



LABOR DAY UPDATE: TEXAS UNEMPLOYMENT INSURANCE SYSTEM

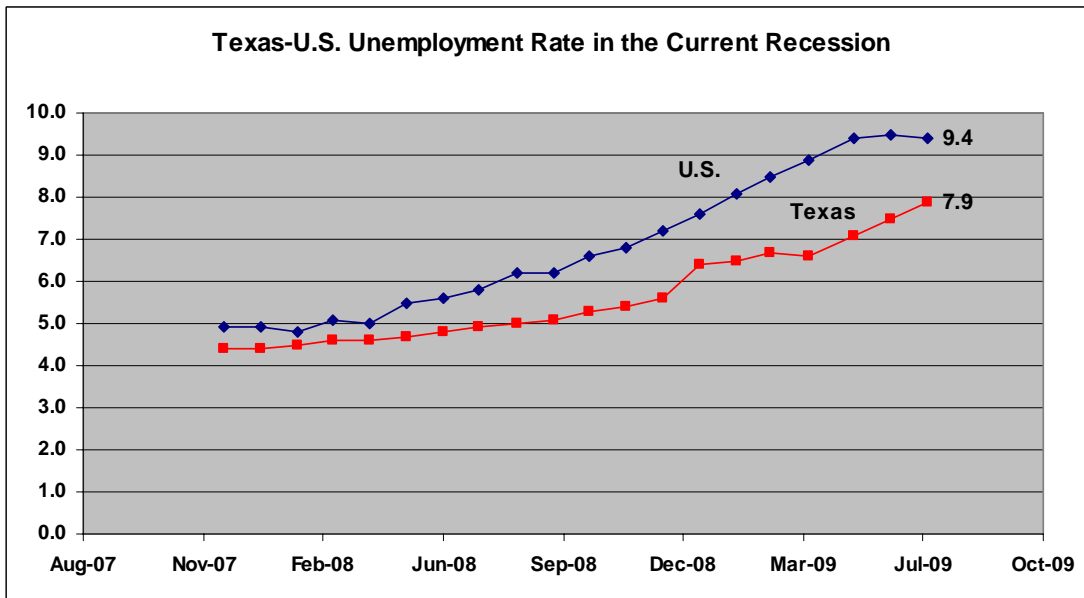
Although Texas arrived late to the national recession, Texans have lost jobs at a faster rate recently and are remaining unemployed longer than in recent history. With the unemployment rate reaching 7.9 percent in July, coupled with a decrease in job creation, Texans face greater financial hardships, with many unable to pay their mortgages, afford health care and provide for their family’s basic needs. With unemployment on the rise, more Texans turn to the unemployment insurance (UI) system for financial relief to bridge the gap between jobs. Unfortunately, fewer than 35 percent of unemployed Texans became insured during the first quarter of 2009 – maintaining Texas’ ranking of 50th in the nation.¹ Despite a low reciprocity rate and a lower unemployment rate compared to the rest of the nation, the chronically insolvent UI Trust Fund ran dry after only six months of elevated claims. The Trust Fund now faces a gigantic deficit heading into 2010, billions of dollars in future debt service, and higher employer rates for years to come. This issue brief provides an overview of the Texas labor market and the state of the unemployment insurance system.

The Numbers: Unemployment Trends

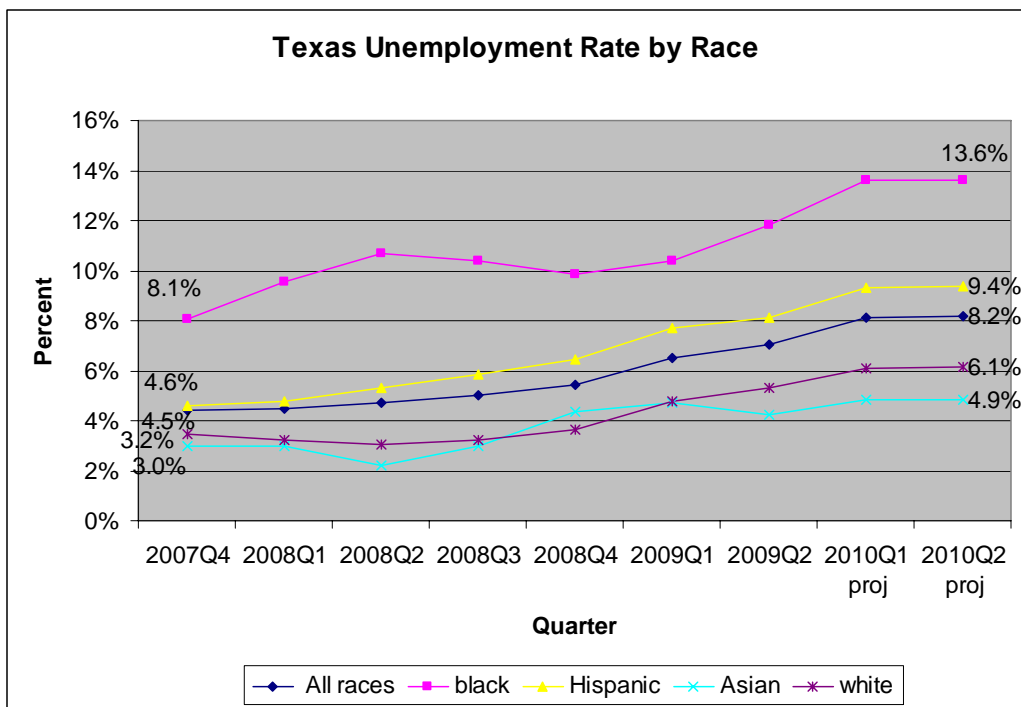
The Texas unemployment rate increased from 4.1 percent in December 2007 to a current rate of 7.9 percent in July 2009.² Despite the number of unemployed reaching nearly 950,000, an 87-percent jump since the start of the recession, Texas’ unemployment rate remains slightly less than the national average at 9.4 percent in July.³

