

Short Changing Working Texans' Unemployment Insurance Program Costs Us All:

HB 199 Is Unnecessary, Unfairly Targets Texas' Rural Counties

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Working families contribute greatly to Texas' economy. The Unemployment Insurance (UI) program provides protection to all workers during economic downturns and unanticipated layoffs. The core value behind UI is that temporary job loss, by no fault of one's own, should not lead to home foreclosure or hungry families. Finally, UI keeps workers experiencing layoffs connected to the workforce.

Unemployment Insurance (UI) Puts Laid Off Workers Back to Work

Despite common misperceptions, UI does not discourage individuals from returning to work. Research shows that additional weeks of UI have little or no effect on a worker's job seeking activity or unemployment rates¹. States that adopted unemployment indexing to shorten maximum weekly benefits experience a higher number of individuals exhausting UI without having returned to work².

Today, Most Unemployed Texans Cannot Access Unemployment Insurance 2024 by the numbers³:

- Texas' average unemployment rate was 4.1%.
- On average, 632,000 Texans experienced unemployment of a total workforce of approximately 14 million. **Approximately 23% of unemployed Texans received UI benefits.** Texas ranked 28th in the United States for UI reciprocity rate.
- Texas average UI benefit duration was 15.5 weeks.

Legislation Aiming to Cut the Standard Number of Weeks is Unnecessary

HB199 (Rep. DeAyala) proposes to tie or "index" Texans' maximum number of UI benefits to the statewide average unemployment rate. What this means, in most scenarios, is that Texans experiencing job loss could lose 12 weeks of unemployment insurance coverage.

Currently, the standard maximum UI benefit is set at 26 weeks. HB 199 proposes to cut the maximum benefits to 14 weeks when the statewide average unemployment rate is 6.5% or

¹ Tapia Alexa. National Employment Law Project. Testimony Indiana State Legislature. January 15, 2025. <https://www.nelp.org/app/uploads/2025/02/NELP-Testimony-SB-123-Reducing-Indiana-UI-Benefits.pdf>
Citations: Christopher Boone, Arindrajit Dube, Lucas Goodman, and Ethan Kaplan, "Unemployment Insurance Generosity and Aggregate Employment," American Economic Journal: Economic Policy, 2021, 13, no. 2 (May 2021): 58– 99, https://econpapers.repec.org/article/aeaaejpol/v_3a13_3ay_3a2021_3ai_3a2_3ap_3a58-99.htm; Peter Ganong et al., "Spending and Job Search Impacts of Expanded Unemployment Benefits: Evidence from Administrative Micro Data," Becker Friedman Institute, July 19, 2022, <https://bfi.uchicago.edu/working-paper/spending-and-job-searchimpacts-of-expanded-ui/>.

²Ibid.

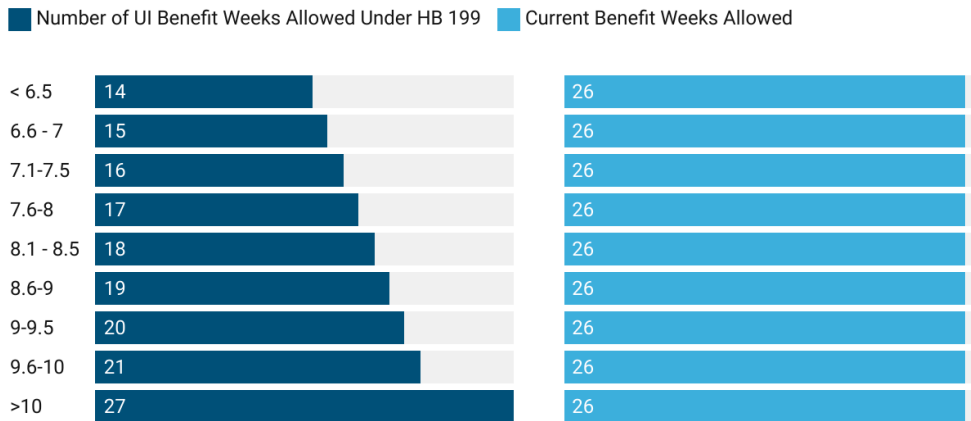
³ US Department of Labor. Unemployment Insurance Data. Quarterly Reports: https://oui.doleta.gov/unemploy/data_summary/DataSummTable.asp



below. When the state unemployment rate increases to 6.6%, but not greater than 7%, the maximum number of UI benefit payments increases to 15 weeks and so forth (see chart below). HB 199 only allows for the current standard of 26 weeks, plus 1 additional week, when the state unemployment rate is **above 10%**. *HB 199's proposed weekly-maximum benefit cut puts UI benefit levels below the average time unemployed Texans need to secure another job (15.5 weeks).*

Short Changing Working Texan's Unemployment Insurance Program Costs All of Us

HB 199 proposes to tie or "index" UI maximum weekly benefits to the statewide unemployment rate.



