

South Carolina budget cuts hit health care, education

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The South Carolina 2010-2011 fiscal year officially began on July 1, bringing into effect deep cuts in social spending outlined in the state budget passed at the end of June.

Governor Mark Sanford vetoed 107 items in the budget handed to him by the legislature. The legislature, whose version of the bill already included substantial cuts to vital social programs, upheld 55 of Sanford's vetoes, reducing the \$4.9 billion budget by an additional \$250 million.

Many of the deepest cuts are to education and health care programs. "That's the only place to go find the money, really it is, you go to education and you go to Medicaid," Representative Dan Cooper, Republican chairman of the House Ways and Means committee, told WYFF News 4.

Hundreds of state workers and teachers have already been fired as a consequence of the budget reductions. Many state employees who have kept their jobs will be required to take days off without pay.

The 2010-2011 budget includes over \$700 million in federal stimulus funds, which will be gone next year. Governor Sanford's spokesman Ben Fox claimed that, "Tough budget times demand tough decisions," and "whoever comes in after us will have to immediately, from day one, hit the ground running making decisions that will be politically unpopular."

Fox's statement underscores the fact that both major political parties and their representatives are united in their aim to force the working class to pay for the recession while preserving low-income tax rates on the wealthy.

Individuals in the top personal income bracket pay state taxes at a rate of 7 percent. That rate kicks in at an annual income of only \$13,700. No Democratic or Republican politicians have suggested that South Carolina's 68,178 millionaires should be taxed at a higher rate.

Over the past two years, the public school system has lost \$750 million in state funds. Some 2,200 public school workers were laid off last year, including 1,400 teachers. This year an estimated 2,100 to 3,800 workers, including 1,400 to 2,500 teachers, will be laid off. Salary freezes and reductions are likely for remaining teachers.

Many teachers were informed over the summer whether or not they would be returning in the fall, but the state Department of Education has not yet been informed how many have been fired. The department itself has lost approximately 200 positions.

In the past four years, an estimated 21,000 students who were formerly in private school have returned to the public system, as increasing numbers of parents have lost their jobs or received pay cuts and cannot afford the private tuition.

State universities have announced tuition increases that will take effect this month. The largest increases were announced by the College of Charleston, where tuition will increase by 14.75 percent, and the Charleston Military College of South Carolina, where tuition will increase by 13 percent.

Clemson University, which lost \$27 million in state funding this year, and a total of \$75 million since June 2008, has announced a tuition increase of 7.5 percent, and 8 percent for out-of-state students. The university has eliminated 450 positions since the beginning of the economic crisis. It has also halted construction projects and imposed furloughs on employees.

Health care agencies affected by the cuts include Medicaid, the Department of Alcohol and Other Drug Abuse Services, Department of Health and Environmental Control, and the Department of Mental Health. Programs that provide AIDS patients and patients with diabetes with medications and treatment, access to prescription drugs, and assistance for rural hospitals and physicians have also been hit with deep cuts.

The Department of Social Services, food assistance programs, and the state Office on Aging received cuts as well.

Sanford preemptively vetoed the entire section of the budget that would be covered by proposed federal extension of stimulus funding for Medicaid, anticipating that Congress would not pass an extension.

When the budget was written, legislators on the finance subcommittee in charge of Medicaid funding were certain federal funding would be extended. "Had we known that was going to go differently, we would have budgeted differently," said Representative Tracy Edge, chairman of the subcommittee.

Medicaid enrollment has increased by over 88,000 since the beginning of the recession in 2008. By federal law, the Department of Health and Human Services cannot reduce Medicaid eligibility and by state law the agency cannot reduce doctor and hospital reimbursements.

As a consequence, the agency is reducing the number of prescription drugs covered by health plans, and further limiting networks of doctors and health care providers. It is anticipated that with fewer doctors and health care providers available, patients will seek treatment less often, reducing agency costs.

Agency spokesman Jeff Stensland told Myrtle Beach's *Sun News* that even with these cuts, it is likely the agency will be forced to run a deficit. In that event, services would be reduced further. Pharmacy, dental and hospice care coverage may be dropped completely.

