Summary of Fraud, Waste, or Abuse in TWC Programs

Division of Fraud Deterrence & Compliance Monitoring

Calendar Year 2025

Texas Workforce Commission
A Member of Texas Workforce Solutions

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September 1, 2026

The Honorable Dan Patrick
Lieutenant Governor of Texas
President of the Senate
State Capitol, Room 2E.13
Austin, TX 78711

The Honorable Dustin Burrows
Speaker of the House
Texas House of Representatives
Capitol Station, P.O. Box 2910
Austin, TX 78768

Dear Governor and Legislative Leaders:

The Texas Workforce Commission (TWC), in accordance with Texas Labor Code §301.201(c), presents this report summarizing fraud, waste, and abuse data.

TWC is committed to guarding taxpayer dollars. This report outlines our success in identifying and stopping fraud in agency programs and highlights methods for a person to report suspected fraud, waste, or abuse to the Commission.

TWC's front-end detection systems stop most fraudulent unemployment claims before any state funds are disbursed. Additionally, we employ robust data analytics and continuous monitoring to proactively detect and prevent fraud within our subsidized child care programs. This report details our internal protocols for staff reporting of fraud, waste, or abuse, ensuring that Texas state employees continue to serve as responsible guardians of public resources. We remain fully committed to partnering with the State Auditor's Office (SAO) and federal law enforcement to identify, investigate, and prosecute those who attempt to abuse our programs.

Respectfully submitted,

Mr. Steve Pier
Executive Director
Texas Workforce Commission

CC: Senate Committee on Natural Resources & Economic Development (Workforce Oversight)
House Committee on Economic & Small Business Development (TWC Oversight)

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SUMMARY

In alignment with the transparency and accountability mandates set forth by House Bill 3700 (89th Legislature), Texas Workforce Commission (TWC) has prioritized the optimization of our Fraud, Waste, and Abuse (FWA) reporting infrastructure. Recognizing the Legislature's emphasis on accessible reporting, TWC has built upon its existing foundations to provide enhanced reporting options. While maintaining a dedicated fraud telephone hotline and a secure online portal, we are currently implementing a technological overhaul of our online reporting application. This initiative will provide a more granular data-collection framework, allowing the agency to streamline the investigative pipeline and ensure that every report of fraud or abuse is met with the rigorous detail required for modern oversight. We anticipate the deployment of this portal in the third quarter of 2026, which will ensure that our agency remains at the forefront of the state's efforts to eliminate fraud and further solidify our commitment to the fiscal stewardship envisioned by the 89th Legislature.

The data in this report is derived from computer systems used by TWC programs for administering specific programs and case management. Some data comes from external tips received through public channels, such as the online fraud portal, email, and hotline.

In accordance with statutory requirements from §301.201, Subchapter L, Texas Labor Code, mandating reporting on the previous calendar year, this report provides a comprehensive overview of fraud data for the last completed calendar year, 2025. To safeguard Personally Identifiable Information (PII) while still delivering a complete and transparent picture of our agency's anti-fraud efforts, this information is presented as a high-level digest. Furthermore, to offer valuable historical context, we have included supplemental, multi-year data specifically concerning unemployment insurance and child care fraud trends. We remain committed to full transparency and are available to provide more granular data regarding specific program areas upon request.

Results in Brief

TWC investigates allegations of fraud, waste, or abuse that are detected by internal controls in addition to those that come from public reporting channels. TWC's primary focus is the prevention of fraudulently obtained disbursements from the Unemployment Insurance (UI) benefit program, and the Child Care and Development Fund programs which are most prone to fraud.

- **UI Identity Fraud:** In 2025, TWC successfully intercepted nearly **130,000** cases of confirmed and suspected ID fraud.
- By stopping claims before any payment was made, the agency estimates we prevented fraudsters from obtaining $1.4 billion from the Unemployment Trust Fund. For CY 2025, only 0.82% of benefits paid went to ID fraudsters and only 0.928% of the claims had fraudulent ID fraud payments on them. (See Appendix 1)
- **UI Eligibility Fraud:** TWC issued nearly **2,000** UI eligibility fraud determinations in 2025, establishing a little over $11.6 million in overpayments and assessing $1.3 million in penalties. (See Appendix 2)
- **Fictitious Employer Fraud:** TWC has fictitious employer data based on the date that fake employer account was created and the date that staff imposed a "fraud stop" on the account, which suspends the account as fraudulent. Based on the date the agency added a fraud stop, TWC discovered 428 fictitious employer tax

accounts that were registered with the agency. TWC estimates that $550,896 in payments were prevented. (See Appendix 3)