Education Level

National data suggest that rising unemployment affected all groups, regardless of educational attainment or occupation. Among blue-collar, white-collar and service industry sectors, as well as high school and college educated groups, all have experienced more than a 100-percent increase in the number of unemployed during the



Source: Department of Labor



Source: National Employment Law Center, July 2009.

recession. Although college-educated groups have a low unemployment rate at 4.7 percent, this is the highest level on record.⁴ Blue collar and service industry occupations have reached 14 and 11.3 percent unemployment, respectively.⁵

Racial/Ethnic Groups

With the exception of Hispanics and males, all demographic groups experienced similar increases in job loss. As of the second quarter 2009, the unemployment rate for males has increased from 4.1 percent to 7.5 percent since the recession began, an increase of 3.4 percent compared to only a 1.8-percent increase for women. This represents an 83-percent increase in unemployment for men as compared to a 37.5-percent increase in the number of women unemployed.⁶

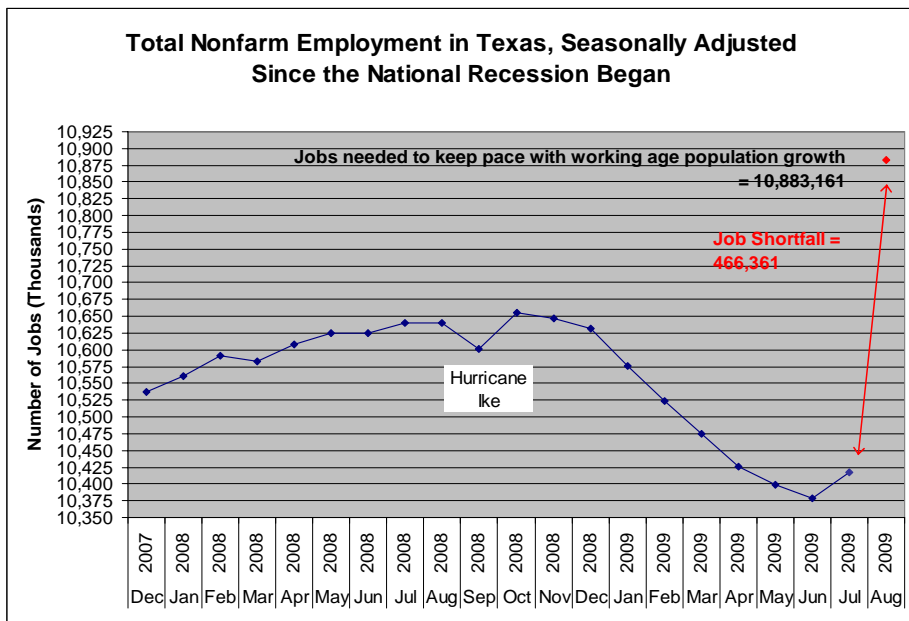
The number of unemployed Hispanics has increased 76 percent from pre-recession unemployment levels, while unemployment among blacks and whites rose by 45 percent and 51.4 percent, respectively.⁷ Overall both blacks and Hispanics have higher unemployment rates than whites, with the Hispanic rate at 8.1 percent, blacks with a

rate of 11.8 percent, both of which are higher than the rate for U.S. whites (5.3 percent).⁸

Despite having a more moderate increase in job loss than Hispanics, blacks fare worse during the economic downturn than all other groups due to already high unemployment at the start of the recession (8.1 percent), thus resulting in a higher fraction of the black working population unemployed as compared to Hispanics and whites.

Unemployment is expected to rise for all racial and ethnic groups by the second quarter of 2010 to 6.1 percent for whites; 9.4 percent for Hispanics and 13.6 percent for blacks⁹

The overall unemployment rate in the U.S. is projected to reach a peak of 10.1 percent or higher in the second quarter of 2010, while Texas is expected to reach 8.2 percent.

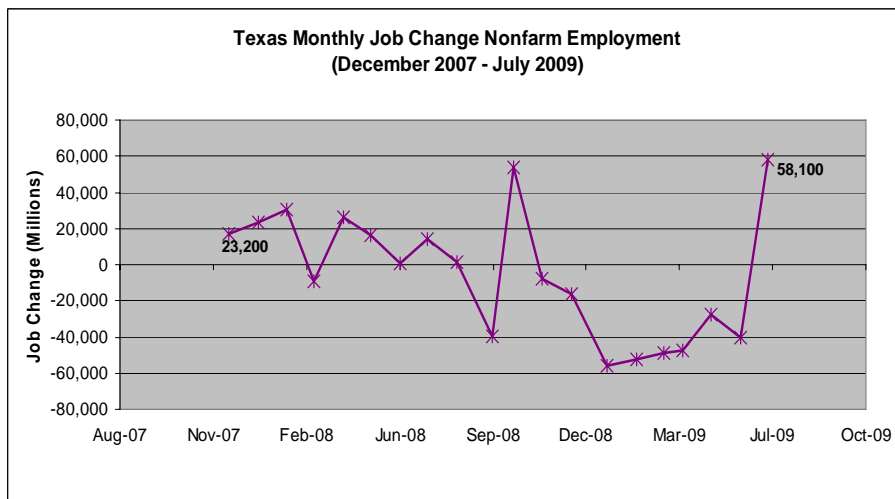


Source: CPPP Analysis; Economic Policy Institute and Department of Labor, August 2009

