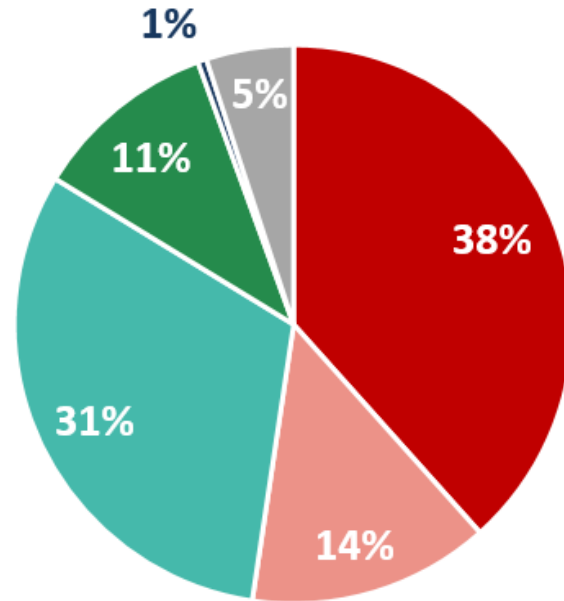


Snapshot: Intersections of Education, Healthcare Access, Child & Family Well-being, and Economic Outcomes in Texas

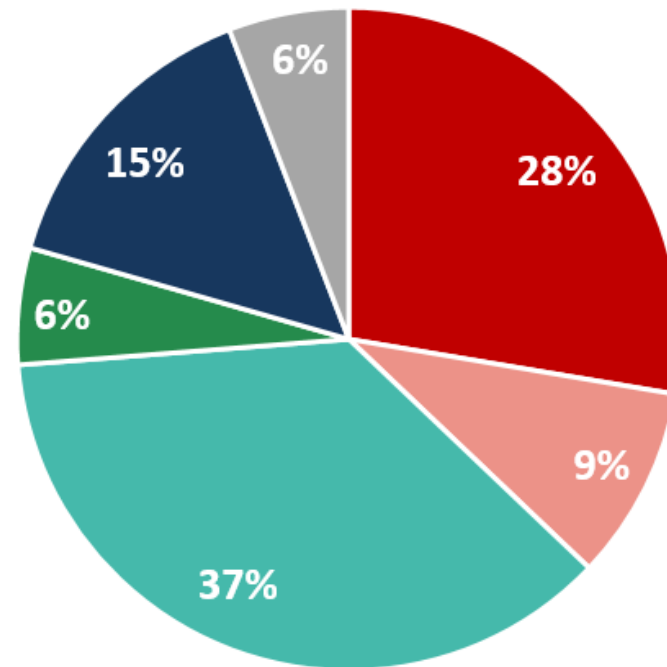
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2018-19 State Budget

"Other": General Government, Natural Resources, Judiciary, Regulatory, and Legislative Agencies



General Revenue:
\$107 billion



All Funds: \$217 billion

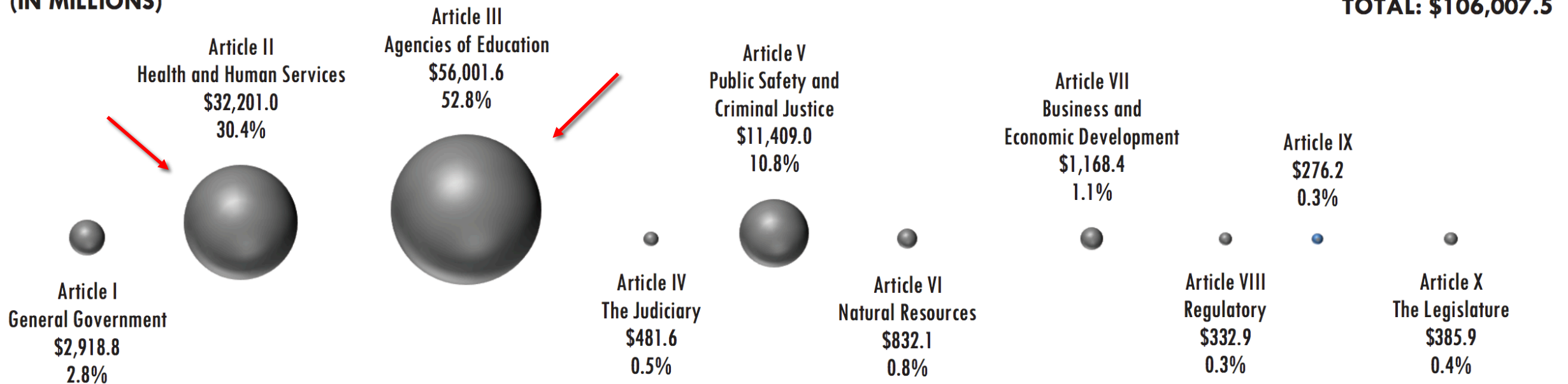
Source: Texas Legislative Budget Board, Summary of CCR for Senate Bill 1, May 2017

HHS as a share of Texas' State-Dollar Spending = 30.4%

Only with federal funds GAINED does HHS % exceed K-12 Public Education

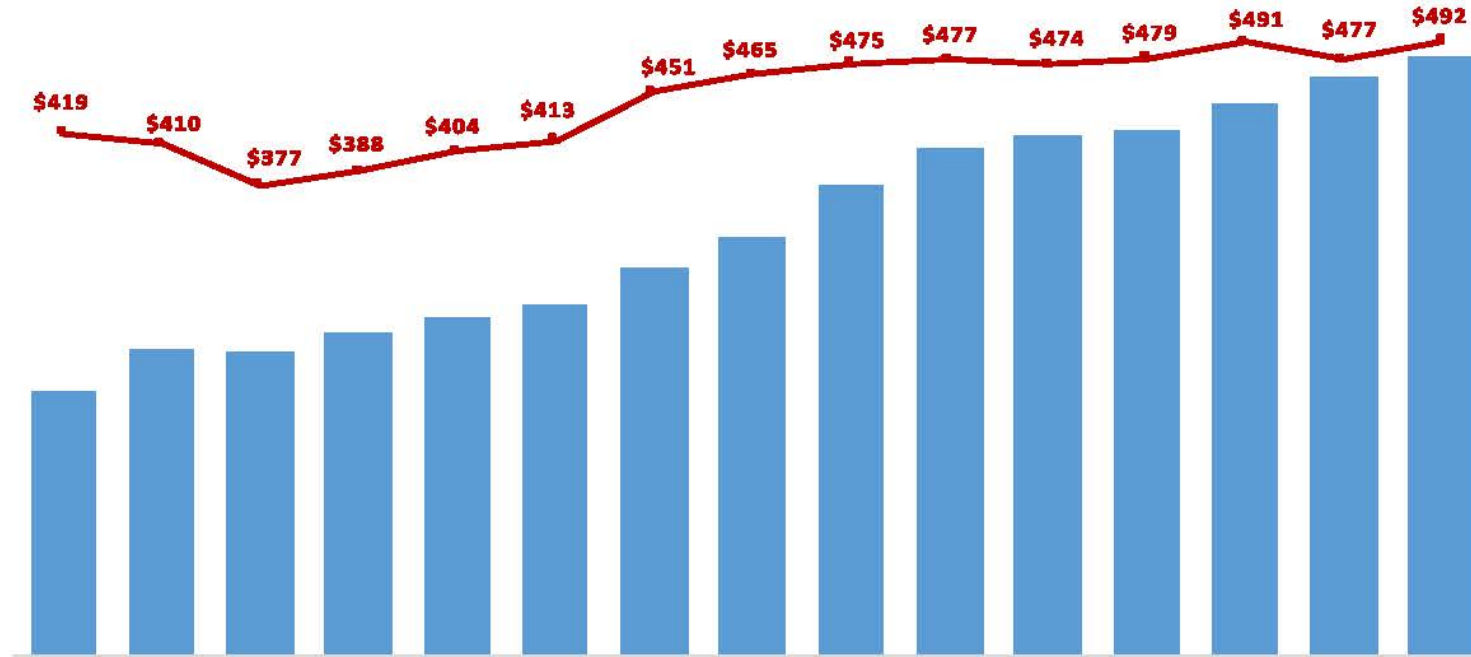
FIGURE 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS

(IN MILLIONS)

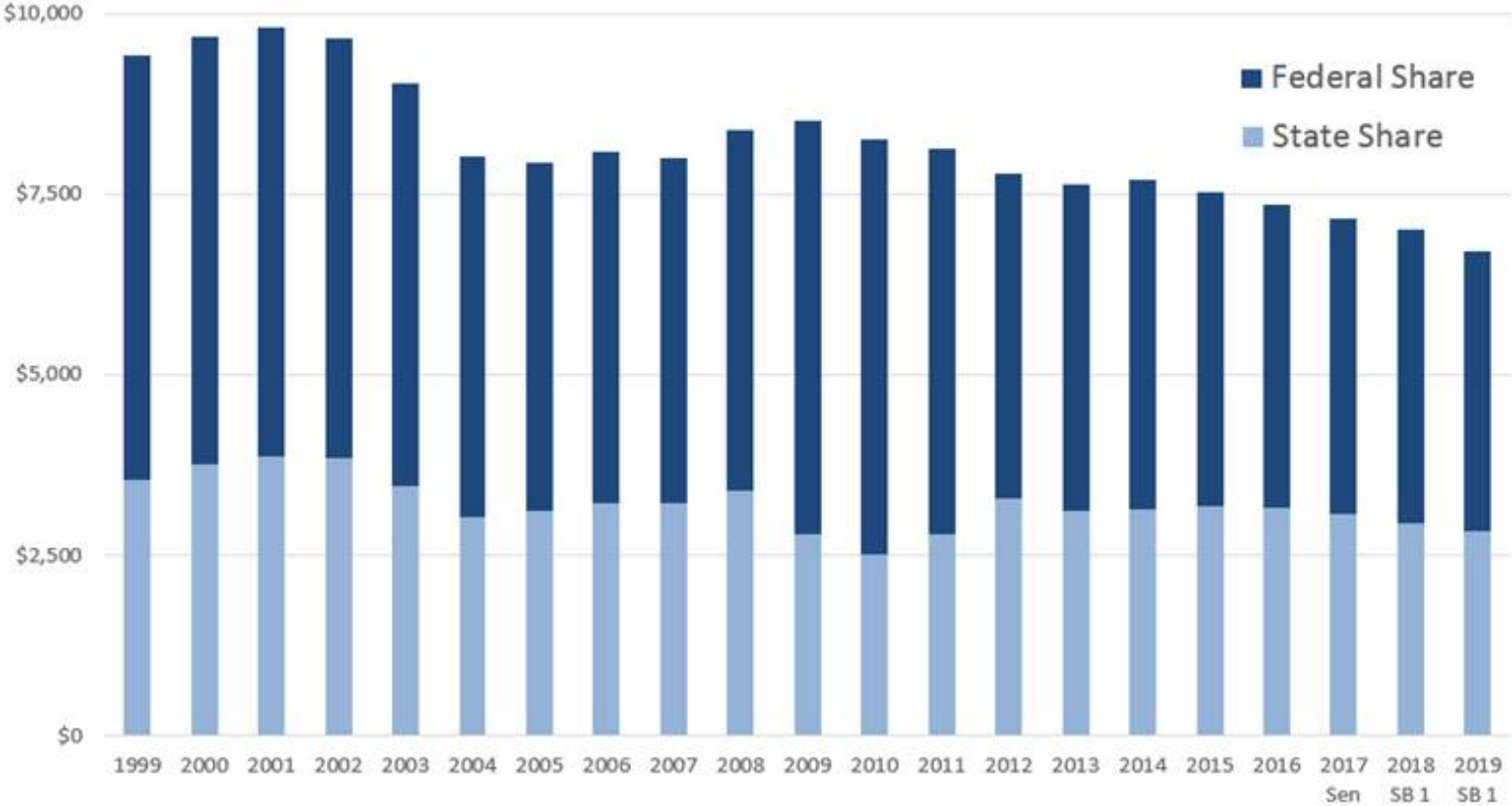


SOURCE: Legislative Budget Board.

enefit Cost



Texas State Budget Medicaid Spending Per Enrollee,
Adjusted for Medical Inflation (to 2016) & CPI Forecast



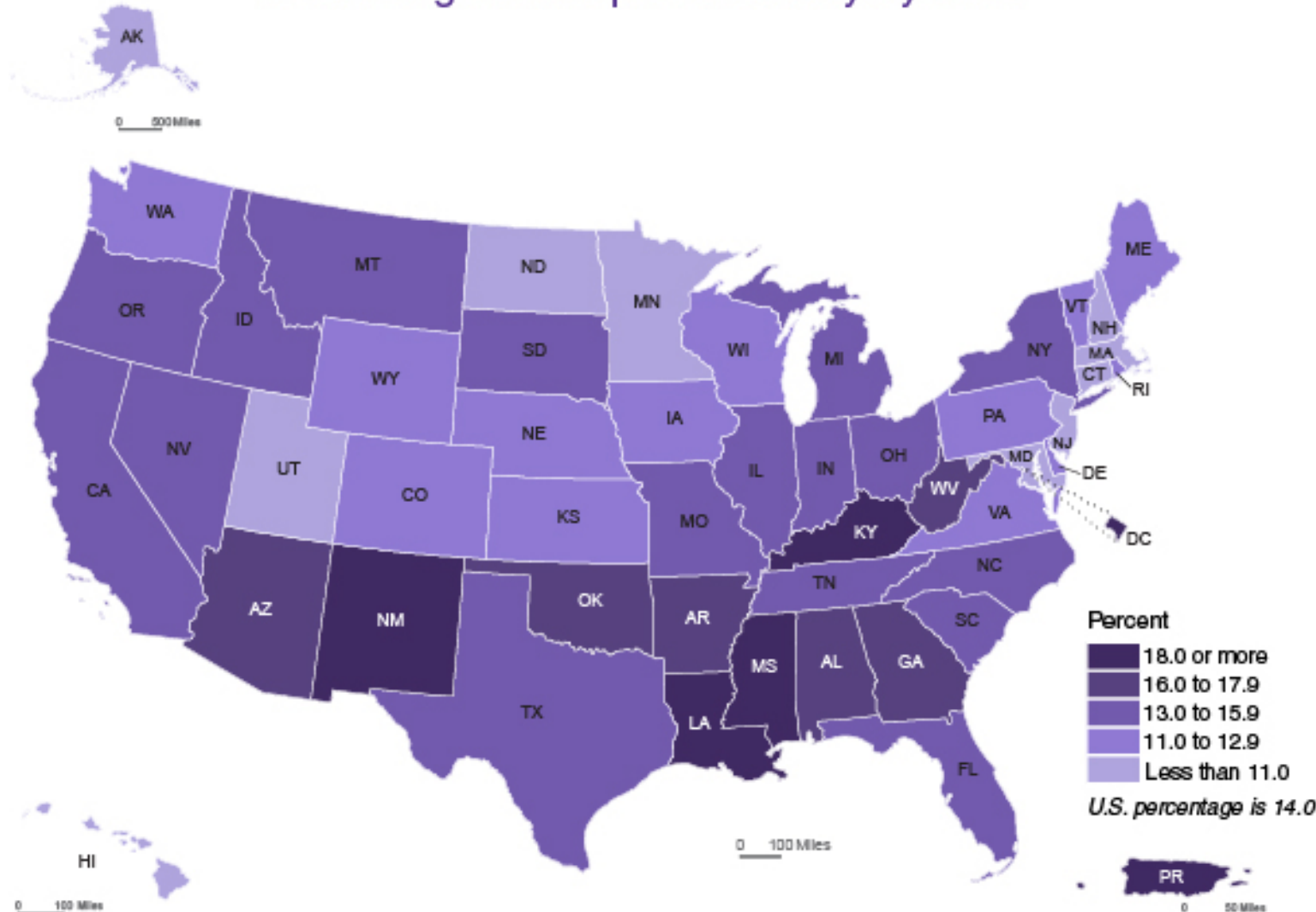
"State Budget" spending excludes DSH, UPL, UC, and DSRIP. Enrollees are average monthly clients enrolled in fee-for-service or managed care. Medical inflation is US City Average, Medical Care series, CPI Chained Index, Annual Average. CPI is U.S. Consumer Price Index, adjusted to state fiscal year by Texas Comptroller.

