

South Carolina legislature plans more cuts to health care and education

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The South Carolina Senate Finance Committee is preparing for its late April debate of the \$5.3 billion budget bill passed by the state House of Representatives on March 16 for the fiscal year that begins July 1. The House rejected most of Governor Nikki Haley's budget recommendations, but after the bill makes its way through the senate, Haley will have the chance to veto specific items. Haley has not yet given any indication which items she will veto.

The House plan includes deep cuts in education and health care, and increases the contribution state workers would be required to make toward their health insurance premiums, placing the burden of closing the over \$700 million budget shortfall at the expense of the working class.

"We see nothing in here to reform the state's tax structure, nothing to create jobs," Democratic House Minority Leader Harry Ott cynically commented to Columbia's newspaper the *State*. He then expressed his approval of the education spending included in the bill, which includes a \$25 million handout to charter schools, and the reinstatement of funding to just five state schools for talented, troubled and visually and hearing impaired students.

A nominal increase to the "base student cost" that will be provided to school districts using state funding reserves is dwarfed by proposed cuts to physical education, teacher and school awards, teacher training programs, textbooks, SAT improvement, and other education spending.

These cuts come on top of a series of massive teacher layoffs leading to increased class sizes. The Department of Education has not yet reported the total number of school and teaching jobs that have been lost during the current fiscal year, but in May 2010 the agency estimated that as many as 3,800 school jobs, including

2,500 teaching jobs, might have to be cut. This comes on top of a loss of 2,200 school jobs the previous year, including 1,400 teaching jobs.

Higher education is also slated for funding reduction. Public colleges and universities would have their funding reduced by 5 to 8 percent under the House plan. The House also upheld Haley's proposal to eliminate \$5 million that would have gone to create an aviation research center at the University of South Carolina.

Governor Haley proposed removing all state funding for the South Carolina Arts Commission, a total of \$1.9 million. The House refused, and while not cutting the number of positions at the commission, it proposed placing the commission under the Department of Parks, Recreation and Tourism.

Governor Haley recommended increasing state workers' health insurance premiums by a total of \$16 million. The House also turned down this proposal in favor of a plan that would require state employees to pay half of the increased cost of their state insurance plan while the state would pay the other half.

The House approved Haley's proposal to cut \$125 million from Medicaid payments to doctors, dentists and other medical providers.

The increased cigarette tax approved under the House plan will do nothing to stem nicotine addiction and, like every tax on nondurable consumption goods, will disproportionately affect the poor.

Both Haley's proposal and the House plan left untouched the state's regressive tax structure. According to a report by the Institute on Taxation and Economic Policy published in November 2009 under the title "Who Pays," the top 1 percent in South Carolina, with average incomes of \$1,076,900, pay an average of only 5.5 percent in sales, income and

property taxes, after the federal offset. The bottom 20 percent, who average only \$9,500, pay 7.1 percent.

There is growing opposition to the budget cuts, as it becomes increasingly clear to working people that in every budgetary cycle they will be forced pick up the tab on the state's shortfall, while the income of the wealthy remains untouched.

More than 2,000 people rallied outside the State House on March 12 in opposition to the coming cuts. The majority of those attending were fed up with cuts to education, health care and state workers' benefits and pay over the past few years.

The organizations sponsoring the rally included the AFL-CIO, the S.C. Alliance for Retired Americans, the S.C. Education Association, the S.C. Employees Association, S.C. HIV/AIDS Care Crisis Task Force, S.C. NAACP, and the South Carolina Progressive Network. None of these groups demanded an increase in income and property taxes on the wealthy. Instead, they confined their demands to the repealing of specific tax exemptions.

The aim of these organizations is, first and foremost, to channel all opposition to the budget cuts into support for the Democratic Party, which is fully complicit with the Republican policies of budget-cutting and austerity for the working class. In every state in the country, Democratic as well as Republican governors are presiding over historic spending reductions on infrastructure, education, health care and other social programs vital to the well being of society, while leaving the income of the wealthy untouched.

The reactionary character of these organizations is exemplified by a statement, "The Budget As A Moral Document," published on the website of the South Carolina Progressive Network. The statement, authored by Dr. Holley Ulbrich of the Strom Thurmond Institute, opens with moral outrage at the cuts in education, health care and infrastructure over the past few years. Ulbrich then proposes a number of tax reforms, most of which would disproportionately affect the working class.

Ulbrich laments how many residents were not required to pay income tax last year. Taking aim at the elderly, she remarked, "Some of us are too poor to pay income tax, but some are too old." Ulbrich also endorsed the sales and service tax increases recommended by the Tax Realignment Commission.



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