



The 78th Texas Legislature: Did They Help Children?

Texans Care For Children – June 11, 2003

Dear Friend of Children,

The Texas Legislature faced a serious problem in January of 2003, when a \$9.9 billion state budget deficit collided with a commitment to Texas citizens that there would be no increase in taxes. Unfortunately, the conflict led to difficult choices. The Legislature, with an unprecedented number of new members, tackled such difficult issues as homeowners insurance and medical malpractice insurance while keeping their promise of no new taxes.

But despite options to increase state revenue from a variety of sources, the state budget for 2004 and 2005 leaves children without health care, cuts programs that prevent child abuse and juvenile delinquency, and eliminates several efforts to improve the quality of child care. By the end of the session, Texas had left \$1.6 billion in federal funds unclaimed because of cuts to CHIP and Medicaid that will affect over 500,000 children. Increases in the tobacco tax that could have raised billions for children's health insurance and public health programs were not considered.

In the 2004-05 budget, local communities have been asked to come up with the money to take advantage of all the federal funds they qualify for in key areas. If they can't, more federal money will be passed up that could help low-income families afford child care and parents get job training. Local communities will also feel the impact of cuts to CHIP and Medicaid, which will push more children into emergency rooms and clinics funded by local taxpayers.

On top of cuts in funding and staff, health and human services agencies will also be subjected to a massive reorganization primarily designed to save money. Renaming and shuffling these agencies will create confusion and stress for both the public and for state agencies that help children – while putting more power in the Governor's Office and dismantling the advisory committees that provide public input into health and human services agency decisions.

The specific details of how children will be affected by decisions made in this legislative session are in the pages that follow, and the numbers speak for themselves. We can only hope that the special sessions do not further jeopardize critical children's programs and services. As organizations, businesses, and individuals concerned about the well being of children in Texas, we must continue to educate state policy makers about children's needs and the impact that these cuts will have across the state. After this session, it is obvious that improving the well being of Texas children will take a public will to demand better. The future of our state depends on it.

Sincerely,

A handwritten signature in cursive script that reads "Susan Craven".

Susan Craven
Executive Director

Children in Poverty and Family Economic Security

In 2001, more than **one in five** Texas children – over 1.3 million – lived in families with incomes below the federal poverty line of \$15,020 for a family of three.¹ Children growing up in poverty are more likely to have health problems, suffer from hunger and malnutrition, live in unsafe neighborhoods, and fall behind in school. Parents need help making ends meet while they receive services to help them get good jobs and help with child care costs to keep those jobs and provide a future for their children.

Making Ends Meet and Building a Future

For 2004 and 2005, the Texas Legislature appropriated \$510 million for Temporary Assistance to Needy Families (TANF) – a decrease of \$52 million in assistance for families during an economic recession in which thousands of Texans have lost their jobs.² The maximum monthly TANF payment in 2003 was only \$216 per month for a family of three, but changes to the program will make nearly 700 current clients ineligible for even this small assistance and deny help to an estimated 2,388 clients in the next two years.³ Only 17% of Texas children living in poverty will receive assistance in 2005.

Services that help parents build a future by getting and keeping good jobs may also be at risk. The 2004-05 state budget assumes that local communities will be able to raise enough money to replace the state revenue cut from programs such as job training and transportation assistance.⁴ If they can't, services will be cut and federal dollars will be left unused to help Texas families gain economic security and provide for their children.

Subsidized Child Care

For low-income families, dependable and safe child care is the key to holding a job, but the average cost of full-time center care for a preschool age child in Texas is a staggering \$3,800 per year.⁵ However, the Texas Legislature is only appropriating half of the General Revenue needed to match all available federal funds that help parents keep their children in safe, affordable child care – meaning that local communities must make up the difference to receive the federal funds for which they qualify.⁶

The 2004-05 state budget for subsidized child care is just \$13.8 million more than the 2002-03 amount, for a total of \$875.7 million. This level of funding means that 36,000 children are still expected to be on the waiting list; many more are eligible but will not be served.

Child and Maternal Health

Health is a cornerstone of child well-being, but all too often Texas children do not have access to reliable, affordable health services. Regular health care and health insurance keep children from needing costly emergency room care for illnesses that could have been prevented at an early stage, but Texas lags behind in helping families afford health care for their children.