Texas has strictly limited per capita Medicaid spending growth

CPPP analysis of Texas HHSC, LBB, and CPA data

Poverty in the United States

Percentage of People in Poverty by State



*The Texas poverty rate is at a 10 year low (15.6%); improved very slightly from 2015.

*Number of Texans living in poverty in 2016:

4,261,337

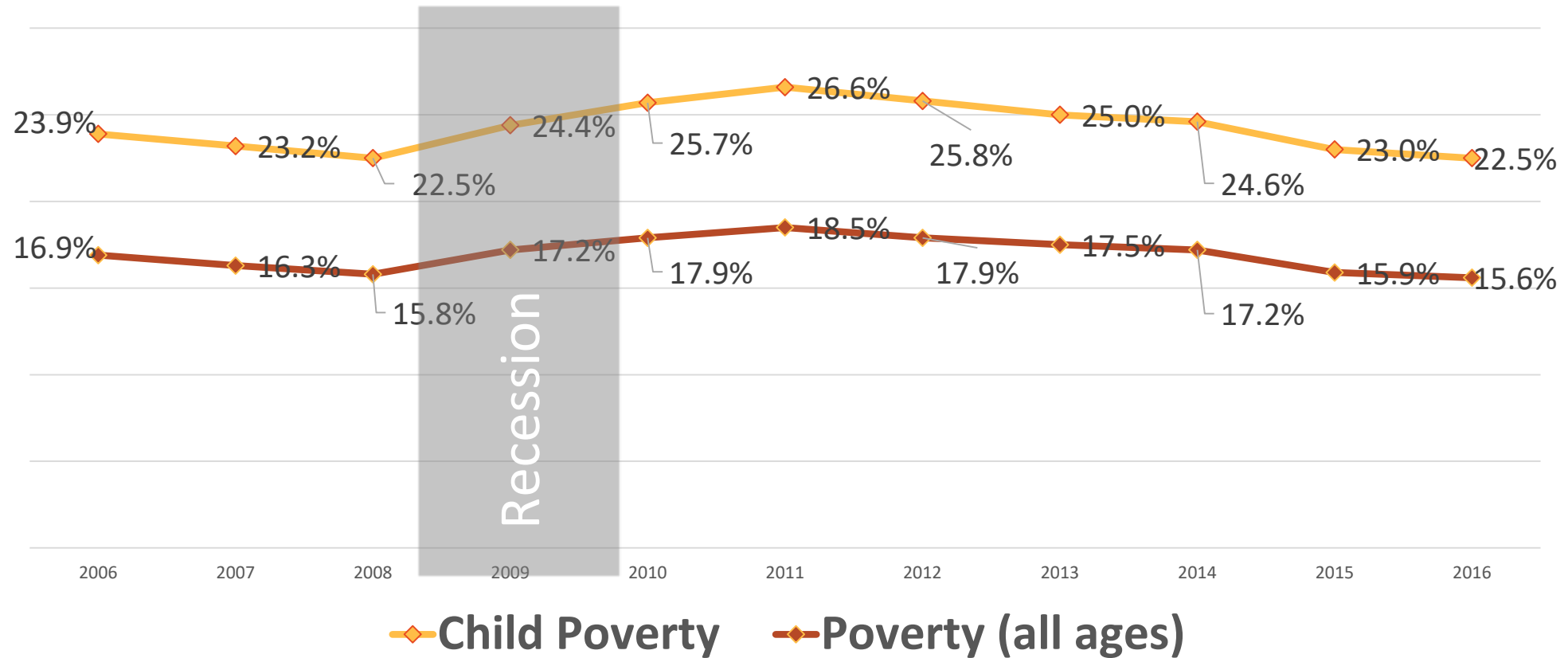
*Texas 2016 poverty rate remained higher than U.S. rate:

- 15.6% of Texans are in poverty
- 12.7% U.S.
- **Texas 38th among states**

Source: 2016 American Community Survey,
2016 Puerto Rico Community Survey
www.census.gov/acs

Texas Poverty and Child Poverty

Texas ranks 37th (low to high) among states in child poverty rate (LA, NM, MS worst at 29-30%)



2018 Federal Poverty Guidelines

Family Size	Annual Income*	Monthly	Hourly**
1	\$12,140	\$1,012	\$5.84
2	16,460	1,372	7.91
3	20,780	1,732	9.99
4	25,100	2,092	12.07
5	29,420	2,452	14.14
6	33,740	2,812	16.22

**For each additional person, add \$4,320*

***Calculation based on 52 weeks at 40 hours per week*

Source: Federal Register, January 18, 2018.

FPL:

-- Three times the cost of food for each family size, since the early 1960s.

-- Assumed cost of food = 1/3 of household spending.

-- Although updated annually for inflation, still based on a food-cost-to-income ratio of 1 to 3, despite major changes.

Examples:

-- Housing cost as a share of household income has increased significantly since the 1960s,

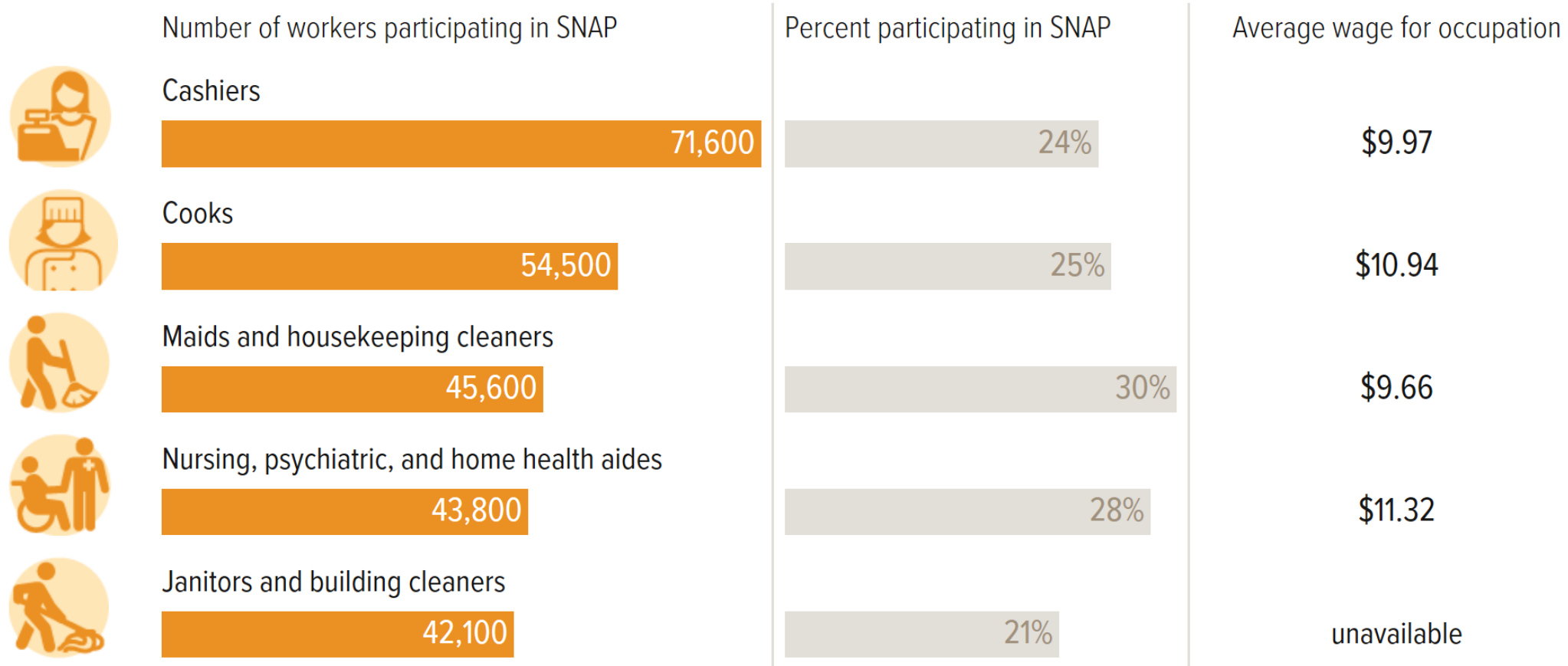
-- Families today more likely to have child care expenses and pay a much higher share of health care costs than was typical in the 1960s.