In various industries, tens of thousands of jobs have been cut since the beginning of the recession. Employment *decreased* 9.3 percent or 87,000 jobs since the recession began, while construction experienced a drop of 10.7 percent or 71,900 jobs lost.¹¹

Underemployment

Across the country, states are experiencing a spike in underemployment where workers are working part-time while searching for full-time employment (“involuntary” part-timers) or have been looking for work, but are discouraged due to a lack of success in obtaining employment (“discouraged” workers). Another group neither works, nor looks for work, but indicates that they can work and looked for a job in the past 12 months.¹² Texas’ underemployment rate during the recession hit a record high at 14.1 percent in June 2009, the highest since the post-2002 recession peak in March 2003 which reached 13.5 percent.^{13,14} The share of workers employed part-time for economic reasons increased by 25 percent between 2007 and 2008, bringing the total share to 17 percent of the labor



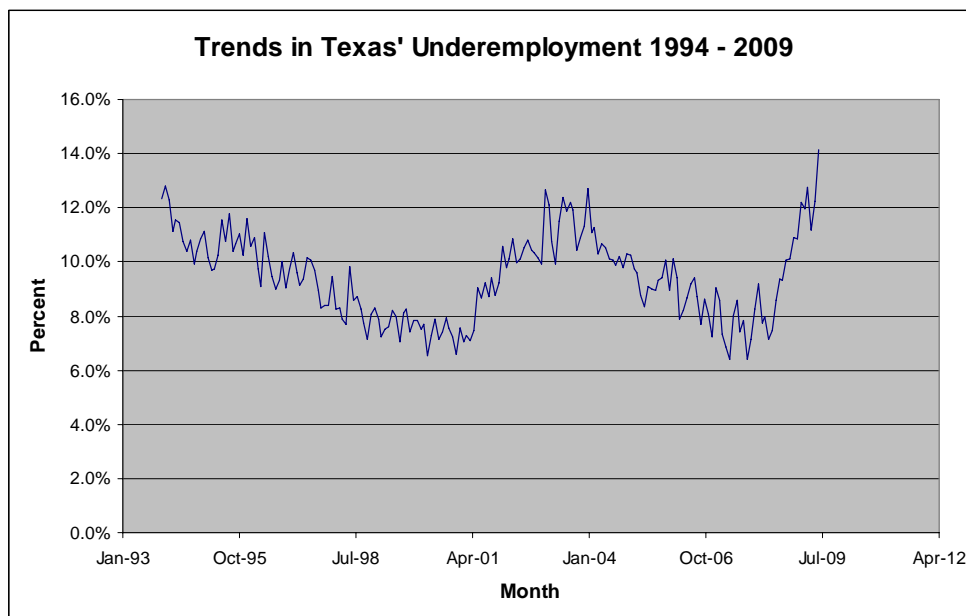
Source: CPPP Analysis, Texas Workforce Commission, August 2009

Job Loss

Just as the unemployment rate has risen, employment across industries is falling. While Texas experienced job gains of 37,900 in July 2009, this spike follows an eight month period of continued job loss, bringing the total number of net job losses to 222,300 since July 2008. As such, Texas has a shortfall of 466,361 jobs needed to keep pace with the working age population growth (3.3 percent).¹⁰

force.¹⁵

Underemployment is problematic not only in the financial strain it places on working Texans and their families, but also the overall economic impact of lost output and the potential damaging effects of workers detaching from the workforce permanently.



Source: CPPP Analysis; Economic Policy Institute, August 2009

Who qualifies for unemployment insurance (UI) benefits and how long do recipients receive relief?

Workers who lose their jobs through no fault of their own must apply for regular UI benefits directly with the TWC. Jobless Texans may receive up to 72 weeks of UI benefits through the various programs – Regular UI (26 weeks); Emergency Unemployment Compensation (33 weeks); and Extended Benefits (13 weeks).

To receive UI relief, claimants must demonstrate that they meet the following requirements:

1. **Separation from work** was due to no fault of their own – either through a lay off; the employer reduced hours allowed to work; or a claimant left employment for a well-documented medical reason or to seek protection from family violence or stalking.
2. **The claimant earned wages** in at least two of the four eligible “base period” quarters and total base period wages must be at least 37 times the weekly benefits amount.
3. **Maintaining UI eligibility** requires a claimant to:

