	\$48,186,610.00	\$51,017,404.00	\$56,436,752.00

Self-Evaluation Report

UI Employer Collections	FY20	FY21	FY22	FY23	FY24
Liens Filed	3,667	4,440	6,239	7,083	8,053
Assessments Issued	308	374	472	151	585
Bank Freezes Issued	726	2,545	2,345	395	468
Funds Captured from Collection	\$24,007,270.01	\$35,193,752.47	\$79,916,396.97	\$87,788,416.13	\$80,373,347.82

Child Care Overpayments	FY20	FY21	FY22	FY23	FY24
Warrant Holds Placed	149	115	146	146	253
Dollar Amount of Holds	\$967,283.10	\$403,765.39	\$1,392,639.25	\$1,708,608.57	\$1,780,722.35
Amount Collected	\$13,060.57	\$17,473.07	\$6,886.02	\$16,169.57	\$12,348.32

Vocational Rehabilitation Collections	FY20	FY21	FY22	FY23	FY24
Warrant Holds Placed	3	0	3	1	2
Dollar Amount of Warrant Holds Placed	\$21,648.75	\$0.00	\$25,120.00	\$30,096.26	\$258,049.50
Cases Referred to OAG	0	0	3	1	0

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

NA

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

Unemployment Insurance Tax Collections

Unemployment tax collection actions in Texas are fundamental to maintaining a stable economic environment, supporting workers during unemployment periods, and ensuring the long-term health of the state's labor market. Proper tax collection ensures that the Unemployment Compensation Fund remains adequately funded, enabling timely delivery of benefits during economic downturns. It also helps maintain a balanced burden between employers and the state, ensuring that businesses can continue to hire workers while providing financial safety for those who lose their jobs.

Unemployment Insurance Benefit Overpayment Collections

Unemployment benefits overpayment collection actions in Texas are vital for maintaining the financial health of the unemployment insurance system and ensuring that resources are available for legitimate claims. While the process of identifying and collecting overpayments is necessary to prevent misuse of the system, it can have wide-reaching effects on both the state and claimants. Efficient collection helps maintain the integrity of the system, preventing financial shortfalls and ensuring the availability of unemployment benefits for those who truly need them.

Wage & Hour (formally Labor Law) Collections

For claimants, collection actions are taken when workers are unable to receive their rightful wages, either due to employer neglect, misclassification, or disputes over pay. Pursuing a wage claim can provide a pathway for workers to recover unpaid wages and back pay.

The impact of wage claim collection actions taken against employers for wage claims can lead to reputational damage, especially if the issue becomes public or the employer is perceived as unfair in handling wage disputes. Employers are also faced with potential financial consequences, including having to repay the owed wages along with interest and possibly other penalties. If the employer is found in violation of Texas labor laws, it may lead to further legal consequences or even audits from the TWC.

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

TWC's Collections and Civil Actions Department, within the Finance Division, is administered through a program-specific approach, each with its own processes and collection tools tailored to the nature of the debt. Key processes for each program include:

- **Texas Child Labor Law Collections:** Administered under Texas Labor Code, Chapter 51, collections are initiated based on thresholds established by the Fraud, Deterrence and Compliance Monitoring Division (FDCM). The department's actions

are limited to issuing notices of delinquency/freeze actions, also known as bank collection and placing warrant holds as defined under Texas Government Code 403.055, reporting debts to the Comptroller for offset against state funds.

- **UI (claimant) Benefit Overpayment Collections:** Governed by the Texas Unemployment Compensation Act (TUCA), collections focus on reviewing claimants who received benefits they were not entitled to. The primary method is claim absorption, where current benefits are automatically offset against established overpayments. Overpaid benefits are typically recovered in full before additional benefits are issued, with some exceptions as established under federal law. Additional automatic actions include warrant holds after 180 days of delinquency. Certain fraudulent overpayments are also referred to the Treasury Offset Program after one year of delinquency for federal income tax return offsets. Claimants receive automatic statements regarding overpayment determinations, balance changes, collection actions, warnings, and payment options. Collections staff provide information to claimants, advise on payment methods, and review accounts for reduced payment plans.
- **UI Employer Tax/Contribution Collections:** Also administered under TUCA, this program aims to collect delinquent unemployment taxes from employers to support the state's Unemployment Compensation Fund. A progressive approach is used, with increasing dollar thresholds for escalating collection actions. These actions include delinquency notices, liens, bank collection action (account freezes and levies), and assessments. Simultaneously with lien actions, debts are referred to the Comptroller for warrant holds.
- **VR Overpayment Collections:** Implemented following the VR program's transfer to TWC in 2016, a cross-divisional review team completes Remedial Action Reviews and assesses VR contractor issues and determines if collection is necessary. The VR panel determines which cases are referred to the Collections Department, where actions are currently limited to warrant holds and referral to the Office of the Attorney General for enforcement.
- **Child Care Overpayment Collections:** Initiated based on findings from FDCM's Suspected Fraud Reporting and Fact-Finding in Child Care Program requirements. Workforce Boards review potential fraud, waste and abuse and issue a determination. If improper receipt of funds is confirmed, corrective action, including collection, is pursued. Cases are referred to the Collections Department after FDCM issues notices to the responsible party. Current collection actions are limited to offsetting future state payments via warrants hold under the Comptroller's hold program.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and

fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Collections and Legal Enforcement Services	\$1,813,188	\$1,704,932	\$108,256

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

NA

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Benefits Overpayment Collections participates in the Interstate Reciprocal Overpayment Recovery Arrangement whereby benefit overpayment are referred to participating states UI programs for recovery when it is discovered that a benefit claimant is receiving unemployment benefits in another state that may be used to offset the overpayment.

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

Lack of statutory authority for collection tools in areas of Child Care overpayments and VR overpayments reduce the potential for recoupment of those funds.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

NA

- L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:**

NA

- M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program’s regulatory activity, including**

comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

NA

Legal Enforcement Services

A. Provide the following information at the beginning of each description.

Name of division or program: Legal Enforcement Services

Location within the agency: Finance Division

Contact name: Angelo Ferrazzano, Director

Statutory citation:

- For employers: Texas Unemployment Compensation Act, Section 213.031 - Section 213.036
- For benefit claimants: Texas Unemployment Compensation Act, Section 212.006 (b)

B. What is the objective of this division or program? Describe its major activities.

TWC is authorized under the indicated statutes to issue assessments against employers and claimants who have UI delinquencies for past-due contributions or benefit overpayments, to aid in collection of the amounts due. These assessments also allow the indicated party to contest the debt in court. If the party does not contest the assessment in court within 30 days of the assessment service, the assessment becomes final and is the equivalent of a court order.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

Assessment Action	FY20	FY21	FY22	FY23	FY24
Tax Assessments Issued	308	374	472	151	585
Amount Secured by Assessments*	\$14,677,181.76	\$15,819,592.67	\$6,685,263.41	\$8,070,477.75	\$11,170,354.42
Tax Assessments Released	252	201	193	113	141

*since all accounts have liens filed before assessment action is taken, there is no mechanism for separating effectiveness of liens versus assessments when account is paid in full/debt collected.

Currently, assessments are not being issued against claimants with Benefit overpayments. This process was put on hold when TWC began reporting UI Benefits overpayments to the State Comptroller under the warrant hold program in 2008, as resources from the affected unit had to be shifted to inquiries from claimants on that program. A process is being developed to assert assessment action as a secondary collection tool for Benefit overpayment cases where fraud is involved, but where the Fraud Prosecutions Unit (in FDCM) has downvoted the case and determined that prosecution is not a viable option. Currently, collection resources are focused on the Treasury Offset Program (TOP) – both in working with claimants who wish to enter into payment plans in order to avoid this action, and to provide general information on the process. Since Texas joined the TOP program in 2016, it has been successful in collecting over \$241 million dollars in overpayment debt through this program. General review of both processes, indicate that the resources needed to initiate claimant assessments would be more efficiently used on Treasury Offset Program, based on collection potential.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

NA

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

UI Tax Collections

Unemployment tax collection actions in Texas are fundamental to maintaining a stable economic environment, supporting workers during unemployment periods, and ensuring the long-term health of the state's labor market. Proper tax collection ensures that the Unemployment Compensation Fund remains adequately funded, enabling timely delivery of benefits during economic downturns. It also helps maintain a balanced burden between employers and the state, ensuring that businesses can continue to hire workers while providing financial safety for those who lose their jobs.

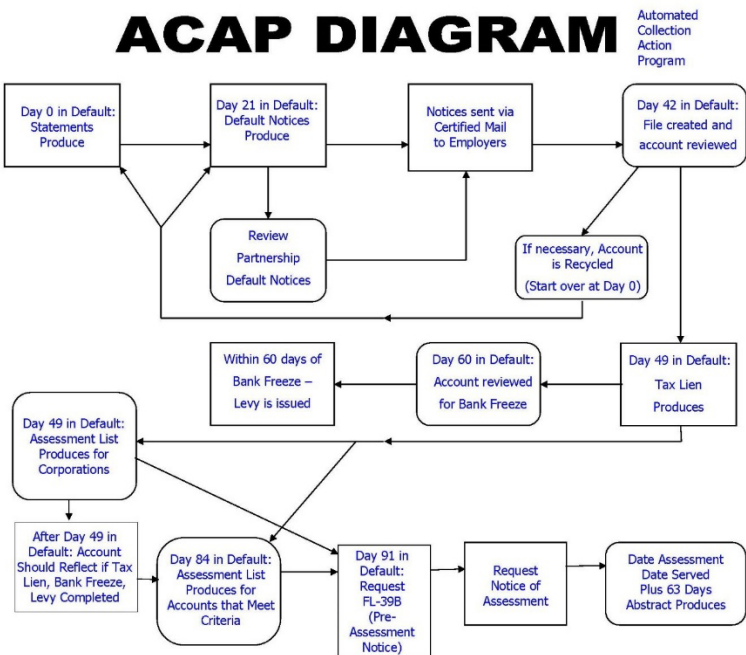
UI Benefit Overpayment Collections

Unemployment benefits overpayment collection actions in Texas are vital for maintaining the financial health of the unemployment insurance system and ensuring that resources are available for legitimate claims. While the process of identifying and collecting overpayments is necessary to prevent misuse of the system, it can have wide-reaching effects on both the state and claimants. Efficient collection helps maintain the integrity of the system, preventing financial shortfalls and ensuring the availability of unemployment benefits for those who truly need them.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Legal Enforcement of delinquent debt from Unemployment Insurance Tax employers is pursued through issuance of Notices of Assessment against eligible employer accounts. Eligibility is based on age of delinquency and the dollar amount of delinquency. Reviews are done periodically to determine if criteria need to be changed based on such things as modification to statutes that affect payment timeliness or debt amount, financial environmental factors, or cataclysmic events/emergencies that may impact employer delinquency.

As assessment action that is equivalent to a court order, alternate collection action (noted in section on "Collection") such as delinquency notices, warrant holds, liens, and bank freeze/levies are attempted before assessment action. Each step is progressively more involved, and as such the criteria for that action increases. Prior to initiation of assessment action, employers are advised of the potential of assessment action with Delinquency Notices which includes information on the laws that allow TWC to take debt collection action through assessment. Payment or installment plans are also offered prior to assessment.



G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Collections including Legal Enforcement Services	\$1,813,188	\$1,704,932	\$108,256

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

NA

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

TWC works with the Texas Office of Attorney General in enforcement of assessments with regards to officer liability for corporations or other entities required to register with the Secretary of State which have lost their right to conduct business in Texas (charter

forfeiture). TWC's Office of General Counsel expressed concerns that the definition of employer under Texas Labor Code §201.021 did not encompass director or officer liability under Texas Tax Code §171.255. As a result, Collections refers cases with officer or director liability potential to the Office of Attorney General, Collection Division, to file suit instead of issuing assessments on these specific cases.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

As noted above in Question I, adoption of rules or statutory changes to clarify TWC's authority to pursue officer liability on employer accounts where a registered entity has lost its corporate privileges would streamline the collection process and remove the burden of referring such cases for enforcement to Office of Attorney General.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

NA

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

NA

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

NA

Business Operations Division

TWC's Business Operations Division performs a variety of functions that are vital to maintaining the day-to-day operations of the agency. Many of these functions are similar to those performed in other agencies, including human resources, training and development, infrastructure services, conference planning and meeting services, and document services, including the agency's Records Management Officer. The Division also provides essential support by managing the agency's wide variety of procurements and contracts to ensure efficiency and legal compliance, ensuring cybersecurity to protect data and systems from threats, and overseeing risk and security management to safeguard assets, employees, and the agency's reputation. These functions are discussed in more detail below.

Procurement and Contract Services

A. Provide the following information at the beginning of each program description.

Name of division or program: Procurement and Contract Services

Location within the agency: Business Operations Division

Contact name: Colleen Whitney, Director

Statutory citation: Texas Government Code, Chapters 783, 2155, 2157, 2161, 2261, 2262

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Procurement and Contract Services (PCS) section within Business Operations supports workforce development and improves employment outcomes by managing the procurement and contracting processes for the agency. This involves soliciting and awarding purchases, managing contracts, ensuring compliance, and providing quality assurance. TWC agency divisions and program areas who directly assist job seekers, employers, and Vocational Rehabilitation customers benefit from PCS being a centralized function with certified Texas contract developers and managers overseeing procurements, grant awards, and contract management functions. Through this, PCS achieves efficient and compliant procurement and contract development, management, monitoring, and reporting to support agency programs.

PCS consists of four business units: Purchasing and Historically Underutilized Business (HUB) Services (PHS), Contract Administration Services (CAS), Grant Administration, and Data Analysis and Quality Assurance. In compliance with the state and federal law, these units collaborate to serve TWC program areas and their customers to acquire goods and services, report required data, and manage grant fund distribution in an effective and efficient manner.

i. Purchasing and HUB Services

- a. PHS ensures that agency purchases of goods and services adhere to federal and state procurement requirements through efficient and transparent processes.
- b. **Major activities:** Reviews service/commodity requests, tracks progress of purchase through contract award, manages complex solicitation projects, issues Purchase Orders, verifies compliance, and maintains accurate documentation.

ii. Contract Administration Services

- a. CAS is responsible for the entire lifecycle of over 2,000 agency contracts.
- b. **Major activities:** Develops and manages contracts, oversees contracting policies and procedures, monitors contract deliverables and performance, works with legal counsel, reports findings, and oversees the legal transfer of Unemployment Insurance data.

iii. Grant Administration

- a. Grant Administration ensures competitively awarded grants meet standards that are compliant, competitive, and well-documented.
- b. **Major activities:** Provides oversight of the Request for Applications process for grant opportunities with program areas, administers local board grants, establishes and maintains grant documentation, maintains internal controls, and develops policy and procedures for competitive grants to minimize risk.

iv. Data Analysis and Quality Assurance

- a. Data Analysis and Quality Assurance ensures the Enterprise Contract and Procurement System functions correctly, provides data reporting to the agency and other government entities, and maintains the quality of procurement and contract data.
- b. **Major Activities:** Administers the Enterprise Contract and Procurement System, communicates system enhancements, trains agency staff, develops system documentation, creates reports/dashboards, conducts quality assurance, ensures timely reporting of procurement/contract/grant data, and responds to ad hoc report requests.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other

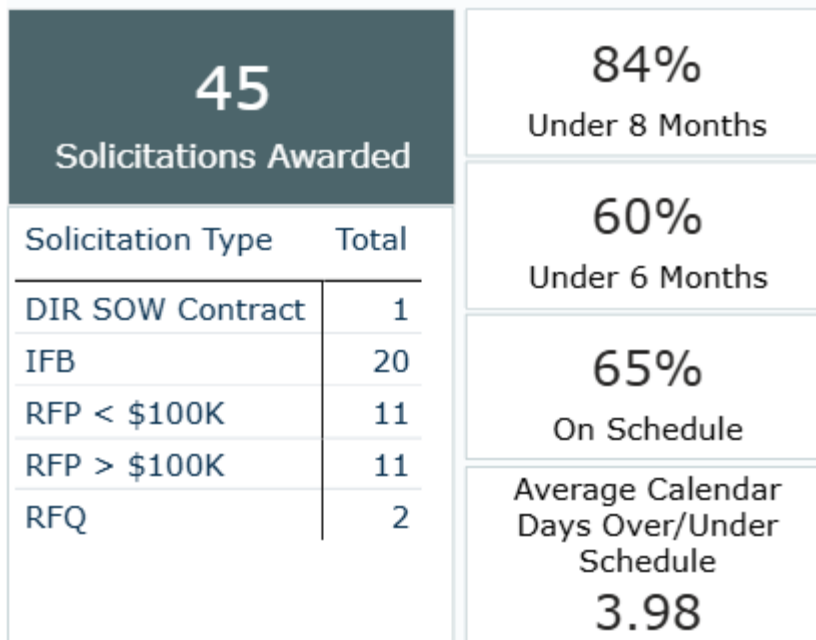
metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

PCS does not currently track any formal LBB performance measures as none have been assigned. During the past three years, PCS has worked to improve processes by implementing performance metrics and work in progress (WIP) boards to efficiently deal with the high volume of purchase requests for both agency use and customer use (ReHabWorks), and the resulting contracts. This department conducted Rapid Process Improvement (RPI) initiatives in both CAS and PHS sections between 2022-2024. Prior to implementation, the average solicitation took one year or longer to draft, publish, evaluate and award a contract. After instituting changes developed in the RPI, this time has decreased, with 83 percent of solicitations awarded within 8 months. For simple purchases, PCS has achieved a 10-day completion rate for purchase order (PO) processing. In Contract Management, the advent of its WIP board has helped the contract managers achieve 95 percent of contract awards completed by the expected due date. The Grant Administration section is undergoing an RPI in 2025 to reduce the amount of time it takes to award competitive grants and to add the visibility and metrics that CAS and PHS have benefited from.

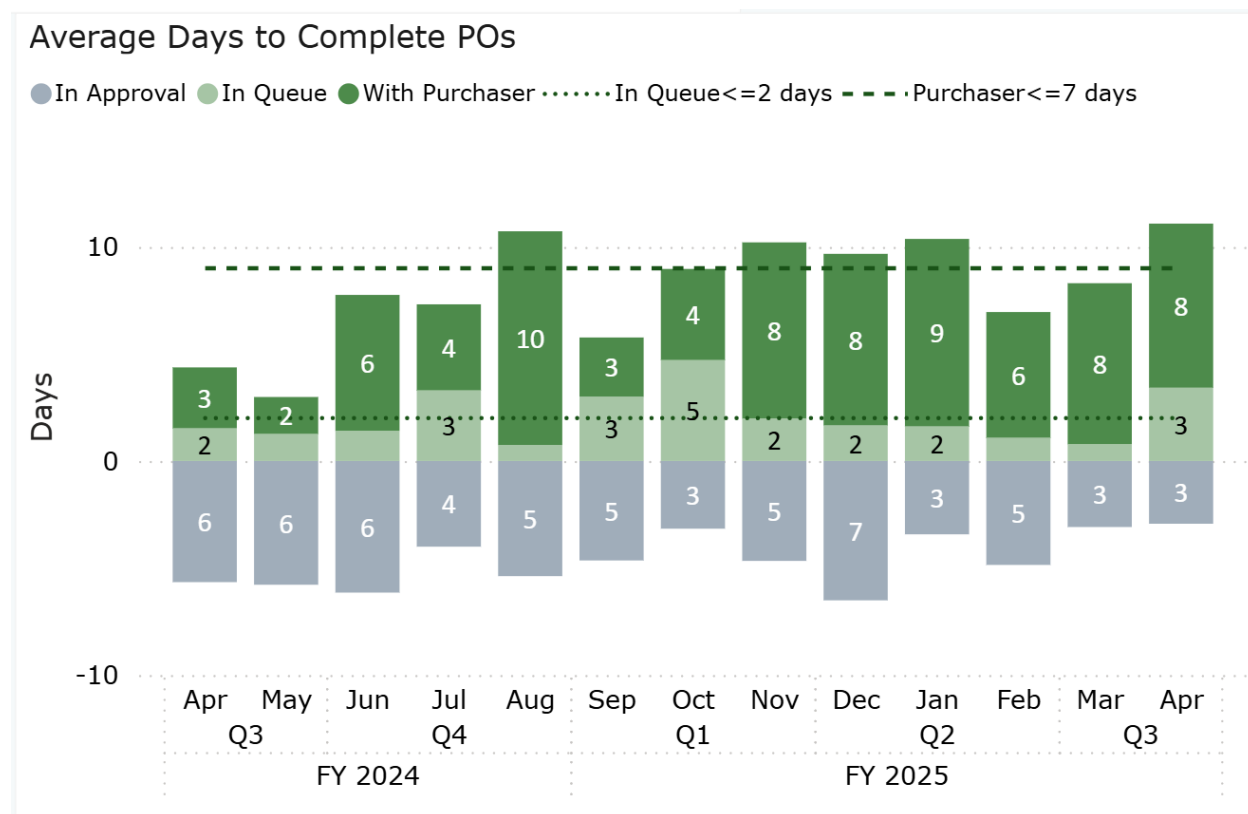
Metric dashboards: PCS leadership uses dashboards as a tool for measuring how well the team is performing to meet its production goals, as determined by executive management. PCS enhanced its oversight and monitoring of staff performance through the RPIs with the development of a performance measure dashboard using Microsoft Power BI. Metric dashboards also support continuous improvements by highlighting areas where additional training is warranted, or areas where the system is not functioning as efficiently as possible, so that remedial action can be taken. PHS and CAS teams have set goals for their teams on how long each of their essential functions should take. Monthly, management reviews those goals and any additional documentation regarding customer satisfaction (emails, etc.), and uses the information to make necessary course corrections. The dashboard tracks the on-time rate of major solicitations, contract awards, and completion of purchase orders at an individual purchaser or contract manager level. It also identifies expedited purchase requests from customers that may impact capacity, upcoming expiring contracts and closeout work, and workflow review items in progress for the execution of contracts. The focus on using data at a granular level that is then rolled up into group performance metrics has allowed PCS management to monitor staff performance, smooth peaks and valleys in workflow capacity, improve productivity, and make informed decisions to minimize risks to timelines. The dashboards below demonstrate the performance in solicitations, purchasing, and contract development.

The following chart is current as of May 6, 2025.

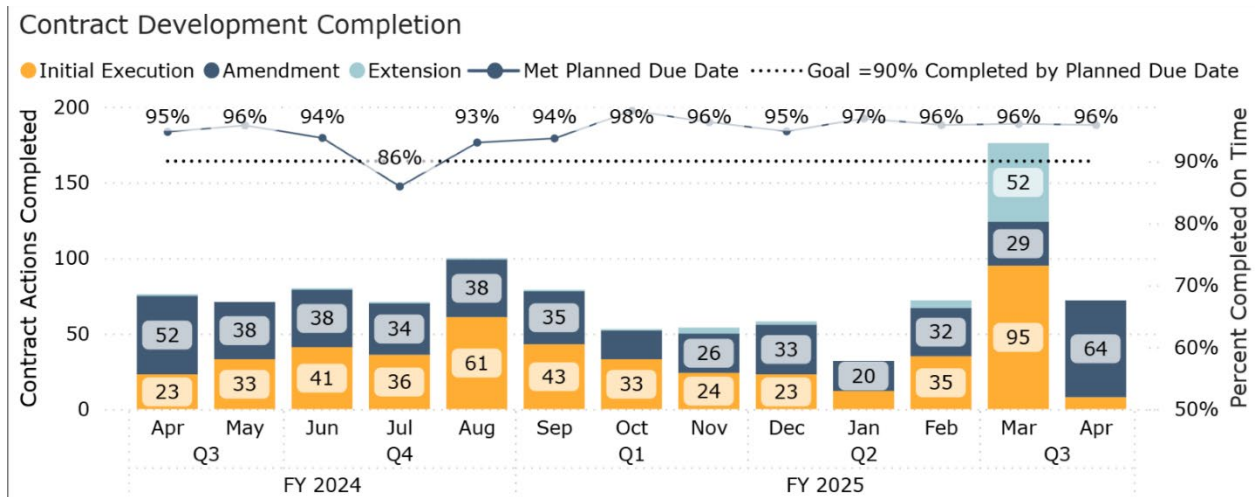
Self-Evaluation Report



The following chart is current as of May 5, 2025.



The following chart is current as of May 5, 2025.



WIP boards: PCS uses WIP Boards as a tool to help track procurement and contract statuses and manage workflows by presenting a visual representation of work at various stages. WIP Boards enable better oversight, communication, and decision making. This allows tracking of process efficiency for both internal and external customers and gives management the ability to easily recognize risk and possible delays to contract award deadlines. Weekly, WIP board meetings are held with all PHS internal customers. Questions are encouraged in these meetings. This is one way in which PCS ensures customer satisfaction and holds staff accountable for deadlines. In addition to the meetings, PHS staff members email weekly updates to internal customers. The WIP Board has allowed PCS to show more accountability to its customers and has resulted in a reduced solicitation schedule timeline as well as a reduced time to purchase process.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

N/A

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

Qualifications and eligibility requirements for customers and grantees are set forth in the published solicitations (Request for Offer, Request for Proposal, Invitation for Bids, etc.) and in grants' requests for applications. Each advertisement is published to the Electronic State Business Daily and on TWC's Bonfire application, announcing the opportunities to engage with TWC. TWC is currently revamping both the grant and procurement web pages to make these more user friendly and intuitive as part of PCS's on-going commitment to customer service.