The budget of the Department of Alcohol and Other Drug Abuse Services, which serves about 49,000 state residents, has been reduced by 55 percent since 2008. The agency is largely privatized and relies on local contractors to provide services.

Detox centers throughout the state will likely be forced to close as a consequence of the most recent cuts, and many have already been forced to lay off employees.

John Coffin, the executive director of the Shoreline Behavioral Health Services detox center in Conway, South Carolina, told the *Sun News* that patient fees, often supplemented by Medicaid, are not enough to cover operating costs. Thirty-four percent of the patients who come to the center for help are not able to pay at all. "Those people who come in, very sick and often after losing a job, usually come in indigent, very much in need of treatment," he said.

David Garr, director of the South Carolina Area Health Care Consortium, told Columbia's *Free Times* that 80 percent of the over 400 physicians who have taken part in the program still practice in the areas where they were placed. Garr said that "access to health care in rural communities is a challenge to begin with," and "people who live in small towns are going to be hurt."

The budget of the Department of Mental Health was cut by \$18 million to \$147 million, following Sanford's veto upheld by the legislature. In 2007, the agency was operating on a \$220 million budget. The current budget returns the funding to 1987 levels.

While the department is hoping that Washington will extend stimulus funding, agency programs meanwhile are being reorganized, leading to a reduction in services. Patients who do not receive adequate mental health care are more likely to become homeless, need hospital care, or be sent to jail.

The State Office on Aging will be cut by \$1.3 million, funding that covered its home-delivered meals program. As a consequence, local divisions across the state have been told to freeze their enrollment, and employee vacancies are being left open.

Eighteen million dollars were cut from the Department of Health and Environmental Control as a result of the governor's vetoes. The agency oversees restaurant inspections, monitoring ocean water quality and hospital regulation. Since the late 1990s, the number of agency employees has been reduced from almost 6,000 to approximately 3,600. Additional layoffs are likely this year.

The legislature upheld Governor Sanford's veto of the AIDS Drug Assistance Program, which provides medications to 2,000 people who have HIV/AIDS and could not otherwise afford them. Already, 159 people had been put on a waiting list to receive their medications in March after federal funding for the program was reduced.

Joe Neal, a Richland County Democrat in the state house of representatives told the *Free Times* that AIDS patients would be better off in prison than on the street, because prison patients are

assured of receiving medication.

"People are going to die, and South Carolina will suffer a tremendous economic and moral loss because of it," said Neal. "I think it was a bold-faced statement of intentionality and an expression of really not caring about this particular population," he continued. "I think it was designed to send a message that these people don't matter."

The *Free Times* report also contained an interview with 53-year-old Michael Robertson, a state worker who lost his job on July 1 as a result of the cut in AIDS funding.

"This is the kind of thing that you'd see in some Third World country where its unenlightened and uncaring government, acting out of ignorance and prejudice, would simply say 'no' to treating this disease," said Robertson. "It's beyond me how in this day and age in this country and this state we end up here."

Funding for a program that pays for prescription drugs for people who could not otherwise afford them was also cut, prompting private companies that participate in the program to reduce services. Many people who participate in the program require multiple medications, and have families to support.

The legislature also upheld Sanford's veto of a program that has been in place since 1989 that helps place doctors in South Carolina's small towns and rural communities. A similar program to help attract dentists to rural communities also lost funding.

On July 20, a proposal to change the South Carolina sales tax code won initial approval by the Tax Realignment Commission. The commission will decide whether to submit the proposal to the legislature. The proposal would leave total sales tax revenue unchanged by reducing taxes on some items, but raising taxes on prescription drugs, electricity, water and some grocery items.

Though Medicare and Medicaid patients would be exempt from the tax, low-income people without health insurance or with employee health insurance plans would not be.

Responding to the proposal, Matthew Gardner, executive director of the Institute on Taxation and Economic Policy in Washington, told the *Sun Times*, "It's hard to find items that you could tax that would have more of a regressive impact than groceries and utilities."



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