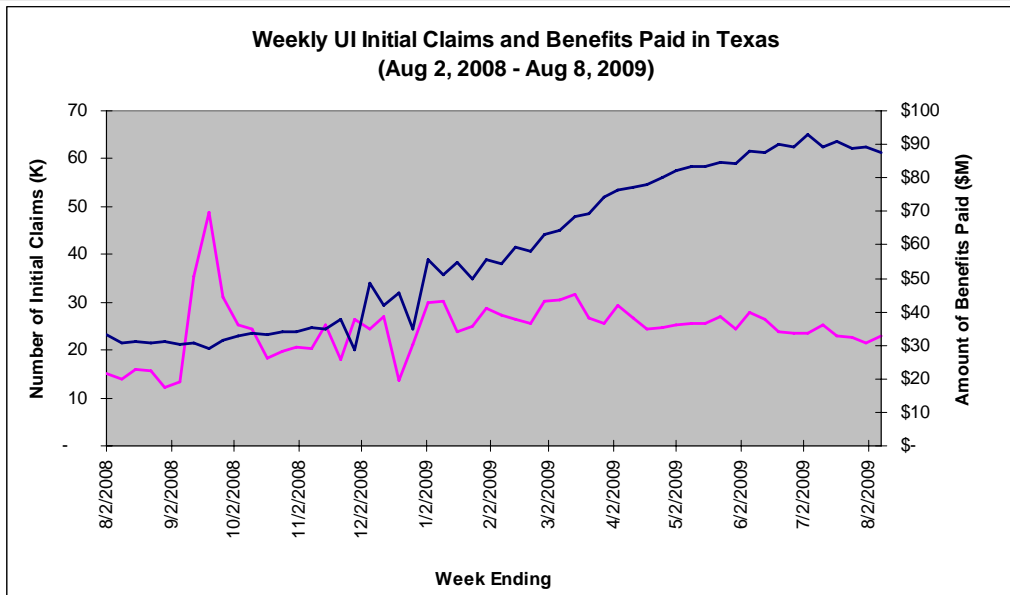
- Make an active search for full-time work;
- Be physically able to work;
- Be available for full-time work;
- Apply for and accept suitable work; and
- Be registered for work search online at www.texasworkforce.org or with the nearest workforce center.

Foreclosures and Unemployment

Home foreclosures and mortgage delinquencies continued to climb over the course of the recession as the unemployment rate and duration have risen sharply. Many homeowners are less likely to have a nest egg of savings accounts and other assets to help cover expenses during income interruptions. As a result, they are more likely to become delinquent on their mortgage payments and may eventually face foreclosure if they cannot obtain stable employment or qualify for unemployment insurance.

Texas Unemployment Insurance System¹⁶

The Texas Workforce Commission (TWC) oversees the state’s unemployment compensation system, also referred to as unemployment insurance (UI). UI is an employer-paid benefit available to workers who have lost their job through no fault of their own. TWC processes UI claims



Source: CPPP Analysis; Department of Labor and Texas Workforce Commission, August 2009

and administers compensation to qualified individuals while they conduct a job search for full-time employment. There are currently three main phases of UI benefits, two of which are completely federally funded:

Phase I

Regular unemployment insurance (UI) is extended to unemployed workers who have lost their jobs due to no fault of their own. UI recipients file claims for UI benefits with the Texas Workforce Commission (TWC) and are eligible for up to 26 weeks of regular UI benefits. These benefits are funded entirely by state employer UI taxes and are distributed from the state Trust Fund.

With more Texans losing their jobs, the UI system experienced record-breaking numbers of initial claims, continued claims, first payments to new recipients and the number of weeks compensated during the first quarter of 2009:

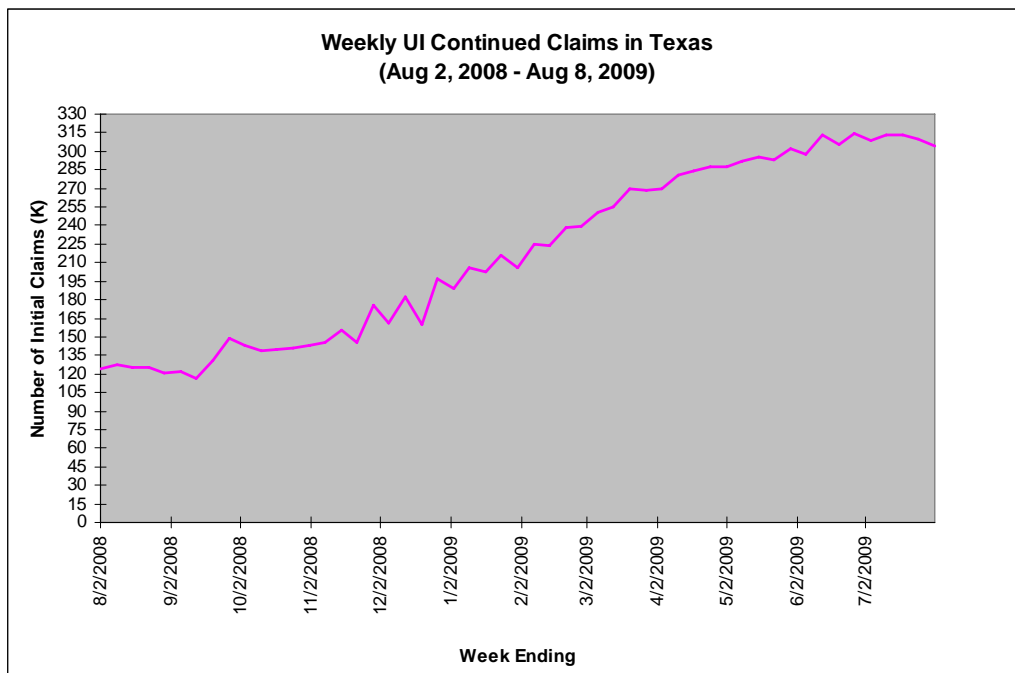
- Total initial claims were up 16.9 percent to 342,271 from the previous record of 292,684 during the fourth quarter of 2000.

- Benefits paid exceeded the previous high from the first quarter of 2002 by 31.6 percent, reaching \$780 million in benefits paid in the first three months of 2009.¹⁷
- 48 percent of UI recipients exhausted their regular UI benefits during the first quarter of 2009.¹⁸

UI initial claims totaled 23,016 for the week ending August 8, 2009, a 64-percent increase from a year ago. As claims have risen, total benefits paid have shot up as recipients remain on UI for longer periods of time.