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

- a. PHS plays a vital role in supporting other departments/divisions by:
 - i. Acting as the central hub for procurement, guiding staff through the entire purchasing process from the initial requisition to final purchase. This includes assisting in development of specifications, sourcing vendors, obtaining quotes or bids, and ensuring that all procurement actions are compliant with applicable statutes, rules, and procedures.
 - ii. Collaborating with all TWC divisions, including Finance and the Office of General Counsel (OGC), to ensure compliance and alignment with policies, budgets, and statutes.
- b. CAS works with PHS and TWC divisions to develop and execute contracts by:
 - i. Coordinating with PHS and TWC divisions to draft and finalize the contract after PHS processes the solicitation through award.
 - ii. Collaborating with agency stakeholders through Electronic Data Exchange Contract Managers in multiple workgroups, including the Research and Evaluation Committee, IT, the Chief Information Security Officer, and OGC to fulfill external customer data requests.
- c. Grant Administration facilitates the Request for Application (RFA) process agency-wide by:
 - i. Working with TWC program areas to develop RFA documents, gather approvals, publish RFAs, facilitate evaluations, prepare results and recommendations for the selection decision, and process the award.
 - ii. Providing reviews and quality assurance of RFA documents.
- d. RASCIls
 - i. RASCI Matrices (tools used to identify specific roles as “Responsible”, “Accountable”, “Support”, “Consult, or “Inform”) were created between PHS, CAS, and TWC divisions to clearly identify roles and responsibilities for each procurement and contracting process tasks. The RASCIls are posted on SharePoint for both PCS and its customers to reference.

- e. Next Step Guide for the Contract and Grants Report illustrates coordination between Program and PCS.
- f. External Data Exchange Processing Map illustrates the coordination between CAS and the key stakeholders throughout the agency.
- g. PHS to CAS Flowchart for Contract Processing
- h. PHS to CAS Data Sharing Process Flow

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Procurement & Contract Services	\$5,612,950	\$4,736,537	\$876,413

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

N/A

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

- a. CAS coordinates Building Use Agreements to share space owned by TWC with certain LWDBs, and vice versa.
- b. Grant Administration processes grants awarded to the twenty-eight LWDBs. This includes the funding allocations for workforce programs under various federal funding authorities, such as TANF, SNAP, and WIOA. Grant Administration also processes any special initiative grants awarded to specific LWDBs.
- c. The Social Security Administration (SSA) is conducting the FY2025 Texas Security Assessment, which kicked off in April 2025. The SSA’s review is a remote triennial security assessment of the safeguards used to protect SSA data received under TWC’s Information Exchange Agreement on July 15, 2025. This assessment may involve TWC contracts or contractors.

- d. TWC underwent the Statewide Single audit, Report No. 25-315 for compliance of major federal programs and internal control over compliance. Clifton Larson Allen conducted the independent audit, in partnership with the State Auditor's Office (SAO), kicking off the project with an entrance conference in June 2023. The audit concluded with the final report issued in February 2025.

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

N/A

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

Since 2022, PCS has been the subject of, or involved in, the following audits conducted by TWC's Internal Audit Division.

- a. 2022-004-20 Jobs and Education for Texans (JET) Program Compliance Review: To determine if the Jobs & Education for Texans (JET) grant program controls comply with state laws.
- b. 2023-003-30 Review of Monitoring Results: To determine if the results of monitoring activities are properly addressed by agency management.
- c. 2023-006-10 Audit of Payments for Procurements: To review the effectiveness and efficiency of the procurement and payment processes for goods and services purchased for TWC staff; more specifically, to verify purchase orders and payment vouchers are created and processed timely and in accordance with state laws.
- d. 2023-009-10 Contract Review Efficiency Audit: To review the efficiency of the contract solicitation and review process.
- e. 2025-003-50 Workforce Grant Management Audit: To evaluate grant management processes. This audit is currently underway, with the report pending.
- f. Since 2022, PCS has been the subject of, or involved in, the following external audits conducted by state agencies.
 - i. Comptroller of Public Accounts, A Contracting Audit of the Texas Workforce Commission 320-24-01: To determine TWC compliance with the General Appropriations Act, relevant statutes, and Comptroller requirements.

- ii. SAO Contract Monitoring Assessment 2022 22-027: To determine compliance with contracting-related information from multiple sources specified in Texas Government Code, Section 2261.258.
- iii. SAO Contract Monitoring Assessment 2023 23-028: To determine compliance with contracting-related information from multiple sources specified in Texas Government Code, Section 2261.258.
- iv. SAO Contract Monitoring Assessment 2024 24-013: To determine compliance with contracting-related information from multiple sources specified in Texas Government Code, Section 2261.258.
- v. [SAO Contract Monitoring Assessment 2025 25-022](#): To determine compliance with contracting-related information from multiple sources specified in Texas Government Code, Section 2261.258.
- vi. [SAO FY 2022 Statewide Federal Compliance Single Audit 23-555](#): To determine compliance with the presentation of the Schedule of Expenditure of Federal Awards on behalf of the Texas State Auditor's Office.
- vii. [SAO FY 2024 Statewide Federal Compliance Single Audit 25-315](#): To determine compliance with the presentation of the Schedule of Expenditure of Federal Awards on behalf of the Texas State Auditor's Office.

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Cybersecurity

A. Provide the following information at the beginning of each program description.

Name of division or program: Cybersecurity

Location within the agency: Business Operations Division

Contact name: Lance Leatherwood, Chief Information Security Officer

Statutory citation: Texas Government Code, Chapter 2054

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the cybersecurity program is to safeguard TWC's data, systems, and services from evolving cyber threats, ensuring the confidentiality, integrity, and availability of critical resources that support workforce-related services for Texans.

The Chief Information Security Officer oversees this department, which is primarily organized into two teams, each of which handle distinct, key functions:

Security Operations Center

- Incident Response Preparedness
- 24/7 Threat Detection & Response
- Vulnerability Management
- Web Security Enforcement
- Threat Intelligence Integration

Governance, Risk, and Compliance:

- Cybersecurity Governance and Policy
- Cybersecurity Risk Management
- Third-Party Cybersecurity Risk Management
- Cybersecurity Advisory
- Security Awareness

- Cybersecurity Assessment & Authorization
- Cybersecurity Compliance and Monitoring
- Cloud Security & Security Architecture (contractor reports directly to Chief Information Security Officer)

Below is a high-level organizational chart.



C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

While the Cybersecurity Division actively participates in the State Auditor's Office (SAO) audit processes, we have not been formally requested to provide specific performance measures or data as defined by LBB guidelines outlined in the State Budget. The LBB process typically focuses on agency performance targets and subsequent audits by the SAO based on those targets. To date, our involvement with the SAO has been related to other specific audit objectives outside of the standard LBB performance reporting cycle. We remain committed to providing all requested information to both the SAO and LBB and are actively exploring the development of formalized performance metrics aligned with LBB requirements to further enhance our reporting capabilities in the future. This includes identifying key data sources and methodologies for tracking and reporting Cybersecurity's effectiveness and efficiency.

The Cybersecurity program's effectiveness is measured through metrics derived from both the RPI project and ongoing process improvements. These include metrics related to:

- Vulnerability Management

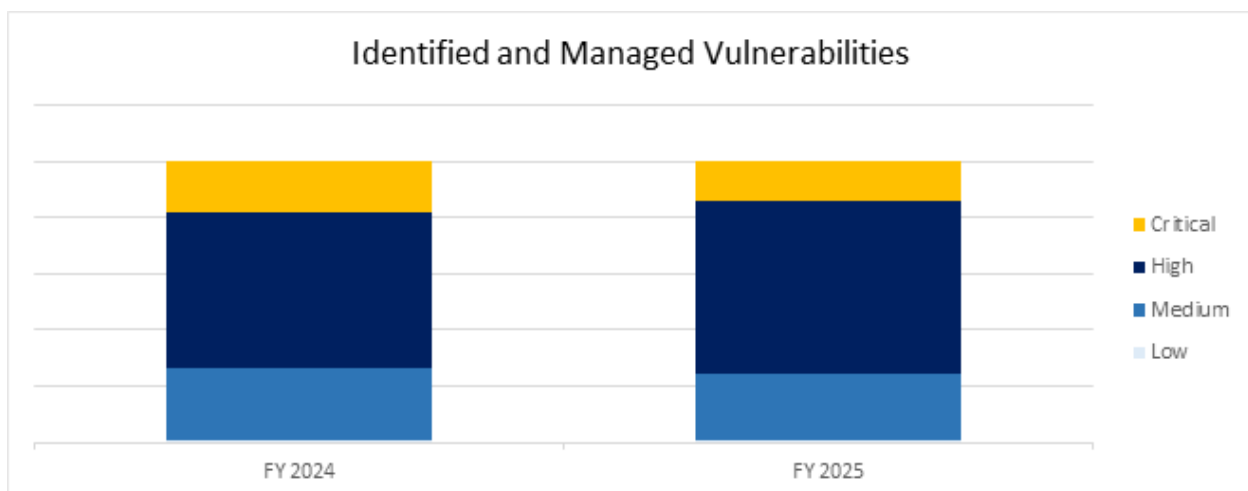
Self-Evaluation Report

- Incident Handling
- Cybersecurity Compliance
- Email Protection
- Web Protection and Monitoring
- Web and Mobile Application Assessments
- Cybersecurity Advisories

Vulnerability Management

Cybersecurity's Vulnerability Management program proactively identifies and mitigates cybersecurity risks to TWC systems, including workstations and servers, through monthly scans. These reports are critical for protecting internal operations and safeguarding data entrusted to us by external customers (e.g., job seekers, employers). Prioritization is based on severity level; a high-severity vulnerability indicates a system weakness that could be exploited to compromise data or disrupt services. Improved TWC vulnerability scans have increased visibility and facilitated more efficient remediation efforts.

Our commitment to proactive vulnerability management is demonstrated by our agency's consistent identification, patching, and reporting measures, resulting in a manageable level of endpoint vulnerabilities. The chart below illustrates the program's effectiveness in minimizing risk exposure and ensuring the ongoing security and availability of systems supporting TWC's essential services to both internal and external stakeholders.

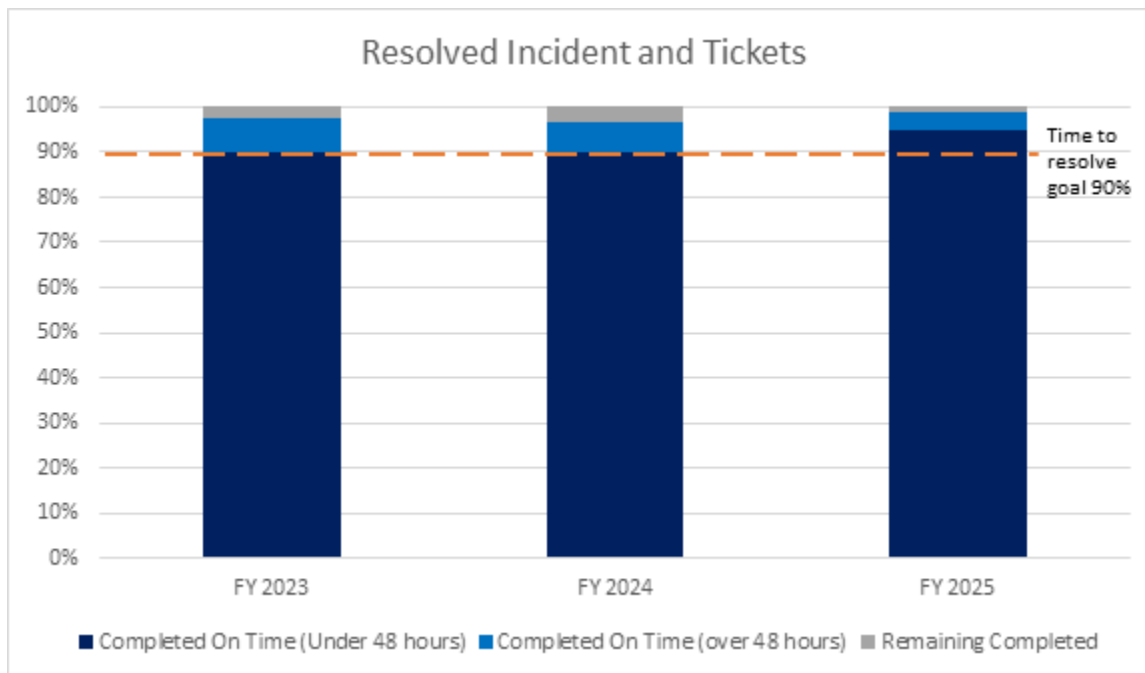


Incident Handling

The Incident Handling program ensures a rapid and effective response to potential and actual cybersecurity incidents, maintaining a secure environment for both TWC staff and external customers. Our team consistently achieves a **95 percent + ticket completion rate**

within 48 hours, demonstrating our commitment to timely resolution (see chart below). While tickets encompass a range of requests, a significant portion relates to phishing incidents targeting TWC employees. Addressing these threats swiftly protects sensitive employee and customer data and prevents potential disruption to critical services.

This rapid response capability minimizes the potential impact of security incidents, ensuring the continued availability of services essential to TWC's mission. The team's efficiency directly translates to reduced risk for the agency, its employees, and the individuals and businesses we serve. This proactive approach safeguards the integrity of TWC's operations and protects sensitive information. We have significantly enhanced our cybersecurity posture through the strategic implementation of advanced tools and targeted training initiatives. This investment has directly translated into increased operational efficiency, evidenced by a measurable reduction in cybersecurity incident tickets.

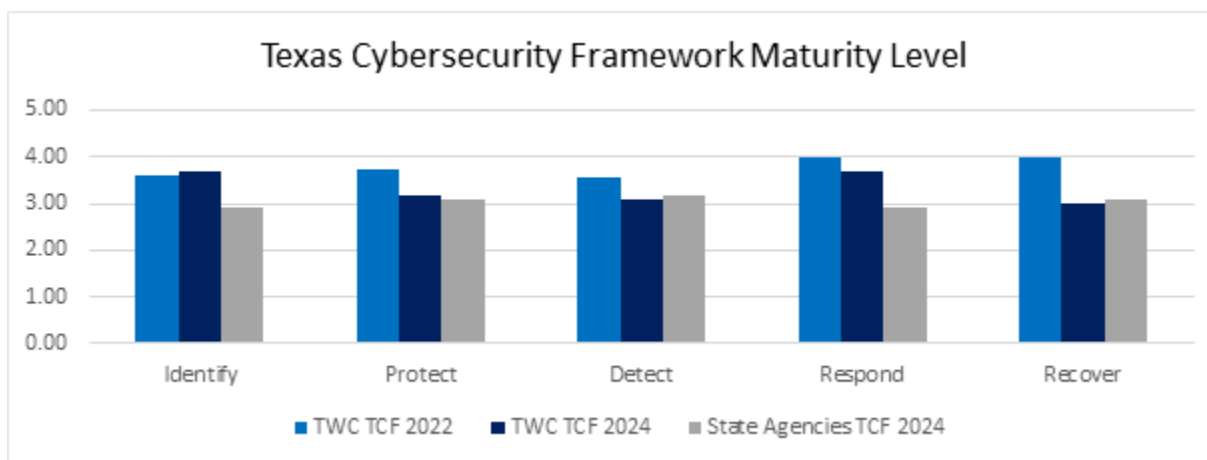


Cybersecurity Compliance

The Cybersecurity Compliance program ensures that TWC's programs adhere to stringent security standards, protecting sensitive data belonging to both employees and the individuals and businesses we serve. We align with the National Institute of Standards and Technology Special Publication 800-53 framework and requirements such as Texas Administrative Code, Chapter 202 and IRS Publication 1075. To ensure comprehensive compliance, TWC utilizes independent third-party assessments—the most recent assessment was conducted by an external assessor using the Texas Cybersecurity Framework (TCF). The TCF is a state-customized framework that provides a standardized approach to managing cybersecurity risks across five key functional areas: Identify, Protect, Detect, Respond, and Recover. By striving for a higher and higher maturity-level of

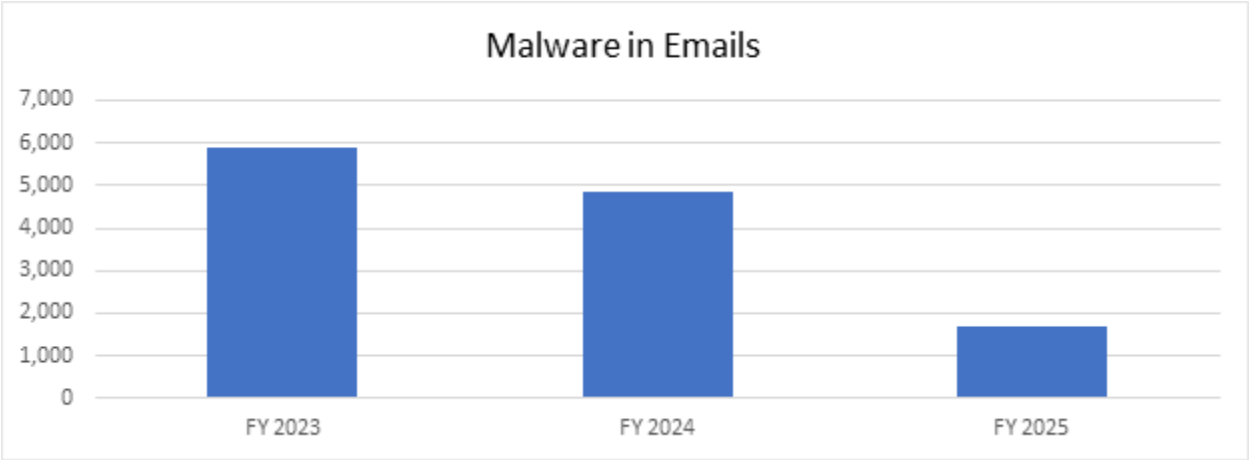
these standards, we minimize the risk of data breaches and ensure the continuity of critical services for our customers.

Our commitment to compliance demonstrates our dedication to protecting the data entrusted to us and maintaining the public's trust. Showing compliance levels across TCF Functional Areas, the chart below illustrates our adherence to established security control objectives. This proactive approach not only safeguards sensitive information but also contributes to operational efficiency by preventing disruptions and minimizing the potential for costly security incidents. Actively managing across the TCF Functional Areas protects the agency's assets and enables the seamless delivery of TWC's mission.

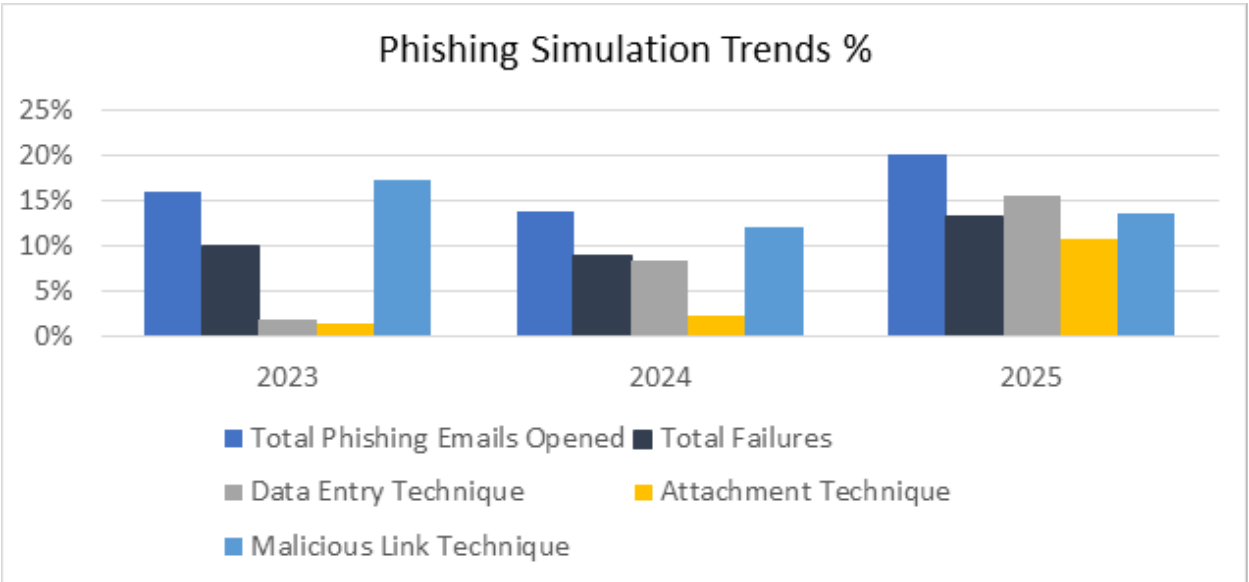


Email Protection

Email threats are proactively prevented using adaptive defenses within our email filter that respond to real-world events and exploited vulnerabilities. Continuous monitoring and threat intelligence enable the agency to identify and neutralize potential attacks before operational impact, ensuring business continuity and safeguarding sensitive information. Key performance indicators demonstrating the program's efficiency and effectiveness in this dynamic threat landscape include a) the number of emails blocked containing malware, which underscores the persistent threat; and b) the staff participation rate in phishing simulations, coupled with the reporting rate of suspected phishing attempts, which reflect trends in threat awareness, and influence education initiatives. The chart below visually represents the agency's malware blocking activity. This represents yearly impacts of bad actors, phishing, and malware and emphasizes the need for continuous adaptation of agency defenses.



The cybersecurity program demonstrates effectiveness and efficiency through a multi-layered approach to combating phishing threats. Beyond traditional malware protection, the program maintains a robust phishing simulation campaign, conducted agency-wide throughout the year, to proactively identify and address vulnerabilities in employee awareness. Reinforcing this practical experience, all TWC employees complete annual cybersecurity training that includes specific phishing awareness modules. Furthermore, the program supplements this core training with additional targeted sessions throughout the year to address emerging threats and continuously improve our employees' ability to recognize and report suspicious activity. This proactive and iterative training and simulation program significantly strengthens our defenses against phishing attacks and reduces the risk of successful breaches.



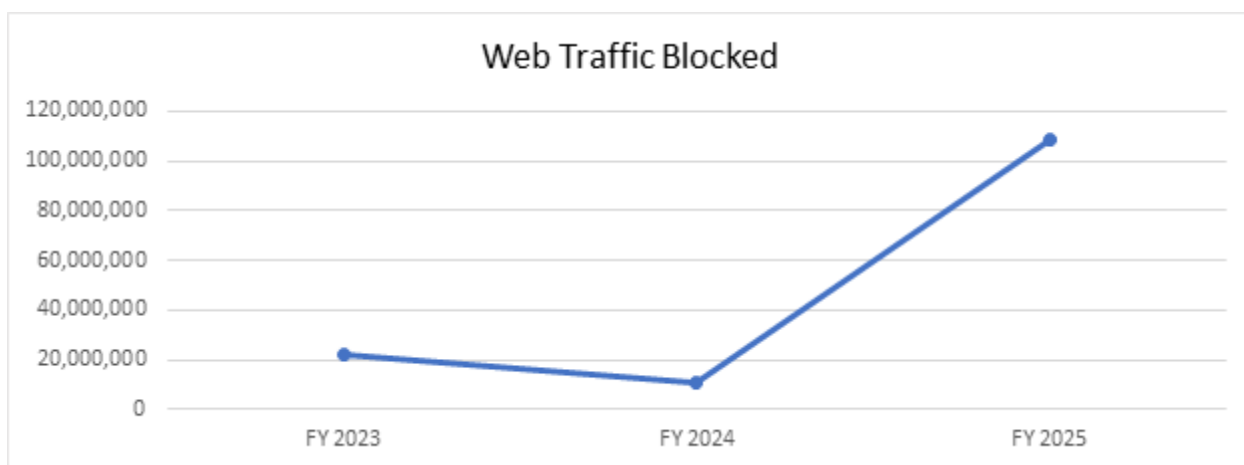
Web Protection and Monitoring

The Web Protection and Monitoring program actively safeguards TWC's network and data by continuously monitoring web traffic and blocking malicious activity. This program directly

protects TWC employees from phishing attacks and malware infections, which can compromise sensitive data and disrupt agency operations. The increased number of blocked user-initiated web activities demonstrates the program's effectiveness in preventing cyber attackers from penetrating our network and reflects the introduction by hackers of Artificial Intelligence (AI) tools (see Web Traffic Block graph below).

This proactive approach to web protection is essential for maintaining a secure environment for all TWC stakeholders. It reduces the risk of data breaches, protects the agency's resources, and ensures that employees can access the internet safely and efficiently to perform their duties, ultimately contributing to the effective delivery of services to our external customers. The program is efficient, as it can automatically block web activity at the network level, minimizing required manual intervention from security staff.

