

# The Children's Budget: Behind the Numbers

*An Overview of State Budget Cuts  
And Their Impact on  
South Carolina's Children*

Presented by



A Project of  
South Carolina Appleseed Legal Justice Center



March 2011



*A voice for those in need.*

South Carolina Appleseed Legal Justice Center is a non-profit organization, founded in 1979, and located in Columbia, South Carolina. South Carolina Appleseed Legal Justice Center fights for low income South Carolinians to overcome social, economic, and legal injustice.

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Focus on Kids, a project of South Carolina Appleseed Legal Justice Center, brings together organizations and individuals to work collectively on issues impacting children in South Carolina. Focus on Kids is dedicated to improving the lives of South Carolina's children by advocating for policies and programs that will ensure their future success.

Focus on Kids is funded by First Focus and America's Promise Alliance.

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Also, we wish to thank the author, Porter Barron, and researchers, Christine Thompson and Jade McDuffie, who have contributed to this publication.

## **Editor's Note**

South Carolina Appleseed Legal Justice Center has published this report in an effort to facilitate debate among citizens, advocates, policymakers and state leaders regarding policy solutions to improve the well-being of South Carolina's children.

## AUTHOR'S NOTE

*“The rugged face of society, checkered with the extremes of affluence and want, proves that some extraordinary violence has been committed upon it, and calls on justice for redress.” – Thomas Paine, Agrarian Justice, 1797*

The purpose of this grim report is to examine the impact of state budget cuts on children’s services and to highlight some of the areas in which South Carolina is failing her children.

Parsing South Carolina’s budget can be a vexing task, given its convoluted formulation and need for increased transparency. The General Fund is said to represent the portion of the budget derived from state revenue (i.e. tax dollars), yet other monies are tucked away elsewhere. Small sums of fees and levies collected from fishermen, litterbugs and other marginal sources seem to see sunlight only when their stewards require fiscal flexibility.

We, the public, are told of one ledger balance, only to see the pot replenished just as we grow anxious at its rapid demise.

But while many aspects of the state budget remain frustratingly opaque to the layperson – in 2011, after four years of recessionary belt-tightening, there is no question that we have come up short.

Austerity is the order of the day, but the increasingly visible “extremes of affluence and want” show its uneven application. Special-interest tax breaks are protected, while basic services to our neediest, most vulnerable citizens are eliminated or scaled back. Such is the impetus for this document.

As this report is intended as a tool for concerned citizens, as well as policy wonks, its analysis focuses on appropriations and expenditures from the General Fund, in

hopes of sidestepping minutiae and creating a clear overall picture of our fiscal situation.

Throughout the report, General Fund spending is referred to as “state” spending. Funds that are “recurring” are appropriations that are written into the budget year after year.

Also, General Fund appropriations are critical to the ability of some agencies to draw down the federal-matching funds that constitute more than a third of the state budget. To qualify for them, the state must meet federal “maintenance-of-effort” requirements, meaning that the state must pay in a certain amount before Uncle Sam chips in.

When people are described as “in poverty,” the report is referring to those living in a measurable state of poverty recognized by the federal government. Federal poverty guidelines determine the minimum level of income needed to achieve a satisfactory standard of living and vary according to household size.

For example, in 2010, a family of four that made less than \$22,050 a year was in poverty. An individual who earned less than \$10,830 a year was in poverty.

A caveat: this report is not exhaustive. It does not consider every service for children at each agency included, nor does it address every aspect of the services it does consider. When data provided by an agency appeared unclear or incomplete and requests for explanation or elaboration went unanswered, the author moved on.

It is the sincere hope of all involved in this project that it might attract more attention to the plight of South Carolina’s children, that it might help us muster the political will necessary to fulfill our responsibilities to them and future generations.

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## PREFACE

At this point in the drawn-out economic downturn, there is little need to explain how it has caused a steep decline in state revenues, resulting in ever deepening budget cuts and reduced services. Deficits dominate the headlines and politicians' talking points. Less attention is paid, however, to the impact our budget fiasco is having on the children of South Carolina – a staggering 49% of whom live in low-income households.\*

As it did last year, this report aims to translate the state ledger's figures into fallout, to show how state agencies that provide critical services to children are absorbing the cuts and to highlight some of the consequences, including daily suffering and the marginalization of large segments of our child population. Regrettably, our record is well established. For the second year in a row, South Carolina has been ranked 45<sup>th</sup> in overall child well-being by the Annie E. Casey Foundation's *Kids Count Data Book*.

