

# Invest In Texas Kids. It Matters.

## A 20-Year Look At Texas' Budget For Our Children

When Texas children are safe, healthy, and educated, Texas thrives. Ensuring that kids do well today ensures that we all do well tomorrow. From 2000 to 2010, Texas accounted for half of the U.S. child population growth, which means when Texas kids do better, the U.S. does better.<sup>1</sup>

Unfortunately, in tough economic times, the programs that promote child well-being often become targets for budget cuts. These cuts often happen despite strong public support for protecting investments that benefit children. A 2011 University of Texas/Texas Tribune Poll showed that an overwhelming majority of Texas voters opposed cuts to public education, to the Children's Health Insurance Program (CHIP) and to Medicaid.<sup>2</sup> This suggests that though cuts to children's programs continue to occur on both the federal and state level, they do not reflect our priorities.

During the 2011 legislative session, Texas lawmakers cut \$5.3 billion dollars from public education and per-student spending fell to its lowest point in over a decade.<sup>3</sup> Funding for Medicaid (of which more than two-thirds of enrollees are children) was reduced by almost \$2 billion dollars.<sup>4</sup> If public investments are an indication of a state's priorities, then Texas is not prioritizing children and families.

In this report, we examine the relations between children's outcomes and Texas' spending on kids over the last 20 years. **Our analyses show that in general, over the last two decades, when Texas chooses to invest in children, Texas children do better.** Our findings provide data-based evidence to support the need to re-invest in Texas children, not only because it reflects our priorities and is the key to healthy child development, but also because it is critical for Texas' future prosperity. There are choices we can make now to ensure Texan children are safe, healthy, and performing well in school.



**Educated Kids**  
make a better Texas



**Healthy Kids**  
make a better Texas



**Nourished Kids**  
make a better Texas



**Safe Kids**  
make a better Texas



# Investing In Our Children Is Investing In Texas



Texas is often ranked as one of the best, if not the best state, in which to do business.<sup>5</sup> At the same time, Texas is consistently ranked as one of the worst states to be a kid. In 2012, Texas ranked 44th in overall child well-being.<sup>6</sup> According to recent KIDS COUNT estimates, more than a quarter of Texas children lived in poverty, more than half did not attend preschool, almost three-quarters of Texas fourth graders were not proficient in reading, and more than one out of every 10 Texas children lacked health insurance.<sup>7</sup> When one out of every 11 kids in the country lives in Texas, this is not good news for Texas or the U.S.

The investment Texas is already making to grow its business capital will only benefit us in the future if similar investments are made in Texas' human capital. Kids who are healthier, well educated, and well cared for grow up to be healthier, happier, and more productive workers.<sup>8</sup> Investing in children is not just the right thing to do, it's one of the best investments Texas can make. Investments in children often have "multiplier impacts," whereby investments in one program can make other investments more effective. For example, investments that work to ensure that children are reading proficiently by the end of third grade have multiple positive impacts, including promoting children's later academic achievement, graduation from high school, post-secondary educational attainment, and economic opportunities as adults.<sup>9</sup>

Research shows that state investments in children do matter for their well-being. The Foundation for Child Development found that several state policies were highly correlated with an index of children's well-being that included family economic well-being, health, safe/risky behavior, educational attainment, community engagement, social relationships, and emotional/spiritual well-being. States with higher tax rates, higher annual cash welfare benefits per child, a higher Medicaid child eligibility threshold, and higher education spending per pupil scored higher on the child well-being index.<sup>10</sup> In other words, children fared better in states that invested more in children than did children in states that invested less. Similar findings emerged in a study showing, specifically, that **Texas ranks low in child well-being in part because it invests little compared to other states in policy areas that matter for children (e.g., education, children's health care and revenue).**<sup>11</sup>