Even as the level of initial claims has remained relatively steady, aside from the “Hurricane Ike spike”, Texas claimants have remained on UI for much longer, contributing to rising amount of benefits paid.

The average time span that workers remained on UI benefits in June 2009 was 18.9 weeks, up by nearly one additional week since June 2008. The current average weekly benefit is \$316.90 per claimant.¹⁹ Total benefits payments have increased 245 percent to \$416 million in the past year.



Source: CPPP Analysis; Department of Labor, August 2009

As a result of the increased time span UI recipients remain unemployed and seeking benefits, continued regular UI claims rose to 305,000, an increase of 179 percent since the recession began and 146 percent from this time last year as shown by the graph below.²⁰

In calendar year 2008, about 1/3 of the 747,246 claims filed were denied due to ineligibility based on past wages or failure to prove “no fault” for separation from employment. Of the denied claims, 13.7 percent were deemed monetarily ineligible under the Standard Base Period (SBP) where TWC counts earnings for the first four of the last five completed calendar quarters, disregarding the most recent earnings. Had the Alternate Base Period (ABP) been in effect, approximately 40 percent or 41,000 additional Texans, denied under SBP, would have been eligible for UI relief in 2008.²¹

Phase II

Emergency Unemployment Compensation (EUC) provides 33 additional weeks of benefits after exhausting regular UI. Tier I EUC provides up to 20 weeks of compensation for states with lower unemployment levels. Tier II EUC provides up to 13 weeks of benefits for states with higher unemployment rates (6% and above). Texas

became eligible for tier II benefits in January 2009 when the unemployment rate rose to 6.4 percent. These benefits are 100 percent federally funded.

In April, a wave of recipients in the Tier I EUC program began exhausting their first 20 weeks of compensation and moved into Tier II for their additional 13 weeks of EUC benefits. As of July 18, 2009, just over 121,000 UI claimants were receiving EUC benefits.

Benefit payments in the EUC program reached \$1.02 billion for Tier I and \$238.6 million for Tier II payments, bringing the total EUC payments to \$1.25 billion since the program began in July 2008.²²

Since late June, several waves of recipients have begun exhausting their 33-week EUC period. Recent projections estimate that nearly 47,000 will exhaust EUC by September and over 79,000 by December.²³

Phase III

Extended Benefits (EB) provide a 13-week extension to UI claimants once they’ve exhausted both regular UI and EUC compensation. These benefits are 100 percent federally funded under ARRA through December 2009. Two types of unemployment rate calculations trigger

Extended Benefits – the Insured Unemployment Rate (IUR) and the Total Unemployment Rate (TUR). IUR uses the rate of unemployed persons receiving UI benefits; the TUR estimates the number of jobless workers looking for work. These rates are calculated using a moving 13-week period.

All states have a 5 percent **IUR mandatory trigger** for EB. Texas is unlikely to reach the mandatory trigger with an IUR at 2.2 percent during the first quarter of 2009. The **optional IUR trigger** is 6 percent. The Texas legislature adopted this trigger as a part of the supplemental appropriations during the 81st legislative session.

The **optional TUR trigger** is 6.5 percent which provides 13 weeks of additional benefits (Tier I) and 20 extra weeks when the TUR reaches 8.0 percent (Tier II). Texas triggered the 13-week extension of benefits in April when unemployment rose above 6.5 percent and exceeded 110 percent of the TUR for the same period during the two previous years.

In July, more than 18,000 UI claimants became eligible for EB as they exhausted EUC benefits. Many beneficiaries set to exhaust EUC during July and through the end of the year feared that they would be out of benefits and waiting in limbo when TWC announced that EB payments would

Texas WARN Notices

Under the federal Worker Adjustment and Retraining Notification Act (WARN), employers with 100 or more workers are required to notify employees 60 days prior to mass layoffs or plant closings. During the first seven months of 2009, 250 employers filed notices under the WARN requirements compared to 183 employers during the same period last year.

be delayed due to federal eligibility verification and reporting requirements. After efforts were made to resolve internal delays, TWC began issuing payments for EB claims at the end of July, rather than the projected November time frame initially announced. As of August 26, 2009, TWC accepted over 45,000 EB claims for a total of \$53.1 million in benefit payments.²⁴ By the end of the year, more than 48,000 jobless Texans will have exhausted all 72 weeks of UI payments, leaving no other options for relief unless Congress takes action to expand or extend these programs.²⁵ See “Federal initiatives under HB 1403: What’s in it for Texas.

How Is the Texas UI System Performing?

Many jobless Texans seeking UI benefits have struggled with busy signals, delayed responses, slow first payments and fears that the next payment won’t come because of computer glitches. TWC reports that hundreds of thousands of callers to the UI call center receive busy

State and Federal Unemployment Insurance Benefits Duration

Date of Unemployment	Regular UI - 26 weeks	EUC - Tier I 20 weeks	EUC - Tier II 13 weeks	Extended Benefits - 13 weeks	Total
Approximate Month Exhausting Benefits					
May 2008	November 2008	March 2008	June 2009	Sept./Oct. 2009	15,000-20,000
July 2008	January 2009	May 2009	August 2009	Nov./Dec. 2009	20,000-25,000
September 2008	March 2009	July 2009	October 2009	Eligible through mid December	10,500-14,800
November 2008	May 2009	September 2009	December 2009	Currently ineligible	12,800-18,000

Source: CPPP Analysis, Texas Workforce Commission, August 2009

signals in a given week. During the week of July 4th, the TWC call center recorded more than 155,000 toll-free busy signals, while more than 1 million calls received a busy signal for the month. The number of busy signals has been greatly reduced since 2008 where there was a range of 3 to 9.4 million busy signals received by callers.²⁶ The average number of busy signals since February 2009 has remained steady at an average of 1.5 million busy tones per month. The Commission expects greater efficiency and accessibility as they launch the new Alamo Call Center in San Antonio, which is expected to equip 200 new customer service personnel to process claims.

