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MEMORANDUM

TO: Texas House of Representatives

FROM: Chairman Jim Dunnam

DATE: September 18, 2009

SUBJECT: Unemployment Rate for August; Status Report on TxDOT Stimulus Projects

A handwritten signature in black ink, appearing to be "Jim Dunnam", written over a faint background image of the Texas State Capitol building.

Unemployment

The Texas Workforce Commission (TWC) announced today that the unemployment rate for Texas increased to 8% in August, up from 7.9% in July, leading to a loss of 62,200 jobs. Attached is a copy of the agency's press release for your review. Please keep in mind that the 8% rate is seasonally adjusted, and the chart on page 2 showing unemployment rates for Metropolitan Statistical Areas *is not* seasonally adjusted.

As you recall, the Recovery Act adjusts state Medicaid reimbursement rates to compensate for increases in a state's unemployment rate. 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. If our 3-month average unemployment rate reaches 7.9%, Texas will qualify for an even higher "Tier 3" reimbursement rate with the federal government paying 70.9% of Medicaid expenses and the state paying 29.1%. We have now reached or exceeded 7.9% for two consecutive months. The state would qualify for an additional \$50 million for each federal quarter if our unemployment rate in September is 7.9% or higher.

Also, I wanted to report to you that I received a response from TWC this week to my request for information about the potential savings to the Unemployment Insurance Trust fund if an individual accepts part-time work thereby reducing the amount of unemployment benefits they are entitled to receive. During Fiscal Year 2009 (September 2008 - August 2009), the amount of benefits the UI fund had to pay out was reduced by \$79.2 million as a result of individuals accepting part-time employment.

Transportation

The House Committee on Transportation met yesterday, September 17th, and TxDOT provided an update on the status of the stimulus funding. Under the American Recovery and Reinvestment Act, Texas is poised to receive \$2.6 billion dedicated to transportation projects around the state. The number of jobs estimated to be created from this \$2.6 billion investment in transportation infrastructure in Texas is 23,000 in direct jobs and 69,000 total jobs. As of August, TxDOT has obligated \$1.1 billion and has expended \$37 million. The agency has awarded 161 contracts; 155 of the contracts have been executed; and 4 contracts have been completed.

In addition to the \$2.6 billion, TxDOT submitted applications and letters of support for over 90 projects competing for TIGER Grants under the Recovery Act. Texas could receive up to \$300 million more in stimulus funding for these additional transportation projects.

Approximately \$8 billion in ARRA funds are available nationally for High Speed Rail. In July, TxDOT submitted 17 pre-applications for over \$1.9 billion for a variety of rail projects across the state. Applications will be reviewed by the Federal Railroad Administration with announcements expected sometime this fall. The final round of stimulus applications is due October 2.

If you are interested in knowing more about stimulus funded transportation projects, please visit the TxDOT Project Tracker at:

http://apps.dot.state.tx.us/apps/project_tracker/stimprojects.htm

You may also use the Project Tracker to learn more about transportation projects in your district by going to the following website and selecting to locate projects by either county or Representative.

http://www.txdot.gov/project_information/project_tracker.htm

For your information, we also are attaching the "TxDOT Summary of American Reinvestment and Recovery Act Status Report for September 2009" that was provided to members of the House Transportation Committee.

As always, please don't hesitate to contact me or call our Select Committee staff if you have any questions or need additional information.

Texas Workforce Press Release

FOR RELEASE: Embargoed until 9 a.m. **CONTACT:** Labor Market and Career Information
DATE: September 18, 2009 **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 8.0 percent in August, up from 7.9 percent a month ago, and continued to trend well below the U.S. seasonally adjusted unemployment rate for August at 9.7 percent. The Texas Civilian Labor Force continued to increase in August remaining above the mark of 12 million workers. Total nonagricultural employment in Texas fell by 62,200 positions in August.

“Despite our strong Texas economic foundation, the national recession is having an adverse impact on our state,” said Texas Workforce Commission (TWC) Chairman Tom Pauken. “Nonetheless, the unemployment rate in Texas remained well below the 9.7 percent national rate.”

