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## SELECT COMMITTEE ON FEDERAL ECONOMIC STABILIZATION FUNDING

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A handwritten signature in black ink, appearing to be "Jim Dunnam", written over a horizontal line.

### MEMORANDUM

TO: Texas House of Representatives

FROM: Chairman Jim Dunnam

DATE: October 16, 2009

SUBJECT: Texas Hits Tier 3 FMAP – Texas Expects to Receive an Additional \$200 Million or More Stimulus Funds

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The Texas Workforce Commission announced today that the unemployment rate for Texas continued to rise in September reaching 8.2%, up from 8.0% in August. TWC also reported that the state lost another 44,700 jobs in September. Attached is a copy of the agency's press release for your review. Please keep in mind that the 8.2% rate is seasonally adjusted and the chart on page 2 showing unemployment rates for Metropolitan Statistical Areas is not seasonally adjusted.

In short, what this means is Texas will receive an additional \$200 million or more in increased FMAP. This is on top of the estimated \$500 million we gained earlier this summer.

As I mentioned in last month's stimulus advisory on unemployment rates, the Recovery Act contains a provision that adjusts and increases federal Medicaid reimbursements rates to compensate for high state unemployment rates. At the time the Legislative session adjourned in May, Texas was receiving "Tier 1" matching funds. Texas became eligible for the higher "Tier 2" Federal Medical Assistance Percentage (FMAP) retroactive to July 2009 as a result of our unemployment rate reaching a 3-month average of 6.9% or higher. This Tier 2 match added over \$500 million in Stimulus funds to Texas' budget.

Texas has now hit an unemployment rate average of over 7.9% for three consecutive months, Texas is now eligible to receive the even higher "Tier 3" federal Medicaid reimbursement. With September's rate of 8.2%, Texas now qualifies for approximately \$50 million more for each federal quarter, a potential \$200 million increase over the next 15 months.

In total, since the Legislature adjourned in May, the increasing Texas unemployment rates have increased projected FMAP receipts a total of \$700 million or more above what was anticipated in the supplemental appropriations bill for FY 2009 and the 2010-2011 state budget.

# Texas Workforce Press Release

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**FOR RELEASE:** Embargoed until 9 a.m.  
**DATE:** October 16, 2009

**CONTACT:** Labor Market and Career Information  
**PHONE:** 1-866-938-4444 or (512) 491-4922

## **Texas Unemployment Rate Remains Well Below National Rate**

AUSTIN — The Texas seasonally adjusted unemployment rate rose slightly to 8.2 percent in September, up from 8.0 percent a month ago, and continued to trend well below the U.S. seasonally adjusted unemployment rate of 9.8 percent.

The Texas Civilian Labor Force continued to increase remaining above the mark of 12 million workers for the third consecutive month. Total nonagricultural employment in Texas fell by 44,700 positions in September.

“The Texas job market continued to tighten as most industries experienced job losses in September,” said Texas Workforce Commission (TWC) Chairman Tom Pauken. “While unemployment in Texas remains well below the national rate of 9.8 percent, this serious national recession continues to affect us adversely in Texas.”

Other Services, which include automotive, electronic, and commercial repair and maintenance, had the largest over-the-month gain adding 8,800 jobs. A total of 9,400 jobs have been added to the payrolls of Other Services since September 2008. Mining and Logging posted a gain for the first time this year, adding 2,100 jobs. Education and Health Services employment growth remained positive in September with the addition of 2,700 jobs. Information employment grew by 800 jobs last month.

“The Texas labor force is growing as more people enter the job market, but job seekers are hampered by fewer jobs,” said TWC Commissioner Representing Labor Ronny Congleton. “TWC and our workforce boards located around the state remain committed to helping out-of-work Texans acquire skills and find jobs.”

The largest job losses occurred in the Leisure and Hospitality industry which was down 16,900 positions, followed by Professional and Business Services, down 16,500 jobs. Trade, Transportation and Utilities lost 13,000 positions in September.

“Job gains in Mining and Logging, Education and Health Services, and Other Services were offset by losses in most industries in September,” said TWC Commissioner Representing the Public Andres Alcantar. “To help connect workers with available jobs, staff at more than 240 workforce centers across the state is available to provide job-search assistance and other services.”

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Please note that the unemployment estimates for the United States and Texas in this chart are “Not Seasonally Adjusted” for purposes of comparison to the “Not Seasonally Adjusted” Metropolitan Statistical Area data.