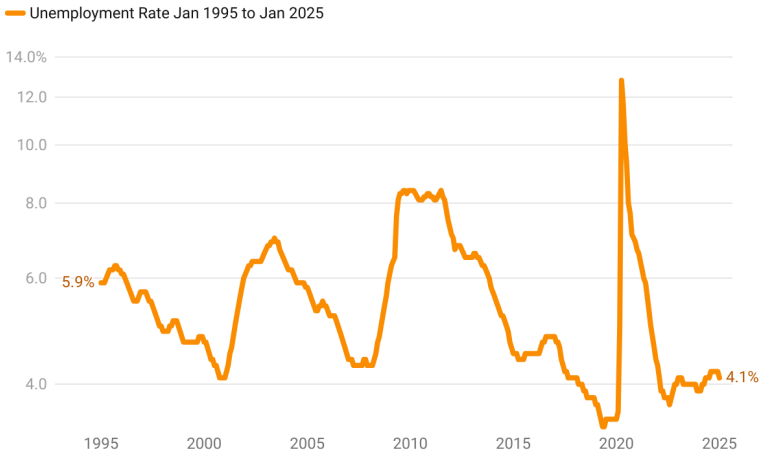
HB 199 indexes unemployment insurance maximum benefits to the statewide average unemployment rate. HB 199 severely reduces the number of weeks laid off Texans can collect their UI benefits while searching for a new job.

Chart: Every Texan • Source: Every Texan analysis of HB 199 • Created with Datawrapper

HB 199 Limits Recently Laid-Off Texans' Time to Find A Similar Job

Below is a chart showing Texas' statewide unemployment rate average from January 1995 through January 2025. For **82% of the months between 1995 and 2025, Texas' unemployment rate fell below 6.5%**. [Explore this interactive chart online.](#)

Texas Statewide Average Unemployment Rate



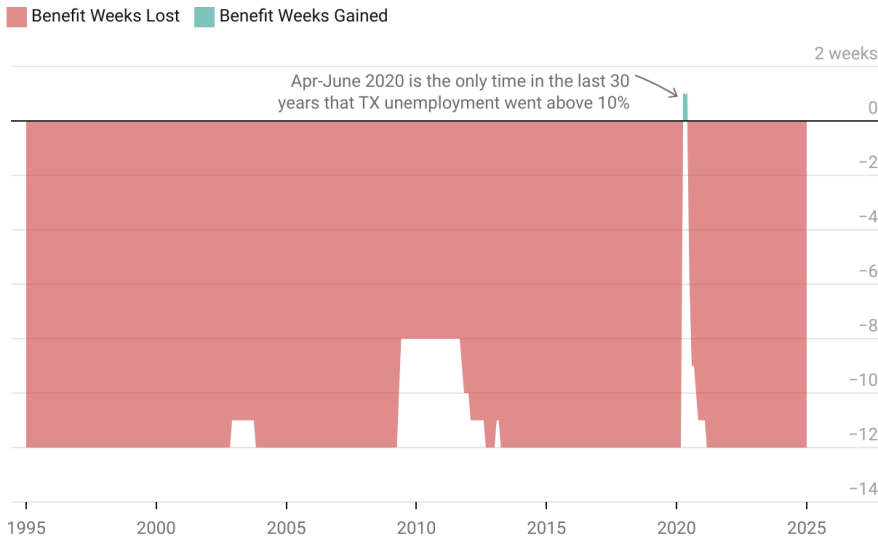
Every Texan analysis of statewide unemployment rate averages show that of the 361 months from 1995-2025, 297 of those months had an unemployment rate average below 6.5%. HB 199 proposes to decrease laid off Texan's maximum UI benefit weeks from 26 to 14 weeks (indexed to 6.5% unemployment or below).

Chart: Every Texan • Source: Bureau of Labor Statistics • Created with Datawrapper

If HB 199 had been in place, since 1995, most Texans would have lost 12 weeks of the 26 week maximum benefit. [Explore this chart online.](#)

How Decreasing Unemployment Benefits Would Have Short Changed Texas Families and the Economy Over the Last 30 Years

Weeks less than the 26 (standard) available to UI claimants under HB 199. HB 199 will tie the number of unemployment benefit weeks to the statewide average unemployment rate. This bill will severely reduce the number of weeks that recently laid off Texans can collect unemployment insurance while searching for their next job.