Education and Health Services employment grew by 5,200 jobs in August, following a revised gain of 8,600 jobs in July. This was the 11th consecutive monthly gain in this industry. Since August 2008, employment in Education and Health Services increased by 58,600 jobs, a 4.5 percent gain.

“The Texas labor force continued to grow in August, remaining above 12 million workers,” said TWC Commissioner Representing Labor Ronny Congleton. “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.”

Financial Activities employment increased by 600 jobs in August. This was the fifth monthly gain since January, and the eighth monthly job increase in the last 12 months. Since January, this industry added 3,100 jobs. The hardest hit industries in August were Leisure and Hospitality recording a month-over-month drop of 12,900 positions. Construction was down 11,700 jobs, and Manufacturing industry employment fell by 10,900 jobs.

“Aside from job gains in Financial Activities and Education and Health Services, the employment situation in most industries was tough in August,” said TWC Commissioner Representing the Public Andres Alcantar. “TWC and our workforce boards located around the state remain committed to helping out-of-work Texans acquire skills and find jobs.”

The Amarillo Metropolitan Statistical Area (MSA) experienced the lowest unemployment rate in the state at 5.6 percent (not seasonally adjusted), followed by the Lubbock MSA with 5.7 percent, and the Midland and Abilene MSAs with 6.1 percent.

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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)

	August 2009				July 2009				August 2008			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
United States	154,897.0	140,074.0	14,823.0	9.6	156,255.0	141,055.0	15,201.0	9.7	155,387.0	145,909.0	9,479.0	6.1
State of Texas	12,061.4	11,079.4	982.0	8.1	12,136.6	11,138.2	998.4	8.2	11,750.7	11,129.8	620.9	5.3
Abilene	83.8	78.7	5.1	6.1	84.6	79.2	5.4	6.3	82.6	79.1	3.5	4.2
Amarillo	131.2	123.8	7.4	5.6	132.1	124.4	7.7	5.8	129.9	124.9	5.0	3.9
Austin-Round Rock	896.4	831.5	64.9	7.2	900.9	834.9	66.0	7.3	869.5	828.3	41.2	4.7
Beaumont-Port Arthur	184.0	164.2	19.8	10.8	184.5	164.9	19.6	10.6	182.8	170.4	12.4	6.8
Brownsville-Harlingen	150.7	134.8	15.9	10.5	152.0	135.9	16.1	10.6	145.5	134.4	11.1	7.6
College Station-Bryan	104.7	98.0	6.7	6.4	105.3	98.4	6.9	6.5	102.8	98.0	4.8	4.6
Corpus Christi	206.6	190.5	16.1	7.8	209.1	192.4	16.7	8.0	205.0	194.5	10.5	5.1
Dallas-Fort Worth-Arlington	3,228.1	2,961.3	266.8	8.3	3,251.1	2,981.1	270.0	8.3	3,154.5	2,985.8	168.7	5.3
Dallas-Plano-Irving MD	2,152.8	1,975.5	177.3	8.2	2,173.1	1,993.1	180.0	8.3	2,113.1	1,998.2	114.9	5.4
Fort Worth-Arlington MD	1,075.3	985.8	89.5	8.3	1,078.0	988.0	90.0	8.3	1,041.4	987.6	53.8	5.2
El Paso	306.0	276.6	29.4	9.6	309.1	279.1	30.0	9.7	296.1	276.2	19.9	6.7
Houston-Sugar Land-Baytown	2,834.1	2,597.2	236.9	8.4	2,855.4	2,616.1	239.3	8.4	2,801.7	2,657.2	144.5	5.2
Killeen-Temple-Fort Hood	161.2	150.0	11.2	7.0	162.7	151.0	11.7	7.2	158.7	150.2	8.5	5.3
Laredo	96.5	87.7	8.8	9.1	97.6	88.4	9.2	9.4	91.7	86.2	5.5	6.0
Longview	111.5	102.3	9.2	8.3	112.4	102.9	9.5	8.5	108.6	103.7	4.9	4.5
Lubbock	143.6	135.5	8.1	5.7	144.8	136.0	8.8	6.1	140.8	135.0	5.8	4.1
McAllen-Edinburg-Mission	300.1	265.8	34.3	11.4	299.7	265.2	34.5	11.5	280.8	258.4	22.4	8.0
Midland	78.2	73.5	4.7	6.1	79.2	74.2	5.0	6.3	76.0	73.7	2.3	3.1
Odessa	75.9	68.8	7.1	9.3	76.6	69.4	7.2	9.4	71.4	68.7	2.7	3.7
San Angelo	53.9	50.3	3.6	6.7	54.0	50.3	3.7	6.8	53.0	50.6	2.4	4.5
San Antonio	975.7	907.8	67.9	7.0	982.6	913.0	69.6	7.1	951.0	902.3	48.7	5.1
Sherman-Denison	57.8	52.9	4.9	8.5	58.1	53.2	4.9	8.5	56.1	53.1	3.0	5.4
Texarkana	64.2	60.1	4.1	6.4	64.8	60.6	4.2	6.4	63.7	60.6	3.1	4.9
Tyler	102.1	94.1	8.0	7.8	102.9	94.6	8.3	8.1	99.9	94.8	5.1	5.1
Victoria	59.1	54.4	4.7	7.9	59.5	54.8	4.7	7.9	58.3	55.8	2.5	4.3
Waco	114.6	106.3	8.3	7.3	115.0	106.7	8.3	7.2	111.9	106.3	5.6	5.0
Wichita Falls	73.8	68.0	5.8	7.9	74.6	68.6	6.0	8.0	73.0	69.2	3.8	5.3