- **Child Care Services Fraud:** In 2025, Local Workforce Development Boards (Boards) investigated **512** cases of potential Child Care Services (CCS) fraud involving both parents and providers and determined fraud was substantiated in 141 of those investigations. (See Appendix 4)
- **Reported Fraud – Other Programs (Non-UI or CCS):** In 2025, TWC received 62 reports of fraud from individuals. We were able to resolve 41 of these reports through our case vetting process, 5 were referred to other agencies, 10 were resolved after the case vetting process was completed, and 6 were referred for a formal fraud investigation. (See Appendix 5)
- **Employee Fraud:** TWC has standard, publicized procedures in place detailing how both employees and the public can report suspected employee fraud. This led to **44** reports of potential fraud being referred to FDCM's Internal Investigations. Of those, 17 were referred to Formal Investigation after our case vetting process with **9** allegations being substantiated or partially substantiated, 4 resulting in a finding that the allegation was unsubstantiated, and 4 are currently still undergoing the investigation. (See Appendix 6)

INTRODUCTION & STATUTORY FRAMEWORK

Statutory Mandates & Legislative History

The Texas Workforce Commission operates its anti-fraud programs under state and federal guidelines. Key drivers include:

- **Texas Labor Code §301.201 Subchapter L, added by the House Bill (HB) 3700, 89th Legislature:** Mandates that TWC develop procedures and systems to prevent, detect, and investigate fraud, waste, and abuse in all agency programs.
- **Governor's Executive Order RP 36 (July 2004):** Directs all state agencies to implement risk assessments, identify operational vulnerabilities, design best practices to eliminate waste, and provide mandatory training to staff.
- **Texas General Appropriations Act (GAA):** Mandates that state agencies appropriated state funds must deploy those resources to assist with the detection and reporting of fraud. It requires TWC to maintain clear public disclosures and pathways on its homepage for reporting suspected fraud directly to the State Auditor's Office (SAO).

Whistleblower Protections

Texas public employees have a solemn duty as guardians of public resources. TWC enforces a strict zero-tolerance policy for retaliation of any kind. Texas Labor Code §301.201(d), as added by HB 3700, prohibits retaliation against any employee who reports fraud, waste, or abuse in the delivery of agency program.

Under Texas Government Code §554.002, any employee who reports suspected FWA or unlawful conduct in good faith to an appropriate law enforcement authority or agency investigative unit is legally protected from negative employment actions, discrimination, or harassment.

Retaliation complaints are handled directly by the Office of General Counsel's (OGC) Chief Ethics Officer.

Definitions of Improper Activity

- **Fraud:** Primarily occurs when, in order to obtain or increase a benefit or other payment, either for the person or another, the person makes a false statement or representation that the person knew or should have known was false, or fails to disclose a fact when the person knew or should have known the fact was material.
- **Waste:** Careless or inefficient use of resources, including unnecessary costs resulting from ineffective controls.
- **Abuse:** The intentional misuse or unacceptable use of funds or misuse of one's position or government resources in a manner contrary to its rightful or legal intended use.

Reporting Channels

TWC maintains high transparency for reporting suspected FWA by providing information to the public and employees on how to report suspected fraud through the TWC Online Fraud Portal or the Fraud and Program Abuse hotline. Instructions are also provided on how to report fraud directly to the State Auditor's Office (SAO). See Public Reporting Channels below for more details.

FWA in Agency Programs

Unemployment Insurance (UI) Identity and Eligibility Fraud

Identity (ID) Fraud

Identity fraud occurs when an individual's personally identifiable information (PII)—such as a Social Security number—is used without their permission to file a UI claim.

Detection and Mitigation Strategies

TWC utilizes sophisticated, multi-layered digital identity verification methods, database cross-matching, and predictive AI risk-scoring to identify suspicious claims.