Researchers at Princeton University also found that children do better in states that spend more on children, even after taking into account potential confounding influences including parental monetary investments in children, parents' education, family structure, and state-level racial and ethnic composition. Specifically, they found that Medicaid expenditures were related to lower child death rates, while education expenditures were related to better performance on math and reading tests, a lower high school dropout rate, and lower teen birth rates.<sup>12</sup>

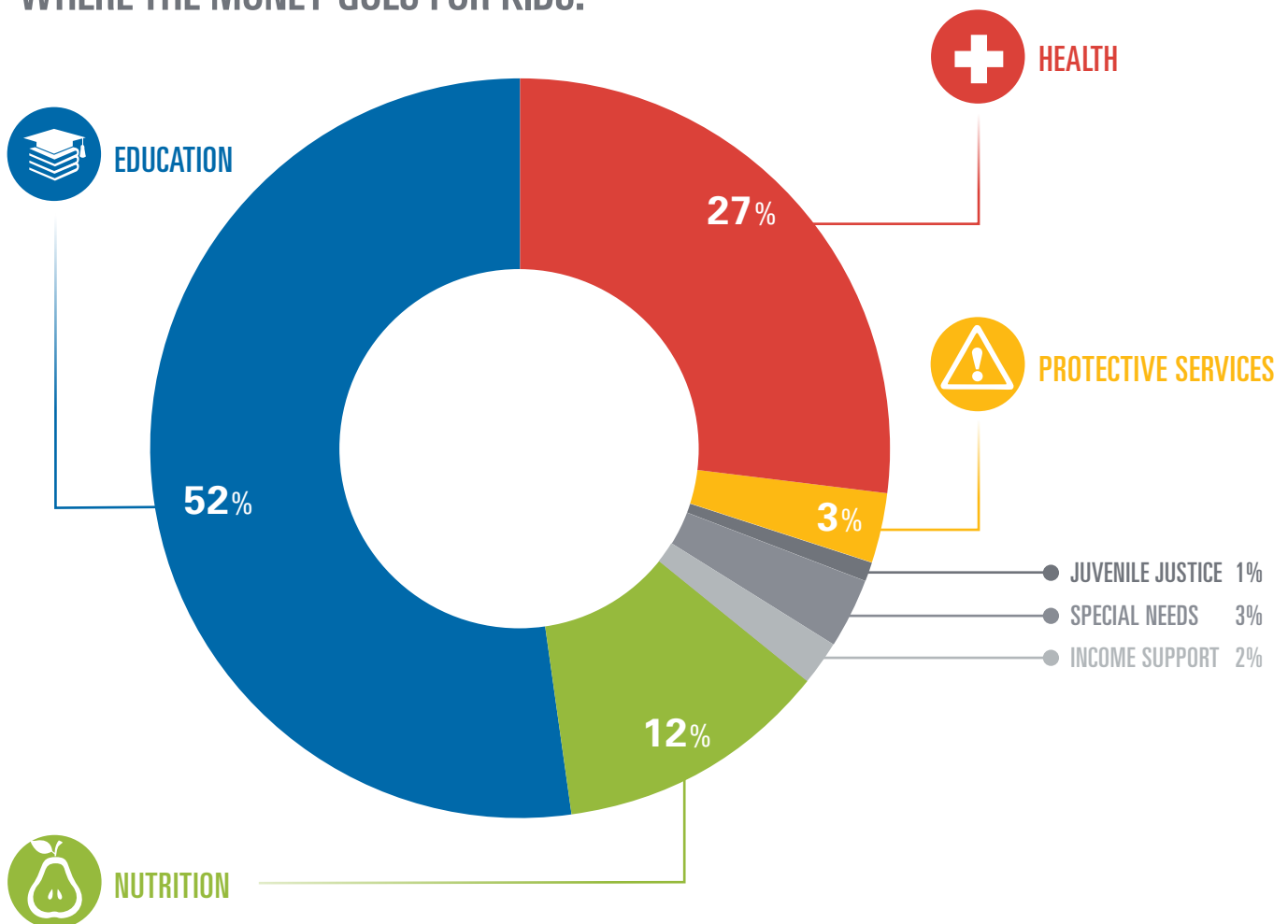
# It's Up To Texas To Prioritize Texas Kids