TEXAS AND U.S. CIVILIAN LABOR FORCE ESTIMATES

		TEXAS*				UNITED STATES**			
		CLF	Employment	Unemp.	Rate	CLF	Employment	Unemp.	Rate
Not Seasonally Adjusted	August 2009	12,061,400	11,079,400	982,000	8.1	154,897,000	140,074,000	14,823,000	9.6
	July 2009	12,136,600	11,138,200	998,400	8.2	156,255,000	141,055,000	15,201,000	9.7
	August 2008	11,750,700	11,129,800	620,900	5.3	155,387,000	145,909,000	9,479,000	6.1
	Seasonally Adjusted	CLF	Employment	Unemp.	Rate	CLF	Employment	Unemp.	Rate
August 2009	12,025,700	11,059,700	966,000	8.0	154,577,000	139,649,000	14,928,000	9.7	
July 2009	12,017,900	11,068,900	949,000	7.9	154,504,000	140,041,000	14,462,000	9.4	
August 2008	11,734,800	11,145,100	589,700	5.0	154,823,000	145,273,000	9,550,000	6.2	

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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.

TxDOT Summary of American Reinvestment Recovery Act Status Report for September 2009

Highways and Bridges Program:

- AMOUNT OF FUNDING RECEIVED (obligated): \$1,194,787,023.06
- AMOUNT OF CONTRACTS AWARDED: (April-August) = \$1,007,442,735
- AMOUNT OF FUNDING SPENT (expended): \$109,025,685.52
- NUMBER OF CONTRACTS EXECUTED: 176
- NUMBER OF PROJECTS COMPLETED: 31
- JOBS CREATED: The actual number of on-site jobs reported that have been created or retained as of August 31, 2009 is 5767.

Transit Program:

- AMOUNT OF FUNDING RECEIVED (obligated): \$40,408,020
- AMOUNT OF GRANTS AWARDED: \$40,408,020
- AMOUNT OF FUNDING SPENT (expended): \$1,588,731.49
- NUMBER OF GRANTS EXECUTED: 50
- NUMBER OF GRANTS COMPLETED: 0
- JOBS CREATED: 608 hours of total job hours created or retained as of July 31.

Aviation Program:

- AMOUNT OF FUNDING RECEIVED (obligated): \$11,074,051
- AMOUNT OF PROJECTS AWARDED: \$11,074,051
- AMOUNT OF FUNDING SPENT (expended): \$576,405.26
- NUMBER OF PROJECTS EXECUTED: 6
- NUMBER OF PROJECTS COMPLETED: 0
- JOBS CREATED: The actual number of jobs reported that have been created or retained as of August 26, 2009 is 37.