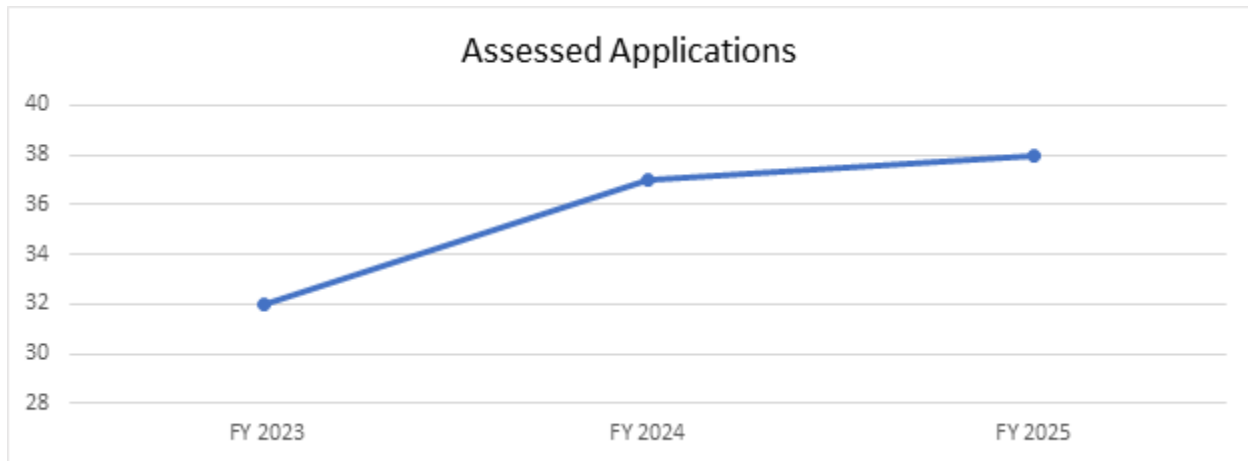
Blocked AI Traffic



Web and Mobile Application Assessments

Web and Mobile Application Assessments ensure the security and reliability of TWC's critical online services through the Authorization to Operate process. This rigorous evaluation of security measures protects sensitive data handled by these applications, safeguarding information belonging to both TWC employees and the individuals and businesses we serve (e.g., unemployment benefits, workforce development services). The increasing number of systems receiving an Authorization to Operate demonstrates the program's effectiveness in ensuring a secure application environment.

The improved processes are driving efficiency, accelerating the pace at which we can bring new systems into compliance. This translates to a faster deployment of secure and reliable online services, enhancing the user experience for both internal and external stakeholders. The following chart details assessed TWC applications, encompassing applications currently undergoing evaluation. This proactive identification and mitigation of security vulnerabilities in web and mobile applications protects the agency's resources, upholds the privacy of sensitive information, and maintains the integrity of TWC's online operations.



Cybersecurity Advisories

The Cybersecurity Advisories program enhances TWC's overall security posture by providing timely and relevant threat intelligence to the agency's technical community. Since formalizing the program on Feb. 9, 2024, Cybersecurity has proactively disseminated security alerts and advisories, including information on supply chain risks, Common Vulnerabilities and Exposures notifications, and general security announcements. These advisories improve the situational awareness of staff, enabling them to take informed actions to protect TWC systems and data.

By empowering staff with up-to-date threat intelligence, the program reduces the agency's risk exposure and supports the continued delivery of secure and reliable services to both internal and external customers. This proactive communication fosters a culture of security awareness within TWC and contributes to a more resilient and secure environment. While not directly customer facing, these advisories are critical to ensuring our teams are aware of the potential and impending threats.

Cybersecurity Advisory

- 40 advisories in 2024
- 11 advisories in 2025

In 2024, Cybersecurity completed an RPI project to streamline data collection and reporting. This initiative consolidated seven monthly and quarterly reports, eliminating ad hoc requests and redundant efforts. These reports drive decisions and critical discussion during Cybersecurity Steering Committee meetings with Executive staff. The optimized processes have resulted in a five-day reduction in monthly reporting time, allowing the team to dedicate more resources to proactive security initiatives and threat mitigation. This translates to more efficient use of resources and improved overall security posture. This time savings allowed Cybersecurity to improve vulnerability management, enhance web monitoring, and formalize the process for cybersecurity advisories.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Since its establishment in 2012, the Cybersecurity program has evolved from a reactive function to a proactive, risk-informed defense against increasingly sophisticated threats. A critical shift occurred in 2021 with a strategic realignment from being housed within IT to becoming a separate department within Business Operations reporting to an executive-level director. This transition followed with an expansion of the Department, enabling a more proactive security posture and the implementation of risk-informed decision-making. Key advancements include the adoption of cloud-based and AI-powered security solutions, along with ongoing efforts to implement a Zero Trust environment, enhancing threat detection and response capabilities.

The program's stability and efficiency have significantly improved in recent years, driven by increased staff retention and the successful implementation of process improvements and automation. The Department is currently comprised of 18 Full-Time Equivalents (FTEs) and two contractors. While the Department will continue to find efficiencies to capture additional capacity, management will need to continue to address resource gaps to maintain a sufficient level of performance. This continued focus on resource optimization and innovation is crucial for ensuring the agency's cybersecurity defenses remain robust and adaptive in the face of evolving threats. To further enhance our cybersecurity posture, we have integrated advanced tools requiring specialized training for our team. This training ensures our personnel are equipped to effectively utilize these complex systems and protect the agency's assets.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

N/A

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

The Cybersecurity Office is the central hub for safeguarding the agency's digital world, working across multiple security domains. Cybersecurity acts as a partner with all business areas in the agency, ensuring all systems and data are protected and available.

Cybersecurity also provides guidance to Workforce Boards who have their own technical support. Additional processing charts is attached to this document.

- G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Cybersecurity / Chief Info Security Officer	\$1,596,448	\$1,542,877	\$53,570

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

N/A

- I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- J. Are there any barriers or challenges that impede the division or program’s performance, including any outdated or ineffective state laws? Explain.**

The Cybersecurity department has not identified any statutory or regulatory barriers. The department faces such challenges as a rapidly evolving threat landscape and an accelerated pace of technological development that strains personnel and resources.

- K. Provide any additional information needed to gain a preliminary understanding of the division or program.**

Cybersecurity collaborates with IT and provides consultative support to program areas in addressing inquiries and findings from TWC’s Internal Auditor that are related to data security requirements. As an example, an internal audit finding (2023-004-06 – Cybersecurity: Agency Mobile Phones and Antivirus Software) from September 2024, identified mobile security and mobile asset inventory management as key areas requiring strengthened controls. Cybersecurity is working heavily with IT to implement a prioritized action plan to enhance these specific areas and further fortify our overall cybersecurity posture.

The agency handles sensitive data obtained from critical external sources, including the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Federal Bureau of Investigation's Criminal Justice Information Services. As a result, Cybersecurity program undergoes rigorous external and internal oversight through various audits and assessments to ensure continuous improvement and compliance. These engagements occur both directly under Cybersecurity's coordination and indirectly, with Cybersecurity providing expertise to program areas.

Examples of external Cybersecurity-orchestrated assessments include TCF Assessment. Cybersecurity also plays a critical role in broader agency audits such as the SSA Information Exchange Assessment and the IRS Audit for Publication 1075 Compliance. Additionally, Cybersecurity supports program areas responding to audits like the Department of Public Safety's Criminal History Record Information Audit for Criminal Justice Information Services compliance. Due to the sensitive nature of the information, full audit reports are generally not publicly available; however, summaries of TCF Assessment may be available upon request. This multi-faceted approach provides a comprehensive view of the agency's security posture and drives targeted improvements, ensuring data confidentiality, integrity, and availability.

If requested, Cybersecurity can provide the following vulnerability reports per Sec. 2054.077.

- Biennium Cybersecurity Report 2024
- TWC_2022_Public_vulnerability_report_summary

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Software Acquisition Review Committee (SARC)

During SARC evaluation, Cybersecurity determines if a tool or software poses a security risk due to its type, vulnerabilities, or potential for misuse. Cybersecurity also assesses whether data will be secured appropriately and evaluate the trustworthiness of the developer and hosting site. Finally, Cybersecurity decides whether a cybersecurity exception is needed and ultimately approves or denies the request before it is sent to the IT Steering Committee (ITSC) for final review.



Authority to Operate

The Authority to Operate (ATO) process is a State required (TAC 202.25) security risk assessment of TWC applications, either homegrown or procured, which identifies, assesses and manages the potential risk to an application. Not only does this help prevent the exposure of security defects and vulnerabilities, but it also helps the agency see the app through the eyes of cyber criminals and attackers. ATOs will be renewed based on their risk level.

Self-Evaluation Report

1. New App or Renewal ATO	
2. Questionnaire	
3. Pen Test/Vuln Scan	
4. Plan to Remediate	
5. Management Review	
6. DocuSign ATO	

Risk and Security Management

A. Provide the following information at the beginning of each program description.

Name of division or program: Risk and Security Management

Location within the agency: Business Operations Division

Contact name: Gena Garcia, RSM Director

Statutory citation: Texas Labor Code, Section 412.051 (Insurance), Texas Labor Code, Section 412.054 (Continuity of Operations Plan)

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Risk and Security Management (RSM) director serves as the agency Chief Risk Management Officer and is responsible for the development and administration of the department's programs and functions for the agency. RSM is a team of 13 FTEs and manages risk through six areas: Risk, Compliance, Continuity of Operations, Emergency Management, Safety, and (Physical) Security.

RSM conducts the following major activities:

Risk and Compliance

- **Risk Management Program** – Supports the agency by providing a framework to assess, identify and mitigate risks or eliminate losses from unplanned events.
- **Strategic Planning** – Enhances department programs by assessing risks, identifying opportunities, and defining goals and objectives.
- **Incident Reports** – Receives, responds to, and tracks reports to assess risks and develop mitigation strategies and root cause analyses.
- **Insurance** – Handles insurance evaluations, renewals and claims.
- **State Office of Risk Management (SORM) 200 Report** – Completes annually according to Texas Labor Code Sec. 412.053.
- **Workplace Bulletin Postings** - Ensures compliance with required postings in agency-owned buildings and on the agency's digital bulletin board.

- **Office of Internal Audit Annual Risk Survey** – Collaborates with TWC’s Internal Auditor to identify vulnerabilities, risk issues and concerns resulting from an agency-wide risk survey.

Continuity of Operations & Emergency Management

- **Planning** - Ensures that the agency and department Continuity of Operations (COOP) and Emergency Operations Plans are developed, coordinated, and reviewed to meet state and other applicable guidelines and standard.
- **Training** – Provides agency training on COOP and emergency plans and procedures.
- **Drills & Exercises** – Collaborates on evacuation drills. Conducts and collaborates on COOP tabletop exercises to test the agency’s continuity activation capabilities.
- **Emergency Communications** – Maintains emergency communication system. Conducts mass notification tests (TWC Alerts) agency-wide to ensure agency alert systems are functional.
- **Texas Emergency Management Council** - Represents TWC in its council role. Participates in State Operations Center briefings and reports to the center upon request.

Safety

- **Occupational Safety and Health Plan** - Provides employees with policy and procedures to ensure compliance with occupational safety and health policies and includes an Additional Duty Safety Officers Program to assist with the implementation of the plan.
- **Onsite Risk Inspections** – Inspects offices statewide in core program areas to identify and evaluate potential risks.
- **Evacuation Drills** – Ensures safe building evacuations for employees, contractors and visitors.
- **Safe Driver Program** – Establishes policies and procedures to ensure the overall safety of agency drivers by reducing risk and promoting safe vehicle operation.
- **Training** – Focuses efforts on maintaining a safe work environment.

Security

- **Access Control** - Ensures permissible physical access to TWC buildings and the secure and timely issuance and deactivation of identification badges.

- **Surveillance** – Monitors activity and coordinates the installation and maintenance of agency surveillance equipment.
- **Contracted Security Personnel** - Manages the security guard contract and provides oversight of security contracted personnel for TWC's Capitol Complex buildings.
- **Physical Security Threats** - Works with the Office of General Counsel, Department of Public Safety, and local law enforcement. Distributes Be On the Look Out (BOLO) bulletins regarding individuals who are prohibited from entering a TWC building.

C. What information does the agency collect/use to access the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

The RSM department has not been formally requested to provide specific performance measures or data for LBB. RSM monitors a variety of internal metrics to evaluate the effectiveness and efficiency of agency operations. RSM identified internal metrics based on operational needs, historical trends, and compliance obligations. For example, incident reporting and employee injury tracking are essential to maintaining a safe work environment and meeting agency risk management expectations. COOP compliance is monitored to ensure that all divisions remain prepared for emergencies or disruptions, as required by agency-wide emergency management standards. Additionally, badge and key issuance is tracked due to the importance of physical security and access control.

Specifically, RSM tracks:

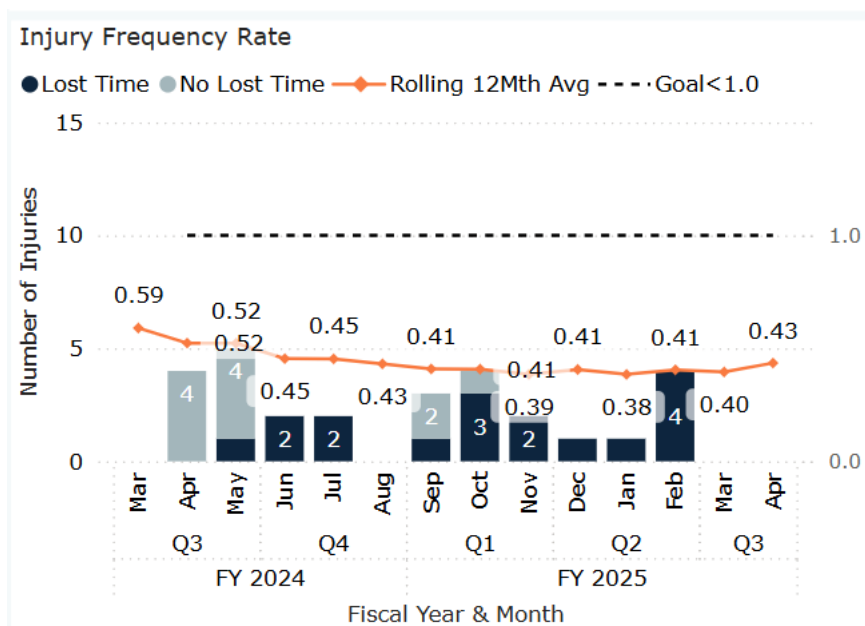
- Incident Reports – to monitor safety-related trends and improve workplace response protocols.
- Employee Injuries – to assess the effectiveness of safety training and identify areas for improvement.
- COOP Compliance – to ensure each division has updated plans in place in the event of an emergency or disruption.
- Badge and Key Issuance – to manage physical security and access control across our facilities.
- Supervisor's Safety and Health Orientation Checklist for New/Transferred Employees (SA-1 Forms) – to ensure employees receive safety training.

- On-site inspections – to ensure TWC facilities meet safety, security and regulatory expectations.
- Emergency Alert Testing – to promote preparedness and track staff response rates to agency –wide TWC notifications.

These metrics are gathered through internal reporting systems and spreadsheets maintained by program staff. Data is reviewed regularly to identify patterns, support risk mitigation efforts, and ensure compliance with internal policies and procedures. While these are not LBB-assigned measures, they are essential to maintaining the safety, security, and operational readiness of our agency.

The following performance measures show the effectiveness of RSM’s efforts.

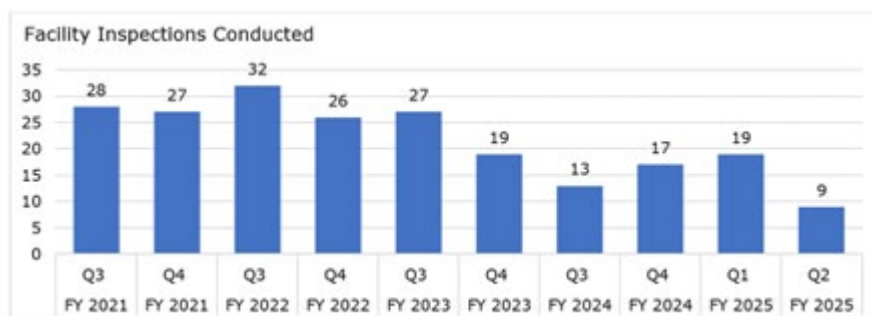
Injury Frequency Rate: RSM’s goal is to maintain an agency-wide and division-level Injury Frequency Rate (IFR) - defined as the number of employee injuries per 100 employees, at or below 1.5. This is achieved by promoting consistent compliance with the TWC Health and Safety Plan, reinforcing a culture of safety, and supporting proactive measures that prevent workplace injuries. As illustrated in the chart below, the agency’s IFR has remained well below the 1.5 threshold, with a high of 0.59 in March FY 2024 and a steady decline through March FY 2025.



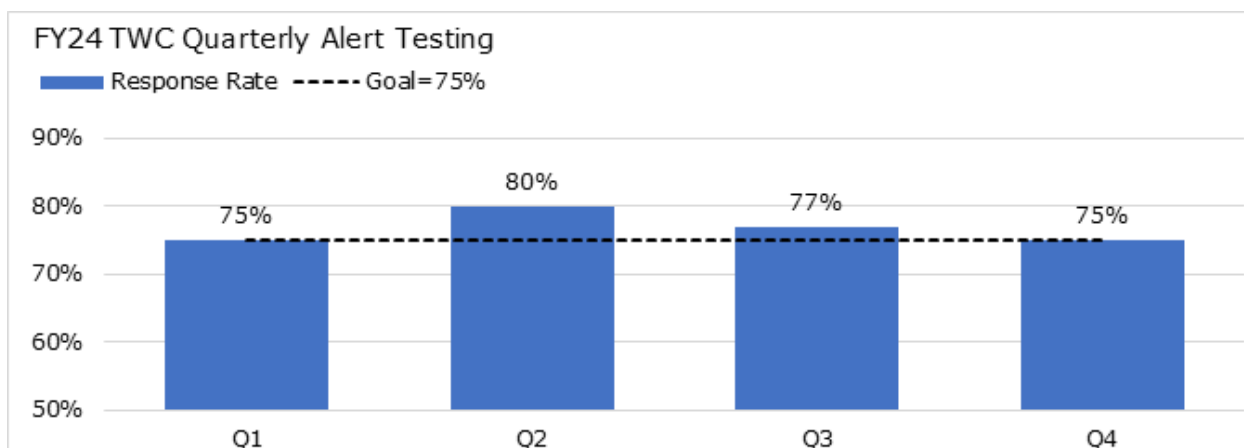
Continuity of Operations: In FY 2022, RSM revamped the agency COOP program and established a COOP plan development and review cycle for divisions and departments. RSM's goal was to achieve 100 percent completion of department COOPs by the end of FY 2022 Q1 and the agency-wide COOP plan by the end of FY 2022 Q2. All divisions completed COOP plans in FY 2022. The agency-wide COOP Plan was reviewed and

updated in FY 2022 and then finalized and submitted to SORM in FY 2023 Q1. TWC Divisions review their plans annually.

Onsite Inspections: RSM has a goal to inspect 25 percent of TWC agency-owned buildings annually. RSM has met or exceeded that goal each year. Fewer inspections have been conducted since FY 2024 because of facility integration efforts and the sale of multiple agency-owned buildings. These inspections have enabled us to identify and correct facility deficiencies early, helping ensure our buildings meet safety and regulatory expectations. For example, we discovered fire extinguishers that had not been inspected and Automated External Defibrillators with expired batteries, allowing us to resolve these issues before they posed a risk. This proactive approach also helps us stay ahead of potential findings during State Fire Marshal inspections. The following visual reflects the number of on-site inspections conducted each quarter since FY 2021. While the number of inspections fluctuates, RSM has consistently met or exceeded the goal of inspecting 25 percent of agency facilities annually.



TWC Alerts (Emergency Notifications): To increase awareness of emergency preparedness in FY 2024, RSM promoted the importance of agency employees responding to emergency notifications (TWC Alerts). As a result, RSM achieved a 75 percent agency-wide participation rate by year's end, as outlined in the chart below. To support this effort, RSM provided additional guidance and training that emphasized the importance of timely responses to alerts and encouraged employees to include alternate communication methods in their contact information.



D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

Security Badges and Access Control

In 2017, TWC improved its access control process for managing building security by enhancing how agency badges are issued and tracked within the Capitol Complex. Initially badges for buildings within the Capitol Complex were processed through the Department of Public Safety (DPS). However, RSM transitioned to managing badge operations in-house. RSM now fully develops, activates, and deactivates badges internally, giving the agency greater control and flexibility over access management. In the summer of 2023, TWC further strengthened its access control system by integrating the agency's electronic personnel directory with our access control system. This integration allows badges to be automatically deactivated within 24 hours of an access removal date, significantly improving both security and efficiency.

Incident Response & Reporting

In 2020, RSM revamped the incident reporting and tracking system, transitioning to an online ticketing system that enhanced both reporting and tracking capabilities. This new system simplifies and expedites incident reporting for employees. The shift to the online ticketing system has improved response time, increased visibility into incident trends, enabled more effective resource allocation to mitigate risks, and supported continuous improvement efforts.

COOP Planning

In 2021, the Continuity of Operations program expanded its planning efforts beyond maintaining the agency-wide COOP Plan to include the training, development, and review

of division and department COOP Plans. This enhancement strengthened the agency's capability in responding to continuity events and increased awareness and responsibility among agency staff and leadership.

- E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.**

N/A

- F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.**

Agency COOP Plan Review

The COOP/Emergency Management (EM) Coordinator (Risk Management Specialist) reviews the agency COOP Plan 60 days before submitting it to SORM. The COOP Coordinator works with division COOP Liaisons to update each section as needed. After incorporating final revisions, the COOP Coordinator submits the plan to the RSM Director for review and then to the Business Operations Division Director for approval. A finalized copy of the COOP plan is posted on the department SharePoint site, allowing employees to access it for reference. The COOP Coordinator will then submit the COOP plan to SORM for review.

Additional Duty Safety Officers Program

RSM utilizes Additional Duty Safety Officers (ADSOs) throughout the agency to enhance its ability to create a safe and secure work environment. RSM Safety Officers identify and maintain the ADSO contact list and provide safety training to help carry out their responsibilities. ADSOs help RSM implement the Occupational Safety & Health Plan by conducting safety inspections and investigations, providing safety training and resources to employees, and promoting a culture of awareness across the agency.

Agency Insurance Program

The Agency Insurance Program is administered by a Risk Insurance Specialist who serves as SORM's insurance liaison. RSM collaborates with key staff in the Business Operations, Finance, Office of General Counsel, and Vocational Rehabilitation divisions to provide insurance services and resources. See the RSM Insurance Process & Procedures Flow Chart for more details on RSM's process and procedures.

Onsite Risk Inspections

This program is administered by nine Risk Management Specialists who travel across the state to carry out inspection duties. RSM works with TWC Divisions and a designated point of contact to initiate the inspection process and report inspection results. RSM develops a yearly schedule of approximately 25 percent of agency-owned offices, including Vocational Rehabilitation and Unemployment Insurance field offices. See the RSM Onsite Risk Inspection Flow Chart for specific details on the process.

TWC Alerts (Emergency Mass Notifications)

The TWC Alerts program is administered by the COOP/EM Coordinator and Risk Emergency Management Specialist within RSM, using a third-party platform, Everbridge. RSM creates and maintains employee profiles by working with Human Resources RSM provides training and instructions to update profiles to employees. Each quarter, RSM conducts an emergency alert to all employees, and the results are shared with executive management.

Safe Driver Program

The Safe Driver Program is administered by two Risk Management Specialists (Safety Officers) who work closely with the agency Fleet Manager to incorporate appropriate safety procedures into vehicle operations. RSM Safety Officers also conduct and track initial safe driver training upon hire and every two years thereafter. Annually, the Safety Officers also verify and ensure fleet drivers submit proper acknowledgement of Safe Driver Program guidelines. Management is responsible for ensuring drivers understand and comply with the Safe Driver Program. Human Resources conducts driver record checks and refers them to the Office of General Counsel for personnel action.

Automobile accidents involving an agency employee are investigated by the Safety Officers and report findings to the RSM insurance team for reporting to the State Office of Risk Management and potential insurance claims requests.

Evacuation Training & Drills

Evacuation training and drills are conducted annually by Safety Officers and planned. Preparation includes establishing objectives, identifying and training evacuation teams, and coordinating with the local fire departments. During drills, evacuation teams and evaluators (RSM Risk Management Specialists and local fire departments) observe and provide feedback immediately afterward. After each drill, the Safety Officers develop an After-Action Report and present it to executive leadership. RSM then coordinates corrective actions with the appropriate parties and tracks them until resolution.

Incident Response and Reporting

The Incident Response and Report Program is administered by Risk Management Specialists in the Risk and Compliance program areas. Incident reports are submitted through the agency platform ServiceNow. Reports are then assigned to Risk Management

Specialists in RSM for assessment, analysis, investigation, and mitigation. For further assessment, the Risk Management Specialists (RMSs) work closely with divisions and departments such as Human Resources (HR), Infrastructure Services, Customer Care, OGC HR Legal, and Vocational Rehabilitation. For further process details, please see the RSM Incident Response and Reporting Flow Chart.

Badges and Keys

RSM is responsible for issuing badges, managing the disposal of returned badges, ensuring security, and monitoring access deactivations. Managers and supervisors must request agency badges for employees through the RSM-140 Badge Application. Badges are deactivated within 24 hours after the access removal date. Keys are requested by management via the agency's building management system workorders. When a key is requested, RSM facilitates the issuance process. The employee receiving the key must sign an RSM Key Receipt, which will include the key number. This receipt must also be signed by the manager to confirm the key has been issued. All terminated employees' managers are required to meet with these employees before termination to review the HR Separation Tool, which includes collecting keys and badges from staff. Keys are audited, with 10 percent of keys being reviewed each quarter. A full key audit is conducted by RSM staff every even-numbered year. The key process is administered by Security Team's RMSs and involves a collaborative effort among the affected division, OGC, and FDCM's Office of Investigations. The chart below outlines the number of facility keys and employee identification badges RSM processed from FY 2022 Q3 to FY 2025 Q2.