This report also seeks to stress the complexity of our challenges, to demonstrate that our budget crisis cannot be resolved by wholesale budget cuts alone, that such an approach is not fiscally conservative but a simplistic tourniquet for a sophisticated problem, that we have already hit bone.

In order to facilitate opportunity for our children, to alleviate the suffering of the less fortunate; to protect the health, safety and well-being of all citizens; to promote South Carolina; the General Assembly must recover its ability to address our economic and societal hurdles, and it must recognize the need for critical investments.

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\* Families and children are defined as low-income if the family income is less than twice the federal poverty threshold. Because employment in South Carolina does not guarantee sustainable wages, many working citizens cannot afford health care, child care, housing, transportation and other basic needs.

At a time when most Americans are paying less in taxes than they have in a decade; when David Stockman, President Ronald Reagan's budget director, is publicly shaking his head at the unqualified embrace of any and all tax cuts by today's politicians; here in the low-tax state of South Carolina (excepting our sales tax) – we need to broaden our approach to the budget by broadening our tax base, fairly overhauling our patchwork tax code that has been nicked into dysfunction and reconsidering all unnecessary tax exemptions. We also need to revisit Act 388 – the legislation that shortchanged our school districts and left a hole in the budget big enough to drive through.

Consequently, this report is also a call for South Carolinians to speak out on behalf of our children. We see the test scores; we see the statistics. We know the limited futures we are charting for them. As globalization shrinks our world and expands our competition, at what cost do we sacrifice the fundamental building blocks of future generations? Whether compelled by decency, charity, state pride or self-preservation; please let your representatives at the State House know that South Carolina and her children deserve better.

#### *A GLANCE AT THE PROBLEMS*

- Seventy-five percent of public school students are living in poverty. Three out of every five schools now have at least 70% of students living in poverty. One in every four has 90% of students in poverty.
- Continued cuts to schools resulted in increasingly crowded classrooms, the elimination of successful academic programs and reduced course offerings.
- Budget cuts to Child Protective Services resulted in woefully inadequate responses to cases of abuse and neglect.

- Childcare vouchers, designed to enable low-income parents to work, reached only 20% of children eligible, meaning some 70,000 were shut out of the program.
- To erase its deficit, the Department of Social Services slashed its already austere benefits to needy children and their families.
- More than 100,000 children who are eligible for Medicaid have yet to be enrolled by the Department of Health and Human Services.
- Cuts to DHEC's Sexual Violence Services means rape victims must join waiting lists instead of receiving the immediate intervention that is crucial to recovery.
- The Department of Alcohol and Other Drug Abuse Services reached less than 50% of youths suffering from substance-abuse problems in FY09-10.
- As a result of budget cuts, SC First Step To School Readiness eliminated 36 programs designed to improve literacy, bolster the quality and accessibility of childcare, and prepare kindergartners and their families for First Grade.
- Cuts to the BabyNet program meant an untold number of toddlers were shut out of therapies and treatments that could enable them to overcome childhood disabilities and grow into self-reliant citizens.
- The Department of Juvenile Justice's anti-gang strategies remain unimplemented, despite the urging of concerned law enforcement officials.