UI Payment System: Debit Cards Only

Since 2007, TWC has issued debit cards to deliver UI benefits, as do thirty other states. A transition away from paper checks by mail delivery holds several benefits. However, a debit card-only system holds numerous disadvantages for claimants, including withdrawal fees, unused funds, and limited financial use. For the most part, claimants can only get fee-free withdrawals at Chase ATMs, TWC's sole debit card provider. For various reasons, direct deposit is a superior alternative. A recent DOL advisory alerts state workforce agencies to amend their state UI payment systems to ensure that UI recipients receive their full benefits without being charged undue fees for purchases, withdrawals and any other transactions associated with debit card usage. Under federal law, "all withdrawals from a state's unemployment fund be used solely in the payment of unemployment compensation, 'exclusive of expenses of administration.'"²⁷

DOL strongly recommends that state UI agencies convert payments for all individuals with bank accounts to direct deposit as soon as possible.²⁸

This method of payment would enhance benefits delivery as UI recipients would have access to their cash from a singular, preexisting account and banking relationship. Furthermore, direct deposit would eliminate the need for recipients to make additional trips to the bank for deposits and withdrawals, as well as the need for an additional card. Moreover, many areas lack Chase facilities, so these banked

Performance Estimates on UI Core Measures: Texas

January 2008 – June 2009

Source: U.S. Department of Labor

Benefits Measure	Acceptable Level of Performance	Texas' Rating
First Payment Promptness	≥87%	81.3%
Nonmonetary Determination Time Lapse	≥80%	77.5%
Nonmonetary Determination Quality – Nonseparation	≥75%	85.8%*
Nonmonetary Determination Quality - Separation	≥75	80.8%*
Average Age of Pending Lower Authority Appeals	≤30 Days	44 Days
Average Age of Pending Higher Authority appeals	≤40 Days	28 Days
Lower Authority Appeals Quality	≥80%	94.5%*
New Employer Status Determination Lapse	≥70	82.0%*
*Reflects an estimate based on partial reporting provided to DOL during the time period		

Texans are at a distinct disadvantage to access their money without fees and other inconveniences.

The DOL strongly urges states without a system of direct deposit to develop an interim policy to ensure that all recipients understand the fees and charges that apply to debit cards and how to avoid them. Examples for disseminating information to UI recipients include:

- Provide a wallet-sized card with an overview of fees and charges that apply. This should be administered in addition to the standard cardholder agreement that is automatically provided when the debit card is issued.

Analysis: Department of Labor and the Texas Workforce Commission Debit Card Agreement with Chase

DOL Recommendations	Direct Deposit Option	More than One Free ATM withdrawal per payment?	Unlimited Free POS Transactions	Unlimited Balance Inquiries at in-network ATMs	Elimination of Denial Fees	Unlimited Free Telephone Customer Assistance
Current TWC-Chase Agreement	No	Only for Chase ATMs, not for other ATMs Note: There is only one free transaction with a bank teller, thereafter, a \$5 fee applies per transaction.	Yes	No Fee applies at in-network ATMs. A \$0.50 charge is assessed at out-of-network ATMs.	\$1 fee for each denied transaction.	Yes

For the debit card fee schedule, see http://www.twc.state.tx.us/ui/uidebitfaq.html#pos_fee.

- Provide user friendly and easily accessible lists of in-network ATMs and banks both through the Internet and in print for those individuals without easy access to the internet.

With the current Chase contract set to expire in the next several months, along with a statewide master debit card contract approaching, TWC and other agencies will have the opportunity to include more consumer protections and adopt direct deposit as the default option for UI claimants.²⁹

Status of the Trust Fund

The Unemployment Compensation Trust Fund is intended to provide unemployment insurance to individuals who lost jobs through no fault of their own, while buffering the Texas economy in times of rising unemployment. However, Texas' UC Trust Fund is not equipped to withstand any modest uptick in unemployment, thereby placing the Trust Fund in a state of chronic deficit spending and near-perpetual debt service. This chronic insolvency makes employer tax rates more

volatile, and subject to needlessly higher rates in a down economy.

A major factor remains the low ceiling on Trust Fund reserves. When the Trust Fund exceeds the ceiling (-\$1.7B), or two percent of taxable wages, TWC is authorized to issue employer rebates to bring the Fund back to its maximum level. As such, TWC issued over \$460M in employer rebates from 2007-09. However, our ceiling target is only half the level recommended by most experts. Warning signs of the depleting Trust Fund began as the economic slowdown resulted in a steady increase in the number of jobless Texans seeking relief through the UI system.

