



Texas Budget Crisis: Impact on Latinos

La Fe Policy Research & Education Center * 1313 Guadalupe, Ste 102 * San Antonio, TX, 78207 * 210.208.9494/208.9493

Texas, and the nation is amid changes and economic challenges. The state's population growth and demographic changes particularly among school-age children and seniors demands strengthening our public schools and higher education, creating new jobs, and improving our social and health safety nets. Relying on draconian budget cuts are not the answer. We must have a balanced approach between addressing the state's underlying structural budget deficits and investments that support economic and health security for Texas families. Shared prosperity and responsible government is possible.

The changing face of America is Texas today.

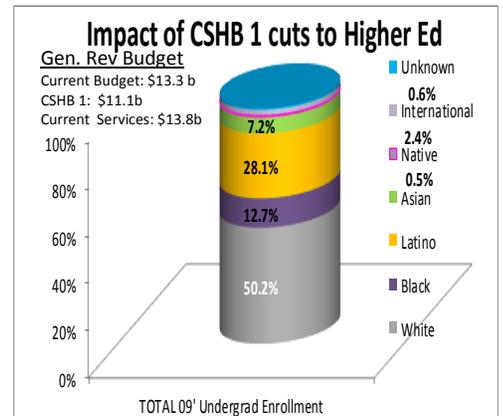
The new census figures revealed a 20.6% growth in the state's population now at 25,145,561. The growth was among the largest in the country, resulting in 4 new congressional seats for Texas. This growth is fueled by birth to Latinos and immigration trends. More specifically, 65% of the Texas growth is attributed to Latinos. In 17 Texas counties, the Latino population grew by 100%. Among our largest cities, Houston just under 2.1 million, continues to grow followed by San Antonio, Dallas, Austin and Fort Worth Latino growth was significant.

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 or near poverty, retain lower high school and college-level education, and most likely to work in small businesses that don't offer health insurance.*

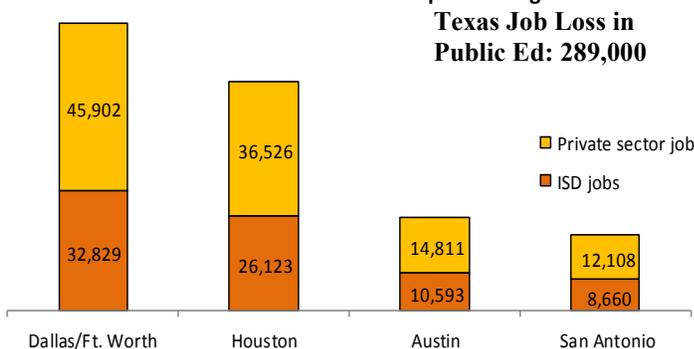
Education: Texas and Texas Schools are a reflection of the changing demography. Today, one-in-three Texans are Latino (37.6%) and Latino children make up the majority (50.3%) of students in our public schools. Texas is 2nd in public education enrollment and 50th in percent of population 25 and older with a high school diploma. Recently, Steve Murdock, former U.S. Census Bureau, was quoted as saying that "the future of Texas, for anyone looking at this, is tied to our Minority population and our young population, and how well they do is really how well Texas is going to do."

Therefore, investments that expand educational opportunities are vital to Texas's future, as opposed to drastic education budget cuts:

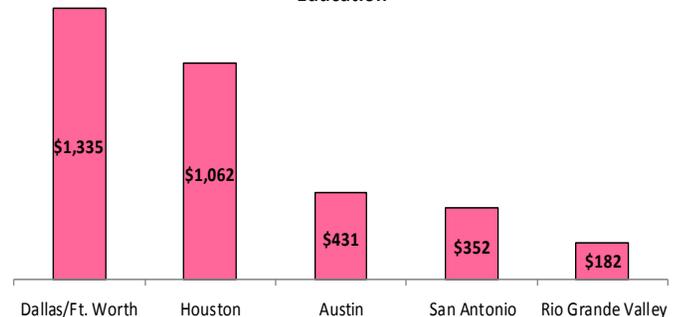
- **Cuts to Public Education** - The state can not afford a \$3.5 billion (13%) a decrease in public education funds or the loss of 289,000 jobs in these difficult times.
- **Cuts to higher education and financial aid grants** will inhibit students from obtaining a higher education and force Universities to seek financial alternatives, i.e. higher tuition. Furthermore, cuts to and a halting of Texas Grants to new students will make higher education more challenging to attain. Currently, less than 50% of University enrollment are students of color. Cuts to higher education will have a direct impact on the economic future of Texas.
- **Eliminating Funding for ESL Instructional Materials** - The economic sustainability of Texas is interdependent on our bi-cultural/bi-lingual heritage. That begins with the success of Texas children. The decision to make it more difficult for students to be successful such as exclusion of bilingual materials, will only serve to widen the educational gap in minority students. The lack of bilingual material will predetermine the educational achievement of 815,998 Texas children and the schools that serve



Public Education Job Loss with Proposed Budget Cuts



2012-2013 Biennial Funding Loss (in millions) to Public Education



Latino bienestar (well-being) is largely influenced by a paradigm of cultural values, health inequities, and socio-economic circumstances and environmental conditions that are intrinsically connected to the health and well-being of Latino families and community. Unfortunately, the enduring instability of the worst recession in decades is having immense effects on the future of Latinos. For example, they are facing exacerbated health insurance disparity of epic proportion with 6 of 10 uninsured Texans being Latino. Compared to Whites, Latinos are also less likely to have health insurance even accounting for educational attainment, employment status and citizenship status. **Hence, health and human service safety nets are vital and Latinos cannot afford cuts to these services during these challenging times.**

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 cutting **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 overburdened 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).

The state's budget crisis is challenging the decision-making of legislative members as never before, however, focusing only on drastic budget cuts is not the right approach. It undermines the future of our children and senior's health security, as well as damaging the state's economic future. **A balanced approach is necessary to keep Texas moving forward. It requires using ALL of the state's Rainy Day Fund, maximizing federal matching funds, and closing tax loopholes like the business and gas tax exemptions losing billions in state revenues.**

