

Texas Workforce Commission
2026-27 Exceptional Item Request Summary as of
August 20, 2024

Exceptional Item Requests			
Vocational Rehabilitation General Revenue for Federal Match			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$189,040,036	\$172,332,656	\$361,372,692
<i>General Revenue</i>	<i>\$64,500,044</i>	<i>\$36,706,856</i>	
<i>Federal</i>	<i>\$124,539,992</i>	<i>\$135,625,800</i>	
FTE:	-	-	
Participants Served:	31,610	32,982	64,592
Method of Finance:	General Revenue for Vocational Rehabilitation, Federal Funds		
Object of Expense:	L3001 Client Services		
Project Benefits:	<p>The federal Vocational Rehabilitation (VR) grant has increased by 26.6% since Fiscal Year 2018, growing from \$245M to \$320M annually. TWC does not have enough non-federal funds (General Revenue/GR) to fully match the growth in the federal VR grant; however, until FY 2024, TWC was able to use accumulated grant balances to provide services to all new and continuing VR participants without requesting more GR to match the additional federal funding. After a multi-year period of providing more services to both adults and students with disabilities, coupled with an overall increase in applicants and participants, VR has expended accumulated grant balances. To meet current participant and service delivery needs, VR now needs additional GR to fully match the growth in the federal grant in Texas. This increase in GR matching funds is necessary not only to continue services to current participants in subsequent years, but also to address projected growth in the number of participants and in the number of services needed by each participant. In addition, rate increases are necessary to retain existing VR service providers and recruit additional service providers needed to provide specialized services and to serve participants in rural areas of the state. TWC is seeking GR in FY 2026 to fully match the 2025 and 2026 federal awards, along with the corresponding necessary Rider 33 revision.</p>		
Texas Education Code Chapter 133 Apprenticeship Training			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$5,267,215	\$7,767,215	\$13,034,430
FTE:	-	-	
Participants Served:	7,398	10,909	18,307
Method of Finance:	General Revenue		
Object of Expense:	L4000 Grants		
Project Benefits:	<p>In recognition of Texas Workforce Investment Council recommendations for the Chapter 133 Apprenticeship Training Program, TWC has strived to maintain a \$4 contact hour rate (CHR) and has been able to do so since FY 2019, although it has required using funds that could be allocated to other workforce training initiatives. The consistency in the \$4 CHR was accomplished by TWC supplementing GR with federal funds, including WIOA, TANF, and a DOL Expansion Grant. Because the program continues to grow in numbers of new programs, apprentices, and contact hours, TWC recognizes that it will not be able to maintain the \$4 CHR in future years, and the CHR will decrease. The additional GR will allow the program to maintain the \$4 CHR as the employer demand continues to grow.</p>		
Texas Veterans Leadership Program			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$1,693,586	\$1,697,562	\$3,391,148
FTE:	-	-	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L1001 Salaries and Wages, L2009 Other Operating Expenses, etc.		
Project Benefits:	<p>Texas Veterans Leadership Program (TVLP) as defined in Ch 302 Texas Labor Code is currently funded with Wagner Peyser Employment Services funds. With the passing of Final Rule, a significant amount of Wagner Peyser funding is needed to perform required statewide outreach to Migrant Seasonal Farmworkers in addition to creating a final rule compliant management structure. In order to continue providing services to veterans through TVLP, General Revenue funding is needed. The funds will support 22.1 FTE who provide services to 5,650 veterans statewide each year.</p> <p>TWC is requesting funding only. No FTE cap increase needed as the FTEs are included in our current cap. WIOA funds would be an option for funding the TVLP program, however, participant eligibility would have to be confirmed by staff and staff would need to collect WIOA Participant Individual Record Layout (PIRL) elements on all participants, and would reduce the funds for other WIOA-funded activities. Continued funding with ES funds will impact the ES funds available to fund employment service delivery now required under the Wagner-Peyser final rule on staffing. The final rule became effective 01/23/2024 and requires 1) ES services be provided by state merit staff, 2) state merit staff be supervised by state merit staff and 3) MSFW outreach work be conducted on a statewide basis, sufficient enough to contact a majority of MSFW in the state on an annual basis. Full compliance with the updated regulations is required by or before 01/22/2026.</p>		

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Older Individuals Who Are Blind Program Client Services			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$3,998,180	\$5,436,579	\$9,434,759
FTE:	-	-	
Participants Served:	1,593	2,056	3,649
Method of Finance:	General Revenue for Vocational Rehabilitation		
Object of Expense:	L3001 Client Services		
