		Exceptional Item Re	auests	
Vacational Bahahilitation	Conoral Poyonus for Enderal	•	quests	
	General Revenue for Federal		Tatal	
Priority: Cost:	Exceptional Item 2026	Exceptional Item 2027	Total	
	\$189,040,036	\$172,332,656	\$361,372,692	
General Revenue	\$64,500,044	\$36,706,856		
Federal	\$124,539,992	\$135,625,800		
FTE:	-	-		
Participants Served:	31,610	32,982	64,592	
Method of Finance:	General Revenue for Vocatio	nal Rehabilitation, Federal	Funds	
Object of Expense:	L3001 Client Services			al 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 participant 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 matc the 2025 and 2026 federal awards, along with the corresponding necessary Rider 33 revision.			
Texas Education Code Cha	pter 133 Apprenticeship Trair	ning		
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total	
Cost:	\$5,267,215	\$7,767,215	\$13,034,430	
FTE:	-	-	ŞI3,034,430	
Participants Served:	7,398	10,909	18,307	
Method of Finance:	General Revenue	10,909	18,507	
Object of Expense:	L4000 Grants			
Project Benefits:		ce Investment Council recom	mandations for the C	hapter 133 Apprenticeship Training Program, TWC
	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 continue to grow.			
Texas Veterans Leadershi	p Program			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total	
Cost:	\$1,693,586	\$1,697,562	\$3.391.148	
FTE:	-	-	<i>,,,,,,</i> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Participants Served:	-	-	-	
Method of Finance:	General Revenue			
Object of Expense:	L1001 Salaries and Wages, L2	2009 Other Operating Expe	nses, etc.	
Project Benefits:	Texas Veterans Leadership Prog Employment Services funds. Wi required statewide outreach to order to continue providing serv who provide services to 5,650 v TWC is requesting funding only. option for funding the TVLP pro- collect WIOA Participant Individ funded activities. Continued fur	ram (TVLP) as defined in Ch 3 th the passing of Final Rule, a Migrant Seasonal Farmworke vices to veterans through TVL eterans statewide each year. No FTE cap increase needed gram, however, participant el ual Record Layout (PIRL) elen nding with ES funds will impac	02 Texas Labor Code significant amount o rrs in addition to crea P, General Revenue fi as the FTEs are incluc igibility would have to tents on all participar t the ES funds availab	is currently funded with Wagner Peyser f Wagner Peyser funding is needed to perform ting a final rule compliant management structure. In unding is needed. The funds will support 22.1 FTE led in our current cap. WIOA funds would be an o be confirmed by staff and staff would need to nts, and would reduce the funds for other WIOA- ole to fund employment service delivery now ective 01/23/2024 and requires 1) ES services be

Priority:	Blind Program Client Services Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$3,998,180	\$5,436,579	\$9,434,759
FTE:	-	-	<i>+•,••,•••</i>
Participants Served:	1,593	2,056	3,649
Method of Finance:	General Revenue for Vocational Rehabilitation		
Object of Expense:	L3001 Client Services		
	their independent living needs, if only 5% of those aged 65+ need older blind services (13,326), current TWC VR OIB program, which served just under 2,000 participants in SFY 2023 with an av TWC VR implemented an OIB expansion project through the use of Social Security Administratic Program, known as SSAVR, beginning in SFY 2023 to serve more individuals aged 55 and or olde The expansion project was approved to add more service delivery staff and to develop and pilo expands the OIB services that seniors receive in their homes. TWC plans to maintain a cap of \$5 the OIB program. However, cost projections for the OIB program exceed available funding; her item request for additional funding for the OIB program.		
Labor Law Enforcement Priority:	Exceptional Item 2026	Exceptional Item 2027	Total
Cost:	\$519,776	\$667,421	\$1,187,197
FTE:	-	-	
FIE.			
Participants Served:	-	-	-
Participants Served: Method of Finance:	- General Revenue-Dedicated/	- /Penalty & Interest	-
PIE: Participants Served: Method of Finance: Object of Expense: Project Benefits:	- General Revenue-Dedicated/ L1001 Salaries and Wages The TWC Wage and Hour Depar	•	-

Workforce Readiness Out	reach 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	<i>\(_\0)000\(_\0\1\)</i>	
Participants Served:	-	-	-	
Method of Finance:	General Revenue			
Method of Finance.	L1001 Salaries and Wages, L4	1000 Crapter 1 2000 Other (Descating	
Object of Expanses	0,	iooo Grants, L2009 Other C	perating	
Object of Expense:	Expenses, etc.			r state's future workforce. Toyos youth This
Project Benefits:	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 atrisk youth. 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. 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.			
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			
	prohibits employment discrimination based on race, color, religion, sex, age, national origin, disability, and retaliation. This is currer 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 th 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.			
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:	The Texas Veterans Network (TV the community in which a vetera services at the community level coordination and information sh serve 17,000 veterans annually. seamlessly to veterans with an u The TVN is currently funded with Changes to federal regulations (an or eligible spouse seeks se and promotes an integrated haring among network partne 100 network partner organiz understanding of services nee h WIOA statewide discretiona TANF NPRM and Wagner-Pey	rvices. The TVN coord approach among com rs. Currently, the netv ations are anticipated ded, received, and by ry funds through a \$2 rser Act Staffing final	In referral services across the state, regardless of dinates and tracks statewide referrals for veterans' munity service providers to facilitate resource work operates in 254 counties in Texas and plans to d to participate in the TVN to provide services more y whom. 20 grant that will expire on March 31, 2025. rule) are anticipated to impact the availability of ut disruption, General Revenue funding is needed,

