

Texas Business Today

Chairman Joe Esparza
Commissioner Representing Employers

March 2026

Texas Employers,

Welcome to the March issue of *Texas Business Today!*

This year is off to a busy start for the Texas Workforce Commission with the launch of new initiatives and the awarding of workforce development grants.

TWC recently announced the [Child Care Business Support](#) initiative to provide child care providers with the tools they need to help their businesses thrive. Texas child care businesses are a critical link in the workforce system, providing children with safe, nurturing environments while their families contribute to a strong Texas economy. The initiative demonstrates TWC's commitment to helping child care providers manage their business needs, so they can continue offering the highest possible quality of care.

In other news, TWC recently announced Skills Development Fund (SDF) grant presentations in Sweetwater and Round Rock, and celebrating these dollars reaching your communities is a privilege. In Sweetwater, more than \$79,000 was awarded to Texas State Technical College and USG Corporation for customized training in industrial building construction. In Round Rock,



Workforce Solutions Rural Capital Area received more than \$163,000 to train new and current workers at Tekscend Photomask for high-demand occupations in machinery manufacturing.

The [Skills Development Fund](#) creates powerful partnerships that drive our workforce system forward, and you can qualify for a grant!

The SDF grant program has provided training opportunities in partnership with more than 5,000 employers to upgrade or support the creation of nearly 446,000 jobs throughout Texas since the program's inception. I encourage you to reach out to TWC if you're interested in training or upskilling your workforce.

- Joe Esparza



A handwritten signature in black ink, appearing to read 'Joe Esparza'. The signature is stylized and includes a long horizontal line extending to the right.

Chairman Joe Esparza
Commissioner Representing Employers
Texas Workforce Commission

Texas Business Minute



[Click here to watch the video](#)

Texas Conference for Employers



- March 13: Lubbock - [Sign Up](#)
- March 27: College Station - [Sign Up](#)
- April 17: Baytown - [Sign Up](#)
- May 1: Lancaster - [Sign Up](#)
- May 29: Corpus Christi - [Sign Up](#)
- June 26: Harlingen - [Sign Up](#)
- August 6-7: Waco - [Sign Up](#)
- August 28: Seguin - [Sign Up](#)
- September 18: San Angelo - [Sign Up](#)

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U.S. Department of Labor Proposes Rule on Independent Contractor Status

By: Mario Hernandez

Senior Legal Counsel to Chairman Esparza

Independent contractor status is something that can be scrutinized by multiple government agencies. The improper designation of an employee as an independent contractor is known as misclassification. The misclassification of workers is an important issue to DOL because if a worker is misclassified, there could be corresponding violations of federal wage and hour laws associated with the misclassification. On February 26, 2026, DOL's Wage and Hour Division announced a [proposed rule](#) regarding independent contractor status.

Would the Proposed Rule Replace an Existing Rule?

The answer is: yes. In 2024, a final rule (2024 rule) was implemented that guided the analysis of DOL's "Economic Reality" test. The "Economic Reality" test is basically an examination of whether – as a matter of economic reality – a worker is economically dependent on the firm to which they provide services or, on the other hand, is truly in business for themselves. The 2024 rule contains [6 factors](#), with additional factors considered depending on the circumstances. The recently proposed rule would replace the 2024 rule.

What is the Proposed Rule?

Many of us have heard the saying "what's old is new again." That could be a way to describe DOL's recently proposed rule on independent contractor status. In 2021 (before the implementation of the 2024 rule), DOL's "Economic Reality" test still contained a series of factors that were used in the analysis as to whether a worker

was an employee or an independent contractor. However, the 2021 version of the test contained an emphasis on two “core factors.”

The two “core factors” consisted of the nature and degree of control over the work and the worker’s opportunity for profit or loss. The “core factors” were given greater weight in the application of the “Economic Reality” test. If both “core factors” indicated employment, then there would be a strong indication that the worker was an employee – alternatively, if both “core factors” indicated independent contractor status, that would be a strong indicator that the worker was an independent contractor.



DOL’s recently proposed rule would shape the “Economic Reality” test in a manner like the 2021 version of the test. Returning in the proposed rule are the two “core factors” along with other factors that can help determine whether the worker is an employee or an independent contractor. In addition, DOL’s [news release](#) about the proposed rule states that it would include “eight fact-specific examples applying the factors to real-life circumstances.” The latter should be of assistance to employers in the analysis of whether a worker is an employee or an independent contractor under the “Economic Reality” test.

Conclusion

DOL’s proposed rule would replace the 2024 rule with one that looks similar to the rule from 2021. Per the [news release](#), DOL encourages comments on the proposed rule which has a 60-day comment period that closes on April 28, 2026. Employers can visit www.dol.gov for more news and updates from DOL.

**Another Week of Available Work:
A Podcast with Chairman Joe Esparza**

How Texas Is Leading Semiconductor Innovation and Workforce Growth

 Another Week of Available Work

Thu • 28min



In this episode, Stephen Davis, director of the Texas CHIPS Office, shares how Texas is becoming a global leader in the semiconductor industry through strategic investments, education initiatives, and a robust workforce. Employers and workforce partners, tune in to learn how you can take advantage of the Texas Semiconductor Innovation Fund and why the state's resources and support make it a global tech hub.

For more information, visit: [Texas CHIPS Office](#)

[Click here to listen](#)

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1-800-832-9394

Hiring Issues | Medical Leave-Related Laws | Personnel Policies and Handbooks
Independent Contractors and Unemployment Tax Issues | The Unemployment Claims and
Appeals Process | Texas and Federal Wage and Hour Laws



Employer Hotline Hours: M-F, 8am - 5pm

Information provided by employment law attorneys in the Office of the Commissioner Representing Employers at the Texas Workforce Commission

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