Project Benefits:	<p>In 2019, the American Community Survey (ACS) data showed that 9.7% of Texans aged 65-74 and older report severe vision loss or blindness, equating to 266,520 Texans. Although some seniors experiencing vision loss may have the available resources to address their independent living needs, if only 5% of those aged 65+ need older blind services (13,326), that is far above the capacity of the current TWC VR OIB program, which served just under 2,000 participants in SFY 2023 with an average cost of \$2,188 per participant. TWC VR implemented an OIB expansion project through the use of Social Security Administration (SSA) under the VR Reimbursement Program, known as SSAVR, beginning in SFY 2023 to serve more individuals aged 55 and older who are blind or visually impaired. The expansion project was approved to add more service delivery staff and to develop and pilot a new service that complements and expands the OIB services that seniors receive in their homes. TWC plans to maintain a cap of \$5.0 million per year of SSAVR funds for the OIB program. However, cost projections for the OIB program exceed available funding; hence, TWC's request for an exceptional item request for additional funding for the OIB program.</p>		
Labor Law Enforcement			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$519,776	\$667,421	\$1,187,197
FTE:	-	-	
Participants Served:	-	-	-
Method of Finance:	General Revenue-Dedicated/Penalty & Interest		
Object of Expense:	L1001 Salaries and Wages		
Project Benefits:	<p>The TWC Wage and Hour Department (WHD) enforces Subchapter D, Chapter 61 of the Texas Labor Code, known as The Texas Payday Law. Subchapter D, Wage Claims, is a complaint-driven process that allows workers to file a wage claim with the WHD if they believe they have not been paid wages to which they are entitled. Wage Claim Examiners process and adjudicate wage claims to determine whether the claim is actionable under the Payday Law; whether wages are owed; and whether the employer acted in bad faith by not paying wages owed.</p> <p>In FY 2020, approximately 10,000 wage claims were filed. The number has risen to more than 14,000 in FY 2024. Approximately 12% of processed wage claims result in an appeal with the Wage Claim Appeal Tribunal. Increases in wage claims correspond with increases in appeals. As a result, additional staff hours are being charged to the program. TWC is requesting additional GR-D Fund 165 to support existing staff salaries and work charged to the program as well as increase salaries for a higher retention rate.</p>		

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Workforce Readiness Outreach and Youth Services			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$10,307,058	\$10,289,223	\$20,596,281
FTE:	41.0	41.0	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L1001 Salaries and Wages, L4000 Grants, L2009 Other Operating Expenses, etc.		
Project Benefits:	<p>TWC is requesting funds to support a suite of initiatives to develop and prepare our state's future workforce – Texas youth. This funding would facilitate programming to engage youth in career exploration, work experience, education and training, and supportive services to help prepare them for workforce success. This work would include 1) statewide outreach services to increase career readiness and 2) grant funding to support measurable programs advancing career readiness, skill development, and work experience opportunities. By providing career resources to young Texans, we are helping our state's employers access the talent they need in future years. By funding these youth-focused initiatives with general revenue, TWC will be able to serve all Texas youth, not solely at-risk youth.</p> <p>As the state's source for labor market information, TWC plays a critical role in helping communicate this information to Texas' future workforce. This includes ensuring students, educators, and counselors are aware of regional in-demand careers. TWC's small team of workforce readiness coaches works closely with school staff to help students explore all options – military, employment, certifications, apprenticeships, and college – available to them.</p> <p>To provide statewide coverage, TWC is requesting 41 full time equivalents – 38 Program Specialists IVs to serve as additional coaches and 3 Manager I positions – and general revenue funding for 6 existing FTEs that are funded through a federal grant. No FTE cap increase is needed for these 6 positions as the FTEs are included in TWC's current cap. These 6 existing positions include: 3 existing state level coaches classified as Program Specialist IVs, one Director I, one Program Specialist III and one Administrative Assistant III.</p>		
Civil Rights			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$274,777	\$274,777	\$549,554
FTE:	4.0	4.0	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L1001 Salaries and Wages		
Project Benefits:	<p>The Civil Rights Division (CRD) of the TWC enforces Texas Labor Code Chapter and Chapter 301 of the Property Code. The code prohibits employment discrimination based on race, color, religion, sex, age, national origin, disability, and retaliation. This is currently carried out with state general revenue and federal matching funds. This request would allow TWC to maintain 4 of the additional 6 FTE's received in the 2024-25 biennium but which were subsequently removed in the 2026-27 base. TWC projects to reduce the backlog to 350 (natural clearing rate) from 1,500 cases of EEO complaints by the end of FY 2025. As Texas grows the number of discrimination cases grows, to achieve stability requires a continued state investment to maintain the backlog at the 350 case level that allows closing EEO cases timely into the future. The CRD Employment backlog began developing during a period when the division experienced high employee turnover in combination with increased claims as the state's population growth continues.</p>		
