

La Fe Policy Research and Education Center



*Promoviendo Bienestar para Familias y Comunidad con Conocimiento, Confianza y Poder
Promoting Family and Community Well-being through Knowledge, Trust and Empowerment*

February 16, 2011

Representative John Zerwas
House Appropriations S/C Article II
P.O. Box 2910
Austin, TX 78768

Dear Chairman Zerwas,

Texas, along with the rest of the nation, is amid changes and economic challenges. The state's demographics are changing and we need to continue strengthening public education, creating new jobs, and improving our social and health safety nets. Too many Texans, including our state government, are struggling to make ends-meet. It's imperative we find a balanced approach between addressing the state's needs and the underlying structural revenue deficits that jeopardizes our future prosperity. We believe that shared prosperity and responsible government is possible.

While the impact of the economic recession has cut across class, race, and ethnicity, the state's budgetary-cutting focus and priorities will have a significant negative impact on Texas' already vulnerable populations. This includes a disproportionate number of hard-working *Latino families who are most likely to live in poverty, retain lower high school and college-level education, and most likely to work in small businesses that don't offer health insurance.*

Therefore, we urge the development of a budget that looks to the future, addresses important needs, and begins a balanced approach to closing the revenue gaps. It's important we work together to solve our states' budget problems without further undercutting **Public Education and Health Care Safety nets exemplified by the following proposed State Agency Cuts.**

Department of Health and Human Service Commission (DHHSC)

- **Medicaid and CHIP**– The DHHSC recommended cuts to Medicaid and CHIP will have negative health and financial impacts on families, and risks hurting our state's economy. We must not weaken our ability to maximize federal matching rates. We cannot afford to risk losing \$2.2 billion in federal matching dollars.
- **Maintain current level of staffing for client services at the minimum**– Texas continues to struggle with an eligibility system that cannot handle current caseloads due to staffing capacity. We must protect the gains we have made to ensure the State's vulnerable populations have timely and accessible health care. The state has already spent too much in penalties and corrective action lawsuits, and should not further risk unnecessary costs to a weak state budget environment.
- **Reduction in Provider Reimbursement Rates**– Texas physicians willing to accept new Medicaid patients had been on the decline until 2007, when it steadied as a result of increased reimbursement rates (*Texas Medical Association 2010 physicians survey*). A 10% reduction of provider reimbursement rates may see private physicians being forced to cherry pick or drop existing Medicaid and CHIP clients. Those dropped clients are likely to seek medical services at the already over burdened and underfunded Federally Qualified Health Centers (FQHC) or emergency rooms. We must invest resources that help build our health care infrastructure for the 21st century and that includes improved access to doctors.

Department of State Health Service (DSHS)

- **Community Health Service Cuts** – The \$19.2 million reduction to primary care and nutrition programs will have a tremendously adverse effect on the quantity and quality of affordable health services delivered. Cuts to community primary care services alone is expected to see the number of Texans who utilize these services drop from 85,000 to 60,000. Already leading the nation in percent uninsured, we can not allow an additional 20,000 Texans to go without primary health care services. Sadly, the cost will be incurred by local communities as these individuals enter the less efficient and exponentially more costly ER acute ‘sick’ care system.
- **Elimination of FQHC ‘Incubator’ infrastructure grants** - Nationally, CHCs save the health care system \$24 billion a year (NACHC). FQHCs serve the uninsured and underinsured, a population that rises with unemployment. The National Council of Community Health Centers (NACHC) found, between 2008 and 2009, total visits increased 14%, compared to 6% the previous year. FQHCs ability to handle the influx during the recession was due to ARRA which invested \$2 billion in FQHCs across the nation. These clinics are vital to the primary health care infrastructure of Texas and pivotal to the implementation of the Afford Care Act. They must be nurtured.
- **Reductions and Elimination of Graduate Medical Education** - Texas has, for a long time, been ranked near the bottom in health professionals per capita. Cutting funds to health-related training institutions at this time or in the near future will be detrimental to the much needed growth of Texas’ supply of health care professionals.
 - The Professional Nursing Shortage Reduction Program is reduced by \$18 million in the Senate Bill and eliminated in the House Bill (-\$50 million).
 - The Family Practice Residency Program is reduced by \$6 million in the Senate Bill and eliminated in the House Bill (-\$21 million).
 - The Physician Education Loan Repayment Program is reduced by \$8 million in the Senate Bill and eliminated in the House Bill (-\$25 million).

Education:

- **Reduction of Public School Budget** - Texas is 2nd in public education enrollment and 50th in percent of population 25 and older with a high school diploma. The state can not afford a \$3.5 billion (13%) a year decrease in public education funds. We are also 4th in children living in poverty; we can not allow our children to fall even further behind than they already are as a result of being born into poverty.
- **Eliminating Funding for ESL Instructional Materials** - English language learners (E.L.L.) are 815,998 (17%) of Texas’ student population; a number which has increased 2% from 2009. ESL Pre-K—8th materials include the Texas Essential Knowledge & Skills (TEKS) necessary to assist the students in becoming grade level proficient and passing the new STARR. The decision to exclude only these materials from the otherwise fully funded Proclamation 2011, will only serve to widen the education gap in minority students. It will predetermine the educational achievement of 815,998 Texas children and the schools that serve them.

As you and your fellow committee members begin the steps of identifying the priorities for the state’s budget we hope that you will consider that the economic prosperity of Texas will be hinged on a balanced approach to preparing for future demands that keeps Texas moving forward. We ask that you consider using existing resources such as the Rainy Day Fund, maximize federal funds and matching rates, and fixing the loopholes in the business tax because we all must pay our part. Cuts alone will not solve our budget problems as it will only hurt working families and further deteriorate their health and financial security.

La Fe Policy Research and Education Center (La Fe PREC) is an organization that engages in efforts to create systematic changes to social and health policy through *policy analysis, education, leadership, and advocacy*.

Sincerely,

Juan H. Flores, M.U.P.
Executive Director