- **Front-End Interception:** Most unemployment identity fraud claim attempts are flagged and stopped before any benefit payments are ever made. TWC's Fraud Deterrence system flags discrepancies in mailing addresses, banking information, and employment history that do not align with verified state records.
- **Employer Collaboration:** TWC works in tandem with Texas employers, who receive immediate notification of claims filed against their accounts, allowing them to flag unauthorized or unrecognized filings immediately.
- **Victim Notification:** In some instances, the legitimate owner of the identity contacts TWC to report a claim filed using their identity after receiving documents about the claim.

ID Fraud Performance Metrics (See Appendix 1)

The data below summarizes the scale of ID fraud claim attempts processed and the efficacy of TWC's fraud prevention measures.

- Out of 830,720 unemployment benefit claims filed in 2025, 54,540 claims were confirmed as ID fraud with another 75,382 claims flagged as suspected ID fraud. In both instances, the claims are shut down so no payment is issued.
    - "Confirmed" ID fraud is determined when TWC confirms with the employer or the victim confirms the claim is fraudulent or when TWC conducts an independent review of the claim and determines fraud.
    - "Suspected" ID fraud is determined when TWC flags the claim as potential ID fraud and the claimant does not respond to the agency's attempt to verify their identity.
- Of the total number of claims filed (830,720), only 0.928% of the claims had fraudulent ID fraud payments. TWC estimates total savings for the Unemployment Trust Fund of $1.4 billion.

Reporting Channel:

Calendar Year	Number received from Hotline*	Number received from SAO	Number received from Online Portal
2025	0	0	11,267

* TWC's webpage and telephone hotline outgoing message instructs individuals to report ID fraud over the secure Online Portal. Calls to the hotline are normally individuals wishing to be anonymous.

UI Eligibility Fraud

Unlike ID fraud, eligibility fraud is often committed by the actual claimant. This occurs when an individual intentionally submits false statements, conceals material facts, or fails to disclose active employment and wages in order to receive or increase their weekly UI benefits. Once fraud is ruled, the claimant must repay the overpayment plus a 15% administrative penalty, and they face potential criminal prosecution.

Common Examples of Eligibility Fraud

- Working and Claiming Benefits: Failing to report hours worked and earnings earned during the weekly certification process.
- Claiming unemployment benefits while incarcerated.
- Employer reported New Hire data, indicating the individual returned to work.

UI Eligibility Fraud Performance Metrics
(See Appendix 2)

The following summary provides information for eligibility fraud determinations in calendar year 2025.

- Total Eligibility Fraud Determinations: 1,966
- Total Overpayments Established: $11.6 million
- Total Penalties Sought: $1.3 million

Note: Numbers provided in this report will change from year to year due to determination changes from appeals or other normal procedures and overpayment recovery actions.

Reporting Channel:

Calendar Year	Number received from Hotline	Number received from SAO	Number received from Online Portal*
2025	202	9	0

* Eligibility fraud is normally reported using the telephone hotline. The online portal is primarily used for reporting ID fraud.

Fictitious Employer (FE)

The information below analyzes fictitious employer data based on two different starting points. The first set of data is based on when the fake employer account was created. The second set of data is based on when staff imposed a "fraud stop" on the account, which suspends the account as fraudulent.

Fictitious Employer Fraud Performance Metrics (See Appendix 3)

Based on Account Creation Date: TWC discovered 364 fictitious employer (FE) tax accounts that were registered with the agency.

- Prior to any payments being made, TWC shut down 290 unemployment claims that listed a fictitious employer account as the last work.
- There were only 17 claims that listed a fictitious employer as the last employer that paid benefits prior to being shut down.
- TWC paid $73,522 in fraudulent benefits but estimates $243,520 in payments were prevented.

Based on the Date a Fraud Stop was Imposed: When using the date the fraud stop was added, the data shows that TWC discovered 428 fictitious employer (FE) tax accounts that were registered with the agency.

- TWC stopped 372 unemployment claims that listed a fictitious employer account as the last work prior to any payment on the claim.
- There were only 74 claims listing an FE as the last employer that paid benefits prior to being shut down.
- TWC paid $631,547 in fraudulent benefits but estimates $550,896 in payments were prevented.

Reporting Channel:

This type of fraud is discovered through collaboration between Unemployment Tax staff and FDCM's Office of Investigation using internal tools.