The federal government administers and funds the lion's share of the country's programs for the elderly, while state governments administer and fund a substantial share of programs for children, with the exception of nutrition and special needs programs, which are mostly funded by the federal government.<sup>13</sup> Spending by both states and localities contribute as much as two-thirds of total spending on children.<sup>14</sup>

**Even though spending on children accounted for a large part (43 percent) of the entire Texas budget for 2012-2013, the overall pie is small because Texas is a low-tax, low-spending state.** The most recent estimates show that Texas ranked 48th in per pupil spending on education after adjusting for regional cost differences. So even though children are getting a comparatively large slice of the Texas pie, compared to kids in other states, they get one of the smallest slices per child in the nation.<sup>15</sup>

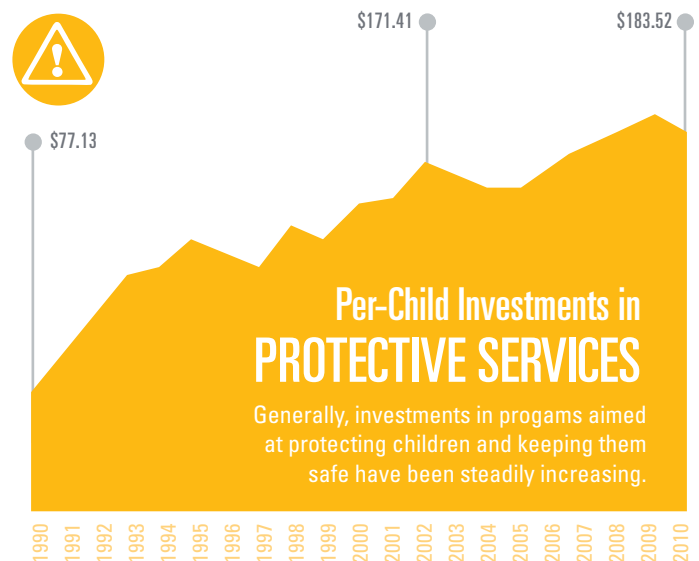
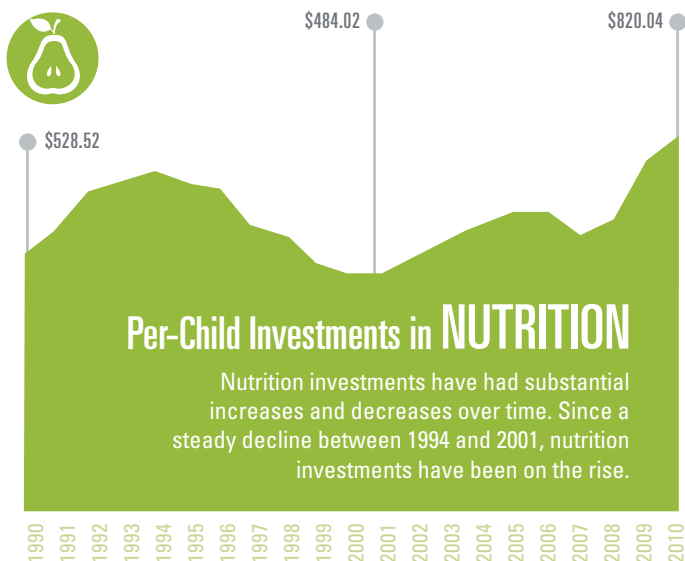
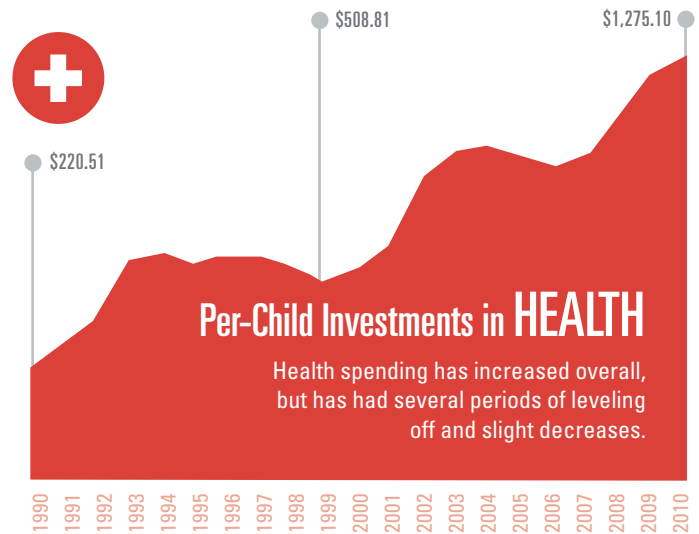
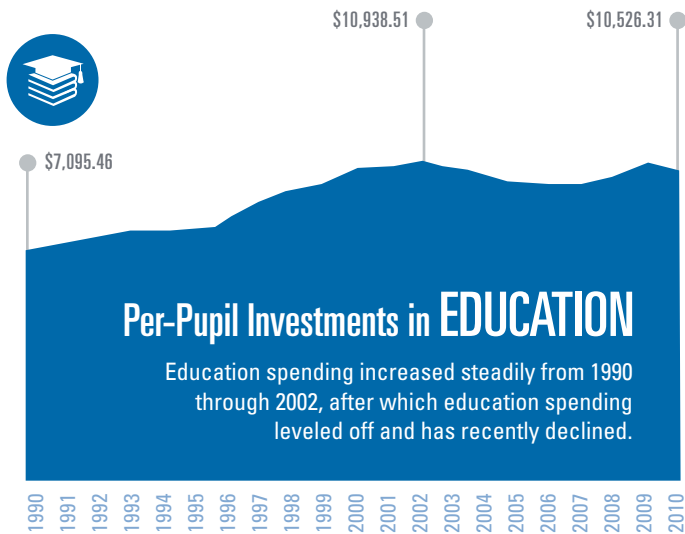