## DEPARTMENT OF ALCOHOL & OTHER DRUG ABUSE SERVICES

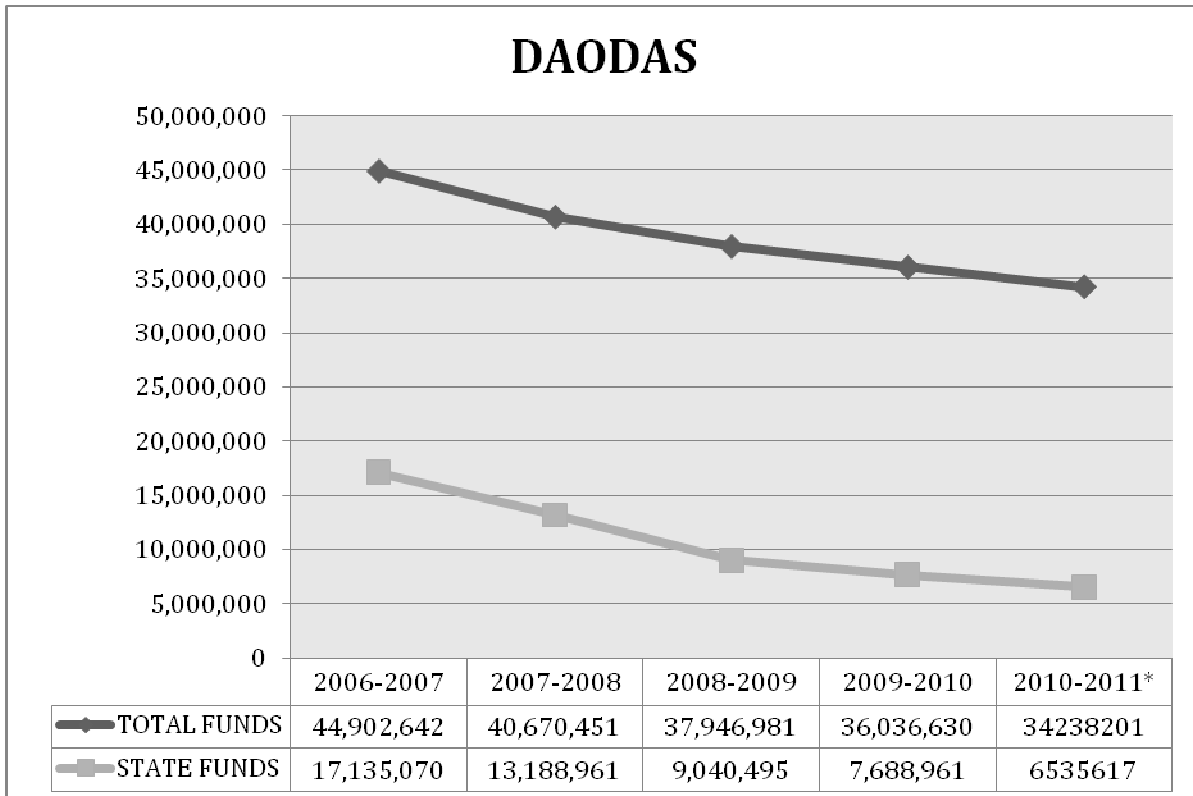
### AGENCY OVERVIEW

The South Carolina Department of Alcohol and Other Drug Abuse Services works to prevent or reduce the negative consequences of substance abuse, including educational efforts for children.

DAODAS provides three main services: prevention programs in communities and schools throughout the state, substance-abuse interventions and a wide range of addiction treatments.

Drug and alcohol problems know no prejudice. They affect South Carolinians of all ages and walks of life. DAODAS estimates that approximately 236,000 South Carolinians, including about 18,500 youths, suffer from substance-abuse problems that require immediate intervention and treatment. DAODAS also estimates that drug and alcohol problems directly and indirectly cost South Carolina about \$2.5 billion a year.

### BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

In FY10-11, DAODAS lost more than \$5 million in base state funds. While last year's state appropriations represented about one half of the agency's FY06-07 state funding, this year's allotment approaches only one third of that same figure.

DAODAS and its county authorities have suffered one of the largest proportional reductions of any state agency. The biggest bite came from the Medicaid match fund, which was halved during FY08-09. With the Medicaid match fund, the federal government matches every dollar the state puts up at a very favorable rate of more than 3-to-1. Therefore, when the General Assembly reduces a Medicaid match fund, it not only eliminates state funding, it causes the loss of federal support.

Between FY07-08 and FY08-09, state funding for chemical-dependency community-based prevention services was reduced by 70%, and chemical dependency community-based treatment services received a state funding cut of almost 60%.

## **THE REALITY BEHIND THE NUMBERS**

### *NOT ENOUGH TREATMENT TO GO AROUND*

While budget cuts have not forced the elimination any programs, the loss of staff has resulted in a fewer clients being served. Of the 18,518 youths suffering from substance-abuse problems in South Carolina, DAODAS and its provider network served 8,338 during FY09-10, or 45% of those in need. In FY08-09, DAODAS served 48% of those in need.