Texas Veterans Network			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$1,000,000	\$1,000,000	\$2,000,000
FTE:	-	-	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L4000 Grants		
Project Benefits:	<p>The Texas Veterans Network (TVN) is a statewide network that coordinates veteran referral services across the state, regardless of the community in which a veteran or eligible spouse seeks services. The TVN coordinates and tracks statewide referrals for veterans' services at the community level and promotes an integrated approach among community service providers to facilitate resource coordination and information sharing among network partners. Currently, the network operates in 254 counties in Texas and plans to serve 17,000 veterans annually. 100 network partner organizations are anticipated to participate in the TVN to provide services more seamlessly to veterans with an understanding of services needed, received, and by whom.</p> <p>The TVN is currently funded with WIOA statewide discretionary funds through a \$2M grant that will expire on March 31, 2025. Changes to federal regulations (TANF NPRM and Wagner-Peyser Act Staffing final rule) are anticipated to impact the availability of WIOA statewide discretionary funds in future periods. To continue the TVN without disruption, General Revenue funding is needed, \$1M in FY 2026 and \$1M in FY 2027. This funding will serve an estimated 34,000 veterans over the course of the two-year period.</p>		

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Career Schools and Colleges FTE			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$163,649	\$196,047	\$359,696
FTE:	1.0	1.0	
Participants Served:	-	-	-
Method of Finance:	Career Schools and Colleges General Revenue		
Object of Expense:	L1001 Salaries and Wages, L2009 Other Operating Expenses		
Project Benefits:	<p>The request for an additional FTE reflects the increase in the number of schools regulated by TWC. Over the last 20 years, the program has grown from 416 licensed schools to a current 698 licensed schools with approximately 50 applications pending. During this growth, the regulatory requirements have increased through statutory changes.</p> <p>In addition to processing new applications, the program is responsible for processing exemption requests; investigating complaints; evaluating schools' financial soundness; evaluating employment outcomes for over 2,000 vocational programs; and processing changes of ownership, addresses, or school names.</p> <p>The additional FTE will create more manageable caseloads for staff. The timely processing of CSC actions will also benefit the business enterprises seeking approvals and/or exemptions from TWC.</p>		
Labor Market Information FTEs			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$343,568	\$343,568	\$687,136
FTE:	3.0	3.0	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L1001 Salaries and Wages, L2009 Other Operating Expenses		
Project Benefits:	<p>TWC is requesting 3 additional FTE's in the LMI Department to meet the increased demand for economic data from Offices and other customers. TWC is requesting that these 3 FTE's are funded with GR.</p> <p>One Data Analyst VI - Chief Economist (\$124,606/year) position would be slated to produce true economic analysis, research, and labor market projections on skills, occupations, industry, education and would support the other two LMI FTEs requested to enable them to learn and perform more advanced work.</p> <p>Two Economist IV's (\$183,672/year) positions would give help the LMI department help meet increasing data demands for ad hoc LMI analysis, build projections and industry/occupation analysis, support local economic development, and address local education outreach requests that are not addressed by the Workforce Division.</p>		
COVID-19 Employer Vaccination Mandate Prohibition (SB 7, 88(3))			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$318,935	\$318,935	\$637,870
FTE:	4.1	4.1	
Participants Served:	-	-	-
Method of Finance:	General Revenue		
Object of Expense:	L1001 Salaries and Wages, L2009 Other Operating Expenses		
Project Benefits:	<p>The 88th Legislature, 3rd Special Session, implemented Senate Bill (SB) 7 prohibiting a private employer from adopting or enforcing certain COVID-19 vaccine mandates. SB 7 requires TWC to take complaints that an employer violated the law, investigate those complaints, make determinations, and impose an administrative penalty. TWC submitted costs for this bill, however, TWC did not receive funding for the program. Currently, TWC is fulfilling this mandate by using discretionary General Revenue funds from the Skills Development program. TWC requests General Revenue funding and FTEs to fulfill the requirements of the bill. TWC anticipates 62 complaints each year; 50 complaints from employees and 12 retaliation complaints. TWC requests 4.1 FTEs each year; this includes 0.1 FTE for a Programmer V and 4.0 FTEs (1 Investigator IV, 1 Hearings Officer IV, 1 Administrative Assistant II, and 1 Attorney II). The four FTEs will be necessary for ongoing investigations, appeals, and administrative duties. Programming will modify the PIRTS system (the TWC Fraud Deterrence and Compliance Monitoring division's investigations case management system). Activities include creating a new data group and assignment group in PIRTS.</p>		