-- No accounting for geographical differences in the cost of living (except HI and AK)

Working Texans Participating in SNAP Typically Have Jobs With Low Wages

For example, the top five occupations among Texans participating in SNAP have average hourly wages far below the state average of \$22.97 in 2016.

Top Occupations Among Texans Participating in SNAP by Number of Workers



Wage adequate to cover minimal food, housing, transport, health care, and child care varies across Texas, e.g:

1 Parent, 2 Kids

Dallas: \$23/hr

Amarillo: \$19/hr

San Antonio: \$21

Harlingen: \$17

Houston: \$22/hr

4.5 million Texans remain uninsured (2016)

Texas has the highest # *and* % of uninsured, but We Have Made Historic Progress!

Over 1.2 million fewer uninsured Texans in 2016 than in 2013

- 2013 = 5.7 million Texans uninsured (22.1%)
 - 2014 = 5.0 million Texans (19.1%)
 - 2015 = 4.6 million Texans (17.1%)
 - **2016 = 4.5 million Texans (16.6%)**

Texas kids are far less likely than adults to be uninsured:

9.8% of children, versus 23% of adults 18-64.

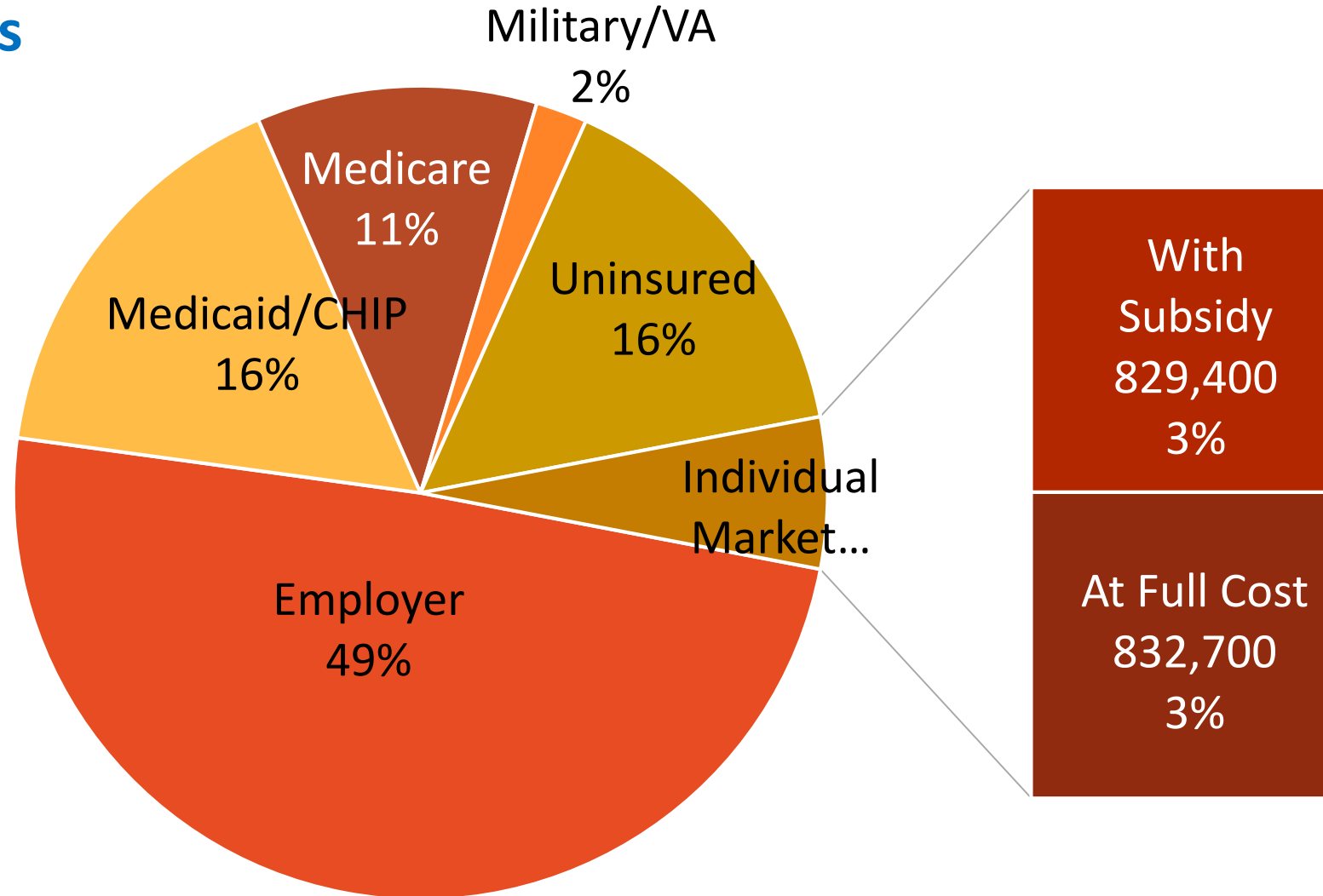
This is due in large part to Medicaid-CHIP coverage available to many low-income Texas kids.

Still, the Texas children's uninsured rate (at 9.8 percent or about 752,000 uninsured for those under age 19) leaves us at the bottom of the rankings with Alaska for the worst uninsured rate for children and teens in the country.

Sources:

- Center for Public Policy Priorities, 9/2017. "[Gap between Texas and U.S. in Health Coverage Continues to Widen, Census Shows.](#)" Austin, TX
- US Census, "[Income, Poverty and Health Insurance Coverage in the United States: 2016.](#)" September 12, 2017.