According to DAODAS, local service providers contracted by the agency have lost almost 100 clinical and administrative employees, both part-time and full-time, since the beginning of FY08-09. Two detoxification facilities have closed in Spartanburg and Marion counties for a loss of 21 beds. One inpatient facility for teenage mothers closed in June 2010 for a loss of 15 beds.

Meanwhile, DAODAS and its provider network have seen an increase in service seekers, especially for the Alcohol Drug and Safety Action Program (ADSAP), the statewide educational intervention service for persons convicted of *driving under the influence* (DUI), *boating under the influence* (BUI) or related charges. The rising demand is a direct consequence of recent changes to South Carolina's DUI laws and their increased enforcement. Waiting lists for some DUI services do exist, depending upon seasonal demand and location. Waiting lists for inpatient adolescent services also sporadically occur.

Substance-abuse education efforts continue, though on a more regional basis with cost-saving webinars employed whenever possible. A DAODAS official declined to

comment on the impact of the diminished education efforts, saying only that numbers would not be available until after the end of the fiscal year on June 30, 2011.

### *KIDS AT RISK*

According to the Center for Disease Control's 2009 Youth Risk Behavior Survey (YRBS), which is published every other year, of South Carolina's high school students:

- 35.2% drank alcohol on one or more occasions within the past thirty days,
- 18.4% had five or more drinks within the past thirty days,
- 20.4% had their first drink of alcohol prior to the age of thirteen,
- 69.1% had consumed at least one drink in their lives,
- 10% had driven after drinking in the past month, and
- 26% had ridden in a vehicle with a driver who had been drinking.

These statistics and those related to other drug use are similar to the national rates for such risky behavior. Where South Carolina exceeds the national rate is in the percentage of students who have been offered, sold or given illegal drugs on school property – 27.6%, compared to 22.7% nationally.

In addition, research has proven that students who start drinking before the age of 15 are four times more likely to become alcohol dependent. They are two and a half times more likely to become abusers of alcohol than those who do not drink until they turn 21.

# DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

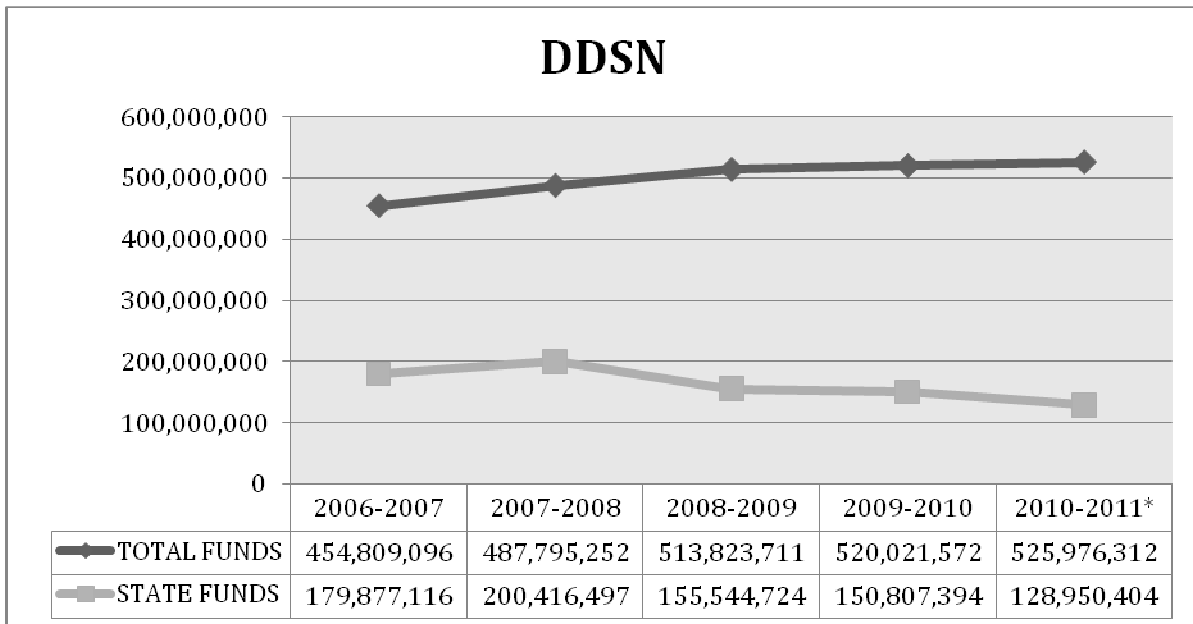
## AGENCY OVERVIEW

South Carolina’s Department of Disabilities and Special Needs has authority over the state’s services and programs for the treatment and training of people with mental retardation, autism, head or spinal cord injuries and conditions related to each of these four disabilities.