Looking back: If HB 199, as proposed today, had passed in 1995, most Texans that experienced job loss would have lost 12 weeks of unemployment insurance benefits.

Chart: Every Texan • Source: Bureau of Labor Statistics and Every Texan analysis of HB 199 • Created with Datawrapper

UI Indexing Hurts Temporarily Unemployed Workers And Wastes Taxpayer Dollars

Some states have back tracked or curtailed their UI indexing bills because of the harm they cause to working families. The indexing model also does not account for regional and industry differences across the state. Legislators waste taxpayer dollars when they pass policies that will need to be corrected later.

- **Kentucky:** Kentucky’s state legislature passed an unemployment indexing legislation in 2022, reducing the maximum UI benefits. Republican lawmakers filed and passed a law to reverse course and increase the number of total benefit weeks allowed in 2023⁴.
- **West Virginia:** West Virginia’s Legislature in 2024 failed to pass an unemployment indexing bill due to the disproportionate harm such a provision would cause to the state’s rural counties – where unemployment is higher than suburban and urban counties⁵.

HB 199 Unfairly Targets Rural Communities

Texas’ rural counties consistently have higher average unemployment rates than suburban counties. The chart below shows the rural counties that had an unemployment rate above the state average in 2023. You can also explore this [interactive chart online](#).

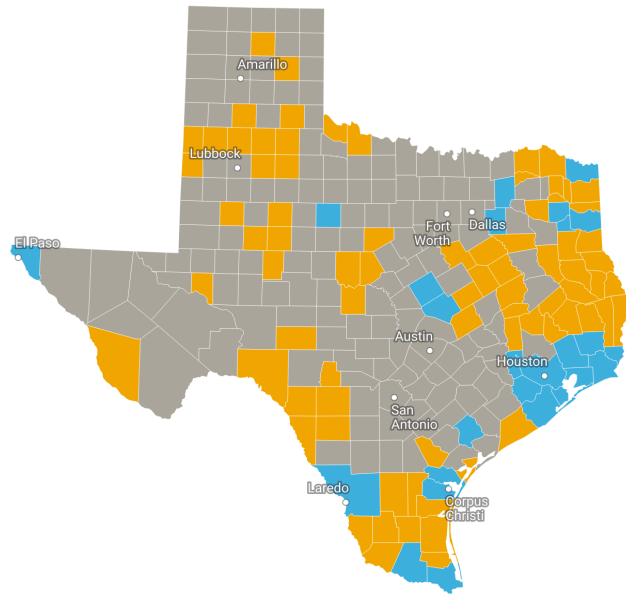
⁴ Stone, Callie. “Unemployment Benefits to Increase to 16 Weeks in Kentucky, After Beshear Signs into Law”. March 2023: <https://www.wcluradio.com/2023/02/17/house-committee-revisits-last-years-unemployment-system-overhaul/>

⁵O’Leary, Sean. “Indexing Unemployment Insurance Benefits Would Harm Small, Rural Counties in West Virginia”. West Virginia Center on Budget and Policy Institute. Feb. 2024: <https://wvpolicy.org/wp-content/uploads/2024/02/indexing-county-analysis-2.27.pdf> Notes: see WV SB 840 did not pass: <https://legiscan.com/WV/bill/SB840/2024>

Three-Quarters of Texas Counties With Unemployment Rates Higher Than the State Are Rural

County unemployment rate higher than state in 2023?

■ Rural
 ■ Urban
 ■ No



Map: Every Texan

Source: Local Area Unemployment Statistics via Texas Labor Market Information (2014-2024). Retrieved on July 29, 2024 from <https://texaslmi.com>, Texas Department of Housing and Community Affairs.

Notes: Yearly unemployment rate for 2023 (not seasonally adjusted). Rural and urban designation obtained from the Texas Department of Housing and Community Affairs.



Top 10 Texas Counties' Average Unemployment Rates

County	Average Unemployment Rate 2025-2015
Starr County	13.5%
Maverick County	10.9%
Zavala County	10.4%
Willacy County	10.0%
Presidio County	9.2%
Sabine County	9.0%
Newton County	8.3%
Zapata County	8.1%
Hidalgo County	8.1%
Morris County	8.0%
Jasper County	7.9%
Jefferson County	7.6%
Brooks County	7.5%
Tyler County	7.5%
San Augustine County	7.5%

Additional 239 rows not shown.