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Exceptional Item Requests - Capital Budget & IT		
UI Fraud Detection and Deterrence (Non-Capital)		
Cost:	\$3,264,540	General Revenue-Dedicated/Penalty & Interest
System Type:	Software as a Service (SaaS)	
Participants Served:	700,000+ claimants and 670,000+ employers	
Age of Existing System:	1 year or less	
Project Benefits:	<p>Identity Verification Services: To protect the integrity of the unemployment benefits program and to ensure that claimants have properly identified, TWC contracts with a third-party for enhanced ID verification services. The services allow for the secure verification of claimant identities at a transactional cost that is less than what it would require for TWC staff to conduct the enhanced ID verification.</p> <p>Caller Name Services: To provide customers with confidence that outbound calls from TWC are legitimate, TWC contracts with a third-party for caller names services to ensure that calls correctly reflect that they originated from TWC. The services include preventing TWC calls from being mistakenly labeled as spam, marking specific numbers as inbound only to prevent bad actors from spoofing TWC numbers to make scam calls, and monitoring for attempts to register new telephone numbers with TWC's name.</p> <p>UI SUTA Dumping: SUTA dumping is a tax evasion plan used by some employers to lower their Unemployment Insurance (UI) tax rate to avoid paying higher UI taxes. SUTA dumping compromises the experience rating system. This eliminates the incentive for employers to keep employees working. This also eliminates the incentive for benefit claimants to return to work promptly. SUTA dumping can also shift costs to other employers.</p> <p>TWC requests Fund 165 appropriations to implement this item. Fund 165 collects penalties and interest for violations of the Texas Unemployment Compensation Act and has sufficient fund balance to support this item.</p>	
UI Cybersecurity		
Cost:	\$3,162,408	General Revenue-Dedicated/Penalty & Interest
System Type:	Network Security and Cybersecurity Infrastructure	
Participants Served:	TWC staff, contractors, and Workforce Boards	
Age of Existing System:	8+ years	
Project Benefits:	<p>TWC's 2026-27 cybersecurity addresses items identified in the Texas Cybersecurity Framework Assessment enhancing TWC's security posture. TWC also requests to automate Access Management and Privileged Access Management to address current, and prevent future, audit findings and to streamline the annual systems access review process. Continuing budget support for Security Incident and Event Management (SIEM), Secure Web Gateway (SWG), scanning tools, and endpoint security is vital for safeguarding our network against evolving cyber threats. These tools provide comprehensive threat detection, prevention, and response, ensuring regulatory compliance and protecting sensitive data. Investing in these technologies mitigates risks, reduces potential financial losses, and strengthens our overall security posture, ensuring business continuity. These items are the foundation for TWC's move to Zero Trust Architecture that will be expanded over the next two biennium.</p> <p>TWC requests Fund 165 appropriations to implement this item. Fund 165 collects penalties and interest for violations of the Texas Unemployment Compensation Act and has sufficient fund balance to support this item.</p>	
UI Data Center Consolidation (Mainframe)		
Cost:	\$10,975,221	General Revenue-Dedicated/Penalty & Interest
System Type:	Mainframe Computing	
Participants Served:	700,000+ claimants and 670,000+ employers	
Age of Existing System:	30+ years	
Project Benefits:	<p>The DCC mainframe hosts the TWC Unemployment Insurance (UI) benefits and tax systems.</p> <p>The UI benefits system serves over 700,000 claimants annually, processing nearly 800,000 UI claims, 7.0 million individual claim weeks, and dispensing \$2.9 billion in UI benefits. The system supports the UI benefits program by offering staff-assisted and self-service claims taking, continued claim week submissions (payment requests), claim and payment status, and account management. For employers, it provides them methods for responding to unemployment claims and account management. Internally, it serves as a case management system that supports staff with the initial job separation investigation and ongoing eligibility reviews and investigations. It also supports the lower and higher-level appeals processes.</p> <p>The UI tax system supports over 670,000 employer accounts, collects and processes 2.6 million wage reports for 63.7 million wage records annually. The system supports the UI tax program by offering staff-assisted and self-service wage reporting, paying UI taxes, and account management. Internally, it provides staff with a case management and accounting system for conducting audits, wage investigations, calculating UI Tax rates, adjusting, and issuing refunds.</p> <p>TWC requests Fund 165 appropriations to implement this item. Fund 165 collects penalties and interest for violations of the Texas Unemployment Compensation Act and has sufficient fund balance to support this item.</p>	

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Unemployment Insurance (UI) State Information Data Exchange System (SIDES)		
Cost:	\$2,613,576	General Revenue-Dedicated/Penalty & Interest
System Type:	Data Exchange	
Participants Served:	Over 600,000/Year (number of Texas employers)	
