

PUBLIC COMMENT SUBMITTED TO

Sunset Advisory Commission

Comments on Texas Workforce Commission

Submitted by: **Workers Defense Action Fund**

June 25, 2026

About Us

Workers Defense Action Fund is a statewide member-led organization that fights for better living and working conditions for Texas' immigrant workers. As an organization that has worked closely with workers to recover stolen wages for over 20 years, we've seen firsthand how the Texas Workforce Commission (TWC) is a much needed agency and how the agency has served Texans. We believe that TWC should be best equipped to support the millions of Texas workers it serves through its different programs. On behalf of our members, we submit the following comment.

Enforcement & Fraud Investigation

The Sunset Advisory Commission staff report released on June 18, 2026 highlighted the continued need for TWC as well as some needed reforms and recommendations in order for the agency to successfully deliver on its intended mission to Texans. While we agree with the report's determination that "Texas continues to benefit" from TWC's activities and its recommendation for continuing the agency, we offer additional recommendations that we believe can improve its services and operations.

In the "TWC At A Glance" section, the Sunset Advisory Commission staff report mentions that "in fiscal year 2025, TWC investigated over 13,000 Payday Law cases through which the agency collected about \$6.5 million in owed wages." While the report highlighted how many claims were investigated, it did not publish the rate at which the agency was able to collect wages. From TWC's own data, we know that there is a widening gap between the stolen wages that are ordered to be paid back and the

owed wages workers receive. According to a report¹ using TWC's data, in 2022, 17.8% of the \$7,791,693 of stolen wages that were ordered to be paid back were not recovered. In 2023, this number grew to 28% of wages not recovered from the \$10,518,274 ordered to be paid back. While the data shows that as the total amount of stolen wages ordered to be paid back continues to increase, the percentage of wages collected has actually decreased. This provides an opportunity for TWC to enhance its enforcement and collection mechanisms to ensure that workers are getting their stolen wages back. We believe that the commission should look into the following statutory recommendations to strengthen TWC's enforcement arms.

RECOMMENDATIONS

1. Taking employers to court for failure to pay wages owed. TWC should use all avenues available to recover stolen wages including pursuing the seizing of assets of employers that have failed to comply with a final adjudication from TWC in favor of the employee.
2. Revoking any applicable licenses, certificates, or pending applications from businesses that have failed to comply with a final adjudication from TWC in favor of the employee. Licenses and certifications may include but are not limited to:
 - a. Sales and Use Tax permit
 - b. Liquor license
3. Extending the statute of limitations on wage theft from 6 months to two years to better align with federal statute and create a more cohesive timeline for Texas workers to follow. Most states across the U.S have a statute of limitations of 2-3 years on wage claims. This would benefit workers who experience wage theft and are unaware of their rights to file claims and workers who initially try to recover their wages outside of TWC's formal process but are often continuously misled by their employer with promises to "pay them back next week."
4. Creating a strategic claims unit that could more proactively enforce compliance in industries that are known to foster a high number of wage theft claims and where workers may be less likely to file. This would allow the agency to optimize its resources to more directly impact and reduce wage theft across certain industries with higher rates of wage theft.
 - a. In addition to wage theft, the agency could also focus on other labor violations such as workplace discrimination, sexual assault, unsafe working conditions, and more, that are high within that industry.
 - b. In addition to the fraud investigation that was identified in the staff report, the agency should also investigate employer payroll fraud / worker misclassification. When employers erroneously classify employees as independent contractors, employers skirt their responsibility at paying into the unemployment insurance fund, essentially stealing money from the

¹D. J. Galvin, J. Barnes, J. Fine, and J. Round, "Wage Theft in Texas: Minimum Wage Violations and Payday Law Enforcement, 2009-2022," Feb. 2023. [Online]. Available: https://smr.rutgers.edu/sites/default/files/Documents/Centers/WJL/Wage_Theft_Texas_Report.pdf

state. Employees also lose access to basic worker rights that they are entitled to otherwise, like overtime, minimum wage, health insurance benefits, and more. It is estimated that payroll fraud in the construction industry alone costs Texas about \$43,092,000 million in lost unemployment tax revenue².

IT Modernization

The Issue 4 section of the staff report highlighted the need for IT modernization and we concur with the staff findings as we stated in our previous comment. We've often found the user interface when navigating the wage claim process to be cumbersome, creating additional barriers for workers attempting to file a claim. While recommendations laid out by the staff report would address some of the needs for IT modernization, we believe that other necessary changes are missing to ensure it is accessible for more Texans.

RECOMMENDATIONS

1. Ensuring the interface is user friendly and can be accessed and used on a variety of platforms, including smartphones.
2. Website and resources should be made available in a variety of languages including, but not limited to English, Spanish, Mandarin, Vietnamese, German, and Czech

Data Reporting

In the Issue 8 section of the report, staff discuss the need to eliminate some reporting that could be included in TWC's annual report. We believe there is more need for transparency and accountability to taxpayers from the agency. Additional data points would provide increased transparency and allow for Texans to better understand how the agency is functioning. The following data points should be included in TWC's annual report:

²Berard, Y. Contract to cheat: Tax cheats are widespread in Texas construction industry. mcclatchydc Available at: <https://www.mcclatchydc.com/news/nation-world/national/article24772738.html>. (Accessed: 25th June 2026)

RECOMMENDATIONS

1. Wage claims
 - a. Number of wage claims submitted
 - b. Number of cases ending in an adjudication in favor of the employee
 - c. Number of cases ending in an adjudication in favor of the employer
 - d. Employers with more than 1 wage claim in a reporting year
 - e. Amount of wages ordered to be paid back
 - f. Amount of wages recovered in dollars
 - g. Method of which stolen wages were recovered
 - h. Number of wage claims denied and reasons for denials
 - i. Wage theft by industry
 - j. Cases appealed
 - k. Appeal rate
 - l. Opened day of case
 - m. Close day of case
2. Retaliation cases
 - a. Outcome of case
 - b. If dismissed, reason for dismissal
3. Settlement agreements
 - a. Amounts alleged
 - b. Amounts settled for

TWC's core mission to support our workforce and families is as important as ever. We believe that these additional recommendations would further strengthen the agency's mission delivery and effectiveness. We look forward to continuing to work with the commission and welcome any questions that may arise. Thank you for the opportunity to submit these additional comments.

If you have any questions contact:

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