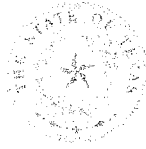


HOUSE OF REPRESENTATIVES



Jim Dunnam
Chairman
Myra Crownover
Vice Chairman

Texas Capitol Room E2.202
Post Office Box 2910
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(512) 463-0240

SELECT COMMITTEE ON FEDERAL
ECONOMIC STABILIZATION FUNDING

MEMORANDUM

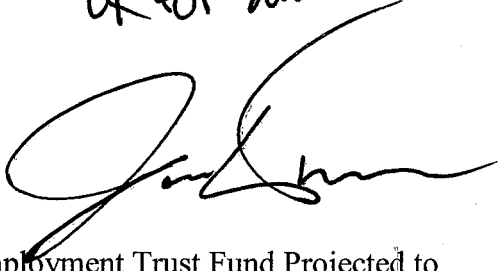
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TO: All House

FROM: Chairman Jim Dunnam

DATE: December 7, 2009

SUBJECT: Staff Changes at Select Committee; Unemployment Trust Fund Projected to be \$2.7 Billion Below Floor Next October; TWC Announces Employer Tax Rates for 2010; National Unemployment Rate Declines; Two Texas Companies Selected for Energy Grants



Staff Changes at the Select Committee

I want to take this opportunity to let you know that Leslie Lemon will be retiring on December 15, and Margaret L. Weir has joined the Select Committee as our new Executive Director effective December 1. A native of Texas, Ms. Weir is an attorney who previously practiced in the Boston, Massachusetts area. Ms. Weir holds an LL.M. and a J.D. from Boston University; an M.B.A. from the University of Denver; a B.S. from the University of Houston; and completed the Graduate School of Banking at Colorado.

Also, many of you have already met Elizabeth Barrett who worked as my Legislative Director during the 81st Regular Session. Ms. Barrett joined the Select Committee back in August and currently serves as our Deputy Director. She is a Waco native and earned both her Bachelor of Arts degree and her Masters degree in Communication from Baylor University. Ms. Barrett previously worked in Higher Education Administration at the University of Texas at Austin before joining my staff.

Leslie asked that I let you know how much she appreciated the opportunity to return to the Capitol and finish her career working for the Select Committee. She said it was one of the most fascinating and challenging experiences in more than two decades of state service, and she credits you and your staff for making it one of the most rewarding experiences as well.

Unemployment Trust Fund Projected to Be \$2.7 Billion Below Floor on October 1, 2010

The Texas Workforce Commission notified Governor Perry today, December 8, that the Unemployment Compensation Trust Fund is projected to be \$2.7 billion below the floor

The Texas Workforce Commission notified Governor Perry today, December 8, that the Unemployment Compensation Trust Fund is projected to be \$2.7 billion below the floor when the agency takes the next snapshot in October 2010 for purposes of determining employer tax rates for 2011. The \$2.7 billion includes \$1.9 billion in outstanding advances that will be borrowed from the federal government to pay unemployment benefits. As you recall, the Recovery Act gives states the opportunity to borrow unlimited amounts of money interest free to pay unemployment benefits but the funds must be repaid by December 31, 2010. TWC also is projecting that the total amount Texas will borrow from the federal government could reach \$2.2 billion in March of 2010 because the bulk of our employer remittances for 2010 will not start arriving at TWC to help cover benefit payments until April. We have attached TWC's transmittal letter to Governor Perry and the accompanying charts in a separate document for your review.

Texas Workforce Commission Announces Employer Tax Rates for 2010

The Texas Workforce Commission also announced this morning the new employer tax rates that will take effect next January. The new minimum Unemployment Insurance tax rate for 2010 for experience rated employers is .72 percent, up from .26 percent in 2009. It raises the \$23.40 tax paid per employee to \$64.80 per employee for these employers. Around 255,000 or 67 percent of Texas employers will pay this rate. The maximum rate, paid by around 3.3 percent of experience-rated employers will increase to 8.6 percent for 2010, up from 6.26 percent in 2009. And finally, the average tax rate for all Texas employers will increase from .99 percent in 2009 to 1.83 percent in 2010. We are including a link to the press release for your convenience. <http://www.twc.state.tx.us/news/press/2009/120809press.pdf>

U.S. Unemployment Rate for November Falls to 10%

On December 4, the U.S. Department of Labor announced that the national unemployment rate eased to 10 percent in November, from 10.2 percent in October. The number of workers on payrolls was essentially unchanged last month. The report said employers shed a net 11,000 jobs in November, a statistically insignificant change and the best showing since December 2007.

Clean Coal and Advanced Biorefinery Projects

Last Friday, the U.S. Department of Energy (DOE) awarded \$979 million nationally to be combined with \$2.2 billion in private capital for three clean coal projects, one in Texas. Summit Texas Clean Energy, LLC was awarded \$350 million for a carbon capture technology project that will capture 90% of carbon dioxide at a 400 megawatt plant to be built near Midland Odessa. The DOE also announced \$600 million for advanced biorefinery projects nationwide, and Algenol Biofuels, Inc. was awarded \$25 million for an advanced biorefinery project in Freeport, Texas, that will produce fuel from algae.