

Key Takeaways:

- Workforce data quality, availability, and interoperability challenges currently inhibit the state's and employers' ability to optimally deliver and measure the effectiveness of K-12, postsecondary and workforce programming.
- Texas 2036 recommends providing TWC with the necessary funding to update the state's unemployment insurance data systems so there is quality, accessible, and interoperable data to address the workforce and child care shortcomings in the state.
- TWC's Enhanced Wage Record Report, produced pursuant to TWC Rider 52 in the 2024-25 GAA, estimated a cost of \$1,572,328 and 11.8 FTEs over the FY26-27 biennium, with out-year costs projected to be \$158,798 annually.

Background:

Texas relies on unemployment insurance (UI) data to evaluate workforce outcomes, inform policymaking, and measure the effectiveness of education and training programs. **However, critical gaps in this data, like occupation or accurate employment location, make it difficult for policymakers, educators, and businesses to accurately track employment outcomes and align training programs with local workforce needs.** Consequently, communities across our state, particularly those in rural areas, can be severely limited in being able to create programs that truly meet local and regional workforce demand.

As the state seeks to increase access to career training and workforce development, through ongoing efforts such as community college finance reform, technical college funding, and career training in high schools—accurate and more actionable enhanced workforce data is necessary to empower this alignment so to improve student/jobseeker outcomes and to effectively and efficiently meet local and regional workforce needs.

The state's business community has strongly supported these improvements. In summer 2024, 32 business, trade, and civic groups joined in calling for the Texas Workforce Commission to take the steps necessary to collect and utilize this data.

Additionally during the 88th Session, the Legislature included Rider 52 in the TWC bill pattern to require the agency to submit a report and set of recommendations for additional workforce data reporting. The Rider 52 Enhanced Wage Record Report, released in August 2024, contained, pursuant to the rider, "information on any necessary upgrades to the state unemployment insurance data system, associated information technology and staffing costs and any statutory limitations to allow for enhanced reporting of employment and earnings data as part of routine wage filings."

Proposed Action:

Texas 2036 recommends the allocation of funds to implement the recommendations from the TWC Rider 52 report to provide for the enhancement of the UI system. Based on the set of recommendations crafted by the agency for the Rider 52 report, **TWC estimated a cost of \$1,572,328 and 11.8 FTEs over the FY26-27 biennium, and then \$158,798 on an annual basis to maintain the program.**

Though we believe this could be funded by Fund 165, General Revenue, we defer to the legislature and agency on the appropriate method of finance. TWC stated that “to make the changes with the UI system modernization effort, it is likely that the cost [of] adding a relatively small set of new elements to the wage records would be minimal relative to the cost of the full UI system modernization project.”

Public Policy Impact:

By enhancing TWC’s workforce data systems, policymakers, educators, and businesses can clearly identify workforce needs and properly measure and optimize the performance of our state education and workforce programming, so students and workers can access high-quality jobs that pay family-sustaining wages in their local communities.

For additional information, please contact:

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