

MOTION IN WRITING

By. 

1 The Select Committee on Federal Economic Stabilization
2 Funding of the House of Representatives of the 81st Texas
3 Legislature has taken testimony, received evidence, and gathered
4 information pursuant to its charge by the Speaker of the House.

5 Based on the testimony, evidence, and information, the
6 Select Committee FINDS:

7 (1) Since the beginning of the most recent economic
8 downturn, over 250,000 Texans have lost their jobs. In January
9 2009 alone, 75,800 Texans lost their jobs, which is the largest
10 monthly loss on record.

11 (2) The state's Unemployment Compensation Trust Fund
12 will have a deficit of at least \$800 million by September 2009,
13 which will automatically trigger the imposition of the
14 unemployment replenishment tax (or "deficit tax") on Texas
15 employers.

16 (3) The Texas Workforce Commission (commission) may
17 be able to temporarily lessen the impact of the deficit tax on
18 Texas employers by either bonding or borrowing, but Texas
19 employers will still have to repay any bonded or borrowed money.

20 (4) It is credibly estimated that the deficit tax
21 will likely double the overall unemployment tax burden on the
22 average Texas employers.

23 (5) The American Recovery and Reinvestment Act of
24 2009 (Pub. L. No. 111-5) (Recovery Act) will immediately provide
25 \$555 million to the Unemployment Compensation Trust Fund if

1 Texas law complies with certain criteria. Texas law already
2 complies with a portion of the criteria. To receive the full
3 \$555 million, the Legislature must make three modifications to
4 existing law:

5 (A) Alter the base period calculation for
6 unemployment. Currently Texas does not count the most recent
7 quarter in calculating the base period. To receive the Recovery
8 Act funds, Texas is required to count the most recent completed
9 quarter. The commission estimates the cost of this change at
10 \$43.7 million per year.

11 (B) Alter the compelling reasons criteria for a
12 qualifying job loss. Texas law currently complies with a
13 portion of the Recovery Act requirements for this criteria. The
14 proposed alterations to the compelling reason criteria would
15 permit persons required to leave their jobs due to spousal
16 violence, disability within immediate family or spousal
17 relocation to qualify for unemployment. The commission
18 estimates the cost of this change at \$4.6 million per year.

19 (C) Alter either the training or the part-time
20 worker provisions of Texas law. The commission estimates that
21 the cost of these changes would cost \$28 million and \$34 million
22 for each year, respectively. The Recovery Act specifies that
23 Texas needs to comply with only one of these provisions.

24 (6) The Recovery Act allows Texas to delay the
25 implementation of these changes by one year, meaning Texas would
26 immediately receive the \$555 million at no cost to the State
27 until 2010. The net gain for Texas through the 2010-2011
28 biennium would be approximately \$474 million to the Unemployment
29 Compensation Trust Fund. If the changes are not repealed by
30 subsequent legislation, the Recovery Act funds would fully fund
31 the modification through fiscal year 2017.

1 (7) If the funds are not accepted, the deficit tax on
2 Texas employers is estimated to increase to 1.09 percent. If
3 the funds are accepted, the deficit tax will only increase .34
4 percent. It is credibly estimated that each \$1 in unemployment
5 funds distributed in Texas has a \$2.24 effect on the Texas
6 economy.

7 Based on the foregoing, the Select Committee makes the
8 following RECOMMENDATION to the appropriate standing committees
9 of the House and to the full House:

10 The Legislature should, at a minimum, take:

11 (1) all actions required to make the necessary
12 changes in Texas law to ensure the receipt of all Recovery Act
13 funds related to unemployment compensation with those changes
14 being made effective by 2010; and

15 (2) any other actions necessary to receive those
16 funds.

17 The committee clerk is directed to send a copy of this
18 recommendation to the Speaker of the House of Representatives
19 and each Member of the House.