CHIP and Medicaid

The new state budget cuts funding for CHIP for 2004 and 2005 by \$205 million – almost 26%.⁷ Changes to the CHIP program include shorter periods of eligibility before families must reapply, a waiting period that starts when the child enrolls in CHIP rather than when they lose their previous coverage, changing the policy of "not counting" child care and work-related expenses in the family's income when determining eligibility, and higher premiums and copayments.⁸ Almost 170,000 children will not receive health insurance in 2004-05 who would have been covered under the current rules.⁹ Children who are covered will not receive services such as mental health, dental, vision, hearing, durable medical equipment such as wheelchairs, and allergy treatment.

Children's Medicaid funding rose by \$2.2 billion, but about 332,000 children are expected to not receive Medicaid in 2004-05 compared to the number eligible under current rules.¹⁰ The change to 12-month continuous eligibility has been postponed to 2005, and a more rigorous asset test is being implemented. Medical providers who care for children enrolled in Medicaid will receive an average 5% cut in reimbursement rates – despite a critical current shortage of providers, especially along the border and in El Paso, and providers continuing to leave the program because of low rates.

Immunization

Texas ranked 42nd in childhood immunizations for two-year-olds in 2000 – an indicator of how the state places its children at risk for the serious physical and emotional consequences of preventable communicable diseases.¹¹ Several bills passed this session that should improve our state's ability to protect its children from disease and biological threats, but a last minute addition to the health and human services reorganization bill threatens all children's health.

HB 1921 by **Capelo** and cosponsored by **Zaffirini** allows parents to file a consent form at their child's birth that includes the child's vaccination history in ImmTrac, the state's vaccine registry. Inclusion in this registry helps parents and providers keep track of which vaccinations their child has received – this is especially helpful for families that do not have a regular source of health care and families who relocate. Families can opt not to participate in the registry, or can change their minds later and withdraw consent. **HB 1921** also adds safeguards for the immunization data to further protect families' privacy.

Other successful bills cosponsored by **Capelo** and **Zaffirini** include **HB 1920**, which directs the Texas Department of Health (TDH) to develop a vaccine education program for health care providers; **SB 40**, which requires development of a continuous statewide program to increase public awareness of vaccination and coordinate existing efforts; and **SB 486**, which encourages

public-private partnerships for vaccine awareness and requires state agencies that have contact with the public to develop plans for increasing public awareness of vaccination.

All of these efforts, though, will be undermined by a provision in the reorganization bill that allows children to attend school and day care without being immunized. Parents can exempt their children from vaccination requirements due to "reasons of conscience" such as disagreements over the usefulness of vaccines, a much weaker standard than previous requirements for religious objection or medical necessity. In times of public health emergency or epidemic, unvaccinated children can be excluded from school, but the state is forbidden to keep records of who these children are.

Tobacco Funds For Children's Health

Prior to the session, several proposals circulated to sell off the continuous funding stream generated by the State's tobacco settlement for a one-time, lump sum payment that would help close the budget deficit. **SB 1479** by **Janek** would have authorized the state to sell off tobacco proceeds for one up-front payment that goes into General Revenue. This bill did not leave committee, meaning that the tobacco settlement funds are kept as an ongoing revenue source for vital children's health programs.

Representative **Capelo** filed both a bill and a House resolution to reaffirm the Legislature's intent that tobacco settlement funds be used for CHIP. Representatives **Naishtat** and **Uresti** both filed bills that would have dedicated proceeds from increased tobacco taxes to various health and human services programs, including CHIP and Medicaid. None of these measures passed out of committee.

Prenatal Care and Delivery

Medicaid coverage for low-income pregnant women, critical for receiving prenatal care and delivery services that give children a healthy start, will be cut for 2004-05. This cut will leave over 8,000 low-income women without care when they need it most to give their children a healthy start.¹²

Children with Special Health Care Needs

There are still 1,500 chronically ill children on the waiting list for Children with Special Health Care Needs (CSHCN) services, and no additional state funding has been appropriated to meet their needs despite having funds left over in 2003. The leftover state dollars were instead redirected to meet other budgetary needs. CSHCN serves children with the most serious and life-threatening illnesses, such as muscular dystrophy and cancer, whose parents cannot afford medical care for their children.

Children's Mental Health

Children who need mental health services can't wait for the state to work down a waiting list – left without help, children face problems in school, relationships, and a higher risk of substance abuse, teen pregnancy, and involvement with the criminal justice system. Texas is behind the nation in funding for children's mental health, while schools and other programs try to pick up the pieces.

