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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: November 13, 2009

SUBJECT: Deficit Tax and Updated Data on Stimulus Website

Texas Workforce Commission Adopts Deficit Tax

The Texas Workforce Commission met Tuesday morning and adopted a deficit tax rate that will add around 0.82% to the average unemployment tax rate paid by Texas employers in calendar year 2010. According to TWC, the deficit tax rate adopted is 50% of the amount that would be required to bring the Unemployment Trust Fund to the statutory floor. Current state law gives the Commission the authority to adjust the deficit tax rate.

Including the new deficit tax, the average tax rate for Texas employers will more than double next year, from 1.31% in 2009 to 3.08% in 2010. This is an increase of around 135%. In terms of dollars, the average employer will pay around \$277 per employee in 2010 compared to \$118 per employee in 2009, an increase of \$160 per employee.

The deficit tax portion is expected to yield approximately \$560 million in 2010. Incidentally, you may recall that Texas is eligible under the Recovery Act to receive \$556 million in federal stimulus funding if it makes minor modifications to its unemployment benefits.

Keep in mind, Texas has already borrowed \$797 million interest-free from the federal government which must be repaid by December 31, 2010. TWC expects to issue \$2 billion in bonds late next year to repay the federal loan.

Updated Texas Stimulus Website

We understand how challenging it is to locate comprehensive Recovery Act data. Therefore, we have added a new feature on our website www.txstimulusfund.com to make it easier for you and the general public to track stimulus funds coming to Texas. Under the tab "Stay Informed," click on "Tracking Stimulus \$\$\$," and you will find a page that includes direct links to data compiled by the Comptroller's Office, the Texas Education Agency, the Texas Department of Transportation, and the Texas Workforce Commission.

In addition, you will find our most recent federal procurement chart that lists \$774 million in stimulus contracts the federal government has procured to date where Texas is the principal place where the contract will be performed. We have sorted the contracts by date so you can see which contracts have been added since our last update in October which included \$703 million in contracts.

We intend to continue adding helpful links and updating our chart on a regular basis. Any feedback you might have on how we can improve transparency would be appreciated. Please let me know your thoughts or contact our Select Committee staff at 463-0240.