Child Care Services (CCS)

Suspected parent or provider fraud is investigated in partnership with Texas Workforce Solutions loacal workforce development boards. When fraud is substantiated, Boards are required to attempt the recovery of improper payments and must follow TWC guidelines regarding future eligibility.

Boards investigate parent fraud using TWC-developed reports that help identify parents who may have experienced a change in their work status or family income that could impact their eligibility to receive CCS funds. Additionally, Boards review parent eligibility documents for parents that continue to receive child care subsidized care. Boards conduct fact-finding to ensure the parents continue to meet eligibility requirements. In 2026, TWC added new reports and procedures for investigating potential fraud involving child care providers.

CCS Performance Metrics (See Appendix 4)

- During 2025, 512 investigations were performed with 141 cases determined to be substantiated fraud.
  - Of the 512 investigations, there were 387 cases of potential parent fraud and 125 cases of potential provider fraud.
  - Of the 141 cases determined to be substantiated fraud, 122 were parent fraud and 19 were provider fraud.
  - Total fraud overpayment established: $1.8 million

Reporting Channel:

Calendar Year	Number received from Hotline	Number received from SAO	Number received from Online Portal
2025	26	1	7

Reported Fraud – Other Agency Programs (Not Unemployment or Child Care)

TWC receives reports of fraud through our online portal and fraud hotline, which are publicly available on TWC's website. All reports go through an initial case vetting process. This process involves gathering fact-finding and evidence needed to assess the core facts and evidence to determine if the case meets legal or operational standards.

Other Agency Program Fraud Performance Metrics (See Appendix 5)

TWC processed 62 reports through our fraud reporting mechanisms that dealt with programs other than Unemployment Benefits or Child Care Services.

Resolved or Inquiry Only Determination: Of the 62 reports, 41 were determined to be Resolved or Inquiry Only after completing the case vetting. The most common issues that fall into this category are reports on Social Security number (SSN) issues and WorkInTexas.com issues.

- Although a parent SSN is not required on a child care application due to federal law, SSN issues are reported to FDCM during the child care eligibility review process. Child Care Services uses an applicant's income when determining eligibility. When a parent provides information about their income, which staff validate, there are some instances where wages reported under the parent's SSN do not belong to them. These types of fraud reports involve investigating whether the reported wages belong to the applicant, or whether the wages belong to someone else. In most cases, staff determine the employer made a typing error when reporting the wages; in a few cases, staff found the SSN was incorrectly being used (possible ID fraud). These can be investigated and resolved during the case vetting.
- A large number of fraud reports involved WorkInTexas, which is TWC's job-matching system. These issues involve job postings that are reported as a potential "scam" job. Fraudsters post fake job postings and attempt to trick individuals into providing personal information or paying money to the fraudster as a part of the hiring process. These are reviewed and promptly removed from the system as part of the case vetting process.

Case Vetting: The high rate of cases resolved during the case vetting stage is indicative of an effective investigation protocol. All cases are reviewed in depth, but some issues can be resolved without conducting a formal investigation. This rate is driven primarily by issues that can be resolved during the case vetting process, such as cases that lack sufficient actionable detail, matters that fall outside the department's jurisdictional scope and are handled by other divisions, or issues that have already been fully adjudicated through existing administrative channels. The vetting process ensures that department resources are allocated to substantiated, high-impact allegations of misconduct and fraud.

Formal Investigation Cases: After case vetting, 6 reports were referred for a formal investigation, and these are currently under investigation.

Types of Other Program Fraud: FDCM investigates suspected fraud in any of the programs TWC administers, such as the Vocational Rehabilitation (VR) program. Examples of VR program fraud include:

