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# Proposed budget cuts tough on Texas' destitute, mentally ill

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AUSTIN – Some of Texas' most vulnerable residents – the very poor, the mentally ill, those suffering from birth defects, and children from troubled families – would lose state support and services under several new budget-cutting proposals.

In one of the deepest proposed cuts, made public Tuesday by the Health and Human Services Commission, monthly welfare payments to extremely poor households with children would be cut about 20 percent, to an average of about \$57 per person a month. In two-parent families, payments per person would be slashed by half, to about \$33.

Earlier, agencies overseen by the commission proposed other deep cuts, such as reducing by 6,000 the number of mentally ill people in North Texas who receive treatment from the region's mental health system; closing 26 beds for psychiatric patients at the Terrell State Hospital; and eliminating 40 percent of the slots in a program that provides medical services for children with conditions such as epilepsy and [cerebral palsy](#), and to people of any age who have [cystic fibrosis](#).

The cuts won't be decided for months and wouldn't take effect for about another year. But the state is facing a shortfall for the next two-year budget of between \$11 billion and \$18 billion. So [GOP](#) leaders, eager to avoid higher taxes, have asked agencies to outline how they'd cut 10 percent from their current funding – and those are the proposed cuts the health commission unveiled Tuesday.

Advocates for the sick and needy branded the possible reductions as callous.

"Texas children are not doing well, compared with children living in the rest of the U.S.," said Jodie Smith of Texans Care for Children, founded by the late Phil Strickland of Dallas, a longtime lobbyist for the Baptist General Convention of Texas. "Making cuts to our already slim investment does not improve the picture."

Highways on hold

Robin Peyson, head of NAMI Texas, the state chapter of the [National Alliance on Mental Illness](#), said if cuts come, she hopes bricks and mortar take hits before people.

"I'd rather we not build highways for a couple years and try to get on the other side of this economic recession," she said. "People would complain about potholes, but I'd much rather [have] that than let thousands fall through the cracks. ... It's just inhumane."

Some advocates, banding together as a coalition called Texas Forward, will soon urge lawmakers to drain an \$8 billion rainy day fund before considering any cuts. Smith, the children's advocate, said leaders also should close state tax exemptions that may have outlived their usefulness and "look at new sources of revenue."

Gov. [Rick Perry](#), now seeking re-election, has played down the size of the shortfall. Perry says he and fellow Republicans will tackle it as they did in 2003, when they used cuts, accounting tricks and some fee increases – but no increase of a broad-based tax – to bridge a \$9.9 billion deficit.

This year, some urge a similar approach.

Former House budget chief Talmadge Heflin said that "through program restructure and prioritizing, you will be able to do it without harming people," though lawmakers will hear many protests.

"If you resist raising taxes and the economy comes back with the jobs, ... everybody is better off, including the folks that had to share part of the cuts," said Heflin, a Houston Republican now with the Texas Public Policy Foundation, which advocates free markets and limited government.

Texas provides less help to the poor than most states.

And the commission acknowledges that in its 2012-13 budget request, it laid the program, now called Temporary Assistance for Needy Families, on the block. Officials say they had no choice.

Much of the commission's budget goes toward two health programs, Medicaid and the Children's Health Insurance Program, and if those were cut, Texas could lose federal matching money. The state's system for determining who qualifies for food stamps is also under federal scrutiny, so options there are limited.

Commission spokeswoman Stephanie Goodman said state leaders gave her agency permission to exempt Medicaid, CHIP and the eligibility screening system it runs from 10 percent cuts.

Welfare "represents a sizable chunk of the remaining budget where we had to identify possibilities for a 10 percent reduction," she said. "If we left TANF untouched, other programs would have had to take much deeper cuts – much more than 10 percent of their funding."

Although it will be up to lawmakers in January to decide how much will be cut, the commission's budget request document offers up a two-step slashing of monthly benefits – to save between \$6 million and \$7 million of "pure" state general revenue, or unrestricted state tax money, over the next two-year cycle.

Pencils and pens

An annual "back-to-school" stipend of \$30 per child on welfare would be cut to \$23.49. It helps parents purchase school supplies and clothing during the sales tax holiday each August. Also, if all the cuts outlined become reality, federal officials would probably fine Texas for not maintaining financial support of its welfare program, more than wiping out the monetary benefits of the reductions, the commission warned in its request.

"You do your best to trim administrative expenses and make cuts that don't affect the people we serve, but at some point that becomes impossible," Goodman said.

Celia Hagert of the Center for Public Policy Priorities, which advocates for low-income Texans, said it would be "unconscionable" to trim, or even leave flat, spending on the program, which is projected to grow over the next three years.

In 2006, the most recent year for which data is available, Texas had the fifth-lowest welfare benefits among the states, Hagert noted. And she said state income limits are so tight – \$188 a month for a family of three, \$308 if a parent is working – that only the most destitute qualify.

"They're the ones who are suffering the most during this economic downturn and yet it's on the backs of these poor people that we're trying to balance our budget," she said.