Funding for Public Services

Public funding for children's mental health was reduced by \$6 million in 2001 because a mental health benefit was included in CHIP¹³, but that benefit is eliminated in the state budget for 2004 and 2005. The 2004-05 budget for the Texas Department of Mental Health and Mental Retardation (TDMHMR) is \$2.2 million less than the department asked for to maintain current service levels – ignoring the increased demand for services that will come from children and families who could have relied on CHIP benefits.

The major change to TDMHMR services is that now, only children with "serious emotional illnesses" will be eligible to receive treatment. This term is not defined in law – if applied like the new restrictions on serving adults, it could eliminate services for children and youth with anxiety, autism, and drug/alcohol abuse.

Insurance Parity

Families with health insurance shouldn't be forced into the public mental health system because of limits on coverage for mental health care. But unfortunately, as in previous years, bills that sought equality for health insurance coverage of mental health treatment failed to pass. **HB 1880** by **Coleman**, **HB 2193** by **Farabee**, and **SB 116** by **Van de Putte** would have required private health insurance to cover mental health services at the same level as they cover physical health services. **HB 690** by **Coleman** would have required private health insurers to at least pay for treatment of physical injury that was self-inflicted by minors with mental illnesses.

Coordination of Care

Several measures passed this session that might make it easier for children with serious emotional disturbances to receive integrated services from more than one agency. **SB 490** by **Shapleigh** and sponsored by **Uresti** directs TDMHMR and the Interagency Council on Early Childhood Intervention to develop a continuum of care for mental health services for kids under age seven and coordinate activities to the extent possible. The health and human services reorganization bill also included parts of **SB 60** by **Zaffirini** that originally required a systems of care approach to treatment – but measures from SB 60 were diluted to simply require a review of how well services are currently coordinated and minor policy changes based on the results of that review.

Early Care and Education

The early care and education system faces challenges in providing all children with a healthy and safe environment. Child care staff are among the lowest paid workers in the nation, causing high staff turnover that limits funds available for investing in quality. Low minimum requirements in Texas for child to teacher ratios and teacher training mean that many children don't get the individualized attention from a qualified professional that prepares them for school and life.

Budget for Quality Care

The Texas Department of Protective and Regulatory Services (TDPRS) sets and enforces the basic minimum standards for child care in the state. The budget for child care licensing was cut 19% (\$9.1 million), which means far fewer resources will be available for training child care providers and inspecting child care centers and homes to ensure children's safety. The budget for 2004-05 also eliminates funding for the Texas Rising Star program, the only child care quality initiative in the state. Two additional cuts will negatively impact parents, employers, and employees. The Statewide Child Care Resource and Referral Network that helps parents locate appropriate child care and trains child care providers in quality improvement lost state funding, as did the Employer Dependent-Care Collaborative grant program that helps employers design programs to meet their employees' child care needs.

Other Key Legislation

HB 1020 by **Villarreal** requires the Texas Workforce Commission (TWC) to encourage employers to provide dependent care benefits by advertising the positive outcomes of these benefits (such as decreased absenteeism and tax incentives), providing technical assistance to employers, and technical assistance and managerial support to dependent care providers.

SB 76 by **Zaffirini** and sponsored by **Grusendorf** contains numerous provisions that will increase quality and coordination of the publicly funded child care system. SB 76:

- Requires that before a public school program starts a pre-K program, it must investigate the possibility of co-locating with Head Start or other existing providers;
- Requires that parents who apply for child care services receive information about the services of resource and referral agencies and the full range of options for early care;
- Allows creation of a streamlined eligibility process for government-funded child care;
- Allows TWC to fund pilot projects that develop standards for quality care and coordinate child care programs;
- Requires consideration of quality in public contracts for child care; and
- Authorizes demonstration projects for a quality rating system similar to Texas Rising Star.

Both of these bills are products of hard work by legislators, early care advocates, and other stakeholders, but there has been a delay in getting these bills signed. If HB 1020 and SB 76 are signed into law, TCFC looks forward to working with other stakeholders and the state of Texas to improve the quality and availability of early care for our children.

Child Welfare

The child welfare system in Texas is overloaded. Texas spent about \$31 per capita on the public child welfare system in 2000, compared to a national average of \$71.¹⁴ That shortage of resources translates to overworked staff, a shortage of foster homes, and children and families left without the supports they need to be healthy and safe. The picture for 2004 and 2005 is not hopeful, with an overall budget increase of only 4% for the Texas Department of Protective and Regulatory Services (TDPRS) and the reduction or elimination of state funding for most prevention programs.