- **Employee Misconduct:** Internal misconduct involves employees who violate agency policy or ethical standards, even when there is no direct financial gain. These cases generally involve abuse of power, failure to follow established procedures, unauthorized access to confidential information, or other actions that compromise the integrity of the VR program such as approving services without obtaining required documentation or participating in a case involving a family member or friend. Note: Data concerning VR employee misconduct and fraud investigations is included in the employee fraud sections of this report.
- **Employee Fraud:** Employee fraud occurs when an employee intentionally misuses their position for personal benefit or to benefit another individual. These cases involve deliberate actions to circumvent program requirements or internal controls. An example of employee fraud would be a VR employee approving services for a friend or family member who does not meet program eligibility requirements by bypassing or falsifying the required documentation or a VR employee approving services in exchange for vehicle repairs.
- **Customer Fraud:** Involves individuals intentionally providing false or misleading information to obtain VR services for which they are not eligible. An example of customer fraud would include a VR customer submitting falsified school records to obtain school assistance (meal plan) and rental assistance.
- **Provider Fraud (acting alone):** Provider fraud occurs when a contracted service provider knowingly submits false or misleading information to obtain payment for services that were not provided or were misrepresented. An example of provider fraud would include a provider submitting false pre-employment training documentation to meet performance benchmarks.
- **Employee/Provider Collusion:** Occurs when a VR employee and service provider work together to improperly obtain program funds or circumvent program requirements. Examples of employee and provider collusion would include a VR employee manipulating referrals, approving fraudulent VR forms, or steering customers to a provider in exchange for financial or other improper benefit.

VR Contract Oversight Enforcement Outcomes

Fraud Referrals to VR COS	Suspended Contractors	Suspended Individuals	Debarred Contractors	Debarred Individuals
3	2	1	0	1

Note: A suspension or debarment can be taken against a contractor or individual for reasons other than fraud. A fraud referral could result in adverse action against multiple contractors or individuals. However, fraud allegations can only be substantiated by FDCM's Office of Investigation (OI).

Reporting Channel for Other Program Fraud (Not UI or CCS): (See Appendix 5)

How Submitted (Intake origin)	Count
Board/Contractor Referral	14
TWC Department Referral	7
TWC Hotline	27
State Auditor's Office (SAO)	1
TWC Website Form/Email	13
Total	**62**

INTERNAL CONTROLS AND EMPLOYEE REPORTING MECHANISMS

TWC's internal framework for managing operational integrity is guided by the FDCM Division and documented in a written policy letter (FDCM Letter 04-2024, issued October 4, 2024). This directive establishes standard protocols for TWC divisions, local Workforce Development Boards, subrecipients, contractors, and agency personnel to prevent, detect, and report suspected internal or external fraud.

Key components of this initiative include:

1. **Reporting Fraud:** Employees who suspect fraudulent activity related to TWC operations or programs submit a completed FDCM-32 Form (Fraud Incident Report). Fraud may also be reported through the online portal, TWC's Fraud Hotline, or by internal email.
2. **FWA Liaisons:** Each TWC division has designated a Fraud, Waste, and Abuse Liaison to serve as the primary point of contact for the Office of Investigations.
3. **Mandatory Training:** Staff must complete bi-annual Fraud Awareness training to identify "Negative Incidents" versus criminal fraud.

PUBLIC REPORTING PATHWAYS & INTER-AGENCY COLLABORATION

Because fraud is often detected through public vigilance, TWC provides highly visible access channels for members of the community, employers, and program participants to report suspicious activities.

Public Reporting Channels

In accordance with General Appropriations Act (GAA) requirements, TWC maintains prominent "Report Fraud" links in both the header and footer of the agency homepage (www.twc.texas.gov).

PUBLIC: Members of the public can report UI fraud, tax fraud, Child Care provider or parent fraud, or fraud in any other TWC program through the following:

- Online Public Fraud Portal: A secure, digital reporting portal located at https://www.twc.texas.gov/services/report-fraud.

- State Fraud Hotline: 800-252-3642 (which accepts anonymous tips).
- State Auditor's Office (SAO):

EMPLOYEES: Agency employees can report fraud by submitting a FDCM Incident Reporting Form (FDCM-32) to the Office of Investigations (OI), or by using the online fraud portal, Fraud hotline, or by reporting directly to the SAO.

NOTE: In the third quarter of 2026, programming changes will upgrade the online portal to allow for reporting of fraud in any TWC program, such as identity, child care, unemployment eligibility, or other TWC programs.

Coordination with the State Auditor's Office (SAO)

TWC ensures that the public is informed of their right to report fraud involving state resources directly to the State Auditor's Office (SAO) through the SAO Web Portal at https://sao.fraud.texas.gov or the SAO Hotline at 800-TX-AUDIT (800-892-8348).

TWC's Office of Investigations immediately coordinates with the SAO regarding any material losses, in strict compliance with state reporting guidelines.