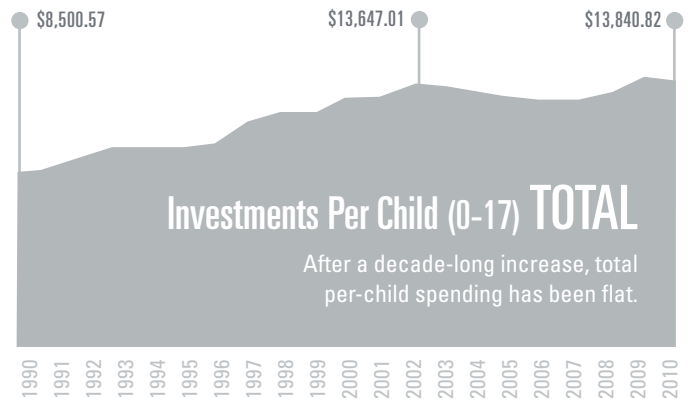
For the last several years, the Center for Public Policy Priorities (CPPP) has created biennial children's budgets that track what Texas invests in children. Such budgets are useful tools to evaluate the overall level of investment in children. They provide data on how well the needs of children and families are being met and whether we maintain our commitment to children over time. The Texas children's budget for the 2012-2013 biennium is presented in the figure below and includes both state and federal dollars. Investments in children's education and health make up almost 80 percent of the total investment in children. The approximately 20 percent that remains is spread across investments in nutrition, special needs programs, protective services, income support, and juvenile justice. According to analyses by CPPP, the Texas state budget for the 2012-2013 biennium is at least 12 percent below what is currently needed for education, health and human services, and public safety based on estimates of population growth and inflation.<sup>16</sup>

