



TEXAS  
ASSOCIATION OF  
BUSINESS

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March 3, 2009

The Honorable Jim Dunnam  
Texas House of Representatives  
P. O. Box 2910  
Austin, TX 78768

Dear Representative Dunnam,

The Texas Association of Business (TAB) recently announced its opposition to accepting federal stimulus money relating to unemployment insurance reform. In a TAB press release, I compared the risk of state dependence to aid provided by the federal stimulus package for unemployment insurance to free samples drug dealers use to addict customers.

With the radical changes Washington is demanding in return for the money, Congress wants to increase states' dependence on the federal government. In these tough economic times, increased dependence on Washington is not the solution, it's the problem.

In response to my comments, Rep. Jim Dunnam (D – Waco) mischaracterized TAB's position. TAB shares Dunnam's concern for those unemployed through no fault of their own. The legislation our association has consistently championed has helped position Texas as the number one state in America for job growth.

During this economic downturn in which it is harder for Texans to find jobs, TAB remains committed to its core mission: to promote good government that creates and retains good jobs with good wages and good benefits.

In accepting the federal money totaling \$556 million, Texas would be required to make permanent changes to its unemployment laws. Once federal money ran out, Texas employers would be forced to make up the gap, estimated to be \$150 million per year that does not account for future growth.

Texas Workforce Commission Chairman Tom Pauken has stated that Texas may be able to remove itself from these permanent changes once federal money dries out through legislative action. Even if Texas could unshackle itself from the Obama plan, it is likely that the federal government would, rightly, demand its money back from the state for non-compliance. No matter the legislative or legal maneuvering, Texas businesses are behind the eight-ball if our state were to accept this money.

The question is not whether Texas should accept the stimulus money with strings attached by Washington - the question is why would Washington attach such strings in the first place? The structure of the state's unemployment program is a policy question that the Texas Legislature is quite capable of addressing and making its own decisions based on what is best for Texas. That decision should not be made in Washington as a condition for return of a fair share of the stimulus dollars to the one state that has most clearly shown its ability to create jobs.

Down the line, the changes Texas will be forced to make to receive the money will effectively be a tax on Texas jobs, and will ultimately force more Texans into the unemployment system.

Texas is by no means immune to the financial downturn, but we have fared better than other states because we look before we leap into our economic decisions. We hope that you can recognize the detriment that will come by accepting this money.

Sincerely,

A handwritten signature in black ink that reads "Bill Hammond". The signature is written in a cursive, slightly slanted style.

Bill Hammond  
President, Texas Association of Business

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