Employee Fraud, Waste, or Abuse

TWC established anti-fraud policies to aid in the prevention and detection of fraud that may impact Agency operations or the programs it administers. This policy applies to employees, consultants, vendors, contractors, system participants, and other people or entities doing business with TWC.

All staff are required to complete bi-annual Fraud Awareness training. Local Workforce Development Board personnel are responsible for complying with fraud policies through provisions set forth in the Agency-Board Agreement and must establish written codes of conduct specifying ethical standards and policies.

FDCM enforces most regulatory statutes within the jurisdiction of the agency, including unemployment insurance (UI), wage claims, child labor, and fraud, waste, and abuse allegations in any TWC program. FDCM works directly with external law enforcement and regulatory enforcement entities in the prosecution of suspected fraudulent activities.

FDCM's Office of Investigations (OI) department has the primary responsibility for investigating reports of suspected fraudulent acts and for coordinating investigative activities with FDCM, Office of General Counsel (OGC), Human Resources (HR), local Workforce Boards and as necessary, appropriate external law enforcement and other oversight agencies.

In the event an investigation substantiates employee fraud, OI distributes a report to appropriate management personnel, the Executive Director, and the Deputy Executive Director. To avoid the appearance of bias, OI is not involved in the disciplinary process that results from an investigation it conducted.

When OI has reasonable cause to believe that money received from the state by the Agency or by a client, subrecipient, or contractor of the Agency may have been lost, misappropriated, or misused, or that fraudulent or unlawful conduct has occurred in relation to the Agency, OI reports the reason and basis to the State Auditor's Office in accordance with Texas Government Code §321.022.

TWC Employee Fraud Metrics (See Appendix 6)

During 2025, the Office of Investigations processed 44 employee fraud reports, with the majority of reports originating from internal TWC department referrals, including the Office of General Counsel, HR Legal department (OGC-HR), and the TWC Hotline. These two sources combined represent 70% of all incoming reports, followed by smaller volumes from the State Auditor's Office and investigator-initiated actions. The allegations vary in nature, but the most prevalent issue identified is the violation of "Rules and Policies" or a "Failure to Comply," which accounts for roughly 30% of all reports. Other significant concerns being monitored include the falsification of records, bribery, corruption, and improper practices or conflicts of interest. OI works closely with TWC OGC-HR to resolve internal employee matters.

- 10 cases were referred to other state agencies for action.
- 17 cases were closed following initial case vetting because the reports were referred to a different TWC division for handling, or had already been handled by another division, or due to lack of cooperation from the complainant, or were determined to be inquiries rather than a fraud allegation.
- 17 cases were forwarded for a Formal Investigation into the alleged fraud. Of those cases, OI substantiated or partially substantiated 9 instances of fraud. Four cases were unsubstantiated and four more are currently in progress.

Reporting Channel:

How Submitted (Intake origin)	Count
TWC Department Referral	16
TWC Hotline	15
State Auditor's Office (SAO)	4
Investigator Initiated	3
TWC Website Form/Email	3
Employee Referral	2
Management Referral	1
Total	**44**

APPENDIX 1: Unemployment Identity Fraud Summary

Texas Workforce Commission Unemployment Identity Fraud Summary		**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**Reporting Per. Totals**
All Claims	**Net Benefits Paid**	**$ 5,974,187,472**	**$ 1,841,897,437**	**$ 2,598,101,366**	**$ 2,991,802,960**	**$ 3,353,448,936**	**$ 16,759,438,170**
	Claims Filed	2,278,301	679,664	752,492	791,935	830,720	5,333,112
Confirmed Fraud	**Net Benefits Paid**	**$ 8,528,475**	**$ 386,938**	**$ 293,492**	**$ 328,433**	**$ 591,690**	**$ 10,129,028**
	Percent of All Benefits Paid	0.143%	0.021%	0.011%	0.011%	0.018%	0.060%
	Claims Filed	161,104	2,902	18,270	2,756	54,540	239,572
	Paid Fraud Claims Filed	4,579	86	80	108	319	5,172
	% Fraud Filed That Paid	2.842%	2.963%	0.438%	3.919%	0.585%	2.159%
Suspected Fraud	**Net Benefits Paid**	**$ 238,858,482**	**$ 10,071,016**	**$ 34,258,158**	**$ 17,379,966**	**$ 26,923,372**	**$ 327,490,994**
	Percent of All Benefits Paid	3.998%	0.547%	1.319%	0.581%	0.803%	1.954%
	Claims Filed	506,511	68,082	99,907	65,876	75,382	815,758
	Paid Unconfirmed Claims Filed	55,607	5,194	10,399	5,851	7,386	84,437
	% of Fraud Filed That Paid	10.978%	7.629%	10.409%	8.882%	9.798%	10.351%
Trust Fund Savings	**Est. Trust Fund Savings**	**$ 6,035,869,885**	**$ 494,457,293**	**$ 1,033,524,847**	**$ 575,255,253**	**$ 1,427,617,406**	**$ 9,566,724,684**
	Unpaid Fraud Attempts	607,429	65,704	107,698	62,673	122,217	965,721