Prevention

Most of the prevention programs administered by TDPRS will receive reduced state funding or no state funding at all in 2004 and 2005. Healthy Families, Family Outreach, Big Brothers Big Sisters At-Risk Mentoring, HIPPI, Second Chance Teen Parenting, and Parents as Teachers will receive no state funding, while funds were reduced to Services to At-Risk Youth (13%) and Community Youth Development (12%). Communities in Schools is being transferred to the Texas Education Agency with roughly level funding. Buffalo Soldiers, originally slated for elimination, also received level funding. The eliminations and cuts translate into thousands of children and families across the state not receiving services that may prevent future involvement in the juvenile justice and child welfare systems.

CPS Caseloads and Turnover

Texas Child Protective Services worker caseloads averaged 27 statewide in 2001, leaving workers less than **6 hours per month** to work with each child and their family.¹⁵ In contrast, the Child Welfare League of America's recommended maximum is 12 cases. Fortunately, Texas lawmakers authorized additional staff for TDPRS to keep caseloads from rising higher – 365 staff will be added in the next two years.¹⁶ Another hopeful development is the passage of **SB 1065** by **Shapiro** and sponsored by **Hartnett**, which renews the Region 3 caseworker retention training and support program that significantly reduced turnover in the Dallas/Ft. Worth area.

Services for CPS Families

TDPRS had originally requested a 30% increase in services to families in the system, but instead this area was cut by 9%. These cuts are to counseling, mental health, substance abuse, and other services that help parents overcome obstacles and provide safe, stable homes for their children. Part of the \$8.8 million in cuts to this area will be offset by a requirement that the Texas Commission on Alcohol and Drug Abuse use \$2.1 million to serve clients referred by TDPRS¹⁷, but overall these crucial services for parents and families will become even more scarce.

Kinship Care

Thousands of children who cannot live with their parents are cared for by other kin such as grandparents or aunts and uncles. A one-year pilot kinship care support program, based on **SB 58** by **Zaffirini** and sponsored by **Wohlgemuth**, was incorporated into the budget – this measure establishes a one-year pilot kinship care support program for children and families in the TDPRS system that includes case management, training, counseling, and help with child care and other

expenses. **Villarreal** also introduced **HB 2059**, which would have expanded one-time financial assistance from TANF for kinship care to relatives other than grandparents, but this bill was not heard by the full House.

Funding for Placements

A lack of foster homes was cited by a national review of the Texas Child Protective Services system as a major factor in causing multiple moves for children in care. Foster care payment rates, already lower than the cost of raising a child, will be reduced by an average of 3% for 2004-05.¹⁸ One creative strategy that may help some children is **SB 1489** by **Ogden** and sponsored by **Wohlgemuth**, which requires TDPRS to do outreach to faith-based organizations and churches to recruit foster parents.

Other Key Legislation

HB 1752 by **Hupp** contained provisions that would have kept TDPRS from fulfilling its legal mandate to protect the children of Texas. The provisions included requiring parents to grant consent before their child could be examined for evidence of abuse and requiring investigators to immediately turn over copies of a child's interview to the child's parents. This bill did not make it out of committee.

Juvenile Justice

All too often, the first time children receive mental health or substance abuse services is when they enter the juvenile justice system. Texas must fund prevention programs for youth, and particularly for minority youth, to help avoid involvement with a system that is overcrowded, dangerous, and frequently dehumanizing. Texas must also act to improve conditions and services for incarcerated youth so they can come out of the system as healthy, promising citizens.

Prevention and Early Intervention

On February 20th, 2003, Dr. Tony Fabelo of the Criminal Justice Policy Council testified before the House Committee on Juvenile Justice that Texas had saved an estimated \$350 million in costs for probation and incarceration of juveniles due to early intervention and prevention programs.¹⁹ Despite this evidence of the effectiveness of prevention programs, successful programs were cut in the state budget for 2004 and 2005.

One of the survivors, Services to At-Risk Youth (STAR), helps youth experiencing family conflict, delinquency, truancy, or running away. A six-month follow-up of participants exiting STAR in 2001 showed promising results, such as improved family situations and youth staying out of trouble with law enforcement.²⁰ Funding for STAR was cut 13%, meaning they can serve 1,000+ fewer youth in 2004-05. Also, over 53,000 youth will not be served in alcohol and substance abuse programs at the Texas Commission on Alcohol and Drug Abuse.²¹

Services

In 1998, the Texas Youth Commission (TYC) was only funded to meet approximately 40% of the specialized treatment needs of the youth in its care – so only “high risk” or “high need” youth received services.²² The picture did not change much between 1998 and 2003, despite the fact that half of the youth incarcerated by the TYC have been diagnosed with emotional disorders.²³ Funding for specialized treatment and psychiatric services, which includes substance abuse, mental health, and mental retardation, was actually cut by 2.9% in the 2004-05 budget. The plan for these services also assumes that TYC will be able to lower the cost of services per youth per day to below what was spent in 1999 or any year since.

