



TEXAS
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BUSINESS

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March 18, 2009

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

Dear Representative Dunnam:

I am writing to you not only as the president of the Texas Association of Business, but also as a taxpaying employer who knows what it is like to write paychecks, pay several different business and employment taxes, and support the unemployment insurance system that provides jobless benefits for those who are unemployed through no fault of their own.

I and countless other employers in Texas applaud the leadership of Governor Rick Perry in turning down the promise of federal money used as an incentive for Texas to enact major expansions of the UI system that would have burdened employers in this state with higher taxes for decades after the brief period of federal aid had expired.

Governor Perry once again demonstrated the strength and individualism that have made the Texas economy an example to all other states. By encouraging fiscal responsibility and insisting that state agencies answer to the taxpayers, our state has created a business climate that attracts new businesses, fosters expansion of existing businesses, and creates jobs for Texans at a rate that far surpasses the rest of the nation.

The prospect of "easy money" from the federal government is an understandable temptation in troubled economic times, but it would have been a trap. The money offered in return for a permanent expansion of UI programs was a pittance compared with the permanent extra tax load that employers would have had to pay once the federal money ran out. The higher taxes would have discouraged employers from taking the risk of hiring more workers, effectively making the federal expansion requirements a job-killer. Increasing benefits from government is not a long-term solution for an economy, and the answer to a tough economy is not more social programs. The best social program is a real job. Our focus should be on making it easier for employers to create and keep jobs, rather than on raising the cost of keeping people employed.

It was also understandable that some would propose a middle ground, one that involved taking the federal money and attempting to end the expanded benefit programs once the limited federal funding ran out. Unfortunately, not only did the federal government announce that it would regard any attempt to discontinue the UI program expansions as cause to demand return of the

funds, the reality of government programs is that once they are enacted, they are practically impossible to end.

The history of social benefit programs in our country shows that programs always start off small, then acquire momentum and permanence once the sense of entitlement has set in with the beneficiaries, and grow larger and more expensive as time goes on. One has only to look at the Social Security program to see how that lesson is borne out in real life. The fact is that no matter how these UI expansions would be structured, they represent a bad deal for Texas taxpayers and the state's economy.

Texans should support Governor Perry's bold stance in this matter. People holding real jobs will be more of a stimulus than temporary government benefits could ever be. We must remember that true strength comes from independence and hard work. Let's show the rest of the nation what a determined and fiscally responsible state can do to weather this economic storm.

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