Notes

- Information in this report relates only to unemployment claims for Regular Benefits.
- Trust Fund Savings constitute the remaining MBA on all confirmed fraud claims, as well as those claims flagged for ID verification where the claimant failed to do so.

APPENDIX 2: Unemployment Eligibility Fraud Summary

Texas Workforce Commission Unemployment Eligibility Fraud Summary					
Calendar Year	**Fraud Determinations**	**Fraud Overpayments**	**Fraud Overpayments Recovered**	**Fraud Penalties Sought**	**Fraud Penalties Recovered**
2021	3,008	$ 14,426,811	$ 5,177,666	$ 1,372,333	$ 330,408
2022	3,720	$ 21,605,190	$ 8,718,929	$ 2,259,451	$ 399,145
2023	3,152	$ 19,016,673	$ 6,447,045	$ 1,985,447	$ 353,658
2024	2,044	$ 11,313,900	$ 4,619,282	$ 1,277,277	$ 249,166
2025	1,966	$ 11,637,272	$ 2,779,710	$ 1,342,040	$ 60,131

Note: Numbers provided in this report will change from year to year due to determination changes from appeals or other normal procedures and overpayment recovery actions.

APPENDIX 3: Fictitious Employer Fraud Summary

Texas Workforce Commission Fictitious Employer Fraud Summary					
By account creation date	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**
Fictitious employer (FE) accounts	415	131	454	263	364
Unpaid claims using FE account as the last employer	520	67	239	316	290
Estimated fraud prevented	$ 1,098,047	$ 71,637	$ 295,287	$ 725,669	$ 243,520
Paid claims using FE account as last employer	39	30	42	68	17
Fraud benefits paid	$ 245,249	$ 212,956	$ 270,294	$ 271,745	$ 73,522
By date the fraud stop was added	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**
Fictitious employer accounts	767	135	450	344	428
Unpaid claims using FE account as the last employer	1,714	75	495	346	372
Estimated fraud prevented	$ 5,504,175	$ 76,476	$ 1,647,901	$ 676,135	$ 550,896
Paid claims using FE account as last employer	493	38	129	101	74
Fraud benefits paid	$ 6,078,645	$ 408,317	$ 724,723	$ 617,377	$ 631,547

Definitions:

- **Fictitious employer accounts:** Number of distinct Tax accounts verified as being fraudulent.
- **Unpaid claims using a FE account as the last employer on the claim:** Number of distinct Unemployment Benefit claim applications that listed a Fictitious Employer (FE) account as the last employer and were unpaid.
- **Estimated fraud prevented:** Sum of Maximum Benefit Amount (MBA) for all claims filed using the FE as the last employer. NOTE: This estimate is underreporting the amount of fraud prevented due to the standard procedures for handling claims involving wages from a fictitious employer. When a FE account is confirmed, the fake wages are deleted from any unemployment claim, resulting in the MBA for those claims to be significantly reduced, and, in most claims, being changed to zero (0). Because the MBA is reduced to zero, this estimate does not include the dollar amount of the original MBA (calculated using the fake wages). Similarly, reporting the remaining balance of fraud prevented for claims that paid out would result in a negative balance due to the zeroed-out MBA, so that is not included here.
- **Paid claims using FE account as the last employer on the claim:** Number of distinct Unemployment Benefit claim application that listed a FE account as the last employer and were paid.
- **Fraud benefits paid:** Net benefits paid to Unemployment Claims filed using the FE as the last employer.