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- ¹ U.S. Census Bureau. "Table 25. Poverty Status by State in 2001." March 2002. http://ferret.bls.census.gov/macro/032002/pov/new25_003.htm.
- ² Unless otherwise noted, figures for the FY 2004-2005 budget are from: Legislative Budget Board (LBB). "Conference Committee Report on House Bill 1." May 27, 2003. http://www.lbb.state.tx.us/Bill_78/6_Conf/Bill-78_6.htm.
- ³ Center for Public Policy Priorities (CPPP). Policy Page #193. "State Health Care and TANF Budget Cuts for 2004-2005: Preliminary Overview." <http://www.cppp.org/products/PP193.html>.
- ⁴ Information provided by the office of Senator Judith Zaffirini.
- ⁵ Texas Workforce Commission. "State Fact Sheet: Texas Child Care Portfolio." 1999. <http://www.twc.state.tx.us/svcs/childcare/statefact.pdf>.
- ⁶ Conference Committee Meeting on HB 1. May 20, 2003. 7:25-11:25 AM session. <http://www.house.state.tx.us/committees/broadcasts.php?session=78&cmte=030>.
- ⁷ Unless otherwise noted, differences in amounts appropriated between biennia are calculated by comparing 2004-2005 totals from LBB (above) with amounts spent in 2002 and budgeted for 2003 as shown in: LBB. "Legislative Budget Estimates: 2004-2005 Biennium." December 18, 2003. <http://www.lbb.state.tx.us/LBE/2004-2005/Documents.htm>.
- ⁸ Materials prepared by Karen White, United Ways of Texas.
- ⁹ CPPP. "State Health Care and TANF Budget Cuts for 2004-2005: Preliminary Overview."
- ¹⁰ CPPP. "State Health Care and TANF Budget Cuts for 2004-2005: Preliminary Overview."
- ¹¹ Texas Department of Health. "Rider 45: Report to the Legislative Budget Board and the Governor on Plans to Increase Immunization Rates in Texas." September 30, 2002. <http://www.tdh.state.tx.us/immunize/rider45.htm>.
- ¹² CPPP. "State Health Care and TANF Budget Cuts for 2004-2005: Preliminary Overview."
- ¹³ Mental Health Association in Texas. "78th Legislative Session Wrap-Up." June, 2003.
- ¹⁴ Bess, R., Andrews, C., Jantz, A., Russell, V. & Geen, R. Urban Institute. "The cost of protecting vulnerable children III: What factors affect states' fiscal decisions?" December 18, 2002. <http://www.urban.org>.
- ¹⁵ TDPRS. "2001 Data Book." http://www.tdprs.state.tx.us/About_PRS/PRS_Data_Books_and_Annual_Reports/2001data/DatabookFY01.pdf.
- ¹⁶ CPPP. "Child Protective Services/Foster Care Budget Cuts for 2004-05." June 6, 2003. <http://www.cppp.org/products/PP194.html>.
- ¹⁷ CPPP. "Child Protective Services/Foster Care Budget Cuts for 2004-05." June 6, 2003.
- ¹⁸ CPPP. "Child Protective Services/Foster Care Budget Cuts for 2004-05." June 6, 2003.
- ¹⁹ Testimony given by Tony Fabelo, Executive Director, Criminal Justice Policy Council, before the Texas House Juvenile Justice Committee. February 20, 2003.
- ²⁰ Criminal Justice Policy Council (CJPC). "Biennial Report to the Governor and the 78th Texas Legislature." January, 2003. <http://www.cjpc.state.tx.us/reports/bienrep/2003Biennial.pdf>.
- ²¹ Materials prepared by Peggy Boice, United Way of the Texas Gulf Coast.
- ²² CJPC. "An Overview of the Texas Youth Commission's Specialized Treatment Programs." March, 1999. <http://www.cjpc.state.tx.us/reports/othjuv/TYCTXREP.pdf>.
- ²³ Testimony given by Tony Fabelo. February 20, 2003.