Health insurance coverage sources in Texas, 2016, all ages



Kaiser Family Foundation estimates for 2016 coverage using Census Bureau's Current Population Survey, March Annual Social and Economic Supplement and CMS February 2017 Effectuated Enrollment Snapshot

Nationally, **70 Percent** of Civilian Workers Had **"Access"** to Employer Paid (in part) Medical Coverage; **Over 80 Percent** for Jobs that Typically Require a Postsecondary Credential

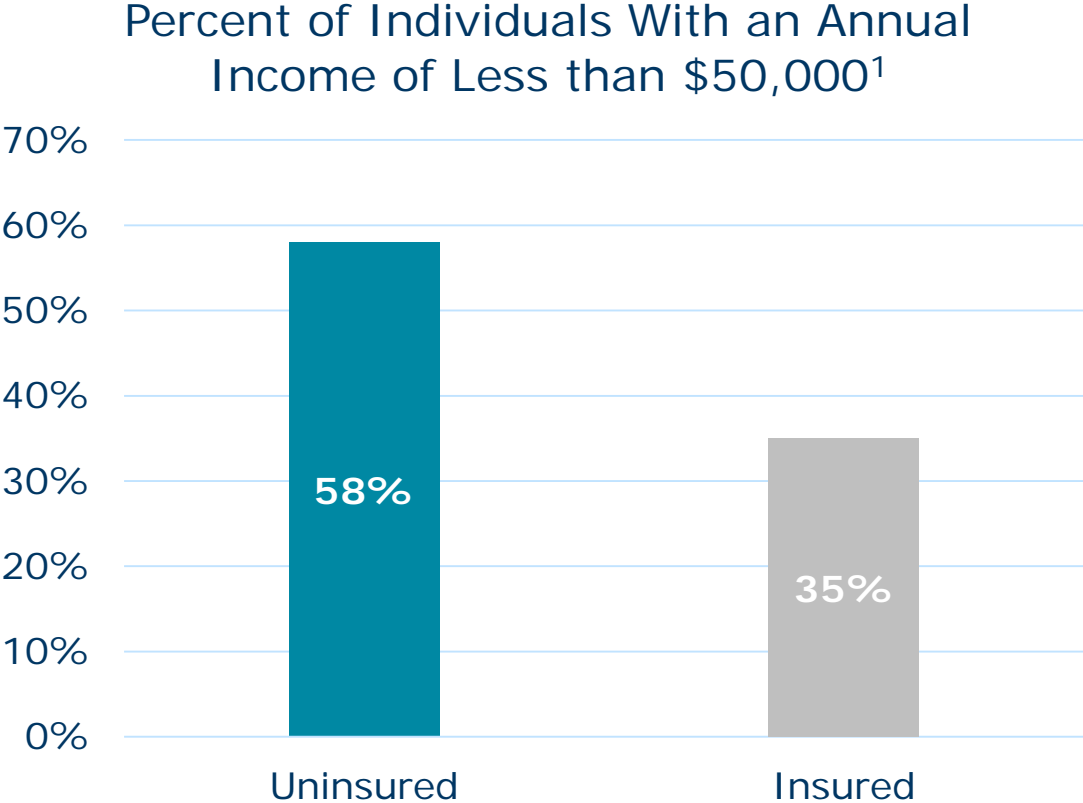
- Employer coverage does not always cover worker's premium, & often NO contribution for spouse or kids.
- Employee out-of-pocket costs are climbing faster than the total premium (shifted to worker).
- TRS ActiveCare exemplifies both of these trends.

Table 2. Medical care benefits: Access, participation, and take-up rates,¹ March 2017

(All workers = 100 percent)

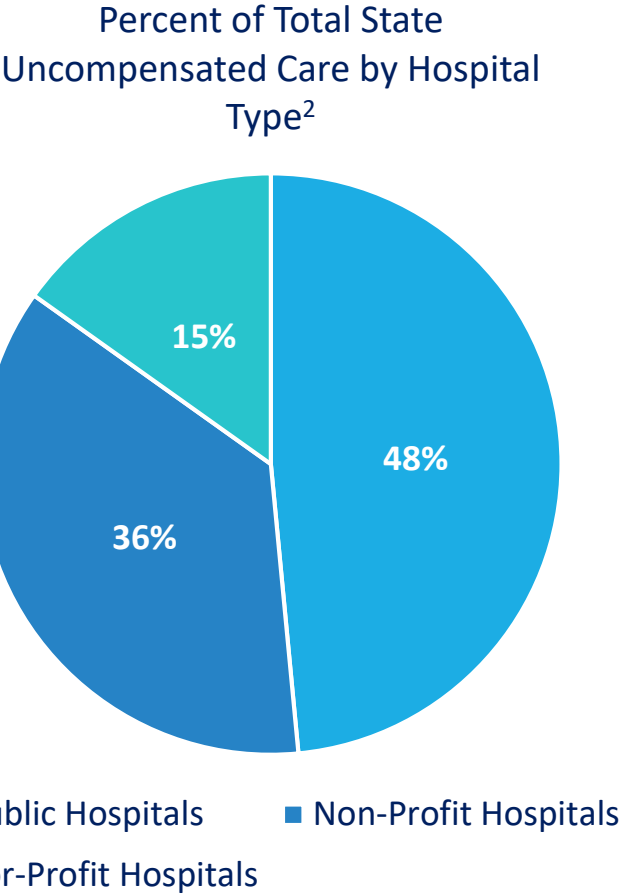
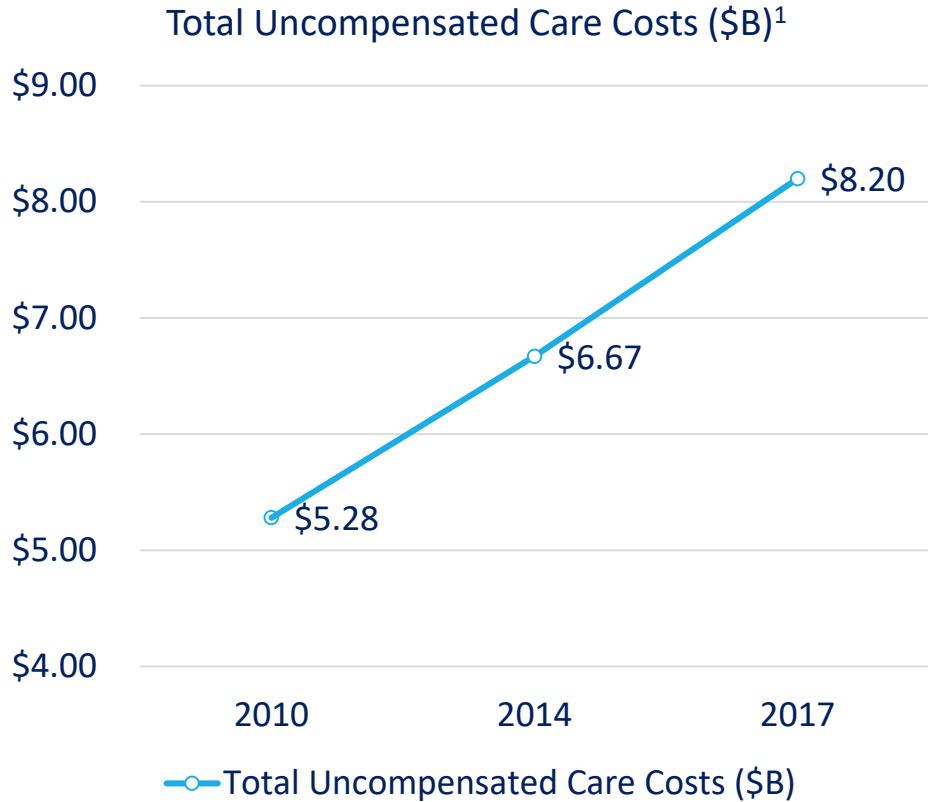
Characteristics	Civilian ²			Private industry			State and local government		
	Access	Participation	Take-up rate	Access	Participation	Take-up rate	Access	Participation	Take-up rate
All workers	70	52	74	67	49	72	89	71	80
Worker characteristics									
Management, professional, and related	88	67	76	86	65	75	92	72	79
Management, business, and financial	95	73	77	95	73	76	—	—	—
Professional and related	85	64	76	82	61	74	91	71	78
Teachers	84	63	75	—	—	—	92	71	77
Primary, secondary, and special education school teachers	95	70	74	—	—	—	99	75	76
Registered nurses	86	63	73	—	—	—	—	—	—
Service	44	29	66	39	23	61	80	65	81
Protective service	68	51	75	41	21	52	89	73	82
Sales and office	68	49	72	66	47	71	89	73	83
Sales and related	54	37	69	54	37	69	—	—	—
Office and administrative support	76	55	73	74	53	71	90	74	83
Natural resources, construction, and maintenance Construction, extraction, farming, fishing, and forestry	74	59	79	72	57	79	95	78	82
Installation, maintenance, and repair	67	56	83	65	54	83	—	—	—
Production, transportation, and material moving ...	81	62	77	79	60	76	—	—	—
Production	75	56	74	75	55	74	85	69	82
Transportation and material moving	81	62	76	81	62	76	—	—	—
Full time	69	50	72	69	49	71	—	—	—
Part time	88	65	75	85	63	73	99	80	80
Union	19	12	61	19	11	60	27	19	70
Nonunion	94	76	81	93	79	84	95	73	77
	67	48	72	65	46	71	83	69	83

Uninsured Texans are Disproportionately in Poverty; **60% More Likely to Have an Annual Income of Less than \$50k** Compared to Insured Individuals



Nationally, in 2015, each uninsured individual costs hospitals ~\$900 annually².