APPENDIX 4: Child Care Fraud Summary

Texas Workforce Commission Child Care Fraud Summary		**CY21**	**CY22**	**CY23**	**CY24**	**CY25**	**Reporting Period Totals**
All Investigations	Total Cases Investigated	433	649	695	924	512	3,213
	Parent Cases	401	574	644	801	387	2,807
	Provider Cases	32	75	51	123	125	406
Substantiated Fraud	Total Substantiated Fraud	121	242	297	336	141	1,137
	Parent Fraud	118	219	275	325	122	1,059
	% parent Fraud	97.50%	90.50%	92.60%	96.70%	86.50%	93.10%
	Provider Fraud	3	23	22	11	19	78
	% Provider Fraud	2.50%	9.50%	7.40%	3.30%	13.50%	6.90%
Substantiated Fraud Overpayments	Total Fraud OP	$ 721,752	$ 1,987,856	$ 2,454,646	$ 2,225,140	$ 1,877,281	$ 9,266,676
	Parent Fraud OP	$ 717,037	$ 1,933,321	$ 2,424,159	$ 2,193,082	$ 1,411,434	$ 8,679,033
	% Parent Fraud OP	99.30%	97.30%	98.80%	98.60%	75.20%	93.70%
	Provider Fraud OP	$ 4,715	$ 54,536	$ 30,487	$ 32,058	$ 465,846	$ 587,643
	% Provider Fraud OP	0.70%	2.70%	1.20%	1.40%	24.80%	6.30%
	Recovered Fraud OP	$ 55,249	$ 129,630	$ 172,953	$ 146,225	$ 227,555	$ 731,612
	% Recovered Fraud OP	7.70%	6.50%	7.00%	6.60%	12.10%	7.90%
Total Child Care	**Expended on Care**	**$717,592,821**	**$959,408,697**	**$1,087,121,032**	**$1,236,295,460**	**$1,204,533,069**	**$5,204,951,079**
	Fraud OP as % of Expenditures	0.10%	0.21%	0.23%	0.18%	0.16%	0.18%

APPENDIX 5: Fraud in Other Programs Summary (Not Unemployment or Child Care)

Texas Workforce Commission Fraud Reports - Program Fraud Summary (Other than Unemployment or Child Care Services)								
						Outcome of Formal Investigation		
Category	**Total reports received**	**Referred to other agencies or TWC division for resolution**	**Determined to be "Resolved" or "Inquiry Only" after Case vetting**	**Determined to be "Unsubstantiated" or "Previously Adjudicated" after Case vetting**	**Referred to Formal Investigation after Case vetting**	**Cases currently under investigation**	**Determined to be "Unsubstantiated Fraud" after Formal investigation**	**Determined to be "Substantiated Fraud" after Formal investigation**
SSN Issues	21	2	19	0	0	0	0	0
WorkInTexas.com	22	2	17	1	2	2	0	0
Other	5	1	1	2	1	1	0	0
Workforce Solutions or Board	7	0	3	2	2	2	0	0
Career Schools	3	0	0	2	1	1	0	0
VR	2	0	0	2	0	0	0	0
WIOA	2	0	1	1	0	0	0	0
Total	**62**	**5**	**41**	**10**	**6**	**6**	**0**	**0**

Note: Appendix 5 does not include Employee Fraud.

APPENDIX 6: TWC Employee Fraud

Texas Workforce Commission
Allegations of Employee Fraud Summary

Allegation Category	Total reports received	Referred to other agencies	Determined to be Resolved after case vetting*	Referred to Formal Investigation after case vetting	Outcome		
					Substantiated or Partially Substantiated Fraud	Unsubstantiated	Pending Investigation
Rules and Policies / Failure to Comply	16	2	7	7	7	0	
Falsifying Documents/ Records	7	0	3	4	2	1	1
Bribery / Corruption / Kickbacks	6	0	3	3	0	2	2
Improper Practices / Conflicts of Interest	12	7	2	3	0	1	1
Official Misconduct	3	1	2	0	0	0	0
Total	**44**	**10**	**17**	**17**	**9**	**4**	**4**

*Summary of Cases Resolved after Vetting	
Referred to Vocational Rehabilitation Division for handling	8
Lack of cooperation from complainant	2
Issue already handled by another division	5
Dissatisfied with decision on Unemployment claim - not a fraud allegation	1
Inquiry only	1
Total	**17**

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