**Civilian Labor Force Estimates for Texas Metropolitan Statistical Areas  
Not Seasonally Adjusted (In Thousands)**

	September 2009				August 2009				September 2008			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
United States	153,617.0	139,079.0	14,538.0	9.5	154,897.0	140,074.0	14,823.0	9.6	154,509.0	145,310.0	9,199.0	6.0
State of Texas	12,069.4	11,073.4	996.0	8.3	12,062.0	11,079.5	982.5	8.1	11,773.0	11,167.7	605.3	5.1
Abilene	84.1	78.8	5.3	6.3	83.8	78.7	5.1	6.1	83.1	79.8	3.3	4.0
Amarillo	131.6	124.0	7.6	5.8	131.1	123.7	7.4	5.6	129.9	125.0	4.9	3.8
Austin-Round Rock	904.3	839.2	65.1	7.2	898.6	833.6	65.0	7.2	873.2	832.7	40.5	4.6
Beaumont-Port Arthur	183.0	163.3	19.7	10.8	183.7	164.1	19.6	10.7	180.9	168.2	12.7	7.0
Brownsville-Harlingen	150.7	134.5	16.2	10.8	150.7	134.9	15.8	10.5	145.0	134.4	10.6	7.3
College Station-Bryan	108.1	101.1	7.0	6.5	104.1	97.4	6.7	6.4	109.5	104.9	4.6	4.2
Corpus Christi	206.5	190.1	16.4	8.0	206.8	190.7	16.1	7.8	206.3	196.1	10.2	5.0
Dallas-Fort Worth-Arlington	3,229.5	2,959.9	269.6	8.3	3,230.7	2,963.4	267.3	8.3	3,149.1	2,984.4	164.7	5.2
Dallas-Plano-Irving MD	2,153.0	1,973.3	179.7	8.3	2,153.9	1,976.3	177.6	8.2	2,106.0	1,993.7	112.3	5.3
Fort Worth-Arlington MD	1,076.5	986.6	89.9	8.3	1,076.8	987.1	89.7	8.3	1,043.1	990.7	52.4	5.0
El Paso	310.1	279.8	30.3	9.8	306.0	276.5	29.5	9.6	300.0	280.4	19.6	6.5
Houston-Sugar Land-Baytown	2,834.5	2,593.0	241.5	8.5	2,831.1	2,594.2	236.9	8.4	2,786.0	2,644.4	141.6	5.1
Killeen-Temple-Fort Hood	161.8	150.0	11.8	7.3	161.4	150.1	11.3	7.0	158.9	150.6	8.3	5.2
Laredo	97.4	88.5	8.9	9.1	96.5	87.7	8.8	9.1	92.6	87.6	5.0	5.4
Longview	110.9	101.7	9.2	8.3	111.4	102.2	9.2	8.3	108.6	103.9	4.7	4.3
Lubbock	144.0	135.8	8.2	5.7	143.6	135.4	8.2	5.7	142.6	137.1	5.5	3.9
McAllen-Edinburg-Mission	299.1	264.5	34.6	11.6	298.2	264.1	34.1	11.4	282.7	260.6	22.1	7.8
Midland	78.3	73.5	4.8	6.2	78.1	73.4	4.7	6.1	76.5	74.2	2.3	3.0
Odessa	75.9	68.9	7.0	9.2	75.9	68.8	7.1	9.3	72.4	69.8	2.6	3.5
San Angelo	53.8	50.0	3.8	7.0	53.9	50.3	3.6	6.7	53.0	50.7	2.3	4.4
San Antonio	975.3	905.8	69.5	7.1	975.7	907.7	68.0	7.0	954.2	907.4	46.8	4.9
Sherman-Denison	57.5	52.5	5.0	8.7	57.8	52.9	4.9	8.5	56.4	53.4	3.0	5.3
Texarkana	64.8	60.4	4.4	6.8	64.3	60.0	4.3	6.6	64.7	61.6	3.1	4.8
Tyler	102.0	93.5	8.5	8.3	102.2	94.2	8.0	7.8	100.0	95.1	4.9	4.9
Victoria	59.2	54.4	4.8	8.1	59.2	54.5	4.7	7.9	58.6	56.1	2.5	4.2
Waco	113.9	105.8	8.1	7.1	114.4	106.1	8.3	7.3	111.7	106.4	5.3	4.8
Wichita Falls	74.1	68.2	5.9	7.9	73.8	68.0	5.8	7.9	73.0	69.1	3.9	5.3

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the services it offers in unison with its network of local workforce development boards, call (512) 463-8556 or visit [www.texasworkforce.org](http://www.texasworkforce.org).