## WHERE THE MONEY GOES FOR KIDS:



# Examining Trends In Texas' Investments In Children

How has Texas invested in children over time? The answer depends on the type of investment. We found that overall per-child spending, calculated as the total amount invested in children across the seven budget areas presented in the pie chart, divided by the child population, steadily increased from 1990 until about 2003. During this time, the Texas Legislature enacted major budget cuts in the aftermath of the 2001 recession, including large disinvestments in health and human services. Since 2003, overall per-child spending has remained relatively flat, as shown in the figure to the right.



Source: Legislative Budget Board; all data adjusted for inflation to 2011 dollars

# Linking Texas' Investments In Children To Texas Child Well-Being

To evaluate how Texas' decisions to invest in children have influenced the well-being of kids in the state, we examined the correlations between Texas' choices to invest in kids and child well-being in education, health, prenatal/infant outcomes, safety (mortality and confirmed abuse rate), economic security, and youth behavior (rate of violent crime and teen pregnancy) over the last 20 years.

Texas' spending on children was examined as per-child spending within each budget area, with the exception of education spending in which annual education expenditures were divided by the total number of enrolled students. Total spending on children across the remaining six budget categories were each divided by the annual Texas child population aged 0-17 to create estimates of per-child spending.

## When Texas Invests In Children, Children Do Better

In general, total per-child spending over the last 20 years has been positively related to improvements in children's health, safety, and youth behaviors. For several budget areas, increases in Texas' per-child spending were related to improvements in a related domain of well-being. Importantly, we found evidence of multiplier effects for each budget area, whereby increases in Texas spending in one area were associated with improvements in multiple dimensions of well-being. For additional details about the analyses and methodology, visit [www.forabettertexas.org/investinkids](http://www.forabettertexas.org/investinkids).

### Educated Kids Make a Better Texas



State-level EDUCATION investments were related to children's...



EDUCATION\*



HEALTH



SAFETY



POSITIVE YOUTH BEHAVIOR

### Healthy Kids Make a Better Texas



State-level HEALTH investments were related to children's...



EDUCATION



HEALTH



SAFETY



POSITIVE YOUTH BEHAVIOR

### Nourished Kids Make a Better Texas



State-level NUTRITION investments were related to children's...



EDUCATION

### Safe Kids Make a Better Texas



State-level PROTECTIVE SERVICES investments were related to children's...



SAFETY

\*Local-level spending (not state-level) on education was related to education outcomes.

# A Better Texas Today For A Better Texas Tomorrow



Investments in children make a difference—not only for child well-being, but for the future stability and prosperity of Texas. Our analyses show that when Texas invests in children, we see improvements in their well-being. When lawmakers are faced with tough decisions of where to cut and where to invest, health and education investments often get pitted against one another, suggesting that one area must be cut in order to preserve investments in the other. However, the findings presented in this report show that investments in health and nutrition have implications for children’s education outcomes and investments in children’s education have implications for their health outcomes. **Investing in the whole child is important and necessary to promote children’s well-being now and Texas’ well-being in the future.**

Positive outcomes for our children are not the result of luck or happenstance. They are the inevitable results of smart policy decisions to prioritize our children and invest in our future. The Texas of tomorrow will inherit the youth of today. A better Texas starts now by investing in healthy, educated, safe, and well-cared for kids.

**This report was authored by KIDS COUNT intern Kaeley Bobbitt, Ph.D., and Frances Deviney, Ph.D., Texas KIDS COUNT Director.**

For more information on this research, including the methodology and endnotes, visit [www.forabettertexas.org/investinkids](http://www.forabettertexas.org/investinkids).

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## About CPPP

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to make a better Texas. You can learn more about us at [CPPP.org](http://CPPP.org).

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