DDSN currently serves more than 30,500 clients, including about 11,500 children. About 84% of these individuals live at home, mostly with their families, where they generally prefer to receive services. Home services range from stipends, which allow a parent to stay home during the day and care for a child, to caretakers and therapists coming into the home, allowing a parent to go to work or the grocery store. These latter services are generally referred to as respite services. Funds available for respite services are very limited, and demand appears doomed to always outpace supply in South Carolina. Every cut is felt dramatically.

The remaining individuals served by DDSN have needs that cannot be met at home and require services provided in community-residential settings or in one of DDSN’s five regional centers. About 4,000 people receive 24-hour residential care in community settings, and another 800 people, those with the most severe disabilities, live in the regional centers, which offer specialized training, supervision and 24-hour-a-day health care.

## BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

- For FY10-11, the General Assembly appropriated \$128.9 million in state funds for DDSN – a 46% reduction since FY08-09.
- DDSN suffered its deepest cuts yet to recurring state funds in FY10-11. That portion of its budget decreased by almost 15% from the previous year.
- For FY10-11, \$172.2 million in state funds drew down \$348.5 million in matching Medicaid funds. We will not know how many Medicaid dollars South Carolina missed out on as a result of state-budget cuts until the end of FY10-11. In FY09-10, South Carolina lost \$31 million due to funding cuts.
- DDSN operates five regional centers, serving about 775 South Carolinians with the most severe disabilities. The regional centers provide specialized training, supervision and around-the-clock care. In FY10-11, the centers had \$295,000 cut from their operating budgets.
- In FY09-10, major program budgets were slashed, including \$10 million in state funds from the Mental Retardation Community Residential Program and \$7 million from the Mental Retardation In-Home Family Support Program. State funding for DDSN’s regional centers was halved that year as well.

## **THE REALITY BEHIND THE NUMBERS**

### *INCREASED DEMAND MAY GO UNMET*

Cases are piling up at DDSN. Progress in science and medicine saves lives, but it also means more children and adults require services to meet their special needs. DDSN now receives at least 500 new requests for eligibility determination per month. Meanwhile, turnover in DDSN’s service system is very limited as severe disabilities are lifelong.

Adding stress to the lives of many DDSN clients is the fact that many services have been paid for with nonrecurring funding for the past several years. Will the money be there next year? The disabilities will be. Without permanent recurring funding, these South Carolinians are vulnerable year after year.

Of FY10-11’s \$40.4 million in one-time state funds, which are used to address recurring needs, a DDSN official wrote, “If that funding is not restored in some fashion, it would be disastrous for individuals receiving or needing services.”

In addition, because of our state's budget crisis, the number of individuals on DDSN's waiting lists continues to grow, as do the waiting periods. Additional funding is needed to relieve the 2,147 individuals awaiting DDSN's Medicaid-funded mental retardation, autism and head and spinal cord services.

### *DIMINISHED SERVICES*

- Child Development Centers were reduced from five to two in January 2009. Ninety children lost access to those service offerings at the time. Since 2009, DDSN has funded the two remaining centers with non-recurring funds, as required by proviso.
- DDSN lost 70 beds in FY10-11, extending waiting lists by that number.
- Having lost \$2.6 million for family-support stipends and respite since October 2008, those services were further reduced in FY10-11. DDSN did not respond to a request for specific numbers.
- In June 2007, 6,864 families received day services from DDSN. In June 2010, 7,077 did. This low growth is worrisome given the slow turnover rate among DDSN clients, who typically require assistance for life.
- Summer Services accommodate just over 3,000 children with disabilities who attend public schools and/or whose parents are working or need respite but have no extended family or other caregivers available during summer work hours. Summer Services include camps, daycare, therapy and other support tailored to the individual. In many cases, this program enables families to keep their disabled children out of residential placement. The number of children in Summer Services has grown by only 610 students in five years.