Facility keys and employee identification badges processed

Measure	FY 2020 Q3	FY 2022 Q4	FY 2020 - Q1	FY 2023 Q2	FY 2020 - Q3	FY 2020 - Q4	FY 2020 - Q1	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025-Q1	FY 2025-Q2
# of Key Handled	57	32		32		34	28	13	40	28	22	33
# of Badges Created	131	152	147	158	169	160	183	139	155	106	138	109

Issuance of the BOLOs and Cease and Desist Bulletins

A BOLO is issued in response to concerning comments or direct threats made against agency staff and/or property. In the event of a threat against the agency, RSM staff will create and broadcast a BOLO for distribution to security staff and agency employees as appropriate. A Cease-and-Desist notification is handled in the same manner as a BOLO but is used to notify key personnel about customers who are harassing staff. In these cases, the OGC issues a formal letter to the individuals.

Security Guards Contract and Communications

The administration of the security guard contract is managed by RSM. RSM staff are responsible for the daily oversight and communication with contracted security personnel. They provide guards with operational instructions such as unlocking designated office doors, managing parking reservations, and coordinating access for external contractors. Communication from RSM to guards may be delivered via email, phone call, or hard copy memo. Guards are expected to respond promptly, report concerns or incidents, including those involving law enforcement, and direct staff inquiries back to RSM. This communication framework ensures the security team is well-informed and responsive to the operational needs of TWC facilities.

Training and Awareness

RSM develops and delivers training modules, safety communications, and resources to all agency staff. Training and awareness efforts are administered through a combination of in-person sessions, virtual trainings, and internal communications to ensure staff are informed, prepared, and compliant with agency policies and procedures. RSM staff coordinate and deliver training on safety protocols, security procedures, and operational awareness. New employees are onboarded by their managers with support from RSM. Current staff receive periodic refresher sessions and targeted training as needed based on operational updates and safety requirements. To support ongoing awareness, RSM distributes quarterly newsletters that highlights key topics and reminders. Safety bulletin boards are maintained with up-to-date information, and posters or awareness materials are regularly displayed in common areas to reinforce messaging. These efforts ensure that staff remain continuously engaged and aware of safety practices and agency expectations.

- G. If key to understanding the division or program, identify all funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, fees/dues). (If you have already submitted funding source info through the Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)**

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Risk and Security Management	\$918,802	\$816,729	\$102,073

- H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.**

SORM and RSM

RSM serves as TWC's primary point of contact with SORM. Key personnel, including the Workers' Compensation Coordinator, Chief Financial Officer, and Fleet Manager, are also designated as additional SORM points of contact. SORM communicates through distribution lists and provides notice to TWC of any required action. For further clarification and guidance, SORM and TWC have an interagency contract (IAC). The purpose of this IAC is to define the terms and conditions under which TWC, as a covered entity, receives risk management services and workers' compensation coverage for its employees, in accordance with Texas Labor Code Chapter 412. The IAC describes exclusions, services, responsibilities, cost allocation, payment terms, and invoicing procedures. The IAC provides clear guidance on the services SORM will provide and the responsibilities of TWC.

- I. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Law Enforcement

The Department of Public Safety assigns an agent from the Criminal Investigations Unit to TWC to assist with incidents involving threatening or criminal behavior. RSM's Security Team serves as the liaison in this capacity and contacts DPS for law enforcement assistance. Additionally, RSM works with local city or county law enforcement agencies across the state for further assistance with incident reports.

Fire Departments

In preparation to conducting evacuation drills, RSM contacts the local fire department and requests for their availability to attend and observe drills. Fire Departments also operate on TWC property during real emergencies and RSM serves as the onsite point of contact.

Local Workforce Development Boards (LWDBs)

RSM coordinates with LWDBs as specified in the agency's Board Agreement and WD Letter 24-11, which outlines requirements for incident reporting. RSM supports the Boards through incident response, investigation, and periodic on-site risk inspections.

- J. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

N/A

- K. Provide any additional information needed to gain a preliminary understanding of the program or function.**

Internal Audits

In 2016, a Separations and Transfers audit (Project No. 2017-012-20), conducted by the Internal Audit Division, revealed that RSM's badge access for terminated employees was not being deactivated in a timely manner, with significant delays observed in a sample of separations between 2016 and 2017, and gaps discovered of incomplete or missing deactivation records. To address this, recommendations were made to establish clear guidelines for timely deactivation and to implement a process for periodically reconciling badge records. Follow-up reviews in late 2023 and early 2024 showed significant improvement, with automated deactivation processes integrated with IT systems and monthly reviews conducted to ensure badges are deactivated within 24 hours of notification. HR now also follows up with managers who are delinquent in completing the employee separation process. Consequently, the corrective actions were deemed implemented.

In 2016, an Internal Audit Division Audit (Project No. 2016-008-10) of the Risk Management Process revealed that TWC lacked an effective framework for identifying, assessing, mitigating, and monitoring all agency risks. Although TWC had a Risk Management Plan, it was not comprehensive, and a significant portion was not followed. It failed to define RSM's role and responsibilities in the risk management process and did not address the risk management responsibilities of the operational divisions. RSM revamped the TWC Risk Management Plan to clarify the role of RSM and the administrative and operational divisions in TWC's risk management functions. In addition, the plan was modified to include procedures for all areas of the risk management process. The corrective action was considered implemented and closed in March 2021.

External reports RSM has produced:

- SORM 200 Agency Risk Management Expenditures Part I (Historical Report)
- SORM 200 Insurance Expenditures Part II (Historical Report)

L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please

briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Office of General Counsel

The Office of General Counsel (OGC) acts as the agency's in-house legal team, offering advice and representation across a spectrum of activities. This includes advising on legal matters, crafting regulations, handling litigation, reviewing contracts, monitoring legislation, ensuring ethical conduct, upholding open government laws, and supporting enforcement efforts related to workforce regulations. Many of OGC's functions are similar to those performed by General Counsels in other agencies. However, OGC's Commission Appeals function is unique to TWC and discussed in more detail below.

Commission Appeals

A. Provide the following information at the beginning of each description.

Name of division or program: Commission Appeals Department

Location within the agency: Office of General Counsel

Contact name: Les Trobman, General Counsel; Sherri Miller, Director

Statutory citation: Texas Labor Code, Chapters 51, 61, 201-215, 301. Key citations by section: Texas Labor Code, Section 51.0361; Texas Labor Code, Section 61.0612; Texas Labor Code, Section 212.151

B. What is the objective of this division or program? Describe its major activities.

The Commission Appeals Department provides legal counsel and administrative support to TWC's three Commissioners by:

- Reviewing and recommending outcomes in appeals of lower-authority TWC decisions.
- Facilitating dockets & Commission votes.
- Conducting occasional higher-level appeals hearings.
- Issuing Commission decisions, primarily under the Texas Unemployment Compensation Act and other programs administered by TWC. These other programs include Wage Claim (Wage & Hour) appeals and Child Labor appeals under the Texas Labor Code.

The higher-authority appeals role of the Commission is the second and final administrative review of benefit issues and has the final administrative responsibility of establishing interpretations of law.

The department's administrative staff receive and sort incoming correspondence, determine which correspondence constitutes new appeals, and key each new appeal into the department's inventory. On a weekly basis, cases are assigned to Reviewing Attorneys. Oldest cases, based on appeal date, are assigned first. Reviewing Attorneys listen to the lower-authority hearing, review all documents in the case, and draft work product that summarizes the testimony and evidence, recommends a resolution in the case, and includes a draft decision based on the recommendation. Supervising Attorneys and attorney peer reviewers review attorney work product for quality before releasing it to be circulated to the Commission offices. Administrative staff assign completed cases to a docket number and notify General Counsel staff of the cases to be included for public notice.

Commission office attorneys review the attorney work product. If a Commission office attorney desires additional information or analysis, a supplemental summary may be requested from Commission Appeals, which is generated by the attorney that did the original work. Commission office staff inform CA's administrative staff (1) which cases should be "pulled" for discussion at the docket meeting, and (2) which cases they wish to dissent without discussing at the docket meeting. At the docket meeting, Commission Appeals management facilitates the Commissioners discussion and voting on pulled cases, as well as votes by motion for cases not pulled. After the docket meeting, CA administrative staff mail decisions that require no further work and key the decisions into the benefits system. Decisions that require edits are sent to the original Reviewing Attorney. Completed, edited decisions are circulated to the Commission officers for final approval. Once approved, CA administrative staff mail the decision and key the results of the decision into the benefits system. In a few cases, the Reviewing Attorney may recommend, or the Commission may order that a rehearing be conducted to supplement the record, after which the case is placed on a second docket for voting on the merits. This procedure is identical for UI, Wage Claim and Child Labor cases.

C. What information does the agency collect/use to assess the effectiveness and efficiency of this division or program? If applicable, briefly note any LBB performance measures (from Section II, Exhibit 2) but also provide any other metrics of program effectiveness and efficiency. Please provide the data source and/or methodology behind how each statistic or performance measure was determined. If you do not track measures of effectiveness for a given division, department, or program, please explain why.

- Average Case Age. The department reports numerous performance measures to DOL monthly. Unlike lower-authority appeals, however, there is only one measure that can result in the department being placed on a performance improvement plan (SQSP)—Average Case Age. Average Case Age is the average age in days of all UI cases in inventory, regardless of completion status or complexity, calculated based on the higher authority appeal date. As an indirect measure of how rapidly decisions are issued, DOL has therefore prioritized timeliness of case resolution.

- Average Age at 1st Assignment—As an operational indicator, the department created and tracks weekly “Average Age at 1st Assignment,” which is the average age of cases assigned to attorneys that have not been previously assigned. “Age” means the number of days between appeal date and the date the case is first assigned to a Reviewing Attorney. Assignments occur weekly, in sync with the Commissioner’s docket cycle.
- Some cases are assigned more than once. There are various reasons for re-assignment, some procedurally required and some avoidable. Because a finite number of cases can be assigned each week, each re-assigned case delays a fresh case from moving into active consideration.
- The Average Age at 1st Assignment measure indicates whether the flow of fresh cases into assignment is sufficient to maintain DOL Average Case Age requirements. A rising number indicates risk of backlog accumulation. A falling number indicates possible inventory size reduction. Interpretation of the measure depends heavily on specific operational context, as there are legitimate reasons that a case may be re-assigned, a rising number may sometimes be desirable, and there are factors outside the department’s control that can skew the results. An example of an outside factor is the length of time other business areas delay before forwarding appeals they receive to CA.

D. Describe any important history regarding this division or program not included in the general agency history section, including how the functions or services have changed over time. If the response to Section III of this report is sufficient, please leave this section blank.

For many years, both higher and lower levels of appeal were under the same Division Director, originally as part of the Unemployment Insurance Division, and starting in 2022 as part of the Appellate Services Division. The Appellate Services Division was created in 2022 to concentrate Agency appeals into a single Division. In 2024, the Commission Appeals Department was transferred to the Office of General Counsel because CA’s functions are designed to uniquely support the Commission offices. The Appeals Tribunal (UI appeals) and the Special Program Appeals Department (primarily Wage Claim, Tax and Child Labor appeals) both remain in Appellate Services.

E. List any qualifications or eligibility requirements for persons or entities affected by this division or program (e.g., licensees, consumers, and landowners). Provide a statistical breakdown of persons or entities affected.

- Claimants and employers must meet three requirements to file a valid higher-authority appeal: (1) must be a “party of interest” to the case, (2) must have received an adverse decision from lower-authority appeals, (3) must file the appeal during the statutory 14-day appeal period.
- Party of Interest is defined by TWC Rule 15 (40 TAC §815.15).

- Appeal period is defined by Texas Labor Code §212.104 and TWC Rule 32 (40 TAC §815.32).

F. Describe how the division or program is administered, including a description of key processes involved. If you have existing documentation (e.g., flowcharts, timelines, and other illustrations) to describe agency policies and procedures, please include them as attachments. Indicate how field/regional services are used, if applicable.

Attached is the Commission Appeals Throughput Operating Strategy flowchart describing the appeal process.

Attached is the Typical UI Appeal Path flowchart illustrating the unemployment insurance appeal path.

The time frame for each case varies as explained in the Exhibit_GAP_OGC_UIPerformanceMeasures to satisfy DOL requirements.

G. If key to understanding the division or program, identify funding sources and amounts, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. Please specify state funding sources (e.g., general revenue, appropriations rider, budget strategy, and fees/dues). (If you have already submitted funding source info through the “Agency Program Information” spreadsheet, please limit your response to funding formulas or funding conventions.)

Program or Function Detail Description	Total FY 2024	Federal Funding	State Funding
Commission Appeals	\$2,815,855	\$2,516,437	\$299,418

H. Briefly discuss any memoranda of understanding (MOU), interagency agreements, or interagency contracts the agency uses to coordinate its activities and avoid duplication or conflict with other entities that provide similar or identical services or functions to the target population.

N/A

I. If the division or program works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

Along with lower authority appeals, Commission Appeals operates within the mandatory federal/state partnership, driven by funding mechanisms and the threat of significant federal penalties for non-compliance.

The relationship between the federal and state entities is crucial. The federal government provides the overarching framework, funding, and oversight, while the states implement and administer the program at the local level. Non-compliance by a state can result in loss of the federal UI tax credit, which would significantly increase costs for employers in the state. State cooperation and adherence to federal guidelines are critical to the success of the UI program.

USDOL oversight of state UI appellate processes is grounded in the Social Security Act, §§302(a) and 303(a)(1) and (3).

J. Are there any barriers or challenges that impede the division or program's performance, including any outdated or ineffective state laws? Explain.

Commission Appeals is currently out of compliance with DOL's Average Case Age performance standard due to case backlog. The most significant causes of reduced performance are (a) loss of significant institutional knowledge during the pandemic, (2) chronic understaffing despite extensive hiring efforts (addressed below), and (3) inability to retain newly hired staff long enough for them to become proficient (addressed below).

Prior to the pandemic, the majority of the department's staff had been with the department for 10+ years, and many had 20+ years' experience. As an essential business, Commission Appeals remained in full operation during the pandemic. The frequently changing and unpredictable nature of federal unemployment programs and DOL guidance on those programs increased the difficulty and stress of the work. Increasing numbers of experienced staff elected to retire. The result was a simultaneous increase in complexity of work and decrease in skill level and experience of staff. Low rates of pay, combined with the universal availability of telework options with other employers due to the pandemic (previously a rare benefit for attorneys that the department relied upon heavily to retain staff), prevented recovery from these losses. Highly skilled and productive employees tended to leave after a short time.

During and after the pandemic, significant efforts to improve attorney training improved retention to some extent. However, In October 2024, pay rates across the department were raised to match average pay statewide for each job classification, and retention has dramatically improved.

The department's current most significant challenge is the extremely small number of employees with sufficient institutional knowledge to simultaneously perform complex work, mentor large numbers of new employees, and perform effective quality control in sufficient volume to reduce inventory size. Attrition during and after the pandemic has effectively removed all experienced employees who were qualified to advance in the department.

The department is seeking to establish a contract with an outside vendor to bring in highly experienced UI attorney mentors/managers (with experience from other states) to assist and support mentoring and quality control functions, to expedite accumulation of

institutional knowledge among newer employees and to help increase the production capacity of the department.

K. Provide any additional information needed to gain a preliminary understanding of the division or program.

N/A

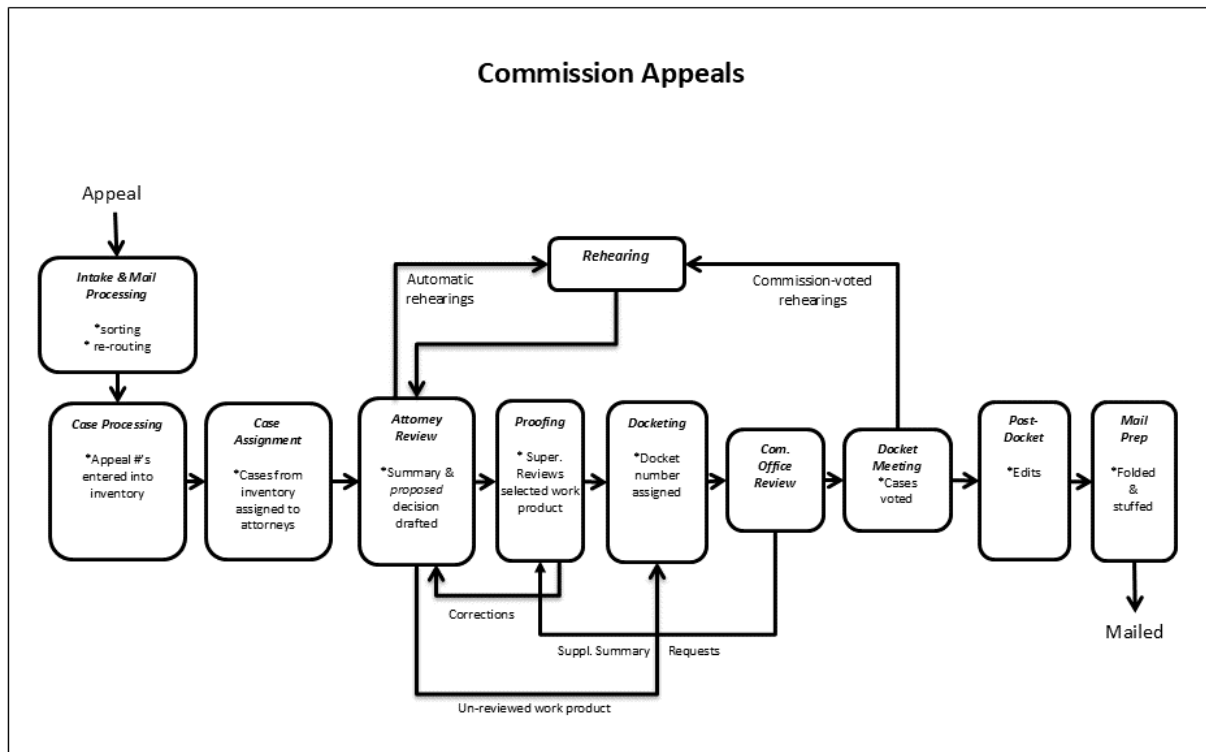
L. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, piece of equipment, or other entity (e.g., a facility). For each regulatory program, if applicable, describe:

N/A

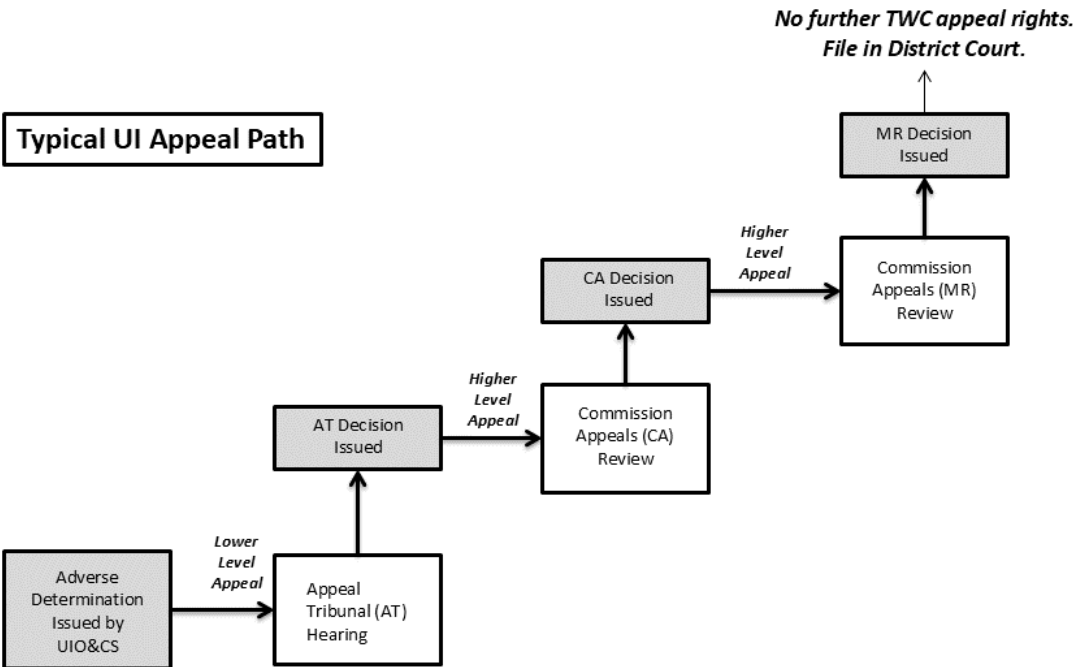
M. For each regulatory program, if applicable, provide detailed information on complaint and regulatory actions, including investigations and complaint resolutions. The data should cover the last five fiscal years and give a complete picture of the program's regulatory activity, including comprehensive information from initiation of a complaint to resolution of a case. The purpose of the table is to create uniformity across agencies under review to the extent possible, but you may make small adjustments to the table headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the data source and/or methodology supporting each measure. In addition, please briefly explain or define terms as used by your agency such as complaint, grievance, investigation, enforcement action, jurisdictional scope, etc.

N/A

Commission Appeals Flowchart



Unemployment Insurance Appeal Path



VIII. Statutory Authority and Recent Legislation

- A. Fill in the following tables, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from fiscal years 2020-2024 or earlier significant Attorney General opinions that affect your agency's operations.**

Texas Workforce Commission Exhibit 15: Statutes/Attorney General Opinions

Statutes

Services/Activities	Citation/Title	Authority/Impact on Agency
Administrative		
State Agency Employment Openings	State Statute: Government Code §656.001	Provides that any agency, board, bureau, commission, committee, council, court, department, institution, or office in the executive or judicial branch of state government that has an employment opening for which persons from outside the agency will be considered shall list the opening with TWC.
State Agency Lease Space	State Statute: Government Code §2167.001(b)(6)	Provides an exemption for TWC from provisions relating to lease space by state Facilities Commission
Interpreter Services; Bilingual Forms	State Statute: Labor Code §301.064	Requires TWC to provide language interpreters for agency programs through a comprehensive language services program for persons whose primary language is Spanish and permits TWC to provide language interpreters for agency programs for non-Spanish or English speakers. Requires essential agency forms and instructional information to be printed in both English and Spanish.
Texas Workforce Investment Council (TWIC)	State Statute: Government Code §2308.052 Federal Statute: 29 USC §3111 et seq.	TWIC (f/k/a Texas Council on Workforce and Economic Competitiveness) acts as a state workforce investment board under WIOA. TWIC was created by the Governor and Legislature to carry out certain evaluation and strategic planning functions in order to promote the development of a well-educated, highly-skilled workforce for Texas. The Executive Director of TWC serves as an ex-officio voting member on TWIC.

Services/Activities	Citation/Title	Authority/Impact on Agency
Commission Functions	State Statute: Labor Code §301.0015	Provides agency review of child labor appeal tribunal decisions under Subchapter D, Chapter 51.
Functions of Commission Chair	State Statute: Labor Code §301.006	Requires Commission Chair to serve as the agency's chair when the commission acts under Chapter 21 (Employment Discrimination and Chapter 301, Property Code (Fair Housing Act), and Subchapter D, Chapter 51 (Child Labor).
Application of Sunset Act	State Statute: Labor Code §301.008	Resets the agency's proposed abolishment date as Sept. 1, 2027 in accordance with the next Sunset Review.
Commission Divisions	State Statute: Labor Code §301.009	Provides for the establishment of a civil rights division within TWC.
Annual Report	State Statute: Labor Code §301.065	Requires the agency to submit a separate supplemental annual report along with the annual report of any information required by law.
Online State Agency Employment Applications	State Statute: Govt Code § 656.002	Requires the agency to maintain the online system for all state agencies employment.
E-Verify Program	State Statute: Govt Code § 673.001-673.003 Federal: 8 U.S.C. § 1324(a)	Requires the agency to adopt rules and prescribe forms to implement the use of the federal E-Verify program by all state agencies to verify work authorization status of all new employees.
Report On Equal Employment Opportunities	State Statute: Govt Code § 2052.003 Labor Code §21.551 - §21.555	Requires TWC civil right division to compile equal employment opportunity report and personnel policy statements from other agencies and filed with the governor and legislature.
Testing of contracted goods services of blind or visually impaired	State Statute: Govt Code § 2155.138	Requires TWC to test the goods and services of blind or visually impaired to ensure quality.
Child Care		

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Child Care	State Statute: Labor Code § 302.021(b)(2) and §§ 302.004-302.006; Human Resources Code §§ 44.001 <i>et seq.</i> and § 31.0035 State Rule: 40 TAC Chapter 809 Federal Statute: 42 USC §§601 <i>et seq.</i>; 42 USC §§ 9858 <i>et seq.</i> Federal Regulation: 45 CFR Part 98	Designates TWC as the state agency to administer a day care program established by federal law or funded by public money. Provides authority to implement child care subsidies to share the cost of child care for low-income families who are working, in training or other educational activities, as well as for those families receiving or transitioning off of cash assistance. Includes child care as a support service for participants in the TANF, Employment and Training activities and Food Stamps Employment and Training activities. TWC is responsible for the administration, monitoring, evaluation, contracting of federally funded child-care programs in the state.
Child Support Obligations	State Statute: Labor Code § 207.092 Federal Statute: 42 USC § 503(e)	TWC shall notify the state or local child support enforcement agency when someone who owes a child support obligation qualifies for unemployment compensation as required by federal law.
Child Labor	State Statute: Labor Code §51.001 <i>et seq.</i> State Rule: 40 TAC Chapter 817 Federal Statute: 29 USC §§ 201-219 Federal Regulation: 29 CFR Parts 570, 575, and 579	Authorizes TWC to protect children in employment, with restrictions on employment, imposition of child labor violations and penalties, and an administrative and appeal process consistent with UI appeals.
Infant and Early Childhood Child Care	State Statute: Government Code §2308.316 State Rule: 40 TAC Chapter 809 Federal Statute: 42 USC §601 <i>et seq.</i>; 42 USC §9858 <i>et seq.</i> Federal Regulation: 45 CFR Part 98	Requires Local Workforce Development Boards (LWDBs) to allocate a portion of federal child care funds dedicated to quality improvement activities to a competitive procurement process that providers who serve children less than four years of age are encouraged to voluntarily meet the criteria of TWC's Texas Rising Star program.

