

July 17, 2009

Governor Rick Perry  
PO Box 12428  
Austin, Texas 78711

Dear Governor Perry,

The latest sobering news on the Texas economy, rising unemployment and the near depletion of our state's main unemployment benefits fund calls for real action, not just half measures, band-aids and IOUs.

Unemployment has risen to 7.5 percent and over 250,000 jobs have been lost since the beginning of the year. As the sales tax collection has plummeted and the Texas economy has declined, the Texas Comptroller has now tripled her estimate of predicted job losses for 2009. Now we learn that Texas' unemployment insurance fund is already so depleted that we need an emergency loan from the federal government to meet our obligations.

As you know, this session a bipartisan group of legislators repeatedly warned that the state's unemployment insurance fund would go broke -- triggering a titanic tax increase on Texas businesses -- if we did not make the minor reforms necessary to draw down \$556 million offered in the federal stimulus plan. Sadly, events have proven those warnings to be exactly right.

Reality has demonstrated that refusing a half billion dollars in federal stimulus money was not the right policy for Texas. Unfortunately, returning that in hand five months later and asking for a \$650 million loan is not the answer either. We have an opportunity to do now what should have done this session: make necessary reforms to draw down the stimulus funds to help struggling Texas families, and to minimize the impact on small businesses.

**We urge you to call a special session to enact the reforms that will enable Texas to draw down \$556 million in federal unemployment aid.** The Texas Senate already approved legislation, SB 1569, which will allow Texas to accept that federal money, without leaving the state on the hook in future years. The bill would have also forced the state to take a hard look at all aspects of our UI system, which is obviously in need of reform and repair.

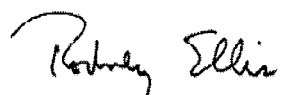
We must also improve our delivery of extended unemployment benefits. These benefits are paid 100% by the federal government and were authorized in the supplemental appropriations bill, but the Texas Workforce Commission still is not acting quickly enough to help those Texans in need. In the next few months, 70,000 Texans will be

eligible for extended benefits, so if we do not improve our performance now, tens of thousands of Texans will suffer.

Texas faces an emergency and we must act now to help Texans weather this worsening economic storm. We must stop partisan, political games and help struggling Texas families ride out this economic storm.

The time for political games has long passed. It is time for everyone in Austin to do our job as public servants, doing the job the people elected us to do, and assist Texans in their time of need.

Sincerely,

Handwritten signature of Rodney Ellis in black ink.

Senator Rodney Ellis

Handwritten signature of Wendy Davis in black ink.

Senator Wendy Davis