DDSN did not provide specific enrollment numbers, stating only that, "There are some people turned away due to limited funding and capacity even in good years. Summer services had been funded about \$700,000 each year until 2009, when it was reduced to about \$300,000. In 2010 these services were funded using respite/family support funds."

- In April 2010, DDSN eliminated 50 positions. In addition to direct care providers, positions lost include data coordinator, human-service coordinator, supply specialist and program coordinator. DDSN declined to comment on how personnel losses impact services.

### *COURT RULES AGAINST CUTS*

In November 2010, a federal judge ruled against Gov. Mark Sanford, DHHS and DDSN – ordering the state to reverse budget cuts that could have forced the institutionalization of three Upstate residents with special needs in violation of the Americans With Disabilities Act.

At the center of the trial was the issue of in-home care for people with special needs. To save money, the state attempted to eliminate the services that enabled the three plaintiffs to live at home and pursue some normal activities, such as work.

The judge held that the plaintiffs' lives would be drastically upended as a result of the budget cuts, and federal law prohibits compelling people with special needs into restrictive environments when less disruptive ones are available.

The ruling puts the state on notice that courts are serious about enforcing the federal law. Continued cuts to in-home services will open the state to further costly litigation that would divert funds from services.

Furthermore, at-home care is usually less expensive than institutionalization.

### *PROVIDERS GO UNCOMPENSATED*

As service-provider costs have risen, DDSN has reduced its reimbursement rates four times in the past five years. The General Assembly made these cuts permanent in 2011.

Access to quality care demands fair compensation. If the state cannot afford to fully reimburse its service providers, it will not be long before they tire of being underpaid and turn DDSN clients away.

DDSN's budget request for FY11-12 includes an appeal for \$2.2 million in new state funds in order to compensate service providers for the actual cost of care.