Table: Every Texan • Source: Bureau of Labor Statistics- Local Area Unemployment Statistics • Created with Datawrapper

HB 199 Is an Outdated, Misguided Policy Proposal: The Texas Unemployment Compensation Trust Fund Has a Balance

During the Great Recession and the COVID-19 pandemic, proponents of UI indexing argued that states experiencing deficits in their respective Unemployment Trust Funds could curtail spending through indexing.⁶

As of February 2025, the Texas Workforce Commission (TWC) estimated an Unemployment Trust Fund balance of \$1,052,000,00⁷. TWC’s financial status report shows that the Texas’ Unemployment Trust Fund has carried a positive balance since 2022. The U.S. Department of Labor reports a fiscal year 2024 fourth quarter Texas Unemployment Trust Fund balance of \$1,008,322,000⁸. Texas’ Unemployment Trust Fund is not in jeopardy.

Texas Workforce Commission
Financial Status for Unemployment Trust Fund 2021 - 2025
 (\$ in Millions) as of February 28, 2025

1. Unemployment Trust Fund and Outstanding Unemployment Revenue Bonds

Ref.	Description	2021	2022	2023	2024	2025 Est
1.00	Beginning Cash Balance as of October -- Unemployment Trust Fund	\$ (4,597.8)	\$ (5,874.0)	\$ 2,130.6	\$ 2,207.9	\$ 1,507.6
1.01	Add: Employer Remittances	\$ 2,864.5	\$ 2,619.4	\$ 2,344.4	\$ 2,048.8	\$ 2,061.7
1.02	Add: Depository Interest	\$ 0.2	\$ 14.1	\$ 20.0	\$ 79.0	\$ 20.0
1.03	Add: Transfer and Adjustments (Primarily, Benefits Reimbursements from Other States)	\$ (204.4)	\$ (0.9)	\$ 5.2	\$ 38.3	\$ 60.6
1.04	Add: Appropriated to the Trust Fund	\$ -	\$ 6,979.2	\$ -	\$ -	\$ 68.0
1.05	Add: Obligation Assessment Transfers to UC Trust Fund After Bond Repayment	\$ -	\$ -	\$ -	\$ -	\$ -
1.06	Add: ETIA Transfers	\$ -	\$ 104.6	\$ -	\$ -	\$ 456.8
1.07	Deduct: Unemployment Benefit Payments Oct 1 - Sep 30	\$ (3,936.4)	\$ (1,711.9)	\$ (2,292.3)	\$ (2,866.3)	\$ (3,122.7)
1.08	Unemployment Trust Fund Cash Balance as of September 30th for "Floor Test"	\$ (5,874.0)	\$ 2,130.6	\$ 2,207.9	\$ 1,507.6	\$ 1,052.0

Vote No On HB 199. It's Not For Texas.

Unemployment Insurance prevents unnecessary economic hardship for Texas’ working families. UI also supports the state economy to weather recession, particularly for small businesses which are heavily dependent on consumption based sales⁹. UI also guarantees workers the opportunity to find a job suitable to their skills and abilities, in turn improving future workforce retention.

HB 199 proposes to reduce the maximum number of benefit weeks allowed and sets up Texas to be less responsive during economic recession, ultimately costing businesses and taxpayers. The reasons to pass HB 199 are misguided and irrelevant to Texas’ economy. Furthermore, the bill as proposed will put many of Texas’ rural communities at a disadvantage.

⁶ Dublois, Hayden and Jonathan Ingram. “How Indexing Unemployment Can Restore State Trust Funds, Cut Taxes, and Grow the Workforce in the Wake of COVID-19”. FGA. December 2021.

<https://thefga.org/research/indexing-unemployment-in-the-wake-of-covid19/>

⁷Texas Workforce Commission. Financial Status for Unemployment Trust Fund 2020-2025.

<https://www.twc.texas.gov/sites/default/files/ogc/mtq25/commission-meeting-material-040125-item11-20250305-tf-balance%203-20-2025-final-accessible-twc.pdf>

⁸ US Department of Labor. Unemployment Insurance Data. Quarterly Reports:

https://oui.doleta.gov/unemploy/data_summary/DataSummTable.asp

⁹ Hellwig, Peter Klaus. March 2021. “Supply and Demand Effects of Unemployment Insurance Benefit Extensions: Evidence from U.S. Counties.

<https://www.imf.org/en/Publications/WP/Issues/2021/03/12/Supply-and-Demand-Effects-of-Unemployment-Insurance-Benefit-Extensions-Evidence-from-U-S-50112>