Services/Activities	Citation/Title	Authority/Impact on Agency
Reimbursement Rates	State Statute: Government Code §2308.315 §2308.3151 State Rule: 40 TAC Chapter 809 Federal Statute: 42 USC §601 <i>et seq.</i> ; 42 USC §9858 <i>et seq.</i> Federal Regulation: 45 CFR Part 98	Requires each LWDB to establish graduated reimbursement rates for child care based on TWC's Texas Rising Start program with a minimum reimbursement rate of 5% greater than the maximum rate established for Texas Rising Start providers for the same category of care. The designated vendor rate shall be funded with federal child-care development funds dedicated to quality improvement activities.
Work and Family Policies Clearinghouse	State Statute: Labor Code §§81.001 <i>et seq.</i> and 302.021(a)(6); Health and Safety Code § 191.0045 State Rule: 40 TAC Chapter 845	Establishes a Work and Family Policy Clearinghouse of information for employers, workers, and caregivers in Texas to provide technical assistance and information on dependent care and other employment-related family issues to public and private employers, state agencies, policymakers, and individuals.
Evaluation of Fund Allocation for Child Care	State Statute: Labor Code §302.0042 State Rule: 40 TAC 809	Requires the agency to annually evaluate the formulas used by LWDBs to distribute federal child care development funds to ensure that needs of each area are met through assessments of use, performance measures, averages costs, poverty rates, wait lists, subsidized care, number of providers with Texas Rising Star Rating, and enrollment.
Evaluation of effectiveness of subsidized child care program	State Statute: Labor Code §302.0043 State Rule: 40 TAC 809	Requires the agency to evaluate the effective of subsidized child care programs every other year through the assessment of various measures such as parent's ability to find and maintain employment, the program's ability to collaborate with other state and federal programs, cost, training, quality and availability, and performance as well as include recommendations.
Subsidized child care program input policy	State Statute: Labor Code §302.00435 State Rule: 40 TAC 809	Requires the agency to develop a policy to receive and integrate input from interested parties regarding its subsidized child care program to improve quality, access, coordination with pre-k programs, safety, cost, and compliance with regulations.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Information for public schools	State Statute: Labor Code §302.00436 State Rule: 40 TAC 809	Requires LWDBs to inform local school districts in its area about partnering with local providers to expand access and provide facilities for pre-k programs.
Pre-K Partnership Programs	State Statute: Labor Code §302.0051 State Rule: 40 TAC 809	Requires the agency to establish and administer a pre-k partnership program between child care providers and local school districts to provide pre-k classes to include using existing funds to develop strategies with the TEA to expand access.
Professional Child care training scholarships, bonuses and wage supplements	State Statute: Labor Code §302.006 State Rule: 40 TAC 809	Provides that the agency may develop and administer a program to award \$1000 scholarships for child care training to eligible recipients to pay for certain expenses related to their training and credentialing in return for an agreement to work for at least 18 months in a Section 42.002, Human Resources Code child care facility located in certain schools and communities.
Strategic plan support child care workforce	State Statute: Labor Code §302.0062	Requires the agency to prepare a strategic plan to develop the child care workforce in the state by convening a workgroup consisting of child care workers and providers and stakeholders that will make recommendations regarding compensation, professional development, training and education, and best practices for LWDBs. The plan is to be updated every three years.
Child care professional development scholarship	State Statute: Labor Code §302.0063	Requires the agency to establish a scholarship fund from appropriated funds for child care workers to assist with costs earning a degree in child care, apprenticeship programs, credentialing exams, books and supplies, stipends, travel
Child care provider contract agreements	State Statute: Labor Code §302.0461	Provides that LWDBs may contract with Texas Rising Star 3 star child care providers in the area to provide subsidized child care under certain local conditions and to provide an evaluation report to the Commission after 6 months containing the listed information.
Child-Care Resource and Referral Network	State Statute: Labor Code §310.005	Provides for a child care resource and referral network to assist in finding child care and early childhood education services.

Services/Activities	Citation/Title	Authority/Impact on Agency
Relative Child Care	State Statute: Labor Code §313.005	Requires TWC to enter into an MOU with DFPS regarding the administration and payment of costs of listing a relative child-care provider as a family home with DFPS.
Civil Rights Division		
Equal Employment Opportunity	State Statute: Labor Code, Chapter 21 State Rule: 40 TAC Chapter 819 Federal Statute: 42 USC §§ 2000e et seq.; 29 USC §63; 42 USC §12101 et seq. Federal Regulation: 29 CFR Parts 1600- 1699	Provides authority to TWC's Civil Rights Division, formerly the Texas Commission on Human Rights, to execute the policies of Title VII of the Civil Rights Act of 1964 (42 USC §2000e et seq.), 42 USC §2000e-5(c), 29 USC §633, and Title I of the Americans with Disabilities Act (42 USC §12101 et seq.) CRD investigates charges of employment discrimination based upon protected classes such as race, color, religion, sex, gender, national origin, age and disability under the Texas Labor Code. The statute also requires state agencies to report equal employment opportunity data to CRD for review and monitoring.
State Agency Policies and Procedures	State Statute: Labor Code §§ 21.453-21.456 State Rule: 40 TAC § 819.23	CRD shall review the personnel policies and procedures of each state agency once every six years on a staggered schedule to determine compliance with the Texas Labor Code, Chapter 21.
Required Compliance Training for State Agencies	State Statute: Labor Code 21.556 State Rule: 40 TAC 819.25	Requires TWC by rule to adopt minimum standards for a comprehensive equal employment opportunity training program to appropriate supervisory and managerial employees of a state agency that receives three or more complaints of employment discrimination in a fiscal year.
State Agency Training	State Statute: Labor Code § 21.010 State Rule: 40 TAC §§ 819.24- 819.26	Each state agency shall provide its employees with standard employment discrimination training no later than the 30 th day after the date the employee is hired by the agency, with supplemental training every two years thereafter. Each state agency shall provide the standard training using a training program from CRD's preapproved list of training programs that have been reviewed and certified by CRD as compliant with its training standards.

Services/Activities	Citation/Title	Authority/Impact on Agency
Texas Fair Housing Act	State Statute: Property Code, Chapter 301 State Rule: 40 TAC §§ 819.111 <i>et seq.</i>	Provides CRD with enforcement authority over the Texas Fair Housing Act, codified in the Texas Property Code. This statute gives CRD the authority to investigate and settle complaints of discriminatory housing practices based upon an individual's race, color, religion, sex, disability, familial status, or national origin.
Definitions and Authority	State Statute: Labor Code §301.151 through 301.153(a) Property Code 301.0015	Provides for the renaming of the Human Rights Commission to the civil rights division and establishes that the division be responsible for administering Chapter 2 and Chapter 301, Property Code under the direction of the director as appointed by executive director.
Required Reporting	State Statute: Labor Code §301.157 40 TAC 819.3	Requires the agency to prepare and submit with its annual report to the governor and legislature an analysis of valid employment discrimination complaints (redacted of PI) filed in the previous fiscal year that includes number and trends.
Workforce Development		
Employment Services	State Statute: Labor Code § 307.001 <i>et seq.</i> State Rule: 40 TAC Chapter 843 Federal Statute: 29 USC §49 <i>et seq.</i> ; 42 USC §1101 Federal Regulations: 20 CFR Part 652	Provides that TWC is the state agency designated to cooperate with the United States Employment Service as necessary to perform the duties of the State under the Wagner-Peyser Act and requires TWC to establish and maintain free public employment offices. Provides employers and job seekers with guidance for accessing the clearinghouse of employer and job seeker information.

Services/Activities	Citation/Title	Authority/Impact on Agency
Temporary Assistance for Needy Families (TANF) (includes all TANF-funded programs and specific initiatives such as Choices, Retention Services, Re-employment Services, and Local Innovation Grants)	State Statute: Labor Code § 302.001 <i>et seq.</i>; Education Code §54.001 <i>et seq.</i>; Human Resources Code § 31.001 <i>et seq.</i> State Regulation: 40 TAC Chapter 811 Federal Statute: 42 USC §601 <i>et seq.</i> Federal Regulation: 45 CFR 260	Provides for assistance to low income families to obtain and retain employment. Adults may engage in training and educational activities that will enhance employment opportunities. Requires TWC to provide employment services, including needs assessment, job training, post-employment services, and related support services, to non-TANF-recipient parents to comply with federal work participation requirements.
Definitions	State Statute: Labor Code § 302.001 <i>et seq.</i>; Education Code §54.001 <i>et seq.</i>; Human Resources Code § 31.001 <i>et seq.</i> State Regulation: 40 TAC Chapter 811 Federal Statute: 42 USC §601 <i>et seq.</i> Federal Regulation: 45 CFR 260	Defines “career education and training program” be defined for the chapter be defined as in Section 2308A.001 of the Government Code.
CHOICES (TANF Employment and Training Program)	State Statute: Labor Code § 302.021(a)(16); Human Resources Code Chapters 31 and 34 State Rule: 40 TAC Chapter 811 Federal Statute: 42 USC § 601 <i>et seq.</i> Federal Regulations: 45 CFR Part 260	Provides for coordination between TWC and HHSC for the implementation of the employment and training component for persons receiving or transitioning off public assistance.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Community Supervision & Corrections	State Statute: Government Code §§ 76.003 and 76.014	Provides for the establishment of a community justice council to provide policy and guidance for community justice plans, correction facilities, programs and conditions of supervision. The council shall appoint a task force which shall include as one member the local representative of TWC. Establishes a developmental program to assess and enhance defendants' education and skills.
SNAP Employment and Training (E&T)	State Statute: Texas Labor Code § 302.021(a)(17); Texas Human Resources Code § 31.027 State Rule: 40 TAC Chapter 813 Federal Statute: 7 USC §§ 2015 and 2025 Federal Regulation: 7 CFR Parts 271-283	Assists in the provisioning of the SNAP E&T Program formerly known as Federal Food Stamp Act of 1977 by providing support services to assist recipients, who are not receiving TANF, in entering employment through participation in allowable job search, training, education, or work-fare activities that promote self-sufficiency.
Job Counseling for Displaced Homemakers or Workers	State Statute: Labor Code §§ 304.001 <i>et seq.</i> and § 302.021(a)(8)	Requires TWC, through a special job-counseling program, to provide job counseling, training, education, and placement services for displaced homemakers.
Self- Sufficiency Fund	State Statute: Labor Code § 309.001 <i>et seq.</i> State Rule: 40 TAC Chapter 835 Federal Statute: 42 USC § 601 <i>et seq.</i> Federal Regulation: 45 CFR Part 260	Provides training for targeted employment opportunities primarily for TANF recipients, as well as those individuals identified as at risk of becoming dependent on public assistance. The goal of the fund is to provide training that will lead to a job that will allow participants to become and remain independent of financial assistance provided under Human Resources Code, Chapters 31, 33 and 34. The fund may be used by a public community, technical college, community-based organization, state extension service or TEEX for job-training purposes including customized job-training projects for TANF recipients, at-risk persons, businesses, trade unions, small and medium-sized businesses, and certain support services.

Services/Activities	Citation/Title	Authority/Impact on Agency
Foreign Labor Certification (FLC)	Federal Statute: 8 USC § 1101 <i>et seq.</i> ; 29 USC § 49 <i>et seq.</i> Federal Regulation: 20 CFR Part 655	TWC's Foreign Labor Certification program helps employers recruit and hire temporary workers. When U.S. workers are not available for these temporary positions, the FLC unit reviews labor certification applications from employers to ensure compliance with DOL rules. TWC's FLC unit forwards the application to DOL's National Processing Center for certification or denial.
Individual Development Account	State Rule: 40 TAC § 811.67 Federal Statute: 42 USC § 604(h) Federal Regulation: 45 CFR Part 263	Provides for the implementation of an Individual Development Account, that allows a low-income individual participating in the Choices Program to deposit earned income into a savings account and allows qualifying entities to contribute matching TANF funds. Choices participants may only use the savings accounts for post-secondary education, a first home purchase, or business capitalization.
Inmate Welfare - Continuity of Care	State Statute: Government Code §501.095; Labor Code §302.021(a)(11) State Rule: 40 TAC Chapter 847	Provides for the TDCJ and TWC to adopt an MOU regarding their respective responsibilities to establish a continuity of care program for inmates with a history of chronic unemployment.
Senior Community Service Employment Program	State Statute: Labor Code §302.021(a)(5); Federal Statute: 42 USC §3056 Federal Regulations: 20 CFR Part 641	Provides for a public service program that funds employment for economically disadvantaged citizens age 55 and older. The program offers senior Texans with limited income an opportunity to earn supplemental money that can have a significant impact on their standard of living.
Skills Development Fund	State Statute: Labor Code §303.001 <i>et seq.</i> State Rule: 40 TAC Chapter 803	Provides for training grants for businesses that join with local colleges or technical schools to improve the quality of workers by offering customized job training for specific employers who will provide jobs for these trainees once training is completed. The purpose is to enhance the ability of public community and technical colleges and the TEEX to respond to industry and workforce training needs and to develop incentives for public community and technical colleges. The goal is to

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
		increase the skills level and wages of the Texas workforce.
Trade Assistance Act	State Statute: Labor Code § 302.021(a)(15) State Rule: 40 TAC Chapter 849 Federal Statute: 19 USC §§ 2271 <i>et seq.</i> Federal Regulation: 20 CFR Part 617	Provides funding for training, job search, and relocation assistance to individuals who lose jobs due to foreign imports. NAFTA-TAA provides an additional source of funds for those who lose manufacturing jobs due to imports from Mexico or Canada including production shifts and those indirectly affected by trade with those countries. TWC administers these federal funds. Services provided may include training and income support benefits. Trade Readjustment Allowances are paid to individuals enrolled in approved training programs who have exhausted their UI benefits.
Report on trade adjustment programs	State Statute: Labor Code § 302.021(a)(15) and 302.007 State Rule: 40 TAC Chapter 849 Federal Statute: 19 USC §§ 2271 <i>et seq.</i> Federal Regulation: 20 CFR Part 617	Require the agency to supplemental annual report on the effectiveness of federal trade adjustment programs.
Employment information for secondary school students	State Statute: Labor Code §302.014	Requires the agency to provide information to the TEA regarding employment opportunities, career and technical partnership opportunities, and professional development opportunities for teachers and students.

Services/Activities	Citation/Title	Authority/Impact on Agency
Peace officer employment opportunity website	State Statute: Labor Code §302.017	Requires the agency to create and maintain an employment opportunity website for peace officers and law enforcement that is available to the public in conjunction with Texas Commission on Law Enforcement that includes information sharing and Chapter 1701, Occupations Code license verification.
Occupational Shortage Study	State Statute: Labor Code §302.019	Requires the agency to gather, study and report on current and projected shortages in high-demand, high-wage occupations in the listed areas and to report this information with recommendations annually to the governor, lieutenant governor, speaker of the house, and the legislative workforce committees and subcommittees
Apprenticeship Training	State Statute: Education Code Chapter 133; Labor Code §302.021(a)(2); State Rule: 40 TAC Chapter 837 Federal Statute: 29 USC § 50 <i>et seq.</i> Federal Regulation: 29 CFR Part 29	Pursuant to the National Apprenticeship Act, provides authority to implement apprenticeship programs that include on-the-job training, preparatory instruction, supplemental instruction, or related instruction in a trade that has been certified as an apprentice able occupation by the DOL Office of Apprenticeship Training.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Apprenticeship Training - Distribution of Funds	State Statute: Education Code §133.006	Requires TWC, on recommendation of the advisory committee, to adopt formulas and administrative procedures to be used in requesting appropriations of state funds as a budgetary line item for the Apprenticeship System of Adult Career and Technology Education
Report on available apprenticeships	State Statute: Labor Code §302.0191 State Rule: 40 TAC Chapter 837 Federal Statute: 29 USC § 50 <i>et seq.</i> Federal Regulation: 29 CFR Part 2	Requires the agency and LWDBs to annually report on available apprenticeship programs in the state in emerging and high-demand industries to include recommendations on how to increase these programs and to provide this information to the Apprenticeship and Training Advisory Committee.
Texas Industry Recognized Apprenticeship Programs Grant Programs	State Statute: Labor Code §§302.251 through 302.258 State Rule: 40 TAC Chapter 837 Federal Statute: 29 USC § 50 <i>et seq.</i> Federal Regulation: 29 CFR Part	Provides for the establishment and administration of an apprentice program grant program to encourage the private sector to develop industry-recognized apprenticeship program, award grants of up to \$10k to cover costs of training participants. The Commission must annually report to the lieutenant governor, speaker and legislature the effective of the program.

Services/Activities	Citation/Title	Authority/Impact on Agency
Veterans Reemployment Education and Training Courses	State Statute: Labor Code §316.001	Requires the Commission to develop education and training for veterans with the goal that veterans obtain workforce skills and become gainfully employed.
Workforce Diploma Pilot Program	State Statute: Labor Code §§317.001-317.010	Provides for the establishment and review of a workforce diploma pilot program in conjunction with TEA to assist eligible high school diploma granting entities to be reimbursed for successfully assisting adult students to obtain high school diplomas and technical career skills and publish this list annually. The Commission must provide an annual report to the legislature of the program's effectiveness. The program expires on September 1, 2027.
Work Opportunity Tax Credit (WOTC)	State Statute: Labor Code §§ 301.067 and 301.0671 Federal Statute: 26 USC §§ 51 <i>et seq.</i>	Provides for a WOTC and State Tax Refund for certain employers who hire employees from a targeted group. The targeted groups are qualified IV-A recipient, qualified veteran, qualified ex-felon, a designated community resident, vocational rehabilitation referral, qualified summer youth employee, qualified SNAP recipient, a qualified SSI recipient and a long term family assistance recipient.
County Responsibilities	State Statute: Health and Safety Code § 61.042	The Texas Indigent Health Care and Treatment Act allows a county to establish certain procedures consistent with Chapter 31, Human Resources Code, for administering an employment services program and requiring an applicant or eligible resident to register for work with TWC.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Public Entities to List Positions with TWC	State Statute: Government Code §657.009 State Rule: 40 TAC Chapter 843	Provides employers and job seekers with clearinghouse confidential job matching services, requires the agency to provide registration information and online forms for the federal electronic verification authorization program, E-Verify and requires public entities to provide TWC information regarding any open position subject to the military employment preferences.
Fund allocation for job training, employment services, AEL, and child care	State Statute: Labor Code §302.004	Provides that the agency may allocate funds on a need based formula for job training, employment services, AEL services and child care services to ensure compliance with federal participation rates and achieve integrated education and training.
Report on transition from military service to employment	State Statute: Labor Code §302.020	Require the agency in consultation with the Texas Coordinating Council on Veteran Services to annually report to the governor, lieutenant governor, speaker, and relevant legislative committees on the most common occupational specialties of military members transitioning to employment to include transferable skills and available certifications and any other data identified by the College Credit for Heroes program which would help servicemembers to transition to employment.
WF development career and education and training evaluation pilot program	State Statute: Labor Code §302.0201	Requires the agency to establish and administer a pilot program in the Borderplex workforce area to collect and evaluate data on career education and training programs.
Information, data and analysis for workforce development evaluation system	State Statute: Labor Code §302.082 and §302.083	Provides for the type of data to be annually reported and analyzed for the data evaluation system that each state agency is required to provide to the agency and includes a mandate to include a hyperlink in the where self-sufficient wage data can be found.

Services/Activities	Citation/Title	Authority/Impact on Agency
Skills Development Fund	State Statute: Labor Code §§303.001 through 303.006 40 TAC 803	Provides for the creation of a fund to assist public and provide incentives to community-based organizations, colleges, technical school, LWDBs, employers to create workforce training programs, provide customized assessment and training for high demand employment.
Texas Career Opportunity Grant Program	State Statute: Labor Code §§305.029	Requires the Commission to provide an annual supplemental report regarding the grant program and outlines the requirements of the report.
Industry-Based Certification Advisory Council	State Statute: Labor Code §§312.001-3012.003	Established the industry-based certification advisory council to advise the agency regarding alignment of public high school CTE programs with current and future workforce needs.
AEL Commission Duties	State Statute: Labor Code §§315.002 and 312.007 40 TAC 805	Requires the Commission to establish annual performance requirement for entities that receive money under this chapter and develop a performance based process to award funds to delivery AEL services.
Adult Education Assessment	State Statute: Labor Code §315.004 40 TAC 805	Provides for the Commission along with TEA and THECB to review the standardized participant assessment.
Local Workforce Development Boards		
Local Workforce Development Boards (LWDBs)	State Statute: Government Code §§ 2308.252 through 2308.307 State Rule: 40 TAC Chapter 801 Federal Statute: 29 USC §§ 3122 <i>et seq.</i> Federal Regulation: 20 CFR Part 679, Subpart C	Provides for the creation and duties of LWDBs. Addresses LWDB membership and composition. Provides the criteria for the formation, governance and membership requirements of local boards.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
One-Stop Career Center System	State Statute: Government Code §§ 2308 Subchapter G; Labor Code §302.021 State Rule: 40 TAC Chapter 801 Federal Statute: 29 USC §3151 <i>et seq.</i> Federal Regulation: 29 CFR Part 678	Provides for the creation and duties of the One-Stop Career Center System. Sets forth duties of LWDBs and includes provisions for the operation of one-stop career centers. The LWDBs support the community by providing labor market information and a “one-stop for service” approach to administering the workforce development system.
Literacy Activities	State Statute: Labor Code §302.021(a)(12); Government Code §2308.1016	Provides for implementation of literacy activities to provide adults with the basic skills necessary to find and retain employment. Assists literacy service providers and LWDBs with improving basic skills training for Texans. The program will be evaluated by TWIC.
Eligible Training Provider System	State Statute: Labor Code § 302.021(a)(7) State Rule: 40 TAC Chapters 801 and 841 Federal Statute: 29 USC §§ 2801 <i>et seq.</i> Federal Regulation: 20 CFR Parts 652 <i>et seq.</i>	WIOA requires training providers to apply to a LWDB for certification to receive WIOA funds. The publicly accessible Statewide List of Certified Training Providers includes all training programs that are currently approved by one or more Boards and certified by TWC. Training Providers must submit and receive approval of a Provider Assurance Statement to obtain access to the online application system.
Block grants to LWD areas	State Statute: Labor Code §302.062	Requires the agency to provide block grant funds to LWDBs for workforce training and employment services with listed exceptions and caps on administrative costs of administering these services.

Services/Activities	Citation/Title	Authority/Impact on Agency
Wages		
Texas Payday Law	State Statute: Labor Code § 61.001 <i>et seq.</i> State Rule: 40 TAC Chapter 821 Federal Statute: 29 USC §§ 201-219 Federal Regulation: 29 CFR Parts 530 - 580	Requires employers to pay wages to employees who are exempt from the Fair Labor Standards Act of 1938 (FLSA) overtime- pay provisions, at least once a month, on an employer-designated day. Sets forth the rights, duties and obligations of employers and employees relating to wages and provides guidance to employees on filing wage claims with TWC. Provides for an administrative and appeal process for wage claims and enforcement of Texas Payday Law.
Texas Minimum Wage Act	State Statute: Labor Code §§ 62.001 <i>et seq.</i> Federal Statute: 29 USC § 206 Federal Regulation: 29 CFR Parts 510, 519, 528 and 578	Requires employers to give employees a written earnings statement covering the pay period that an employee works. Requires TWC to distribute information on the Minimum Wage Law to the public. Requires employers to comply with the federal minimum wage as provided by Section 6 of FLSA. Also sets forth provisions for agricultural piece-rate workers, certain employment exemptions, and applicable civil penalties for chapter violations.
Employer Wage Withholding for Child Support Obligations and State Directory of New Hires Updating Requirements	State Statute: Family Code §§ 158.214, 234.102 and 234.105	Requires an employer who receives a writ of withholding for child support obligations to withhold from any severance pay an amount equal to what the obligor would have paid if the severance pay had been paid as the obligor's usual earnings as a current employee. Provides an administrative and a civil penalty for the failure of an employer to make reports to the state directory of new hires, as required by federal and state law.
Prevailing Wage for Private Sector Prison Industries Program	State Statute: Government Code §497.058	Provides that participants at each private sector prison industries program be paid not less than the prison industry enhancement certification program (PIECP) wage as computed by TWC, with certain exceptions.
Workforce Innovation and Opportunity Act		

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Wagner-Peyser Act	State Statute: Labor Code § 301.063 Federal Statute: 29 USC §§ 49 <i>et seq.</i> ; 42 USC §§ 301 <i>et seq.</i>	Provides that TWC shall implement the Federal Wagner-Peyser Act. TWC will cooperate with the Secretary of Labor consistent with this title, making necessary reports, complying with federal regulations and cooperating with any officials or agencies with powers or duties under the Wagner-Peyser Act. Provides TWC will work with TXDOT to deliver public transportation services to clients of eligible programs.
Adult, Dislocated Worker and Youth Services	State Statute: Labor Code § 302.021(a)(7) State Rule: 40 TAC Chapters 801 and 841 Federal Statute: 29 USC §§ 3161 through 3174 <i>et seq.</i> Federal Regulation: 20 CFR Part 680	Provides that job-training programs funded initially under the Workforce Investment Act of 1998, superseded by the Workforce Innovation and Opportunity Act (WIOA) of 2014, will be consolidated under TWC. Provides for the implementation of WIOA as it relates to the duties of TWC and LWDBs. Requires each board to maintain a One-Stop Service Delivery System consistent with WIOA and state law. WIOA assists adults, dislocated workers, and youth with obtaining permanent self-sustaining employment and includes rapid-response services that provide assistance to employers and workers facing company closures or downsizing.
Job Corps Coordination	Federal Statute: 29 USC §3191 <i>et seq.</i>	Provides for Job Corps coordination with WIOA services.
National Programs	Federal Statute: 29 USC §§3221 <i>et seq.</i> Federal Regulation: 20 CFR Parts 685-687	Provides for the implementation of WIOA National Programs including, Migrant and Seasonal Farm Workers, Veterans and Youth Opportunity Grants, and National Emergency Grants for Dislocated Workers. In making these grants, DOL will at a minimum consult and coordinate with the state if not directly contract with TWC and local boards.