As the Trust Fund started with a \$1.7 billion balance on October 1, 2008, the system was ill equipped to withstand even a modest recession. An increase in joblessness during the first two quarters of 2009 alone has depleted the Trust Fund with Texas estimated to borrow about \$630 million from the federal government to pay out its UI claims through October, with more federal advances anticipated through 2009 and into 2010.³⁰³¹

Texas Trust Fund Balance, October 1, 2009 Projections (\$Millions)

Quarter/Unemployment Rate	Employer Remittances	Other Revenue*	Benefits Paid	Fund Balance	Federal Advances
4Q08; 5.43%	\$120.8	\$13.7	\$493.5	\$1,309.7	\$0
1Q09; 6.53%	\$100.1	\$11.5	\$759.5	\$661.8	\$0
2Q09; 7.07%	\$669.8	-\$0.2	1,075.4	256.1	\$0
3Q09; 7.9%**	\$182.0	\$106.3	\$1,173.6	\$0	-\$629.3
Total	\$1,072.7	131.3	\$3,502.0	\$0	-\$629.3

Source: Texas Workforce Commission, August 2009

*Total other revenue includes transfers and adjustments and depository interest

**Projections for the 3rd quarter 2009 and totals through October 1, 2009

During the six week period ending July 18th, the total net benefits paid averaged \$89.6 million per week, a 211-percent increase from the same period last year.³² With the sharp rise in benefits paid, coupled with low tax rates set at the beginning of the fiscal year, the TFB quickly fell below the \$863 million floor (1 percent of taxable wages) during the first six months of the year, rising again above the floor briefly in April and then falling to a zero balance by July 2009. The overall projection for benefits paid for the year ending September 30, 2009 is \$3.5 billion, with employer remittances projected to total \$1.1 billion, creating a "floor deficit" of \$1.5 billion.³³

To address the TFB shortfall, TWC is authorized to reallocate revenue streams in their discretion. Pursuant to statute, TWC has scheduled a \$105 million transfer from

the Employment Training and Investment Assessment (ETIA) that would pay out claims for the first week of September. The ETIA is charged to all employers at the rate of 0.1 percent of total taxable wages (\$9,000 per employee) and deposited into the ETIA Holding Fund. Under statute, ETIA funds are transferred to the Texas Enterprise Fund (TEF) and the Skills Development Fund (SDF) when the TFB is above 100 percent of the floor. When the TFB is below the floor amount, the ETIA funds must be transferred to bring the TFB up to the floor amount. Due to Trust Fund insolvency, the TEF and SDF will not receive their respective funds of 75 and 25 percent from the holding fund, nor will the training stabilization fund receive an allocation this year.³⁴

By statute, TWC also has authority to calculate the deficit

Estimated Unemployment Insurance Trust Fund Scenarios for September 30, 2010 - 2013 (Source: Texas Workforce Commission, August 2009)

Scenarios*	Tax Yield (Deficit Tax)				
	2009	2010	2011	2012	2013
1st Scenario	1.28%	3.49% (1.23%)	4.45% (1.82%)	3.94% (1.32%)	2.38% (0%)
2nd Scenario	1.28%	2.63% (0%)	2.96% (0%)	4.06% (1.09%)	2.91% (0.18%)
3rd Scenario	1.28%	2.26% (0%)	2.97% (0%)	4.07% (1.09%)	2.73% (0%)
4th Scenario	1.28%	3.1% (0.84%)	2.97% (0%)	2.98% (0%)	2.96% (0.23%)

*1. Deficit Assessment Not Limited 2. Dec. 2009 Issue of \$2 billion bonds 3. Dec.2010 Issue of \$2 billion bonds 4. Use Adjusted Deficit Assessment to stabilize unemployment tax yield with 12/2010 issue of \$2 billion bonds (Assume 7 year bond issue at 3.5% interest for scenarios 2-4)

tax to raise funds when the Trust Fund balance falls below the floor amount (~\$858 million). The tax is assessed on experience-rated employers – those with a claims history - and is calculated based on projections of future losses using the employer's claim history. Since the TF has depleted, TWC may assess the deficit tax during calendar year 2010 to bring the balance up to the floor amount. However, TWC also has authority to suspend or modify the tax rate in their discretion.³⁵

While 2010 tax rates will not be set until the end of the year, the overall

tax rates, including the General tax, the replenishment tax, the ETA and the deficit tax are expected to rise for small employers to around 2.26 percent. Should TWC decide to apply the deficit tax during 2010, the assessment will be between 0.84 percent and 1.23 percent of taxable wages due to the sizable "floor deficit." Insofar as most smaller businesses pay close to the minimum tax, Texas small businesses will bear the brunt of a large deficit tax. This deficit (and tax) became much larger after the Texas Legislature failed to modernize the UI system and thereby enable Texas to receive the \$555 million in Recovery Act incentive payments.

Overall projections for the TFB indicate that the system will remain in deficit through September 30, 2011. Should TWC elect to assess a \$2 billion bond in 2010, the TFB is expected to have a deficit of \$354.3 million or \$2.8 million below the floor amount on September 30, 2010.

Federal Proposals to Extend Unemployment Insurance (HR 3404/S 1647): What's in it for Texas?

With nearly 1.5 million American workers expected to exhaust UI benefits by the end of 2009, Congress is considering a number of measures to help jobless workers with basic needs while they continue their search for stable employment. HR 3404 by Representative McDermott (WA), chairman of the Income Security and Family Support Subcommittee, proposes the following measures to provide additional relief:

1. Continuation of EUC and EB full federal sharing through 2010.
2. Continuation of the Federal Additional Compensation \$25 payments for UI beneficiaries.
3. Provide an additional 13 weeks of EB for states with a three-month average unemployment rate of 9 percent or an insured unemployment rate of 6 percent (S.1647 by Senator Jack Reed (RI) would trigger on at 8.5 percent). Texas is unlikely to become eligible for these additional benefits with an unemployment rate at more than one point

below the trigger (7.9 percent) as of July 2009. Texas' low IUR of 2.2 percent during the first quarter of 2009 also makes it unlikely that the state will qualify under this provision.