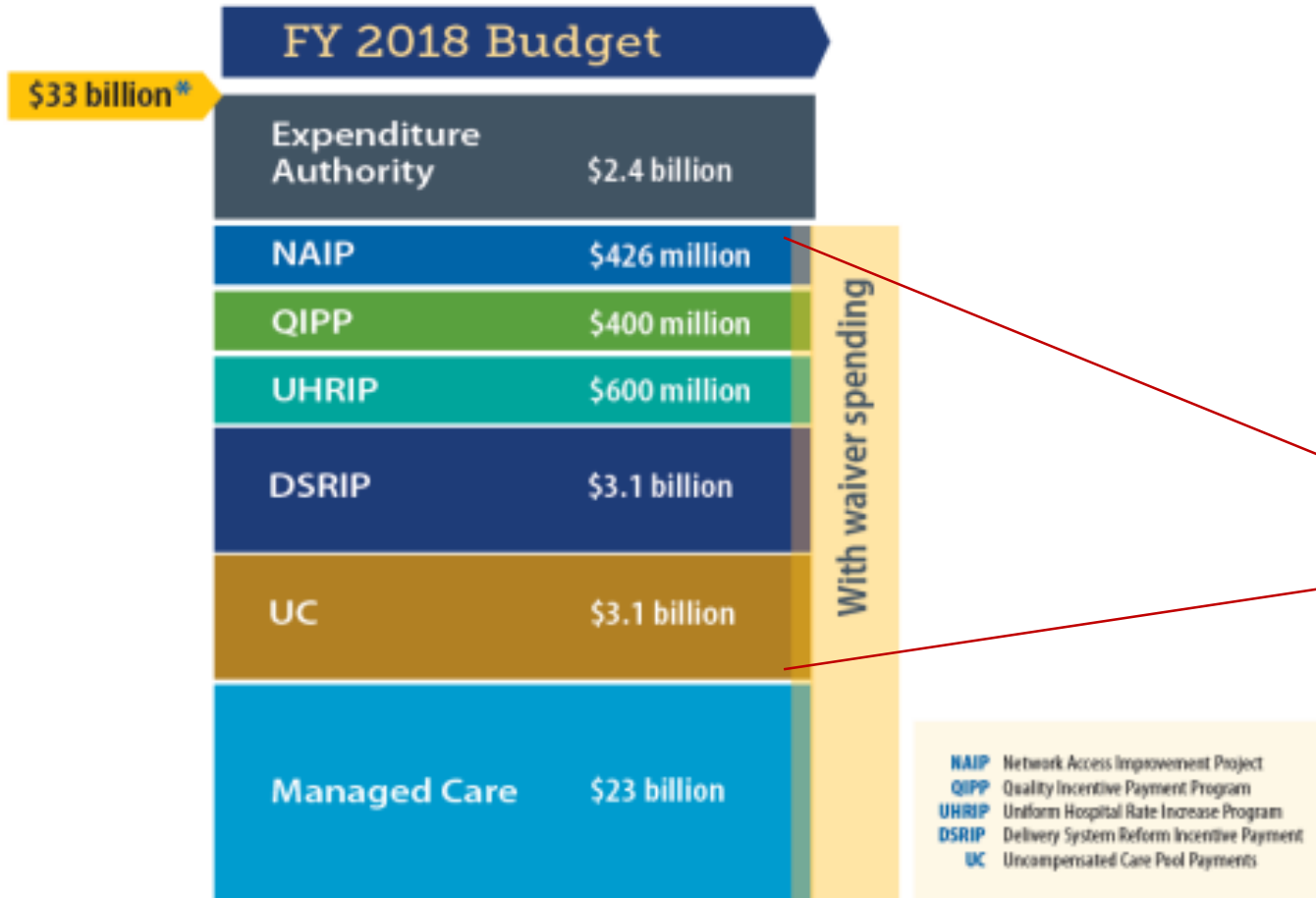
Uncompensated Medical Care in Texas Hospitals has Increased 55% since 2010, and is Largely Impacting Public Hospitals



SOURCE: (1) TEXAS HEALTH AND HUMAN SERVICES COMMISSION UNCOMPENSATED CARE EVALUATION BY HEALTH MANAGEMENT ASSOCIATES, 2017.
(2) HOSPITAL UNCOMPENSATED CARE REPORT, HHSC RIDER 35, HB 1, 84TH LEGISLATURE

Budget Neutrality

- **Budget Neutrality "room" is the difference between HHSC's With Waiver costs and Without Waiver costs.**



*Estimated Traditional Medicaid spending including renewal policy adjustments

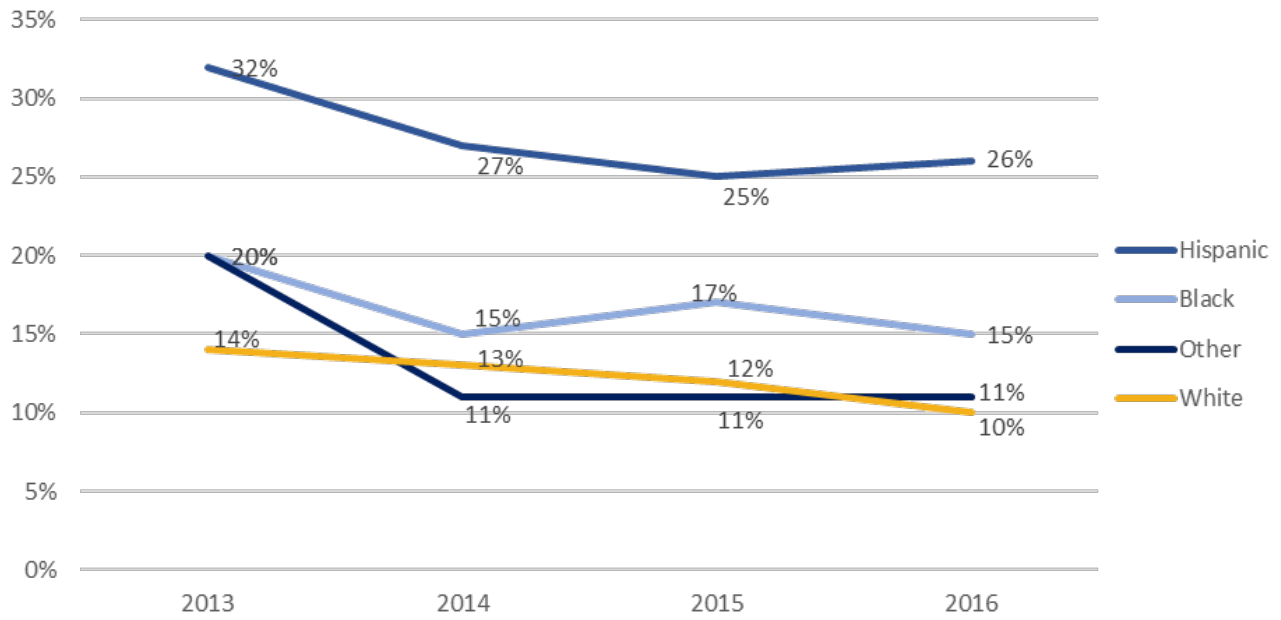
Service to uninsured, coupled with low direct Medicaid rates, has led to creation of multiple "Supplemental payments" funded OUTSIDE State Budget:

- Local property taxes
- Local provider taxes

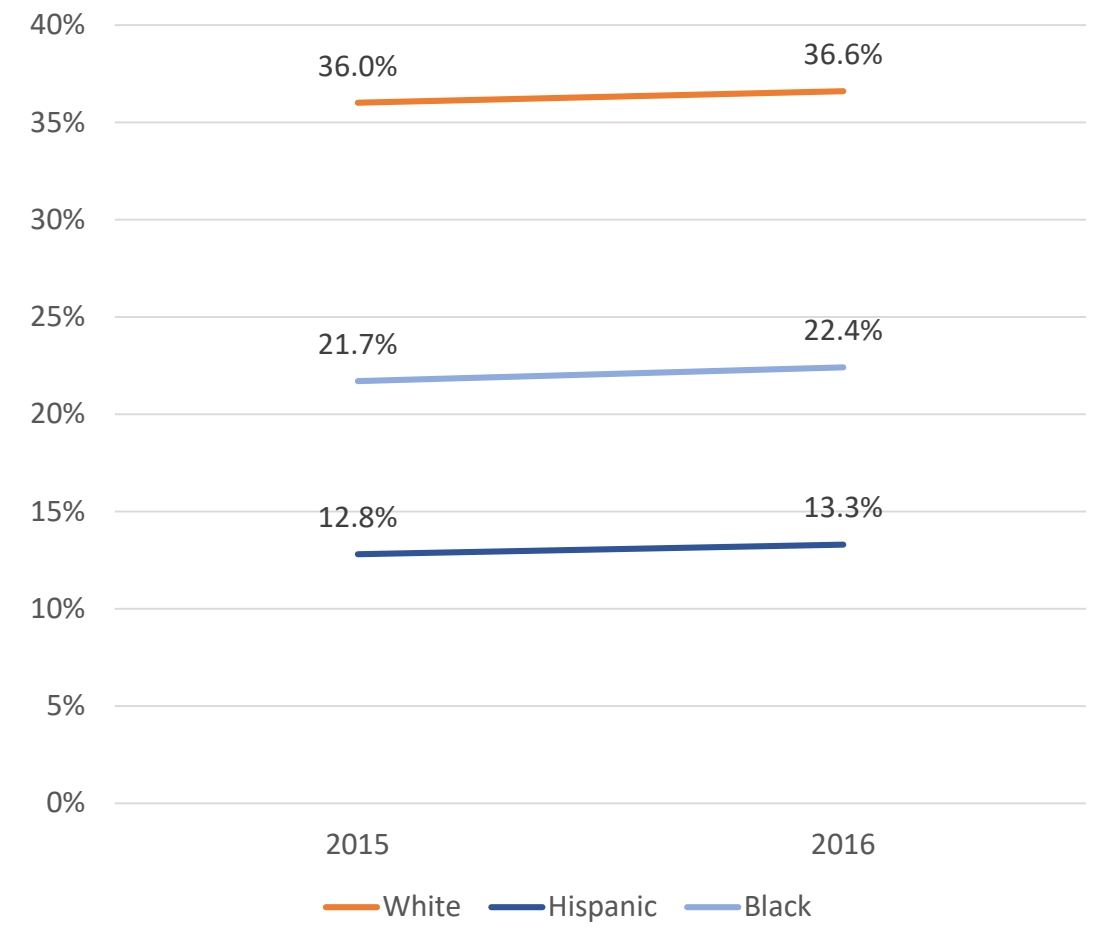
Like K-12 costs, this contributes to higher local property taxes.

Educational Attainment by Race Appears to Correspond With the Likelihood of Being Uninsured

Texas Uninsured Rates Among Nonelderly by Race/Ethnicity, 2013-16



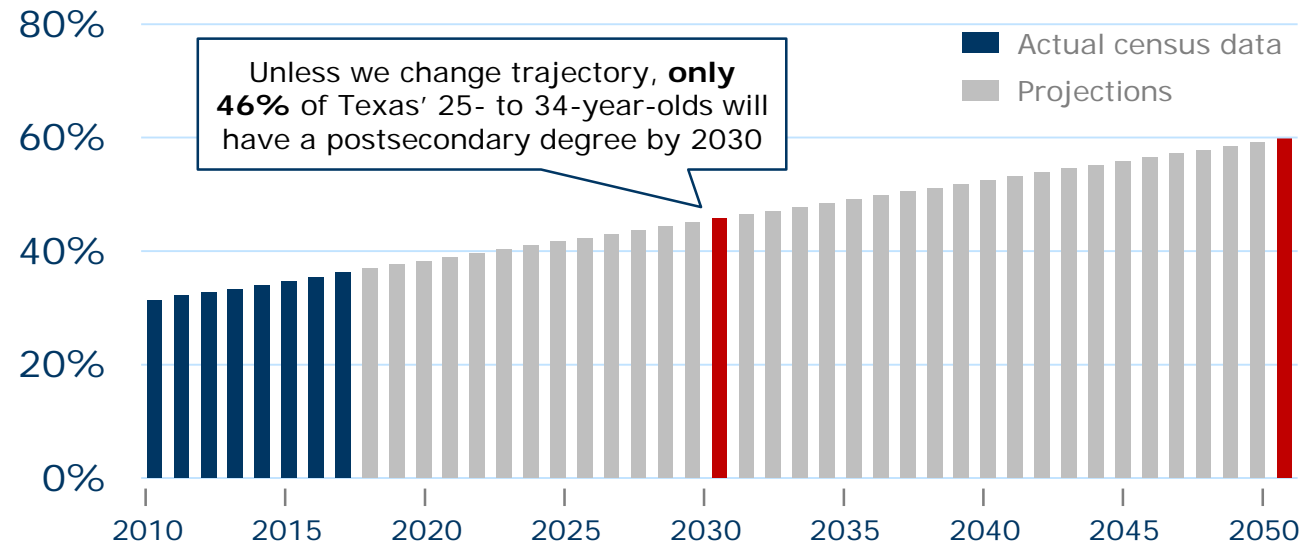
Percentage of Texans With Bachelor's Degree or Higher by Race: U.S. Census American Community Survey



Source: Kaiser Family Foundation analysis of Census Bureau's March Current Population Survey (CPS: Annual Social and Economic Supplements), 2014-2017. Persons of Hispanic origin may be of any race but are categorized as Hispanic for this analysis; all other racial/ethnic groups are non-Hispanic. "Other" includes Asians, Native Hawaiians and Pacific Islanders, American Indians, Aleutians, Eskimos and persons of "Two or More Races."