Age of Existing System:	New	
Project Benefits:	<p>Implement the Unemployment Insurance (UI) State Information Data Exchange System (SIDES) 1) Monetary & Potential Charging exchange, 2) Determinations & Decisions exchange, 3) Benefit Charges exchange, 4) Additional Fact-finding exchange, and 5) Single Sign-on using Okta.</p> <p>Provided by the National Association of State Workforce Agencies (NASWA), UI SIDES electronically notifies employers and third-party administrators (TPA) of various notices requiring a response. It allows the state to send or request additional information electronically, notifies employers and TPAs of wages used to setup a claim, and allows employers and TPAs to respond to these notices electronically.</p> <p>TWC requests Fund 165 appropriations to implement this item. Fund 165 collects penalties and interest for violations of the Texas Unemployment Compensation Act and has sufficient fund balance to support this item.</p>	
Vocational Rehabilitation Services Guide		
Cost:	\$1,011,164	Federal Funds
System Type:	Case Management	
Participants Served:	98,390	
Age of Existing System:	12 Years	
Project Benefits:	<p>Secure integration of an internally developed Vocational Rehabilitation Services Guide data resource into the VR case management system to support the joint efforts of the counselor and the customer in creating and customizing the customer's individualized plan of services and enable efficient, direct access to this data. This solution would use data including the customer's disability(is), limited functional capacities, education, experience, other relevant factors, interests, skills, and employment goals to provide a list of services that have typically been most successful for individuals with similar factors. Counselor competency will be supported and enhanced by supplementing counselor knowledge with a larger body of knowledge regarding the services that may be necessary and beneficial to assist the customer in achieving their employment goal. Consistency of service provision will improve and success rates for customers will increase.</p>	
Business Enterprises of Texas Application Enhancements		
Cost:	\$500,000	Federal Funds
System Type:	Program Management & Oversight	
Participants Served:	105+	
Age of Existing System:	6 Years	
Project Benefits:	<p>Enhance the Business Enterprises of Texas (BET) Application to improve functionality, program reporting, and oversight. The current application does not have the ability to include manager inventory, resulting in the need for duplicative reporting systems and processes and limiting the ability of the program to include this information in the primary manager reporting system of record. This system upgrade would impact 150 staff.</p>	
Texas Reality Check		
Cost:	\$500,000	Appropriated Receipts (IKEA Donation)
System Type:	Online Application	
Participants Served:	17M/Year	
Age of Existing System:	20+ years	
Project Benefits:	<p>Enhance features of the Texas Reality Check online application by adding robust error handling, user input of expenses, and a Spanish language option. Additionally, the Self-Sufficiency Wage, recently developed for the Tri-Agency Initiative, will be incorporated into the tool. Along with the proposed feature upgrades, the application will be refreshed with new graphics and text as needed. The delivery of these goals will keep the application current, relative, and will increase the application's user base.</p> <p>About Texas Reality Check: Texas Reality Check (Texas Reality Check.com) is a career exploration tool used by students, teachers, counselors, parents, and those investigating a career transition. Developed by LMI more than 20 years ago, it remains LMI's most visited online application. In 2023, Reality Check had 16.9 million page views. The current version of Texas Reality Check was put into production in 2016.</p> <p>Texas Reality Check allows user to investigate occupations based on lifestyle choices, create a desired budget, and then view the occupations and preferred education levels that support those choices.</p>	

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Network Modernization	
Cost:	\$4,234,000 Cost Allocated (UI funded with General Revenue-Dedicated/Penalty & Interest)
System Type:	Network Security and Infrastructure
Participants Served:	TWC staff, contractors, and Workforce Boards
Age of Existing System:	10+ years
Project Benefits:	<p>Based on the results of a third-party network assessment, it is critical that TWC strengthen its information security posture by addressing the tactical and strategic network issues outlined in the report. By taking the actions listed below, TWC will further mature its information security program and reduce the threat to data/system confidentiality, availability, and integrity of information resources.</p> <ol style="list-style-type: none"> 1. Design network architecture and configure devices to align with IRS1075 requirements. 2. Update network security devices to support redundant and fault-tolerant configuration. 3. Assess and update core networking infrastructure design to comply with the IRS1075 standard. This includes policies, procedures, plans, configurations, change management, and executive reporting. <p>TWC requests Fund 165 appropriations to implement the UI cost allocated portion of this item. Fund 165 collects penalties and interest for violations of the Texas Unemployment Compensation Act and has sufficient fund balance to support this item.</p>