Career Schools and Colle	Pages FTF				
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total		
Cost:	\$163,649	\$196,047	\$359,696		
FTE:	1.0	1.0	\$333,630		
Participants Served:	-	-	-		
Method of Finance:	Career Schools and Colleges	General Revenue			
Object of Expense:			nses		
Project Benefits:	L1001 Salaries and Wages, L2009 Other Operating Expenses The request for an additional FTE reflects the increase in the number of schools regulated by TWC. Over the last 20 years, the progra				
rojett benents.	has grown from 416 licensed sc growth, the regulatory requirem	hools to a current 698 license nents have increased through	d schools with approx statutory changes.	kimately 50 applications pending. During this	
		indness; evaluating employm		ing exemption requests; investigating complaints; r 2,000 vocational programs; and processing	
	The additional FTE will create m enterprises seeking approvals a	-		ocessing of CSC actions will also benefit the busines	
Labor Market Informatio	on 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, L2	2009 Other Operating Expe	nses		
Project Benefits:				demand for economic data from Offices and othe	
		rear) positions would give hel ndustry/occupation analysis, :	support local econom	t help meet increasing data demands for ad hoc LN ic development, and address local education	
COVID-19 Employer Vac	cination Mandate Prohibition (S	(B 7 88(3))			
Priority:	Exceptional Item 2026	Exceptional Item 2027	Total		
Cost:	\$318,935	\$318,935	\$637,870		
FTE:	4.1	4.1	2007,070		
Participants Served:		-	-		
Method of Finance:	General Revenue	-			
Object of Expense:	L1001 Salaries and Wages, L2009 Other Operating Expenses				
Project Benefits:	3 7	1 0 1		ng a private employer from adopting or enforcing	
rojett benefits.	The 88th Legislature, 3rd Special Session, implemented Senate Bill (SB) 7 prohibiting a private employer fror certain COVID-19 vaccine mandates. SB 7 requires TWC to take complaints that an employer violated the law				
	complaints, make determinations, and impose an administrative penalty. TWC submitted costs for this bill, however, TWC did not				
				discretionary General Revenue funds from the Ski	
	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 creatin a new data group and assignment group in PIRTS.				

	Exceptio	onal Item Requests - Capital Budget & IT		
UI Fraud Detection and De	-			
Cost:	\$3,264,540	General Revenue-Dedicated/Penalty & Interest		
System Type:	Software as a Service (Saa			
Participants Served:	700,000+ claimants and 67			
•	,	70,000+ employers		
Age of Existing System:	1 year or less			
Project Benefits:	properly identified, TWC com- verification of claimant ident ID verification. Caller Name Services: To pro- third-party for caller names s preventing TWC calls from be	s: To protect the integrity of the unemployment benefits program and to ensure that claimants have tracts with a third-party for enhanced ID verification services. The services allow for the secure ities at a transactional cost that is less than what it would require for TWC staff to conduct the enhanced ovide customers with confidence that outbound calls from TWC are legitimate, TWC contracts with a services to ensure that calls correctly reflect that they originated from TWC. The services include eing mistakenly labeled as spam, marking specific numbers as inbound only to prevent bad actors from		
	UI SUTA Dumping: SUTA dur to avoid paying higher UI taxe employers to keep employee dumping can also shift costs TWC requests Fund 165 appr	ake scam calls, and monitoring for attempts to register new telephone numbers with TWC's name. mping is a tax evasion plan used by some employers to lower their Unemployment Insurance (UI) tax rate es. SUTA dumping compromises the experience rating system. This eliminates the incentive for es working. This also eliminates the incentive for benefit claimants to return to work promptly. SUTA to other employers. ropriations to implement this item. Fund 165 collects penalties and interest for violations of the Texas on Act and has sufficient fund balance to support this item.		
UI Cybersecurity				
Cost:	\$3,162,408	General Revenue-Dedicated/Penalty & Interest		
System Type:	Network Security and Cyb	•		
Participants Served:	TWC staff, contractors, an	d Workforce Boards		
Age of Existing System:	8+ years			
Project Benefits:	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.			
	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.			
UI Data Center Consolidat				
Cost:	\$10,975,221	General Revenue-Dedicated/Penalty & Interest		
System Type:	Mainframe Computing			
Participants Served:	700,000+ claimants and 67	70.000+ employers		
Age of Existing System:	30+ years	-/ F -/		
Project Benefits:		e TWC Unemployment Insurance (UI) benefits and tax systems.		
	weeks, and dispensing \$2.9 b service claims taking, continu For employers, it provides the case management system that investigations. It also support The UI tax system supports of records annually. The system and account management. In investigations, calculating UI	s over 700,000 claimants annually, processing nearly 800,000 UI claims, 7.0 million individual claim pillion in UI benefits. The system supports the UI benefits program by offering staff-assisted and self- ued claim week submissions (payment requests), claim and payment status, and account management. em methods for responding to unemployment claims and account management. Internally, it serves as a at supports staff with the initial job separation investigation and ongoing eligibility reviews and ts the lower and higher-level appeals processes. over 670,000 employer accounts, collects and processes 2.6 million wage reports for 63.7 million wage n supports the UI tax program by offering staff-assisted and self-service wage reporting, paying UI taxes, nternally, it provides staff with a case management and accounting system for conducting audits, wage Tax rates, adjusting, and issuing refunds.		

Inemployment 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:	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.			
	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.			
	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.			
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:	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 service that have typically been most successful for individuals with similar factors. Counselor competency will be supported and enhanced b 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.			
Business Enterprises of Te Cost:	xas Application Enhancements \$500,000 Federal Funds			
System Type:	Program Management & Oversight			
Participants Served:	105+			
Age of Existing System:	6 Years			
Project Benefits:	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.			
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:	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. 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. 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.			

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:	 10+ years 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 matu its information security program and reduce the threat to data/system confidentiality, availability, and integrity of information resources. 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. 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. 		