Services/Activities	Citation/Title	Authority/Impact on Agency
Adult Education and Family Literacy Act (AEFLA)	State Statute: Labor Code Chapter 315 Federal Statute: Title II of WIOA	Provides for the principal source of federal support for adult basic and literacy education programs for adults who lack basic skills, a high school diploma, or proficiency in English. AEFLA funds are distributed by formula to states using Census data on the number of adults (ages 16 and older) in each state who lack a high school diploma and who are not enrolled in school. States must match 25% of the federal contribution with state or local funds. States competitively award 82.5% of their federal grants to local school districts, community colleges, community- and faith-based organizations, and other providers to support adult education programs. States retain 17.5% of the federal allocation for program improvement activities (12.5%), such as professional development for instructors, and administrative expenses (5%).
Unemployment Insurance		
Unemployment Insurance (UI)	State Statute: Labor Code Chapters 201 through 215 State Rule: 40 TAC Chapter 815 Federal Statute: 42 USC §§ 501 <i>et seq.</i> ; 26 USC §§3301 <i>et seq.</i> Federal Regulation: 20 CFR Parts 601- 650	Requires employers to pay taxes under the Federal Unemployment Tax Act and provides for administrative processing of UI under the Texas Unemployment Compensation Act. Defines employment and certain applicable exceptions to employment. Defines wages and certain applicable exceptions to wages.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
General Definitions for Employment	State Statute: Labor Code §201.011; §201.021; §201.030; §201.063; §201.067 and §201.077 State Rule: 40 TAC Chapter 815 et al.	Provides that an "Employing unit" means a person who has employed an individual to perform services in this state. This includes a common paymaster. The definition of employer does not apply to a franchisor with respect to a franchisee or a franchisee's employees. "Professional employer organization" means a business entity that offers professional employer services. Employment does not include election officials or workers if they earn less than \$1,000.00 in a calendar year, or services performed by a landman. This would make these types of workers ineligible for unemployment benefits. Additionally, employment does not include services performed by individuals whose earning capacities are impaired by age, physical impairment, disability, mental illness, or injury for unemployment benefit purposes. However, "employment" may include some of these workers if they have completed training and are working for a sheltered workshop or other charitable facility.
Unemployment Compensation Act and Conformity with Federal Statutes	State Statute: Labor Code § 201.101	Provides that if a provision of Section 91.044(a-1) or a provision in this subtitle does not conform with federal statute, TWC may administer Section 91.044(a-1) or this subtitle, to conform with the federal statute until there is an opportunity for the legislature to meet in session to amend the applicable law.
Use of Requisitioned Funds	State Statute: Labor Code § 203.025	Allows TWC to expend funds, under an agreement with or waiver by the United States secretary of labor, from the state's account in the federal trust fund for reemployment activities. TWC will provide to the legislative standing committee any evaluation reports required by the USDOL for a reemployment demonstrating project.

Services/Activities	Citation/Title	Authority/Impact on Agency
Special Administration Fund; Forfeiture of Unemployment Benefits and Penalties	State Statute: Labor Code §203.201 and §214.003	Provides that the special administration fund consists of all interest and penalties collected under this subtitle, other than penalties assessed under Section 214.003(a)(2), and any amounts received under any surety bond for losses sustained by the special administration fund. TWC shall require a person who willfully misrepresents a material fact and receives unemployment benefits, to pay a penalty equal to 15% of the improper amount received. The person will forfeit the benefits they improperly received, and the right to any remaining benefits in that same benefit year. TWC must offer the person a fair hearing before finalizing any forfeiture, cancellation of benefits, or penalty assessed.
Unemployment Benefits for Victims of Family Violence and Sexual Assault	State Statute: Labor Code §§ 204.022(11) and 207.046	Authorizes an employee to use an active or recently issued protective order, police record, physician's statement or other medical documentations, or written documentation from a family violence or rape crisis center as evidence of sexual assault occurring against the employee or the employee's immediate family for purposes of unemployment benefits. Benefits computed on benefit wage credits of an employee or former employee may not be charged to the account of an employer if the employee's last separation from the employer's employment before the employee's benefit year resulted from the employee leaving the employee's workplace to protect the employee from family violence or stalking or the employee or a member of the employee's immediate family from violence related to a sexual assault as evidenced by the documents listed above.
Unemployment Compensation Contribution Tax Rate and Replenishment Ratio	State Statute: Labor Code § 204.045 and 204.045(b)(4)	Requires TWC to compute the replenishment ratio for each calendar year. In computing the amount of the benefits charged or paid, TWC shall not include the amount of benefits paid and not effectively charged to an employer's account as a result of an order or proclamation by the governor declaring at least 50% of the counties in this state to be in a state of disaster or emergency.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Unemployment Compensation Fund Surplus	State Statute: Labor Code §§ 203.102 and §§ 204.065 -- 204.067	Allows TWC to use surplus funds in the unemployment compensation fund under Section 204.065 to pay outstanding bond obligations or to provide surplus credit or a surplus credit rate to eligible employers.
Successor Employers and Transfer of Contribution Rates	State Statute: Labor Code § 204.081- § 204.085	Requires TWC to determine whether successor employers should inherit the predecessor employer's unemployment insurance rate. This will require TWC to evaluate employers in cases of partial acquisition to determine whether they have met the criteria to inherit the predecessor's unemployment insurance experience rating. "Substantially common ownership" does not exist solely because the predecessor employer has the right to repossess the part acquired by the successor employer in the event of the successor's failure to complete a condition of the acquisition.
Unemployment Benefit Reimbursements	State Statute: Labor Code § 205.0125; §205.013; §205.019	Provides TWC authority related to billing and collection of unemployment benefit reimbursements. TWC is required to determine when employers qualify for exceptions to reimbursements, calculate bills reimbursing employers owe for benefits paid, and collect reimbursements for non-treasury funds.
Unemployment Compensation Benefit Wage Credits and Confidentiality	State Statute: Labor Code §§ 207.002, 207.004, 301.081 and 301.085	Allows TWC to count wages owed as benefit wage credits in the individual's base period of employment even if payment of those wages has not yet been made. Conforms state law to federal unemployment compensation confidentiality regulations.
Eligibility Conditions for Unemployment Compensation Benefits	State Statute: Labor Code § 207.021; § 207.026	Provides eligibility conditions that an individual must meet to receive unemployment benefits. TWC is authorized to adopt rules that determine how an individual is actively seeking work. Requiring TWC to adopt a drug screening and testing program as part of the requirements for the receipt of benefits. Drug screening or testing is a condition to receive unemployment benefits for certain individuals.

Services/Activities	Citation/Title	Authority/Impact on Agency
Disqualification of Unemployment Benefits	State Statute: Labor Code §207.044 (a), § 207.045 (a), 207.047	Provides that an individual who is discharged from work for misconduct connected with the last work or voluntarily leaves work without good cause may be disqualified from receiving unemployment benefits. 207.047 provides that an individual is disqualified for failing to apply for available work when directed to by the Commission, refuses to accept suitable work offered or refuses to return to the individual's customary self-employment, if any, when directed by the commission.
Required Notices for Unemployment Benefits and Chargebacks	State Statute: Labor Code § 208.004; § 212.005	Provides that a response to a notification about an unemployment claim must include sufficient factual information to allow TWC to make determinations regarding the claimant's entitlement to benefits. TWC may adopt rules as necessary to implement this section. A chargeback may be made to an employer's account for benefits paid to a claimant that are not in accordance with the final determination, if the benefits were paid due to the failure of the employer to comply with Section 208.004.
Claim Status Information for Unemployment Benefits	State Statute: Labor Code § 208.005	Requires TWC to ensure that a person who files a claim for benefits is able to check the status of the claim through telephonic or electronic methods. TWC is required to include in a prominent location on Internet website detailed information regarding the available methods for a claimant to check the status of their claim.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Recovery of Improper Unemployment Compensation Benefits	State Statute: Labor Code § 212.006 and § 214.002	Allows TWC to recover improper benefits by collecting a refund from the claimant or through deduction of future benefits payable to the claimant. TWC may accept payment for benefits by personal check, cashier's check, money order, debit card, electronic check, or electronic funds transfer. Payment may be accepted by TWC through the mail and Internet. TWC is provided the authority to adopt rules to accept forms of payment not listed in this subsection.
Restrictions or Conditions on Payments to TWC	State Statute: Labor Code § 213.012	Provides that a person is prevented from placing a restriction or condition on a payment instrument sent to TWC for the payment of unemployment contributions, penalties, or interests owned to the Commission by the employer.
Misclassification of Workers	State Statute: Labor Code § 214.008	Authorizing TWC to impose and collect penalties from persons who misclassify their workers under governmental contracts. Persons who contract with a governmental entity are required to properly classify their workers as either employees or independent contractors. Subcontractors must also be properly classified. A penalty equal to \$200 may be assessed for each individual that is not properly classified.

Services/Activities	Citation/Title	Authority/Impact on Agency
Recovery of Covered Unemployment Compensation Debt	State Statute: Labor Code § 214.009	Authorizing TWC to collect covered unemployment compensation debt through the federal Treasury Offset Program. TWC may collect covered unemployment compensation debt through overpayments from fraud or failure to report earnings, past-due employer contributions owed to the compensation fund, and any penalties or interest assessed on the debt. Before collecting, TWC is required to first notify the debtor, give the debtor 60 days to prove the debt is not legally enforceable, not due to fraud or unreported earnings, or is a not contribution owed.
Shared Work Unemployment Compensation Program	State Statute: Labor Code §204.046; and § 215.001 - § 215.022	Authorizing TWC to approve a shared work plan if: the plan identifies the employees in the affected unit by name and SSN, estimates how many employees would be laid off with the plan, reduce weekly hours by at least 10% but not more than 40%, apply to at least 10% of the employees, and allow workers to participate in the training. Employers must continue fringe benefits for participating employees unless those benefits are not continued for employees participating in the shared work plan and participation in the plan is consistent with the employer's obligations under the state and federal law. Shared work benefits paid under Chapter 215 may not be charged to the account of an employer if the benefits are reimbursed by the federal government under the federal Layoff Prevention Act of 2012.
Re-Employment Services	State Statute: Labor Code § 302.021(a)(7) Federal Statute: 29 USC §3111 <i>et seq.</i> Federal Regulation: 20 CFR Part 682	Consolidates job-training programs funded by WIOA under the authority of TWC. These services include reemployment services provided in addition to reemployment services provided under RESEA program.

Services/Activities	Citation/Title	Authority/Impact on Agency
TWC UI Hearings Exemption	State Statute: Government Code § 2001.224 State Rule: 40 TAC Chapter 823	Provides that Government Code § 2001.038 and Chapter 2001, Subchapters C through H (the Administrative Procedures Act) do not apply to administrative hearings conducted by TWC, including those hearings to determine whether or not a claimant is entitled to unemployment compensation. Additionally, TWC is not required to index, cross-index to statute, or make available for public inspection final orders, decisions, and opinions under §2001.004(3) and §2001.005.
Vocational Rehabilitation		
TWC-VR Administration	State Statute: Labor Code §351.002, §351.003 Human Res, Code §91.0211, 111.0511, 117.0713 State Rule: 40 TAC §856.1 Federal Statute: WIOA Title IV (Rehabilitation Act of 1973)	Provides that TWC will take over administration of VR from DARS on Sept. 1, 2016. TWC must designate a unit comparable to other units in TWC to administer the VR program.
TWC-VR rates for medical services	State Statute: Labor Code §352.054 State Rule: 40 TAC §856.57 Federal Statute: WIOA Title IV (Rehabilitation Act of 1973)	Requires TWC to establish medical rates for payment for VR services. TWC must compare the proposed rate schedule to other cost-based and resource-based rates for medical services, including Medicaid and Medicaid. Any rates that exceed Medicaid or Medicaid rates must have the reasons for it documented. TWC must allow time for interested parties to comment on the rate schedule.
TWC-VR Subrogation	State Statute: Labor Code §352.058	Gives TWC the right of subrogation for VR and medical services for recovery from personal insurance, another person with personal injury, any other source. TWC is limited to actual costs and can waive the subrogation right. TWC can adopt rules regarding the right of subrogation.
TWC-VR Provision of Services	State Statute: Labor Code §352.103 Human Res, Code §91.0211, 111.0511 State Rule: 40 TAC §850 Federal Law: 29 U.S.C. 721(a)(2) Federal Reg: 34 CFR §361.13	Requires TWC to adopt rules to establish and maintain guidelines for VR services consistent with state and federal law to include a system for delivery of VR services statewide, eligibility requirements, requirements for the VR planning process, what types of services that may be provided, and requirements for client participation in the cost of VR services. TWC must assess the effectiveness of the VR program annually.

Services/Activities	Citation/Title	Authority/Impact on Agency
TWC-VR Authority Over Vending Machine Services at State Facilities	State Statute: Labor Code §355.002, §355.003, §355.012 State Rule: 40 TAC §854 Federal Law: Randolph-Sheppard Act 20 U.S.C. § 107 et seq	TWC has sole authority to issue licenses to disabled people to run vending services on state facility premises. TWC determines if a vending facility is appropriate. TWC may make rules and procedures necessary to implement this chapter.
TWC-VR Authority to administer the BET Program	State Statute: Labor Code §355.016 State Rule: 40 TAC §854 Federal Statute: Randolph-Sheppard Act (20 U.S.C. Section 107 et seq.).	TWC has sole authority to administer the Blind Enterprises of Texas program in accordance with federal law. BET Managers run vending facilities on state and federal sites. As part of the program, TWC must administer a trust fund for set-aside fees paid from proceeds of BET Manager commissions.
TWC Coordination with Other Entities		
All State Agencies	State Statute: Government Code §656.001	Requires any agency, board, bureau, commission, committee, council, court, department, institution, or office in the executive or judicial branch of state government that has an employment opening for which persons outside the agency will be considered to list the opening with TWC. See WorkInTexas.com.
County Mass Transit Authority	State Statute: Transportation Code §457.151	Requires an authority to contract with TWC to provide, in accordance with federal law, transportation services to a person who resides in the area served by the authority and is receiving financial assistance under TANF. The contract should include guidelines on transportation location, trip vouchers, reimbursement, and return of undistributed vouchers.
TWC-VR Program cooperation with State entities	State Statute: Labor Code §352.051 State Rule: 40 TAC §850.6 Federal Law: 29 U.S.C. 709(c) Federal Reg: 34 CFR §361.28	Allows TWC to cooperate and enter into reciprocal agreements with other public and private agencies to study problems and establish, develop, and provide necessary facilities and services for VR.
TWC-VR Cooperation with Federal Government	State Statute: Labor Code §352.052 State Rule: 40 TAC §850.6 Federal law: U.S.C. 709(c) and 721(a)(6) and (a)(10)(A) Federal Reg: 34 CFR §361.12	Requires TWC to cooperate with the federal government to accomplish administration of the VR program. Cooperation includes agreements or plans for efficient administration and compliance with other federal laws. It allows TWC to comply with any requirements to obtain the maximum and most advantageous funding.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
TWC-VR Cooperation with Texas Education Agency (TEA)	State Statute: Labor Code §352.108 Federal Law: U.S.C. 709(c), 721(a)(11)(D), 721(c), and 794g Federal Reg: 34 CFR §361.22	Requires TWC and TEA to collaborate to create transition services for secondary school students to postsecondary schools or competitive integrated employment. They must also develop a mechanism to identify the areas of the state with the greatest need for the services.
Community Justice Task Force	State Statute: Government Code §§ 76.003 and 76.014	Requires a TWC representative, with responsibility for the geographic area, to be appointed to a community justice task force, appointed by a community justice council, established by district judges to provide continuing policy guidance and direction for the development of community justice plans and community correction facilities, programs, and conditions of community supervision. Allows a community supervision and corrections department, with the assistance of TWC, TWIC, LWDBs and other appropriate public and private entities, to establish a developmental program for a defendant to assist and enhance defendant's educational skills and vocational training.
Criminal Justice Policy Council	State Statute: Government Code §413.022	Requires the Council to develop methods for measuring success of each program or service determined by Texas Board of Criminal Justice to be designed for the primary purpose of rehabilitating inmates. For recidivism performance reviews, requires TWC, a provider of a program or service or representative of Sam Houston State University, or TDCJ to assist CJPC upon request.
Department of Assistive and Rehabilitative Services (DARS)	State Statute: Human Resources Code §81.017; Human Resources Code §111.0525(c)	Requires TWC to adopt an MOU for delivery of services in coordination with other state agencies providing services to persons who are deaf or hard of hearing. Requires TWC to establish a formal referral process with TWC to ensure that appropriate vocational rehabilitation clients are referred to and receive services provided by TWC or LWDBs. NOTE: DARS ceased administering services and programs September 1, 2016. TWC was simultaneously designated the state unit responsible for providing Vocational Rehabilitation Services.

Services/Activities	Citation/Title	Authority/Impact on Agency
Department of Family and Protective Services (DFPS)	State Statute: Family Code § 264.121	Requires DFPS to address unique challenges facing foster children transitioning to independent living (Preparation for Adult Living Program or PAL). Requires DFPS to enter into cooperative agreements with TWC and LWDBs to further the objectives of the PAL Program.
Department of Public Safety (DPS)	State Statute: Government Code § 411.104	Entitles TWC to obtain access from DPS criminal history information maintained by DPS that relates to a person who is an applicant for a security sensitive position. Such information may not be released or disclosed, except on court order or written consent of the subject person.
Governor's Committee on People with Disabilities	State Statute: Human Resources Code §§ 115.001 <i>et seq.</i>	Provides for the Executive Director of TWC to serve on the committee, along with 12 members appointed by the governor and nonvoting ex officio members, including representatives from other state agencies and other officials designated by the Governor who serve with other state agencies that provide services to persons with disabilities. The mission of the committee is to further opportunities for persons with disabilities to enjoy full and equal access to lives of independence, productivity and self-determination.
Head Start and Early Head Start Programs	State Statute: Human Resources Code §72.003	Requires programs to coordinate with TWC and LWDBs regarding subsidized child-care services, including ensuring that full-day, full-year child-care services are available to meet the needs of low-income parents who are working or participating in workforce training or workforce education.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Health and Human Services Commission (HHSC)	State Statute: Human Resources Code Chapter 34	Requires TWC, HHSC and LWDBs to jointly develop and implement a state program of temporary assistance and related support services distinct from the financial assistance program authorized by Human Resources Chapter 31(TANF). The temporary assistance and related support services should only be provided to two-parent families or persons residing in minimum service counties. Such assistance cannot be funded with federal money authorized under Chapter 31. Requires TWC, HHSC and DFPS to adopt all necessary rules for state implementation of the program and requires the formation of an interagency work group. TWC with LWDBs shall study methods to improve the delivery of workforce services to persons residing in minimum service counties and develop recommendations to improve service delivery.
Interagency Council on Early Childhood Intervention Services	State Statute: Human Resources Code §§ 73.001 et seq.	Requires a representative from TWC be appointed a non-voting member of the council, along with eight lay-voting members who are family members of children with developmental delay, a voting member representative of TEA, and non-voting representatives from five other agencies.
Interagency Work Group on Border Issues	State Statute: Government Code § 772.011	Requires the head of TWC, or a designee, to annually participate in an interagency work group to develop and update processes relating to border communities, discuss and coordinate programs and services offered to border communities and residents of border communities, and develop regulatory and legislative recommendations to eliminate duplication, and combine program services.

Services/Activities	Citation/Title	Authority/Impact on Agency
Office of Rural and Community Affairs	State Statute: Government Code §487.453	Requires the Office, in consultation with Area Health Education Center Programs, to coordinate the Community Healthcare Awareness and Mentoring Program for Students with similar programs, including workforce development, scholarships for education, and employment by students administered by TWC, LWDBs and other agencies.
P-16 Council	State Statute: Education Code §61.076	Provides for TWC executive director, along with Commissioners from TEA, THECB, TWC, to serve on the P-16 Council to ensure that long-range plans and educational programs for the state complement the functioning of the entire system of public education, extending from early childhood through postgraduate study.
Texas Department of Criminal Justice (TDCJ)	State Statute: Education Code §§ 19.0041 and 19.011; Government Code §§ 501.095, 501.097, and 508.319	Requires TWC as well as other agencies to coordinate with TDCJ on matters concerning the Windham School District including vocational education and job training programs. Requires TWC to develop a MOU with TDCJ regarding their respective responsibilities to establish a continuity of care program for inmates with a history of chronic unemployment. Requires TWC to develop by rule a MOU with TDCJ that establishes their respective responsibilities for providing inmates who are released into the community on parole or other conditional release with a network of centers designed to provide education, employment and other support services based on a “one stop for service approach.” (Project RIO); no longer receives funding. Requires that TWC provide TDCJ and other entities information relating to obtaining financial assistance for programs to assess and enhance educational and vocational skills for inmates to be released.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Texas Department of Housing and Community Affairs (TDHCA)	State Statute: Government Code § 2306.253	Requires TDHCA to develop a Homebuyer Education Program in cooperation with TWC, Texas Agricultural Extension Service, HHSC, and Real Estate Research Center at Texas A&M University, experienced homebuyer education providers, community-based organizations and advocates for affordable housing.
Texas Economic Development and Tourism Office	State Statute: Government Code §§ 481.0215 and 481.212	Requires the executive director of the Texas Economic Development and Tourism Office to coordinate economic development efforts with TWC, TCWEC, TWIC, Department of Agriculture and the Office of Rural Community Affairs, relating to job training or job creation. Requires the office to obtain business-related statistics and data from TWC and other state agencies.
Aerospace and Aviation Office	State Statute: Government Code §§ 481.0066	Requires TWC to partner with the Texas Economic Development and Tourism Office to support initiatives that address the high technology skills and staff resources needed to better promote the state's efforts in becoming the leading space exploration state in the nation.
Coordination of Economic Development Efforts	State Statute: Government Code §§ 481.0215	Requires TWC to work with the governor, the executive director of the department or its successor of the Texas Economic Development and Tourism Office, and any other state agencies to address the challenges facing the agencies relating to job training and job creation.

