

BILL ANALYSIS

Senate Research Center

H.B. 3700
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Workforce Commission (TWC) has raised concerns over the lack of statute mandating it to engage in fraud, waste, and abuse (FWA) prevention and detection in TWC programs and services. TWC administers various workforce programs, including subsidized childcare, workforce development, and vocational rehabilitation services. While TWC is committed to FWA prevention and detection, there is no statutory requirement for FWA detection for TWC programs outside of the subsidized child care program. This issue was identified through agency reports and program evaluations that highlighted inconsistencies in FWA enforcement across different TWC programs.

H.B. 3700 seeks to require TWC to develop procedures and systems to detect and prevent fraud, waste, and abuse activities across all programs administered by TWC, its grantees, and contractors. The bill further requires TWC to develop a method for the public, grantees, and contractors to report fraud, waste, and abuse online.

H.B. 3700 amends current law relating to the prevention, detection, and investigation of fraud, waste, and abuse in programs administered by the Texas Workforce Commission or by the commission's contractors or grantees.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 301, Labor Code, by adding Subchapter L, as follows:

**SUBCHAPTER L. PREVENTION, DETECTION, AND INVESTIGATION OF FRAUD,
WASTE, AND ABUSE IN COMMISSION PROGRAMS**

Sec. 301.201. PREVENTION, DETECTION, AND INVESTIGATION OF FRAUD, WASTE, AND ABUSE. (a) Requires the Texas Workforce Commission (TWC) to develop:

- (1) procedures to prevent, detect, and investigate fraud, waste, and abuse in programs administered by TWC, under contract with TWC, or by a person awarded a grant by TWC;
- (2) systems to detect fraud, waste, and abuse in the administration, provision, and delivery of programs described by Subdivision (1); and
- (3) methods for a person to report to TWC fraud, waste, or abuse in the delivery of programs described by Subdivision (1), including an option for reporting through TWC's publicly available Internet website and anonymous reporting by an employee of TWC.

(b) Authorizes TWC to obtain any information or technology necessary to enable TWC to meet its responsibilities under this subchapter or other law in regard to the prevention, detection, and investigation of fraud, waste, and abuse in TWC programs.

(c) Requires TWC, not later than September 1 of each year, to submit to the legislature a written report that includes for each report of fraud, waste, or abuse in a program described by Subsection (a)(1) received by TWC under this section in the most recent calendar year certain information.

(d) Prohibits TWC from terminating or otherwise retaliating against an employee who in good faith reports to TWC under this section fraud, waste, or abuse in the delivery of programs described by Subsection (a)(1).

SECTION 2. Requires TWC to submit the initial report required by Section 301.201(c), Labor Code, as added by this Act, not later than September 1, 2026.

SECTION 3. Effective date: September 1, 2025.