Given Current Rates of College Attainment, **Texas will Achieve 60x30 Goal in 2051**, 21 Years Behind Goal

Percent of Texas' 25- to 34-year-olds with a postsecondary degree or certificate¹
Projections assume current annual increase of 0.7 percentage points continues



Achieving the State 60x30 Goal Will Greatly Reduce Uncompensated Healthcare Costs, as 80%+ Postsecondary Credential Required Jobs Provide Employer Paid Health Insurance

Source: (1) U.S. Census, American Community Survey 5-Year Estimates 2009 – 2016

Neglecting Education Is Too Expensive

Investments in Schools can Improve Life Outcomes, Reduce Public Costs in the Process



Hogg Foundation
for Mental Health

**FIGURE 1
SELECTED COSTS PER DAY FOR TEXAS DEPARTMENT
OF CRIMINAL JUSTICE AND TEXAS JUVENILE JUSTICE
DEPARTMENT POPULATIONS AND PROGRAMS FISCAL
YEARS 2015 AND 2016**

POPULATION/PROGRAM	2015	2016
Texas Department of Criminal Justice		\$69 Per Day
Prison (systemwide)	\$55.61	\$61.63
Parole Supervision	\$4.07	\$4.39
Community Supervision	\$3.36	\$3.42
Texas Juvenile Justice Department		
State Residential Facilities	\$427.91	\$441.92
Parole Supervision	\$36.26	\$39.12
Juvenile Probation Supervision	\$14.69	\$14.39

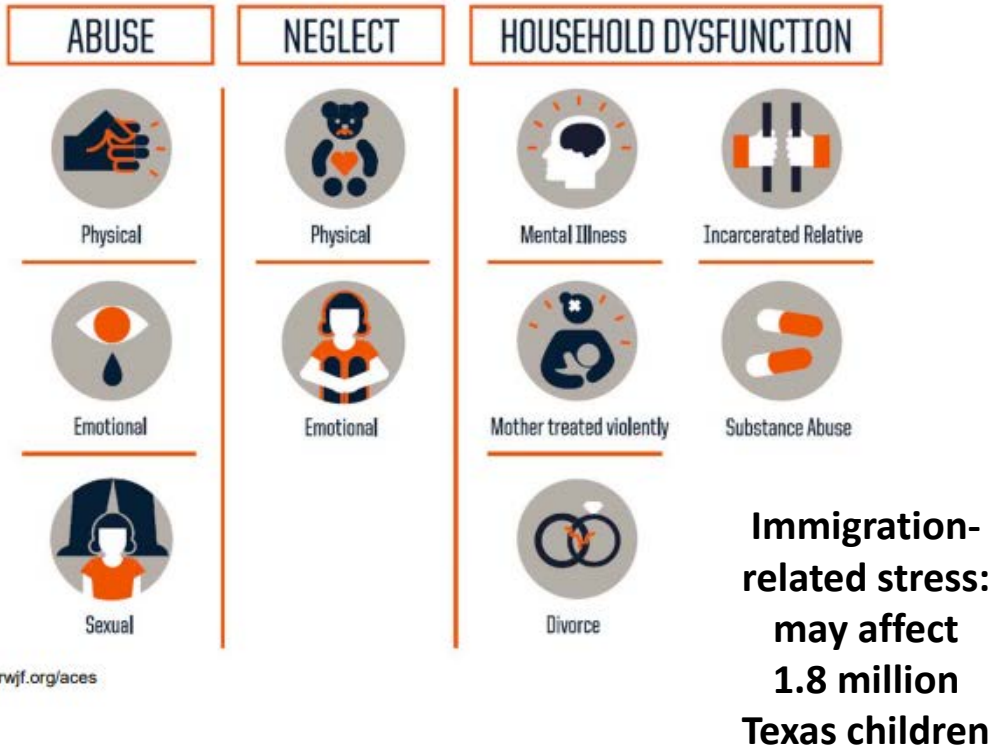
NOTE: The costs per day for community supervision and juvenile probation supervision represent a total cost per day and include both the state and local cost of supervision.

SOURCES: Legislative Budget Board; Texas Department of Criminal Justice; Texas Juvenile Justice Department.

Fast Facts

- Average daily revenue from Average Daily Attendance in Texas public schools is \$55¹ - **\$14 LESS per day than the TDCJ**
- About 70% of youth in the juvenile justice system have a diagnosable mental health condition, compared to 20% of youth in the general population.
- The majority of youth who are involved in the justice system commit misdemeanor offenses.
- On May 31, 2016, there were 1,086 youth committed to five state secure facilities, 126 youth in halfway houses, and 114 youth in contract care facilities in Texas.

The Three Types of ACEs Include:



Source: rwjf.org/aces

Adverse Childhood Experiences (ACEs)

ACEs are common and have a dose-response relationship with negative health and wellbeing outcomes across the life course

Great teaching alone cannot overcome needs of kids who are under-nourished, going without medications, need counseling, are homeless, have undiagnosed or untreated mental, medical, or learning disability conditions, or are worried that a parent of sibling may be deported.

Support for:

- **robust school counseling staff AND**
- **embedded partner supports (e.g., Communities In Schools)**

is critical to improving the outcomes of these kids with often-invisible barriers to student success.

Equipping Schools with Resources and Connections to Address Social & Mental Health Needs is a Critical Piece of the Puzzle

Texas Research: Failure to Graduate is Expensive for State and Individuals

"The economic impact of failing to complete high school is large for Texas students and for the state.

In 2009, student researchers from the **Bush School of Government at Texas A&M University** estimated that **Texas high school dropouts earn \$7,000 less annually than high school graduates with no college education.**

Annual estimated losses for the state ranged between five and nine billion dollars in terms of lost income, use of government aid, and criminal justice system involvement."

CPPP March 2017 report, [Stuck in the Middle Grades](#)

Prekindergarten Has Big Short-term and Long-term Cost Savings

- Thanks to Texas pre-K, in the 2013-2014 school year, **Texas spent \$127 million less on special education programs and nearly \$15 million less because fewer kids were retained.**
- High cost savings from Pre-K studies are associated with long-term impacts ranging from **reduced teen parenthood, higher employment and earnings, and lower arrest rates.**
- Pre-K programs are associated with important cognitive and social outcomes in elementary school, including reduced rates of grade retention and lower rates of special education.

Child and Family Research Partnership (CFRP): [Pre-K Is Good For Kids and For Texas: Short-term Savings from Pre-K Estimated at Nearly \\$142 Million Annually](#)

Additional Financial Benefits to the State from Strong Educational Outcomes is Significant

- Each additional high school graduate would **save the government \$39,000 over his/her lifetime from age 20**¹.
- High school **dropouts are 2x more likely to be unemployed and 3x more likely to receive welfare assistance**²
- Nationally, **41% of all prisoners have not completed high school**, compared to 18% of the general adult population²
- Nationally, the **annual cost of incarceration is \$32,000**, while the **annual cost of education is \$11,000** (a third of the incarceration cost)²
- **Graduating high school reduces the dependence on public health programs by 60%**²

Texas has 13th Highest Child Poverty Rate, But Only 43rd In Education Spending Per Pupil While Ranking 46th and 41st In % Of Students At Or Above Proficient On NAEP 4th and 8th Grade Reading

State	Education Funding (2015)	Child Poverty (2015)
Mississippi	\$8,456	31%
New Mexico	\$9,752	29%
Louisiana	\$11,010	28%
Alabama	\$9,128	27%
Arkansas	\$9,694	27%
District of Columbia	\$19,396	26%
Kentucky	\$9,630	26%
Arizona	\$7,489	25%
West Virginia	\$11,359	25%
Georgia	\$9,427	24%
South Carolina	\$9,953	24%
Tennessee	\$8,726	24%
Florida	\$8,881	23%
North Carolina	\$8,687	23%
Texas	\$8,861	23%
Michigan	\$11,482	22%
New York	\$21,206	22%
Oklahoma	\$8,082	22%
California	\$10,467	21%
Indiana	\$9,687	21%
Nevada	\$8,615	21%
Ohio	\$11,637	21%

Ohio has similarly high child poverty to Texas but spends ~\$3,000 more per pupil on education. Ohio ranks notably higher than Texas (17th nationally) in % of students at or above proficient in 4th Grade and 8th Grade Reading.

Grade and Subject	Texas' U.S. Rank in 2015	Texas' U.S. Rank in 2017	Texas Change from 2015	No. 1 State in U.S.
4 th Grade Reading	40th	46th	Down 6	Mass.
4 th Grade Math	11th	19th	Down 8	Mass.
8 th Grade Reading	39th	41st	Down 2	Mass.
8 th Grade Math	23rd	24th	Down 1	Mass.

Massachusetts has lower child poverty than Texas and ranks 8th in education spending with \$15,592 spent per pupil, but ranks 1st in the nation across all NAEP measured contents.

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