Services/Activities	Citation/Title	Authority/Impact on Agency
Texas Education Agency (TEA)	State Statute: Education Code §§ 29.158 -29.160, §29.188, §29.190, and §29.252	Requires each pre-k provider, Head Start and Early Head Start program provider, and provider of after school child care provided at a school to coordinate with TEA, TWC and LWDBs regarding subsidized child care services, including providing child care service applicants with certain information. Requires each involved entity, including TWC, to consider the quality of child care services involved in proposed coordinating or contracting decisions, giving preference to highest quality. Allows State Center to coordinate with LWDBs and other entities to develop a quality rating system demonstration project assessing child care quality. TWC with TEA is to recommend members of business and industry community that have successfully assisted in provision of career and technology education programs for a governor's award. TWC to collaborate with TEA in determining which occupations qualify for subsidized exam certifications under this section. Requires TEA to collaborate with TWC to improve coordination and implementation of adult education and literacy services in Texas.
Education Research Center Advisory Board	State Statute: Education Code §1.006	Requires a representative of TWC, designated by the Commission, to serve on the Education Research Advisory Board.
Model Data Sharing Agreements for FERPA Information	State Statute: Education Code §§ 7.012 and 7.040	Requires the Texas Education Agency, Texas Higher Education Coordinating Board, and TWC to jointly develop and make available model data sharing agreements for sharing FERPA information for the purpose of evaluating and improving support of students and workforce preparation participants. TWC is required to provide the information needed by TEA to identify postsecondary education and career opportunities and assist students in evaluating the various educational programs.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Adult High School Charter School Program Advisory Committee	State Statute: Education Code §12.254	Requires TWC's executive director to appoint one member to the Texas Education Agency's Adult High School Program Advisory Committee. Members of the committee make recommendations to the TEA Commissioner on the secondary exit-level assessment tool.
Mental Health Resources Rubric	State Statute: Education Code §38.251	Requires TWC, in conjunction with the TEA, HHSC, DFPS, Texas Juvenile Justice Department, THECB, Texas Child Mental Health Care Consortium and any other state agency TEA considers appropriate to develop a rubric for use by regional education service center in identifying resources related to mental health that are available to schools in their respective regions.
Prepaid Tuition Unit Undergraduate Education Program	State Statute: Education Code §54.752	Requires TWC to work in coordination with the Health and Human Services Commission, and the Texas higher Education Coordinating Board, to ensure that the prepaid tuition unit undergraduate education program is marketed across the state in a manner that promotes the participation goals and targets of the most recent revision of "Closing the Gaps," and any marketing plan for the program includes a specific strategy to promote enrollment in the program by persons likely to qualify for federal income tax relief.
Health Care Profession Student Grant	State Statute: Education Code §56.3075 and §56.4075	Requires TWC and the statewide health coordinating council, to consult with students who the coordinating board grants an award to.
Online Information Regarding Career Educational Entities	State Statute: Education Code §61.0778	Requires TWC to work jointly with the board to develop a comprehensive strategy to improve and coordinate the dissemination of online information regarding the operation and performance of career schools or colleges that the board or Commission identifies as doing business in this state. The board and TWC must compile, share, and compare existing data and other applicable information under the control of each agency and organize that information according to the categories of information required for the online resumes of lower-division

Services/Activities	Citation/Title	Authority/Impact on Agency
		public institutions under Section 51A.103 .
Career and Technical Education Program	State Statute: Education Code §61.8235	Requires TWC to partner with the board, the TEA, and other state agencies to develop programs of study related career and technical education. The board, TWC, and TEA may adopt rules as necessary for the administration of this section.
Texas Higher Education Coordinating Board and Transferable Credits	State Statute: Education Code §61.835	Requires TWC, in consultation with the board, TVC, and institutions of higher education, to develop and require transferable curricula for the College Credit for Heroes program.
Texas Higher Education Coordinating Board and Development of Math and Science Courses	State Statute: Education Code §61.861 – 61.864	Requires TWC, in consultation with the commissioner of higher education, the commissioner of education, and the Comptroller, to award a grant to an institution of higher education to develop advanced mathematics and science courses to prepare high school students for employment in a high-demand occupation. The commissioner of higher education, the commissioner of education, the comptroller, and TWC shall jointly determine what is considered a high-demand occupation and determine grant application criteria. TWC, commissioner of higher education, the commissioner of education, and the comptroller shall review these courses once every four years.
Texas Reskilling and Upskilling through Education (TRUE) Program and Certifications	State Statute: Education Code §61.884	Requires TWC to work in collaboration with the board, eligible entities, and private employers, to identify existing and new postsecondary industry certifications or other workforce credentials valued in high-demand occupations.
Opportunity High School Diploma program	State Statute: Education Code §130.453 and 130.456	Requires TWC to consult with the THECB, and TEA to administer the Opportunity High School Diploma program. TWC, THECB, and TEA are required to jointly coordinate to identify funding mechanisms, including grants, interagency contracts, financial aid, or subsidies, available to public junior colleges and students to encourage and facilitate participation in the program.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Commercial Driver's License Training Program	State Statute: Education Code §132.006	Requires TWC, in collaboration with the office of the attorney general, to establish the content of the education and training for career schools or colleges offering a commercial driver's license training program.
Memorandum of Understanding for Career Schools and Colleges	State Statute: Education Code §132.023	Requires TWC to develop in consultation with the Texas Guaranteed Student Loan Corporation and each state agency that regulates career schools and colleges in this state, a comprehensive strategy to reduce default rates at the regulated career schools and colleges and to improve the overall quality of the programs operated by these schools and colleges. TWC is required to execute a memorandum of understanding outlining the strategy.
New Hire Directory	State Statute: Family Code §234.102	Requires TWC, in cooperation with the Title IV-D agency, to develop and operate a state directory to which employers in the state shall report each newly hired or rehired employee in accordance with the requirements of 42 U.S.C. Section 653a.
Child Welfare Services – Transitional Living Services Program	State Statute: Family Code §264.121	Requires TWC to enter into a cooperative agreement with Department of Family and Protective Services and local workforce development boards, to address the unique challenges facing foster children in the conservatorship of the department who must transition to independent living and to further the objectives of the Preparation for Adult Living Program.
Relocation of Employees	State Statute: Government Code §325.020	Requires TWC to work with a state agency to make reasonable efforts to relocate a displaced employee that is displaced because a state agency or its advisory committee is abolished, reorganized, or continued.
Green Job Skills Training Programs	State Statute: Government Code §403.404 – 403.405	Requires TWC to cooperate with the comptroller through the State Energy Conservation Office for the implementation, expansion, and operation of green job skills training programs. The comptroller may award grants in cooperation with TWC.

Services/Activities	Citation/Title	Authority/Impact on Agency
Disaster Case Management System	State Statute: Government Code §418.0545	Requires TWC, if selected, to contract with the TDEM, to develop and maintain an electronic disaster case management system.
Veteran Assistance Agency and Memorandum of Understanding	State Statute: Government Code §434.0071	Requires TWC to coordinate with the TVC, VLB; and any other agency of the state that administers applicable only to veterans or the family members of veterans, to adopt a joint memorandum of understanding related to the services to state military veterans.
Texas Women Veterans Program	State Statute: Government Code §434.212	Requires TWC to provide the number of women veterans who receive assistance, to the TVC so TVC may create a report to submit to the governor, lieutenant governor, and legislature on women veterans in this state
Texas Lottery Commission (TLC)	State Statute: Government Code §466.155	Requires TWC to provide the executive director of TLC with a report of persons who have been finally determined delinquent in the payment of any money owed to or collected by TWC to assist TLC in determining whether to deny, suspend or revoke the license of an applicant or a lottery ticket sales agent.
Texas State Board of Plumbing Examiners	State Statute: Occupations Code §1301.652	Requires the board to coordinate with TWC and LWDBs efforts to educate the public about the plumbing profession and the resources available to employers for the recruitment and training of plumbers.
Texas Juvenile Justice Department (TJJD)	State Statute: Education Code §30.103	Requires TJJD, with the assistance of TWC and TWIC, to adopt by rule an MOU that establishes their respective responsibilities to provide job training and employment assistance programs to children committed or formerly sentenced to TJJD.
Tri-Agency Work-Based Learning Strategic Framework	State Statute: Labor Code §§318.001-318.002	Requires the Commission, TEA and THCB to jointly establish a framework to encourage work-based learning and submit a report to the legislature with its findings and recommendations by Dec. 1, 2022. The chapter expired on September 1, 2023.

Self-Evaluation Report

Services/Activities	Citation/Title	Authority/Impact on Agency
Task Force on Consolidation of Workforce and Social Services	State Statute: Labor Code §§319.001-319.006	Provides for the establishment of a nine-member task force along with supporting staff to develop a plan for the consolidation of workforce development and social services. The task force expired on Sept. 1, 2025.
Employment First Policy	State Statute: Govt Code § 546.0003	Requires TWC, HHSC, and TEA to adopt an “employment first” policy as earning living wage through competitive employment is a state priority for working age individuals who receive public assistance.
Statewide Behavioral Health Coordinating Council	State Statute: Govt Code §§545.151-547.153	Requires the agency to assign one representative to the council for the purpose of ensuring a strategic approach to behavioral health services.

Attorney General Opinions

Attorney General Opinion	Impact on Agency
H-1159, dated April 27, 1978	Provides guidance to Agency on collection activities relating to employer UI contributions, penalties, or interest thereon and UI overpayments including limitations on filing lawsuits.
MW- 397, dated November 30, 1981	Provides the definition of “Benefit Wage Credits”, so that actually wages paid to an individual in excess of the maximum wages defined in the Federal Insurance Contributions Act are not considered in determining unemployment benefits.
MW-474, dated May 20, 1982	Provides the authority for TEC to finance benefit payments to former state employees from the Unemployment Compensation Benefit Account primarily and then when such fund is insufficient, from the Special Administrative Fund.
MW-512, September 2, 1982	Provides the authority for TEC to obtain advances to the Texas Unemployment Trust Fund from the Federal Unemployment Account of the Social Security Act.
MW-540, dated December 22, 1982	Providing authority for adoption of an anti-favoritism policy of broader reach than the current Nepotism Statutes found in Texas Government Code, Chapter 573.
MW-578, dated December 31, 1982	Provides the authority for TEC meeting in open session to hear employment insurance benefit cases.

Attorney General Opinion	Impact on Agency
JM-306, dated April 9, 1985	Provides the disposition of interest earned on money in the Unemployment Compensation Fund should be added to the Fund.
JM-620, dated January 14, 1987	Provides the lack of authority for TEC to find that a recognized corporation or a new corporation created to provide an employment service for another corporation were organized as a subterfuge to secure a lower tax rate.
DM-356, dated June 23, 1995	Provides the lack of authority for TEC to transfer or assign a lien or notice of assessment based on unpaid wages to the wage claimant.
JC-0298, dated October 24, 2000	Provides direction to Agency in oversight of LWDB's by providing guidance on the eligibility of who may serve as a private sector representative on the LWDB.
JC-0309, dated November 20, 2000	Provides to the Agency the difference between delivery of newspapers and solicitation of newspaper subscriptions and the authority of TWC to regulate such employment of minors consistent with statutory amendments made since the opinion.
GA-0376, dated November 18, 2005	Interpreting Texas Labor Code Section 301.062(g) so as to not preclude funding of certain programs by block grants to LWDBs.

B. Provide a summary of significant legislation regarding your agency by filling in the tables below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass but were significant, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency.

Legislation filed on behalf of TWC during the 89th Texas Legislative Session is listed in two spreadsheets: Exhibit 16a_LegislationEnacted and Exhibit 16b_LegislationNotPassed. Bills that would have the most impact to the agency are noted with an asterisk and fall into the following categories:

- Education: Public school assessment, early childhood education, pre-K programs, higher education funding.
- Employment: Unemployment benefits, employee breaks, wage theft, paid sick leave, employment discrimination.
- Social Services: Child care regulations, supplemental nutrition assistance, support for veterans.
- Government Operations: Public information access, rulemaking processes, disaster declarations.

IX. Major Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during extensive research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? and (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions that can be enacted in state law.

Replace the Vocational Rehabilitation Division's 10 percent case review requirement with a statistically valid sample size.

A. Brief Description of Issue

Texas Human Resources Code, Section 117.092 requires TWC's Vocational Rehabilitation (VR) Division to establish and maintain a single, uniform case review system for all direct services programs. The system must account for different risks across programs under the VR umbrella and be used to consistently evaluate each direct services program across all regions. Case reviews are used to improve customer experience and outcomes and provide a mechanism to improve the performance of VR counselors who assist customers.

Currently, statute requires the VR Division to review at least 10 percent of all VR customer cases annually. As the number of VR customer cases in Texas continues to increase year over year, this "moving target" puts a significant burden on case reviewers, potentially diminishing the quality of reviews and reducing the amount of time they have available to spend supporting and developing VR counselors that provide services to customers.

B. Discussion

TWC has consistently complied with the requirements of Texas Human Resources Code, Section 117.092, including the 10 percent VR case review requirement, which included more than 9,000 reviews statewide in fiscal year 2024. It is important to note that as TWC serves more VR customers, the 10 percent review requirement will present additional challenges as case review volume increases and the staff that conduct the reviews remain relatively flat. From a time-management standpoint, the burden to review cases for case reviewers is significant- approximately 30 percent for managerial staff. It is anticipated that this increase in volume could diminish the quality of case reviews. Given the significant

increase in customer volume observed in recent years, TWC anticipates the number of case reviews needed to meet the statutory requirement will continue to grow, placing increasing strain on resources and staff time to serve customers. TWC has explored using technology and artificial intelligence to support case review efforts, but challenges remain.

C. Possible Solutions and Impact

TWC has developed a statistically sound sampling methodology for case reviews, that would focus on the highest risk cases. The proposal encompasses a review of high-risk cases, some of which are currently set forth in statute, using a statistical sampling methodology. These categories include cases in which direct services have been provided for more than two years, cases that are significantly outside the expenditure guidelines for that type of case, cases closed before a service plan is developed, and cases closed without the client reaching the client's goal. A focus on high-risk cases in the categories noted above would allow the agency to ensure that case reviews are not excessive but are ample enough to accurately assess compliance and quality.

Aligning statute with this methodology, or a similar approach, would assist with reducing the workload to allow frontline case reviewers to provide more direct support to their staff, which in turn can enhance customer engagement and improve overall customer service. In addition, if a decision is made to modify the statute related to the case review requirement, TWC recommends moving the current requirements and any modifications from the Texas Human Resources Code to the Texas Labor Code to align this requirement with TWC's other enabling legislation provisions.

Texas Labor Code Chapter 352 Vocational Rehabilitation Services

Subchapter C. Provision of and Eligibility for Vocational Rehabilitation Services

Sec. 352.109. DIRECT SERVICES PROGRAM CASE REVIEW SYSTEM.

(a) The department shall establish and maintain a single, uniform case review system for all direct services programs.

(b) The case review system must:

- 1) include risk assessment tools that account for the different risks involved in each direct services program;**
- 2) require that case reviews:**
 - a) be used to consistently evaluate each direct services program across all regions, ~~with the goal of evaluating at least 10 percent of all cases in each program and region~~ annually;**

- b) **focus on areas of highest risk using a statistical sampling methodology, or a minimum threshold of 5 percent of high-risk cases, and prioritize the review of for the following cases:**
- i) ~~except as provided by Subparagraph (ii),~~ cases in which direct services have been provided for more than two years, **except for those cases, such as customers participating in higher education services, where customer services are expected to extend beyond two years;**
- ii) ~~cases in the Blind Children's Vocational Discovery and Development Program in which direct services have been provided for more than five years; and cases that are significantly outside the expenditure guidelines for that type of case;~~ cases that are significantly outside the expenditure guidelines for that type of case;
- iii) **cases closed before a service plan is developed;**
- iv) **cases closed without the client reaching the client's goal; and**
- v) **other high-risk cases as determined by the executive director.**

Update the Civil Rights Division's statutory authority.

A. Brief Description of Issue

TWC has identified several issues related to the enforcement of fair housing and employment laws in Texas. These issues include:

- **Lack of enforcement power for conciliation agreement breaches:** The current statutes do not explicitly allow the TWC's Civil Rights Division (CRD) to file civil actions when parties violate conciliation agreements reached during dispute resolution.
- **Limited scope of reasonable accommodations:** The reasonable accommodation clause in employment law only covers individuals with disabilities and does not explicitly include those with sincerely held religious beliefs or women affected by pregnancy.
- **Redundancy and inefficiency in equal employment opportunity reporting:** The current reporting process for state agencies involves redundant steps and potentially unnecessary administrative burdens, and in some cases reporting requirements are not consistently applied.
- **Outdated references to the Commission on Human Rights:** The Texas Labor Law contains numerous references to the "Commission on Human Rights," which has been replaced by the TWC's CRD.

B. Discussion

The Texas Property Code, Chapter 301 and the Texas Labor Code, Chapter 21 aim to prevent discriminatory housing and employment practices, respectively. These laws rely on investigation, conciliation, and, when necessary, legal action to ensure compliance. The goal is to promote fairness and equal opportunity in housing and employment. In addition, there are statutorily required reporting requirements that TWC is responsible for, some of which might benefit from legislative review and consideration for modifications.

Specific Issues and Concerns:

- **Conciliation Agreement Enforcement:** Without the ability to directly enforce conciliation agreements, CRD's dispute resolution process is weakened. Parties may enter agreements without fear of consequence for non-compliance, undermining the effectiveness of the laws.
- **Limited Accommodations:** Excluding religious beliefs and pregnancy-related needs from reasonable accommodations leaves potential gaps in protection against discrimination.
- **Reporting Redundancy and Inconsistency:** Requiring state agencies to report equal employment opportunity information to both the Comptroller and the Commission is redundant and creates unnecessary administrative burden. Discrepancies in reporting methods can lead to inaccurate data and hinder the effectiveness of equal employment opportunity monitoring.
- **Outdated References:** Maintaining references to a defunct agency (the former Texas Human Rights Commission) creates confusion and inefficiency in the legal framework.

Multiple individuals are potentially affected by these issues, including aggrieved individuals who experience housing or employment discrimination, entities subject to fair housing and employment laws, and state agencies subject to reporting requirements.

C. Possible Solutions and Impact

TWC has identified several possible solutions to the issues identified, as follows:

- **Conciliation Enforcement:** To address the issue of limited enforcement of conciliation agreements, the Legislature may consider amending Texas Property Code, Section 301.085 and Texas Labor Code, Section 21.060 to allow CRD, through the Attorney General's Office, to file civil actions when these agreements are breached. This would create a stronger enforcement mechanism, deterring non-compliance, and resulting in increased effectiveness of conciliation and fairer outcomes for aggrieved parties.

- **Limited Accommodations:** To broaden protection against discrimination, the Legislature may consider amending Texas Labor Code, Section 21.128 to include "persons with sincerely held religious beliefs" (Texas Labor Code, Section 21.108) and "women affected by pregnancy" (Texas Labor Code, Section 21.106). This inclusion would provide greater protection for religious employees and pregnant workers.
- **Reporting Redundancy and Inconsistency:** To streamline equal employment opportunity reporting, the Legislature may consider modifying reporting requirements in the Texas Labor Code, Chapter 21 and adding new language allowing TWC to use data that is currently collected via the Comptroller. To ensure consistent equal employment opportunity data collection and simplify the enforcement of reporting requirements, the Legislature may consider amending Texas Labor Code, Section 21.555 to align with current data filing procedures for the majority of state agencies. These recommendations would reduce the workload for state agencies and TWC, improve data accuracy and efficiency, and reduce administrative burden, potentially yielding cost savings.
- **Outdated References:** Additionally, the Legislature may consider removing outdated references to the "Commission on Human Rights," by striking all such references in Texas Labor Code, Chapter 21 and replacing them with "Texas Workforce Commission." This will eliminate confusion and align the code with the current agency structure. This change streamlines processes and accurately reflects the agency responsible for enforcement and has a negligible fiscal impact.

Apply a risk-based framework to licensing and regulating career schools and colleges in Texas.

A. Brief Description of Issue

Over the last 20 years, the number of licensed career schools in Texas has grown from 416 to 729 licensed schools with more than 50 applications pending as of July 2025. Continued expansion is expected as the need for career and technical credentials grows. As school portfolios increase, program staff face significant challenges in processing applications timely and assisting schools. Expanding existing statutory flexibility could help ensure the program's limited resources are used most efficiently to ensure consumer protection while reducing the regulatory burden on licensed schools. Additionally, the large number of career schools offering different credentials makes it more important to provide consumers with information to assist them in choosing programs.

B. Discussion

The Legislature appropriated an additional FTE to Career Schools and Colleges for fiscal years 2026 and 2027, but staff caseloads will continue to present significant challenges in servicing career schools, monitoring their compliance, and investigating potentially unlicensed schools in operation. In 2024, a significant backlog of overdue renewals

accumulated due to staff turnover and unexpected leave as well as challenges implementing a new online portal. Timeframes for reviewing applications from new schools also lengthened beyond the statutory 90 days. Both backlogs caused operating challenges for schools and ultimately slowed the delivery of critical career and technical education to Texans. The administrative work of processing annual renewals alone diverts staff from other necessary functions such as enforcing sanctions, reviewing complaints, and investigating unlicensed schools. Since the industry growth shows no signs of slowing, innovation is needed to ensure consumer protection and efficiency, and additional program quality metrics could help consumers make informed school choices.

C. Possible Solutions and Impact

Statute already provides limited flexibility in administering the program based on risk by allowing TWC to waive many statutory requirements (by rule) and reduce costs to “small schools” that provide only college or exam preparation or have an annual gross tuition income of \$100,000 or less. This includes reduced fees and allowing TWC to issue multiyear licenses to small schools. TWC has used this flexibility to issue three-year licenses to small schools. The statutory waiver authority for small schools (Texas Education Code, Section 132.053) requires that a waiver by rule be adopted only if it will reduce the regulatory burden for small career schools and colleges and will adequately safeguard the interests of the students of small career schools and colleges to receive either the education for which they have contracted or an appropriate refund.

The current statutory framework for small schools could be expanded to all schools to allow TWC to focus its limited resources according to risk, thereby achieving a better balance between consumer protection and regulatory burden. For example, statute could be amended to allow TWC the flexibility to issue multi-year licenses to schools of any size, allowing the agency to adopt varying length licenses based on size or other risk-related criteria. The Sunset Commission’s Licensing Model, while primarily focused on occupational licenses, recommends licenses of at least two years to ease administrative burdens and allow staff to dedicate more time toward quicker processing of licenses. In addition, the statutory requirement to conduct site inspections before licensure and again three months later could be updated to consider risk such as whether the first visit yielded any deficiencies and to allow for virtual visits using video technology. Other areas that could benefit from flexibility and rulemaking ability include initial financial requirements and fee schedules.

Finally, to further enhance the ability of a prospective student to compare programs, a quality-based rating system could be developed using a model such as the Texas Rising Star Program for early childhood programs to assist consumers by identifying schools going beyond statutory requirements, for example, by offering externships or that have exceptional student completion rates.

Answer the following questions separately:

D. What key obstacles impede your agency’s ability to achieve its objectives?

The TWC's strategic goals are focused on workforce development, employer support, and efficient operations. However, achieving these goals faces significant challenges, primarily related to:

- **Economic Fluctuations and Evolving Skill Demands:** Rapid technological advancements and unpredictable economic shifts require TWC to be agile in adapting training programs and resources to meet constantly evolving employer needs. This demands proactive forecasting and strong partnerships with industry to anticipate future skills gaps. In addition, even more coordination is needed between workforce development and secondary and post-secondary programs to ensure these programs are preparing students for training in high-demand careers.
- **Workforce Availability and Skills Gaps:** Texas faces an aging workforce and persistent skills gaps, particularly in high-demand industries. Addressing these challenges requires targeted training initiatives, apprenticeships, and strategies to attract and retain skilled workers.
- **Funding Constraints and Resource Allocation:** Critical challenges such as funding availability, effective allocation of resources across diverse programs and regions, and difficulty filling key staffing positions constrain TWC's ability to expand services. Prioritization and innovative funding strategies are crucial to maximizing impact with limited resources.
- **Limitations in Coordinating Activities and Statewide Priorities with Local Workforce Development Boards:** Each of the 28 Boards that make up the Texas Workforce Solutions network is run by a locally selected governing body and receives funding from multiple contracts and grants from TWC and other sources. How the Boards prioritize and allocate their limited resources can affect the agency's ability to achieve the state's objectives. For example, the occupations that some Boards identify as high demand may not reflect the priorities of the state as a whole. Adding a statutory requirement for the Commission to develop customer service guidelines and strategies for the Boards would help ensure all Boards are consistently addressing statewide priorities.
- **System Navigation and Accessibility:** Ensuring that all Texans, especially those from underserved communities, have access to TWC services is essential. Complex program requirements and digital divides can create barriers to access, requiring streamlined processes and enhanced outreach efforts.
- **Data Integration and Access:** Comprehensive data collection, analysis, and performance measurement are essential for effective program evaluation and continuous improvement. Data silos and inconsistencies can hinder the agency's ability to track outcomes and make data-driven decisions. Further, TWC's ability to access sensitive data from other state and federal agencies as part of our fraud control efforts has been increasingly necessary since 2020. Difficulty accessing this

data limits the agency's ability to prevent, detect, and investigate fraud in the benefits systems.

Addressing these obstacles will require:

- **Strategic Partnerships:** Strengthened collaboration with Local Workforce Development Boards, employers, educational institutions, community organizations, and other partners.
- **Data-Driven Decision Making:** Leveraging data analytics to identify emerging trends and inform program development.
- **Flexibility and Innovation:** Adapting programs and services to meet the evolving needs of Texas workers and employers.
- **Effective Communication and Outreach:** Raising awareness of TWC services and ensuring access for all Texans.
- **Advocating for Adequate Resources:** Securing the necessary funding and resources to support workforce development initiatives.

By proactively addressing these obstacles, TWC can effectively achieve its strategic objectives and contribute to a thriving Texas economy.

E. What, if any, agency or program functions does your agency perform that are no longer serving a clear and ongoing purpose? Could any agency functions be eliminated so agency resources could be better directed elsewhere? If so, which?

Many of TWC's functions involve carrying out federal workforce-related laws, including the Wagner-Peyser Employment Services program, WIOA, Vocational Rehabilitation, UI, TANF employment and training programs, SNAP Employment and Training, Child Care Services, and others. These programs are essential to providing relevant workforce and referral services to targeted populations who benefit from integrated service delivery and are properly located within the agency.

If TWC's functions were to be disbanded, it would result in a fragmentation of services, higher costs associated with providing services, and greater difficulty for dislocated workers and job seekers to gain employment. It would also result in a reduction of opportunities for quality connections between employers and job seekers, and in fewer economic development opportunities to be fostered among these stakeholders. Synergies gained through the integration of workforce and economic development functions would be lost.

F. Aside from acquiring additional staff or funding, what are your agency's biggest opportunities for improvement in the future? For example, are there

other programs or duties the agency could take on to better carry out its mission?

Aside from acquiring additional staff or funding, TWC has significant opportunities to enhance its effectiveness and impact in the future.