Recommendations

- Reform the Trust Fund system to withstand an economic downturn by increasing the fund balance ceiling and bringing the reserve ratio to 2.
- Adopt the Alternate Base Period to allow more jobless workers access to UI relief during these tough economic times and beyond.
- Improve public access to UI claims data, exhaustions, benefits payouts, UI performance indicators and other data tracked by the TWC to ensure transparency and efficiency in the system. Texas Health and Human Services Commission has developed a model system for providing easily accessible data to the public that is both current and user friendly.
- The TWC should begin offering direct deposit to UI filers and provide additional clear and concise information to recipients using debit cards on the fees and costs associated with debit card usage. TWC also should undertake negotiations to modify the current cardholder agreement to be more advantageous to recipients.
- Texas should aim to exceed the national performance standards set out by the DOL. To surpass national standards, Texas must improve internal procedures to ensure timeliness for processing first time payments, making prompt claims determinations as well as ensuring a more efficient appeals process so qualified UI claimants receive compensation with minimal undue hardship.

Economic Boost from Recovery Act Unemployment Insurance Funds

- All UI claimants receive an additional \$25 Federal Additional Compensation (FAC) payment per week through January 1, 2010. These benefits are fully paid for by Recovery Act funds. Jobless workers on regular UI benefits began receiving the extra \$25 weekly payments immediately after passage of the law on February 22, 2009. EUC and EB beneficiaries also receive the extra payments. As of July 2009, TWC had paid out \$181.5 million of the ARRA funds to jobless Texans.
- Unemployed Texans will receive an income tax exemption on the first \$2,400 of UI benefits in 2009.
- Interest payments and the accrual of interest on federal advances are waived through December 31, 2010.
- Jobless workers eligible for COBRA health insurance continuation coverage receive a 65 percent premium subsidy under ARRA. This provision applies to workers who were involuntarily terminated on or after September 1, 2008.
- The TWC is expanding its capacity to process UI claims, administer reemployment services and other administrative duties through staffing additions of 350-360 additional new employees in 2010.

To learn more, sign up for e-mails, or make a donation, go to www.cppp.org.

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans.

1 Department of Labor (DOL). "Unemployment Insurance Data Summary: First Quarter 2009." Web. http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum09/DataSum_2009_1.pdf. 27 August 2009.

2 DOL. 25 August 2009.

3 Ibid.

4 Economic Policy Institute, (EPI). Policy Memorandum #144, "The Job isn't Done: More Jobs and Family Supports Needed." July 21, 2009.

5 CPPP Analysis, National Employment Law Center (NELP)., Second Quarter 2009.

6 Ibid.

7 Ibid.

8 CPPP Analysis. EPI. estimates based on Bureau of Labor and Statistics.

9 CPPP Analysis. NELP, 30 July 2009.

10 Bureau of Labor Statistics, Web. <http://www.bls.gov/news.release/laus.t05.htm>. 30 July 2009

11 CPPP Analysis. EPI, "Job Watch." 24 August 2009..

12 EPI. State of Working America 2006/2007, 10th ed. 2007.

13 CPPP Analysis. EPI. August 2009.

14 EPI. Memorandum #144, "The Job Isn't Done: More Jobs and Family Supports Needed." Web. <http://www.epi.org/page/-/pdf/mishelpolicymemo.pdf>. 21 July 2009.

15 CPPP Analysis. EPI. August 2009.

16 See CPPP Policy Page, "A Labor Day Review of our Unemployment System," (September 1, 2008) for an in depth review of the Texas unemployment Insurance System, <http://www.cppp.org/files/2/UI%20Labor%20Day%20343.pdf>

17 DOL. Employment and Training Administration, "Unemployment Insurance Data Summary." Web. <http://www.ows.doleta.gov/unemploy/content/data.asp>. 26 August 2009.

18 Ibid.

19 TWC. "Trust Fund Balance Projections,." 5 August 2009..

20 CPPP Analysis. DOL and Texas Workforce Commission (TWC).. 26 August 2009.

-
- 21 CPPP Analysis. NELP.
- 22 TWC, August 2009.
- 23 NELP. “Number of Workers Exhausting Federal Extensions of Unemployment Benefits,” July 2009.
- 24 Texas Workforce Commission. August 2009.
- 25 NELP, August 2009.
- 26 CPPP Analysis. TWC. August 2009.
- 27 Department of Labor, Employment and Training Administration Advisory System, Advisory. “Unemployment Insurance Program Letter No. 34-09.” Web.
- <http://wdr.doleta.gov/directives/attach/UIPL/UIPL34-09.pdf>. 26 August 2009.
- 28 <http://wdr.doleta.gov/directives/attach/UIPL/UIPL34-09.pdf>
- 29 Ibid.
- 30 CPPP Analysis. TWC. “Trust Fund Balance Projections,,” 5 August 2009..
- 31 Ibid, “Trust Fund Loans.” As of August 25, 2009, Texas has a balance of \$247,954,052 from the Federal Unemployment Account. Web. <http://www.workforcesecurity.doleta.gov/unemploy/budget.asp#tfloans>. 26 August 2009.
- 32 Texas Workforce Commission Meeting, 11 August 2009..
- 33 CPPP Analysis. TWC. “Trust Fund Balance Projections,,” 5 August 2009..
- 34 Texas Labor Code, § 204.121 and § 303:003; Texas Administrative Code Title 40, Part 20, § 803.1 subchapter A
- 35 Texas Labor Code. Unemployment Compensation Act § 204.061 and § 204.067