AN ORDER OF THE TEXAS WORKFORCE COMMISSION REGARDING THE MASS MIGRATION OF EMPLOYER DATA TO THE NEW UNEMPLOYMENT INSURANCE TAX SYSTEM AS PERMITTED BY TEXAS LABOR CODE §301.081(c)

WHEREAS, the Texas Workforce Commission (agency) is preparing to launch a new unemployment insurance (UI) tax system, known as TxUS, which requires the secure migration of historical and active data for employers represented by Third-Party Administrators (TPAs) to ensure a seamless transition and continuous service; and

WHEREAS, TPAs manage over 60% of the active employer accounts in Texas, and the legacy system process of relying on incompatible C-42 tax forms prevents the automated export of existing power of attorney links to the new TxUS system; and

WHEREAS, requiring employers or their TPAs to manually submit hundreds of thousands of individual employer releases to be manually entered by agency staff prior to the system go-live date is administratively impracticable, threatens the deployment schedule, and could delay UI tax payments; and

WHEREAS, utilizing standardized, legally enforceable data-sharing agreements between the agency and TPAs will allow the agency to receive electronic data to automate the population of accounts for over half of all employers in Texas, bypassing the administrative bottleneck; and

WHEREAS, under these agreements, TPAs will be legally bound to hold the necessary employer consents on file and must make them available to the agency for auditing purposes, thereby maintaining compliance with federal privacy safeguards; and

WHEREAS, to ensure the timely rollout of TxUS, participating TPAs must sign the data-sharing agreement by July 31 and provide the electronic list of their customers to the agency by August 31; and

WHEREAS, federal law (20 CFR §603) allows a state agency to disclose confidential UI data to a TPA provided the TPA obtains and retains written consent from the employer, while the agency's current administrative rule (40 Texas Administrative Code (TAC) §815.165) establishes a stricter standard requiring TPAs to present the written consent to the agency prior to disclosure; and

WHEREAS, Texas Labor Code §301.081(c) authorizes the Commission to release employment information without strictly following current administrative rules if the Commission officially considers an alternative course of action to be necessary for the proper administration of Title 4 of the Texas Labor Code.

NOW THEREFORE, the Commission finds good cause exists to authorize an alternative course of action regarding the release of employment information, and specifically finds as follows:

1. Executing standardized, enforceable data-sharing agreements with TPAs—without requiring the upfront presentation of individual employer releases as currently outlined in 40 TAC §815.165—is necessary for the proper administration of Title 4 of the Texas Labor Code and the successful deployment of the new TxUS system; and

2. The bulk migration of TPA-managed data via these agreements will resolve a critical administrative bottleneck that would otherwise delay UI tax payments, while still ensuring that confidential unemployment compensation information is protected in accordance with baseline federal standards (20 CFR §603).

IT IS ORDERED THAT, pursuant to Texas Labor Code §301.081(c), the bulk migration of TPA-managed data via legally enforceable data sharing agreements, meeting or exceeding the baseline federal standards for the confidentiality of unemployment compensation data, **IS AUTHORIZED** and adopted as necessary for the proper administration of the state's UI program.

Signed this 21st day of July, 2026, upon the affirmative vote of a majority of the Commission present and voting.

Joe Esparza, Chairman and Commissioner Representing Employers

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Alberto Treviño, III, Commissioner Representing Labor

Brent Connett, Commissioner Representing the Public