



April 1, 2009

CAN Partners

Austin Area Human
Services Association

Austin Area
Interreligious Ministries

Austin Community
College

Austin Independent
School District

Austin Travis County
MHMR Center

Capital Metro

City of Austin

Community Justice
Council

Greater Austin
Chamber of Commerce

Integrated Care
Collaboration

Seton Family of
Hospitals

St. David's Community
Health Foundation

St. Edward's University

Travis County

Travis County
Healthcare District

United Way Capital
Area

University of Texas at
Austin

Workforce Solutions -
Capital Area

The Honorable Jim Dunnam
Texas House of Representatives,
Room 4S.2, Capitol Building
Austin, Tx 78701

Dear Representative Dunnam,

The American Recovery and Reinvestment Act (ARRA) will make available to the State of Texas close to \$8 billion in enhanced funding for Medicaid, Food Stamps, and Unemployment Insurance reforms and also provide an additional \$30 billion in other spending and tax credits.

This funding creates a unique opportunity for Texas communities like Austin/Travis County to assist struggling low-income families and unemployed workers during these very challenging economic times and fortify the public structures necessary to sustain the economic vitality of our state and community in the future.

As a coalition of health and human service organizations in Austin/Travis County, the Community Action Network (CAN) helps enhance community awareness of issues needing collaborative solutions and strengthens partnerships to maximize resources and impact.

It is critically important for the Texas Legislature to act proactively on policy and budgetary decisions that will enable Texas communities like ours to realize the full benefits of the ARRA today and in future years.

RECOMMENDATIONS

The CAN endorses supporting the following recommendations:

- **Ensure that eligible Texans can access federal benefits such as Food Stamps and Medicaid** by addressing current deficiencies of the State's integrated eligibility system and increasing the number of eligibility staff by 822 as proposed by the Health and Human Services Commission (HHSC) in its budget requests for 2010-2011 using enhanced Medicaid ARRA funds.

- **Spend every new ARRA Medicaid dollar to enhance health care services without reducing existing state Medicaid spending.** Texas is expected to receive an additional \$5.45 billion in ARRA funds from 2009-2011 for Medicaid. The State of Texas should not redirect existing funding for state Medicaid health care freed up by new ARRA funds.

- **Adopt 12-month continuous coverage for children on Medicaid using ARRA funds** to reduce the number of uninsured children. According to the 2008 State of Texas Children Report produced by the Texas Kids Count Data Center, 19.5% (42,082) children in Travis County between the ages of 0-17 do not have health coverage through either private (e.g. private purchase or employer-sponsored) or public (e.g. Medicaid) insurance.

- **Enact the reforms to Texas' UI laws as required by the ARRA** that allow more workers to qualify for benefits. ARRA provides \$555 million in reform incentive money for Unemployment Insurance (UI) benefits for jobless Texans. Accepting this funding will reduce the severity of the deficit tax required by Texas law when the Texas UI trust fund becomes insolvent.

ECONOMIC BENEFIT TO TRAVIS COUNTY

Based on methodology provided by the Center for Public Policy Priorities in its *Texas Recovery Plan* brief of March 2009 (http://www.cppp.org/files/2/378_Texas_Recovery_Plan.pdf), the **economic benefit to Travis County** of implementing these recommendations would be as follows.

- **\$1 in Medicaid spending generates \$3.25 of economic activity.** If the State spends all \$5.45 billion of ARRA Medicaid funds to enhance health care coverage, Travis County will see **\$422 million** of new economic activity. However, if the State spends only 10% of the ARRA funds on expanded Medicaid services, the economic benefit falls to **\$39 million**.
- **\$1 in Food Stamp spending generates \$1.84 of economic activity.** According to HHSC Food Stamp data for January 2009, only 96,077 of the 143,398 potentially eligible individuals in Travis County received benefits. State efforts to maximize enrollment by using ARRA funds to adequately staff and enhance our broken eligibility system could provide up to **\$93 million** of economic impact to Travis County and alleviate the burden on organizations using local resources to provide vital assistance.
- **\$1 in UI benefits generates \$2.66 in economic activity.** For Travis County, the economic impact of adopting reforms to Texas' UI laws could result in **\$25 million** over 3 years or **\$58 million** over 7 years. ARRA funded benefits made available through these reforms would help cover more jobless individuals. In February 2009, the Texas Workforce Commission estimated a 6.0% unemployment rate for Travis County, about 30,000 unemployed individuals.
- The **combined economic impact** of implementing these ARRA Medicaid, Food Stamps, and Unemployment Insurance recommendations could result in a cumulative economic impact to Travis County of up to **\$540 million**.

We appreciate your ongoing support of the Austin/Travis County community and encourage the Texas Legislature to take immediate action on the recommendations outlined above to enable our community and state to realize the full benefits of the ARRA.

Sincerely,

Vanessa Sarria
Executive Director
Community Action Network