Enhancing Customer Service

TWC is focused on delivering and enhancing exceptional customer service. TWC is transforming how staff serve the nearly 1.78 million Texans who rely on our services each year through the Customer Care No Wrong Door initiative. This initiative will provide clear, direct pathways to the specific information and services our customers need, simplifying navigation through our diverse offerings. By presenting a streamlined, user-friendly experience, the initiative will reduce customer frustration, accelerate access to critical resources, and make it easier for Texans to learn about the full range of support services available to them. The initiative will also create a more welcoming digital environment for our customers.

Using Enhanced Data Analytics and Predictive Modeling

TWC uses enhanced data analytics and predictive modeling to anticipate workforce needs. These efforts enable the agency to proactively identify emerging industries, skills gaps, and potential economic disruptions, allowing for the development of targeted training programs and efficient resource allocation. TWC is also building internal dashboards to measure internal productivity to produce higher quality services and products and reduce the cycle time to get them to customers.

Commitment to Continuous Improvement

TWC remains committed to continuous improvement, fostering innovation, efficiency, and operational excellence. With leadership from the Business Transformation Team, TWC refines its business processes by optimizing outcomes and actively listening to the ‘voice of the customer.’ Employees are empowered to drive change, receiving training and tools to identify bottlenecks and leverage metrics for improvement. Continuous Improvement training emphasizes innovative solutions over simply requesting additional resources.

Over the past decade, this commitment has fueled more than 50 major projects and hundreds of process enhancements, resulting in measurable gains in time and cost savings, quality, and service delivery. These initiatives have been successfully implemented across all divisions, resulting in significant resource savings and improved services for our customers. TWC is committed to leveraging new ideas, data, and innovation to further improve its operations.

Using AI to Improve Efficiency

One of TWC's most significant opportunities for future improvement lies in the strategic expansion of Artificial Intelligence (AI) initiatives. TWC's guiding principle is to use AI to support, not replace, staff, thereby enhancing the agency's capacity to deliver on its mission without requiring additional personnel or funding. Through a staff-driven process, TWC identified 228 potential use cases and has deployed successful solutions for 60% of them. This innovation is managed by a governance committee and uses secure, state-certified cloud environments, ensuring responsible and effective implementation.

TWC's currently deployed AI tools deliver significant, measurable results that increase staff efficiency and effectiveness. For example:

- In the Civil Rights Division, an AI tool that summarizes meeting transcripts reduced task time by 88 percent (from 90 minutes to 10), allowing investigators to handle more cases.
- In Vocational Rehabilitation, the "SARA" virtual assistant automated over 500,000 communications and 1.5 million case notes in its first year. This freed up caseworkers to serve nearly 2,000 additional customers with disabilities.
- In March 2020, TWC deployed Larry the Chat Bot to assist customers with their Unemployment Insurance questions. Like a next generation FAQ page, Larry fields user-generated questions about unemployment cases. Since its introduction, Larry the Chat Bot has fielded more than 21 million questions.

Building on these proven successes, TWC aims to scale these efficiencies across the agency and leverage AI for more advanced, proactive services.

Responding to the Impact of AI on Texas Businesses and Workers

TWC's role is to ensure the Texas workforce is ready to respond to the rapidly growing demand for AI-related skills. The impact of AI is already significant and TWC will be at the forefront of preparing our state for the economic shifts driven by AI. Texas ranks fourth nationally for AI-related job postings, with new roles and skills needs emerging constantly. To ensure our state's businesses and workers can capitalize on this transformation, TWC has an opportunity to enhance its mission in three key areas:

1. *Serve as a Central Convener on Workforce Readiness:* TWC is uniquely positioned to bring together employers, industry groups, and educational partners. By facilitating a continuous dialogue, TWC can help identify the specific skills businesses need and ensure that training programs are aligned with real-world market demands.
2. *Promote and Support Targeted Upskilling:* TWC must partner with the education system to champion curricula that builds a future-ready workforce. This includes emphasizing in-demand technical skills like machine learning and Python, as well as

the critical thinking and communication abilities that become more valuable as routine tasks are automated.

3. *Enhance Workforce and Talent Matching:* TWC can evolve workforce matching systems to more effectively identify Texans with AI-related competencies and connect them with the thousands of employers actively seeking that talent.

By embracing this pivotal role, TWC ensures Texas remains economically competitive. This proactive stance helps Texas' workforce meet the demands of the AI economy.

Maintaining Integrity and Preventing Fraud

TWC is dedicated to maintaining the integrity of the agency's IT systems and protecting Texans from fraud and cyber threats. While TWC has successfully prevented over 99% of fraud attempts on the Unemployment Insurance system, the agency recognizes that fraudsters are constantly evolving their tactics. Therefore, TWC continues to adapt fraud prevention strategies and invest in advanced detection tools. Simultaneously, TWC maintains a relentless focus on cybersecurity, recognizing that the security of the information maintained within state and local networks is continuously tested by sophisticated cyber-crime activity. Cybersecurity remains a top priority, demanding consistent effort and resources to develop and maintain the strongest data security available. This dedication to data security and fraud prevention is essential to maintaining public trust and ensuring the responsible stewardship of taxpayer dollars.

Conclusion

By focusing on these key areas, TWC can significantly improve its effectiveness in connecting Texans with careers and employers with skilled workers, even without relying solely on additional staff or funding. These improvements will require a strategic focus on data, collaboration, innovation, and accessibility.

X. Other Contacts

- A. Fill in the following tables with updated information on people with an interest in your agency. Be sure to include their most recent email address.**

Attached to this report as Exhibit 17_Contacts is a spreadsheet containing separate tabs for each category of interest groups. Specifically, there are dedicated tabs for Advisory Committee Members, Associations, Interest Groups, Federal Agency Liaisons, and State Agency Liaisons, allowing for easy access to contact information.

The [Workforce Board Directory](#) breaks down the Workforce Development Boards by counties served and provides contact information for Board Directors, Chairs, Chief Elected Officials and grant recipients. This online directory represents the most up-to-date contact information for the Boards.

XI. Additional Information

- A. Texas Government Code, Section 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment.**

See the attached Excel file Exhibit 18_Required_Reports for a list of reports that TWC is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Of the 30 reports listed in the exhibit, 17 are still relevant. The remaining 13 are either no longer needed or require modification. The 89th Legislature passed several bills with additional reporting requirements for TWC. These new reports are not included in the attached Exhibit 18 list.

- B. Does the agency's statute use "person-first respectful language" as required by Texas Government Code, Section 325.0123? Please explain and include any statutory provisions that might supersede or create challenges in implementing these changes.**

TWC reviewed language in relevant sections of the Texas Labor Code, Texas Human Resources Code, and Texas Education Code. We found six instances of the term "disabled" within the Labor Code and Human Resources Code sections that relate to TWC programs. This term is the only one of those listed in Government Code, Section 392.002

that appears in our programs' statutory provisions. Here are the six instances where future changes to statutory language may be considered:

- Labor Code, Section 21.260 related to employment discrimination;
- Labor Code, Section 207.0211 related to unemployment insurance;
- Labor Code, Section 301.154 related to the appointment of the Civil Rights Division Director in TWC's primary enabling chapter;
- Labor Code, Section 313.002 related to child care;
- Human Resources Code, Section 44.032 related to child care; and
- Human Resources Code, Section 122.013 related to the Purchasing from People with Disabilities program.

C. Please describe how your agency receives and investigates complaints about the agency and its operations.

TWC receives complaints through multiple channels to ensure all complaints or concerns are addressed in a timely manner. Complaints can be received directly from the customer and submitted by phone, in person, or in writing through email or traditional mail. Customers can also make complaints through the individual department handling their issue, to executive staff, the Commission Offices, or through the Governmental Relations Department.

To effectively manage and address complaints, TWC developed a structured process for investigation and resolution. Each TWC Division Director appoints a Customer Service Liaison, whose responsibility is to oversee the complaint handling process within their division. The liaison plays a central role in ensuring that complaints are properly logged, reviewed, investigated, and resolved.

Once a complaint is received, it is acknowledged within five business days for written complaints. Oral complaints, such as those made by phone or in person, are acknowledged within one business day. After acknowledgment, the liaison forwards the complaint to the appropriate investigative resources within the department for further action.

Each division is responsible for investigating and resolving complaints related to its service delivery. The liaison, in coordination with investigative staff, reviews the complaint to ensure it contains enough information to assess its validity. Next, staff evaluate the complaint's validity using the criteria outlined in the Complaint Handling & Resolution Policies & Procedures document.

All complaints received are addressed and investigated. Once a complaint is reviewed, appropriate steps are taken to resolve the issue and prevent future occurrences, regardless of whether the complaint is ultimately deemed valid or not. The resolution and closure of the complaint are thoroughly documented by the program area and reported to the Customer Relations Department each month. Additionally, both the complainant and any

individuals involved are notified about the status of the investigation. All complaints that are not resolved in a timely manner will receive regular status updates. Updates will be provided as soon as practicable or at least once every month. These updates will continue until the complaint is fully resolved.

Texas Workforce Commission
Exhibit 19: Complaints Against the Agency — Fiscal Years 2020-24

	FY 2020	FY 2021*	FY 2022*	FY 2023*	FY 2024*
Number of complaints received	1406	n/a	n/a	1517	2554
Number of complaints resolve	1406	n/a	n/a	1517	2554
Number of complaints dropped / found to be without merit	665	n/a	n/a	659	1239
Number of complaints pending from prior years	0	n/a	n/a	0	0
Average time period for resolution of a complaint (days)	2	n/a	n/a	2	2

*The quarterly complaint record was put on hold during the pandemic.

- D. Fill in the following tables detailing your agency's historically underutilized business (HUB) purchases. Sunset is required by law to review and report this information to the Legislature. If your agency has set specific goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)**

Texas Workforce Commission
Exhibit 20: Purchases from HUBs

Heavy Construction

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal*	Statewide Goal
2022	\$0.00	\$0.00	0.00%	11.2%	11.2%
2023	\$0.00	\$0.00	0.00%	11.2%	11.2%
2024	\$0.00	\$0.00	0.00%	11.2%	11.2%

Building Construction

Self-Evaluation Report

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal	Statewide Goal
2022	\$0.00	\$0.00	0.00%	21.1%	21.1%
2023	\$0.00	\$0.00	0.00%	21.1%	21.1%
2024	\$0.00	\$0.00	0.00%	21.1%	21.1%

Special Trade

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal	Statewide Goal
2022	\$3,170,749	\$1,197,328	37.76%	32.9%	32.9%
2023	\$6,395,967	\$767,295	12.05%	32.9%	32.9%
2024	\$11,838,958	\$2,094,481	17.69%	32.9%	32.9%

Professional Services

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal	Statewide Goal
2022	\$1,081,853	\$852,144	78.77%	23.7%	23.7%
2023	\$1,046,928	\$1,019,670	97.40%	23.7%	23.7%
2024	\$205,512	\$198,902	96.78%	23.7%	23.7%

Other Services

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal	Statewide Goal
2022	\$69,653,806	\$21,334,013	30.63%	26.0%	26.0%
2023	\$179,207,422	\$17,626,792	9.84%	26.0%	26.0%
2024	\$201,156,935	\$18,098,257	9.00%	26.0%	26.0%

Commodities

Year	Total \$ Spent	Total HUB \$ Spent	Percentage of Total Spent on HUB	Agency Specific Goal	Statewide Goal
2022	\$19,782,427	\$2,376,027	12.01%	21.1%	21.1%
2023	\$12,994,149	\$6,315,044	48.0%	21.1%	21.1%
2024	\$11,554,964	\$5,447,925	47.15%	21.1%	21.1%

F. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Section 2161.003; TAC Title 34, Part 1, Rule 20.286c)

TWC's HUB goals and policies are published in the [TWC's FY 25-29 Strategic Plan](#). TWC's HUB performance is monitored by the HUB team with adjustments made as needed. The HUB team provides annual training and offers targeted based opportunities for purchasing staff to encourage the use of HUBs for purchases, especially those under \$10,000.

G. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Section 2161.252; TAC Title 34, Part 1, Rule 20.285)

Yes, the agency utilizes a HUB sub-contracting plan. The agency's HUB team examines multiple scopes of work and makes determinations based on the probability that some of the work may be performed by sub-contractors for solicitations that are valued at \$90,000 and above.

H. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions:

1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Section 2161.062; TAC Title 34, Part 1, Rule 20.296)

Yes, the HUB Coordinator position works within the Purchasing and HUB Services unit, in the Procurement and Contract Services (PCS) Department. PCS is within TWC's Business Operations Division. The HUB coordinator is Sonya Thulin, and the contact email address is: TWCHUBINFO@twc.texas.gov.

2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Section 2161.066; TAC Title 34, Part 1, Rule 20.297)

Yes, PCS has developed a program that is included within the HUB Business Plan. TWC's HUB team attends various HUB and small business forums throughout the fiscal year. HUB events provide an opportunity for the vendors to demonstrate their businesses capability directly to HUB staff at a TWC booth.

The agency participated in 12 HUB equal opportunity forums and expos in fiscal year 2024. TWC co-hosted a HUB connection forum on June 4, 2024, alongside the Texas Lottery Commission where vendors were able to network with agency staff and other business contractors. So far during fiscal year 2025, TWC has attended nine HUB forums and is planning to sponsor an in-person event alongside Central Health Austin.

3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Section 2161.065; TAC Title 34, Part 1, Rule 20.298)

Yes, PCS developed a mentor-protégé program, which is included in the HUB Business Plan, and closely follows the Texas Comptroller of Public Account's guidelines for the [HUB Mentor Protégé Program](#). TWC currently sponsors one Mentor-Protégé agreement. The agreement was established in February 2025, and progress is monitored to ensure TWC meets its goals.

I. Fill in the tables below detailing your agency's Equal Employment Opportunity (EEO) statistics. Sunset is required by law to review and report this information to the Legislature. Please use only the categories provided below. For example, some agencies use the classification "paraprofessionals," which is not tracked by the state civilian workforce. Please reclassify all employees within the appropriate categories below.

This analysis includes statistics for the years 2020 to 2023. While the 2024 data is not available at this time, the Texas Demographic Center is expected to release it in December 2025. We will share that information as soon as it is available.

Texas Workforce Commission

Exhibit 21: Equal Employment Opportunity Statistics

Officials / Administration

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	1,529,531	132,263	8.6%	386,022	25.2%	615,544	40.2%
2022	1,676,881	149,280	8.9%	435,930	26.0%	681,952	40.7%
2023	1,701,779	154,986	9.1%	450,503	26.5%	702,105	41.3%

Professional

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	3,489,851	370,399	10.6%	801,191	23.0%	1,849,090	53.0%
2022	3,723,169	415,998	11.2%	893,611	24.0%	2,009,379	54.0%
2023	3,901,277	456,588	11.7%	909,890	23.3%	2,098,301	53.8%

Technical

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	491,553	57,462	11.7%	189,145	38.5%	312,179	63.5%
2022	533,016	71,813	13.5%	201,750	37.9%	335,740	63.0%
2023	543,089	83,268	15.3%	199,287	36.7%	340,923	62.8%

Administrative Support

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	1,649,754	251,267	15.2%	631,294	38.3%	1,222,113	74.1%
2022	1,740,792	245,207	14.1%	693,159	39.8%	1,273,292	73.1%
2023	1,767,592	268,288	15.2%	694,622	39.3%	1,303,239	73.7%

Service / Maintenance

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	2,664,117	345,700	13.0%	1,465,177	55.0%	1,272,333	47.8%
2022	2,738,400	369,138	13.5%	1,493,800	54.6%	1,299,911	47.5%
2023	2,824,463	356,661	12.6%	1,555,590	55.1%	1,364,482	48.3%

Skilled Craft

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	2,309,962	236,287	10.2%	1,196,774	51.8%	284,147	12.3%
2022	2,397,181	247,111	10.3%	1,280,935	53.4%	277,603	11.6%
2023	2,470,095	265,844	10.8%	1,310,168	53.0%	306,325	12.4%

Protective Service (if applicable)

Year	Total Number of Positions	African-American	Statewide Civilian Workforce Percent	Hispanic	Statewide Civilian Workforce Percent	Female	Statewide Civilian Workforce Percent
2021	299,679	59,161	19.7%	106,407	35.5%	77,195	25.8%
2022	313,303	62,259	19.9%	104,525	33.4%	78,743	25.1%
2023	330,874	79,418	24.0%	111,332	33.6%	83,968	25.4%

J. Does your agency have an equal employment opportunity policy? If yes, please provide an attachment. How does your agency address performance shortfalls related to the policy?

TWC's EEO Policy is attached to this report as Exhibit 21_TWC EEO Policy. To address performance shortfalls, EEO policy violations are under the purview of the Office of General Counsel (OGC) Human Resources (HR) Legal team. The performance shortfalls are categorized as time sensitive and given priority. OGC HR Legal conducts a thorough review of all evidence, investigates as needed to ensure a complete review, determines the egregiousness of the violation, and recommends disciplinary action, as appropriate, to management. Disciplinary action ranges from counseling and additional training up to and including termination of employment.

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

None at this time.

TWC Acronym List

Acronym	Name
AAA	Area Agencies on Aging
ABA	Agency Board Agreement
ACF	Administration for Children and Families
ADA	Americans with Disabilities Act
AEL	Adult Education and Literacy
AEL TEAMS	Adult Education and Literacy Texas Educating Adults Management System
AI	Artificial Intelligence
ARPA	American Rescue Plan Act
ASD	Appellate Services Division
AT	Appeal Tribunal
BAM	Benefits Accuracy Measurement
BCY	Board Contract Year
BET	Business Enterprises of Texas
BLS	Bureau of Labor Statistics
BPC	Benefit Payment Control
BTQ	Benefits Timeliness and Quality
BT-RPI	Business Transformation and Rapid Process Improvement
CAE	Centralized Assessment Entity
CCBN	Child Care by the Numbers
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CC&EL or CCEL	Child Care and Early Learning
CCQ	Child Care Quality
CCR	Child Care Regulation
CCRC	Criss Cole Rehabilitation Center
CCRF	Child Care Relief Fund
CCR&R	Child Care Resource and Referral
CCS	Child Care Services

Acronym	Name
CDER	Cash Draw and Expenditure Reporting
CES	Current Employment Statistics
CFR	Code of Federal Regulations
CIE	Competitive Integrated Employment
CLI	Children's Learning Institute
COOP	Continuity of Operations
CPS	Child Protective Services
CQIP	Continuous Quality Improvement Plan
CRD	Civil Rights Department
CRP	Community Rehabilitation Program
CSC	Career Schools and Colleges
C&T	Career and Training
CTE	Career and Technical Education
CY	Calendar Year
DARS	Department of Rehabilitation Services
DFPS	Department of Family and Protective Services
DOL or USDOL	U.S. Department of Labor
DOLETA	U.S. Department of Labor, Employment and Training Administration
DPS	Department of Public Safety
DSHS	Department of State Health Services
DUA	Disaster Unemployment Assistance
E&T	Employment and Training
ECI	Early Childhood Intervention
ECIDS	Early Childhood Integrated Data System
ECIW	Early Childhood Interagency Workgroup
EDW	Enterprise Data Warehouse
EEO	Equal Employment Opportunity
EEOC	U.S. Equal Employment Opportunity Commission
EO	Equal Opportunity
EOCD	Equal Opportunity Compliance Department

Self-Evaluation Report

Acronym	Name
ES	Employment Services
ETP	Eligible Training Provider
FDCM	Fraud Deterrence and Compliance Monitoring
FHAP	Fair Housing Assistance Program
FLC	Foreign Labor Certification
FLSA	Fair Labor Standards Act
FTE	Full Time Equivalent
FY	Fiscal Year
GR	General Revenue
HB	House Bill
HHSC	Health and Human Services Commission
HOPES	Healthy Outcomes Through Prevention and Early Support
HR	House Resolution or Human Resources
HUB	Historically Underutilized Business
HUD	U.S. Department of Housing and Urban Development
I 3	Information, Innovation and Insight
IAC	Interagency Contracts
IRS	Internal Revenue Service
ISAM	Integrated Service Area Manager
IT	Information Technology
ITLS	Integrated Theory of Constraints and Lean Six Sigma
JET	Jobs and Education for Texans
JTPA	Job Training Partnership Act
LAUS	Local Area Unemployment Statistics
LBB	Legislative Budget Board
LEA	Local Education Agency
LMI	Labor Market Information
LWDA	Local Workforce Development Area
LWDB or Board	Local Workforce Development Board
MOA	Memorandum of Agreement

Acronym	Name
MOE	Maintenance of Effort
MOSAIC	Monitoring OverSight and Internal Controls
MOU	Memorandum of Understanding
MSFW	Migrant Seasonal Farmworker
MSG	Measurable Skills Gain
NASWA	National Association of State Workforce Agencies
NCP	Noncustodial Parent
OA	Office of Apprenticeship
OAA	Older Americans Act
OAG	Office of the Attorney General
OCTAE	Office of Career, Technical, and Adult Education
OEWS	Occupational Employment and Wage Statistics
OGC	Office of General Counsel
OIB	Older Individuals who are Blind
OIG	Office of Inspector General
OSS	OIB Service Specialist
PCS	Procurement and Contract Services
PDG B-5	Preschool Development Grant Birth Through 5
PECOS	Proprietary Education Consolidated Online System
PHS	Purchasing and HUB Services
PKP	Prekindergarten Partnership
PO	Purchase Order
PPD	Purchasing from People with Disabilities
PRA	Performance Reporting and Analysis
Pre-ETS	Pre-Employment Transition Services
Pre-K	Prekindergarten
PSET	Post-Secondary Education and Training
PY	Program Year
QCE	Quality Control and Evaluation
QCEW	Quarterly Census of Employment Wages

Self-Evaluation Report

Acronym	Name
QVRC	Qualified Vocational Rehabilitation Counselors
RA	Rehabilitation Assistant
RCT	Rehabilitation Council of Texas
RESEA	Reemployment Services and Eligibility Assessment
RFA	Request for Application
RHW	ReHabWorks
RPI	Rapid Process Improvement
RSA	Rehabilitation Services Administration
RSM	Risk and Security Management
SAO	State Auditor's Office
SB	Senate Bill
SCSEP	Senior Community Services Employment Program
SFY	State Fiscal Year
SKIP	Senior Keys to Independence Program
SNAP	Supplemental Nutrition Assistance Program
SNAP E&T	Supplemental Nutrition Assistance Program Employment and Training
SOAH	State Office of Administrative Hearings
SORM	State Office of Risk Management
SPA	Special Program Appeals
SRM	Subrecipient Monitoring
SSA	Social Security Administration
SSAVR	Social Security Administration's VR Cost Reimbursement Program
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
STEM	Science, Technology, Engineering and Mathematics
TAA	Trade Adjustment Assistance
TAC	Texas Administrative Code
TAMUS	Texas A&M University System
TANF	Temporary Assistance for Needy Families

Acronym	Name
TCF	Texas Cybersecurity Framework
TDCJ	Texas Department of Criminal Justice
TDHCA	Texas Department of Housing and Community Affairs
TEA	Texas Education Agency
TEC	Texas Employment Commission
TECPDS	Texas Early Childhood Professional Development System
THECB	Texas Higher Education Coordinating Board
TJJD	Texas Juvenile Justice Department
TLC	Texas Lottery Commission
TOP	Treasury Offset Program
TUCA	Texas Unemployment Compensation Act
TVC	Texas Veterans Commission
TWC	Texas Workforce Commission
TWIC	Texas Workforce Investment Council
TX3C	Texas Child Care Connection
TXR3	Texas Ready Communities, Ready Schools, Ready Students
TxROCS	Texas Review, Oversight and Coaching System
UC	Unemployment Compensation
UI	Unemployment Insurance
USCIS	U.S. Citizenship and Immigration Services
USDOL-WH	U.S. Department of Labor, Wage and Hour Division
VA	U.S. Department of Veterans Affairs
VR	Vocational Rehabilitation
VRCOS	Vocational Rehabilitation Contract Oversight and Support
VRSM	Vocational Rehabilitation Services Manual
WIOA	Workforce Innovation and Opportunity Act
WIP	Work in Progress
WOTC	Work Opportunity Tax Credit
WRO	Workforce Readiness Outreach

List of Exhibits

The following list of exhibits will be shared separately with the Sunset Advisory Commission.

- Exhibit 7_Expenditures
- Exhibit 8_Sources of Revenue
- Exhibit 9_Federal Funds
- Exhibit 11a_OrgChartFTE
- Exhibit 12_TemporaryContractEmployeesFY24
- Exhibit 13_ProgramFTEs+Exp
- Exhibit 16a_LegislationEnacted
- Exhibit 16b_LegislationNotPassed
- Exhibit 17_Contacts
- Exhibit 18_Required Reports
- Exhibit 21_TWC EEO Policy
- Exhibit_GAP_VRSM_Approvals_Consult
- Exhibit_GAP_VR_Eco_Impact
- Exhibit_GAP_VR_MOU
- Exhibit_GAP_VR_PPD_FlowChart
- Exhibit_GAP_VR_PPD_Measures_Targets
- Exhibit_GAP_VR_PPD_Performance_Calculations
- Exhibit_GAP_OGC_UIPerfMeasures
- Exhibit_GAP_CRDComplaintProcess
- Exhibit_GAP_SPAProcesses
- Exhibit_GAP_WebsiteOperations
- Exhibit_GAP_FDCCM_W&HFlowchart
- Exhibit_GAP_UI Journey of Appeal



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