



RECOMMENDATIONS TO SELECT COMMITTEE ON FEDERAL RECOVERY FUNDS FOR MARCH 10-12 PUBLIC HEARINGS

On March 5, the House Select Committee on Federal Economic Stabilization Funding began hearing public testimony on the use of American Recovery and Reinvestment Act (ARRA, also called “the stimulus package”) funds in the Texas state budget. ARRA provides billions of dollars to support critical public structures, protect vulnerable Texans during this economic downturn, and set our economy on the road to recovery. This paper summarizes our recommendations for taking full advantage of the benefits in the recovery package.

- **Federal aid to Texas and other states is intended to stimulate the economy and speed its recovery. Federal dollars replace state tax collections lost to the economic downturn, and those federal dollars can be replaced again with state dollars when the economy recovers. States that don’t spend the money will see a less positive economic impact from the recovery package.**
- **ARRA provides more than \$16 billion through the Texas state budget from 2009-11, including \$5.45 billion for Medicaid (through a temporary increase in the Federal Medical Assistance Percentage-FMAP); Fiscal Stabilization Funds providing \$3.2 billion for education and \$723 million in flexible funding for any state services (including education); \$2.25 billion for highways and \$370 million for transit; and more.**

CPPP Recommendations

Use additional Medicaid funds to prevent cuts, enroll more eligible uninsured children, and fix our broken eligibility system so people who need help can get it. First, legislators should prevent cuts to Medicaid. Texans need these health care programs more than ever. Second, the state should use these economic recovery funds to fix Texas Medicaid’s broken enrollment system which cannot handle current demand, much less growing needs with rising unemployment. Additional staff and 12-month enrollment for Children’s Medicaid are the keys to improvement.

- CPPP recommends the funding of HHSC Exceptional Items 2 and 3 to maintain and expand eligibility staff.
- 12-month children’s Medicaid enrollment would dramatically reduce the HHSC eligibility backlogs (2 million fewer renewals per year) and allow the system to operate competently with fewer staff.

Adopt modest reforms to Unemployment Insurance (UI) necessary to qualify 45,000 more jobless Texans for benefits and stimulate the economy. Texas could receive almost \$560 million in additional UI benefits if the legislature adopts modest reforms that are all good ideas. Twenty states already use the alternative base period in determining eligibility and benefits for UI; almost two-thirds allow for compelling family reasons for leaving work.

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Take advantage of the \$243 million TANF emergency fund to increase cash assistance to extremely poor families during the economic downturn. ARRA provides \$52.7 million in federal Temporary Assistance to Needy Families (TANF) block grant funds to Texas in 2010, along with access to a new emergency contingency fund. Legislators could use up to \$60 million of the \$108 million in not-yet-budgeted TANF federal funds to qualify our state for up to \$243 million in federal contingency TANF dollars and provide the state's neediest families with a temporary grant increase or one-time assistance.

Take advantage of a better match rate for foster care and adoption assistance to meet the increased need for child protective services. State money proposed for the Department of Family and Protective Services in SB 1/HB 1, now "freed up" because of a temporary boost in the match rate for IV-E foster care and adoption subsidies, should be used to help families in need of child protective services (DFPS exceptional items 7 and 9 for non-entitlement services and day care for families and relative caregivers.)

Help laid-off Texas workers take full advantage of COBRA provisions. ARRA includes federal funding to cover 65 percent of the cost of COBRA and COBRA-like "state continuation" premiums for up to nine months for workers laid off during the recession (on or after September 1, 2008) and their families. This federally funded premium reduction requires no state general revenue.

To ensure that recently unemployed Texans get the maximum federal assistance to maintain private health insurance coverage as they seek new jobs, the Texas Legislature must make conforming changes to state insurance law to:

- Lengthen the coverage period for state continuation; and
- Give recently unemployed Texans a new chance to enroll in state continuation and take advantage of the premium reduction.

Hearings are scheduled for 2 p.m. or upon adjournment in E1.014

March 10: Unemployment, housing, and rural affairs;

March 11: Public/higher education and local government entities;

March 12: Health and human services.

Check www.house.state.tx.us/committees/272.htm for updates/revisions to this schedule

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The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans.