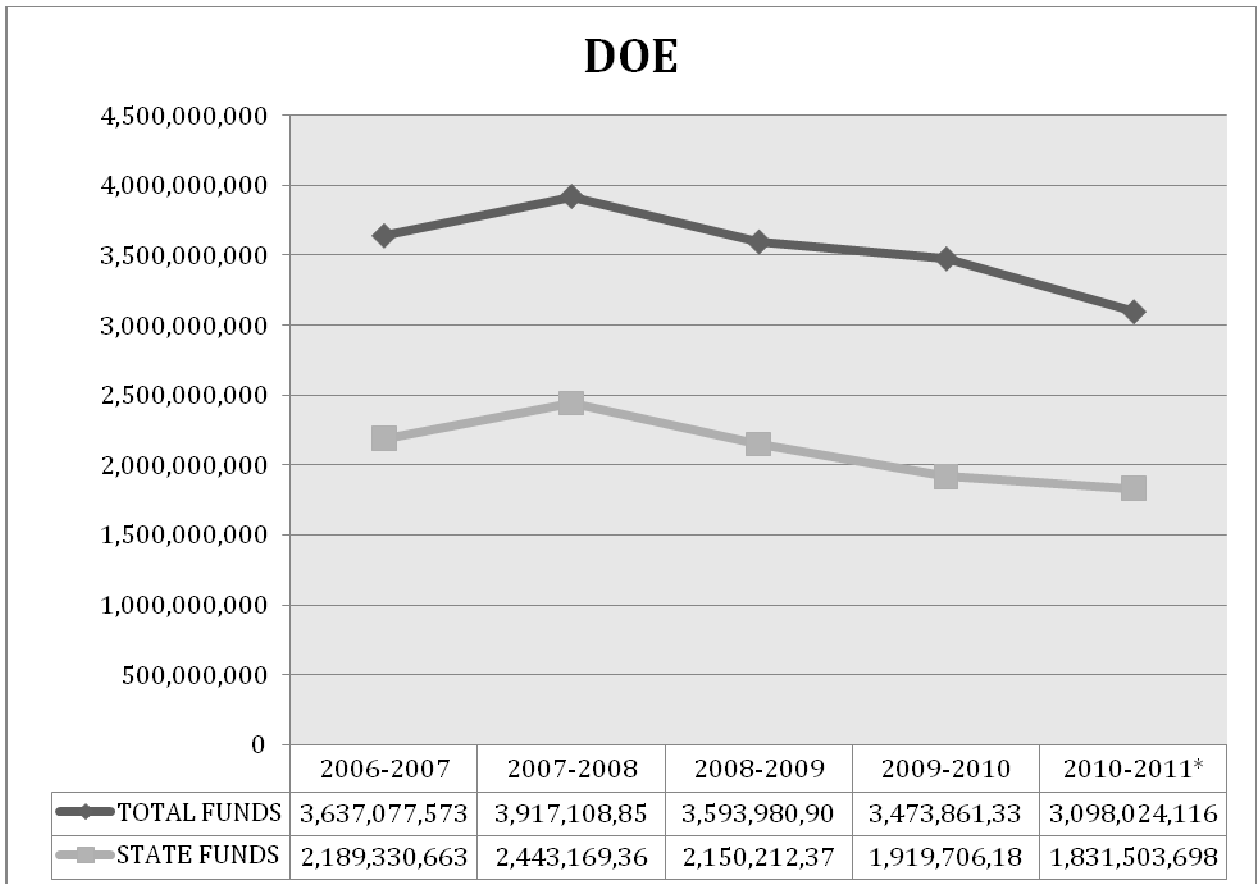
# DEPARTMENT OF EDUCATION

## AGENCY OVERVIEW

The South Carolina Department of Education’s mission is to provide leadership and services to ensure a system of public education through which all students can become educated, responsible and contributing citizens.

Within the public education system, DOE provides the following services to all 85 school districts and to the state’s 700,000 publicly educated K-12 students: curriculum and assessment, professional development, school quality resources, educator guidance and resources, school leadership, grant support, food services, facility planning, transportation and technology services.

## BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

According to recently departed State Superintendent of Education Jim Rex, morale in South Carolina's schools may be at an all-time low – the result of budget cuts and accompanying austerity measures, which remind students everyday that their education is of cut-rate caliber.

DOE dollars were down across the board for FY10-11:

- Total funds for the school year, including all state and federal monies, have dropped by \$800 million since FY07-08.
- Recurring state appropriations have dwindled from \$2.4 billion in FY07-08 to \$1.8 billion in FY10-11, less than the General Assembly appropriated for education at the turn of the millennium.
- According to Education Week's Quality Counts 2011 report, South Carolina spent \$9,060 per student in FY07-08 – the most recent year for which complete data were available and a high-water mark for state spending on education – almost \$1,200 less than that year's national average.

This year has not been without accomplishments for DOE, however. For the first time, South Carolina students scored at or near the national average on standardized tests. It says quite a lot about our state's traditional commitment to education, which hinges on the "minimally adequate" ethos, that we are even heralding this achievement.

## **THE REALITY BEHIND THE NUMBERS**

Despite a \$335 million federal lifeline – stimulus funds from the American Recovery and Reinvestment Act, which were spent on K-12 over the past two years – DOE still has struggled to protect its classrooms from the recession.

FY10-11's list of hardships includes increased class sizes; abandonment of successful academic programs; reduced course offerings, summer school and school travel; continued use of outdated textbooks and computer software; inadequate heat in winter; deferment of building maintenance; clunker school buses; and fee hikes for extracurricular programs.

Meanwhile school districts have eliminated between 4,000 and 6,000 positions in the past two years, including 1,400 teaching positions this school year. More layoffs are expected. Remaining teachers are absorbing up to 78,000 mandatory furlough days this school year, amounting to salary cuts of up to \$20 million.

As for South Carolina's public school students, the astounding percentage of those living in poverty has risen two more points to 75% in the past two years, meaning many of their families are now facing penury, joblessness, even homelessness, and their accompanying anguish for the first time.

Three out of every five schools now have at least 70% of students living in poverty. One in every four has 90% of students in poverty. Abundant research shows that students living in poverty cost almost twice as much to educate as those from households with sufficient means.

For the teachers and administrators who remain, increased poverty and reduced state services have compelled many of them to shoulder more duties than they did in the past, despite their pay cuts.

No longer are they simply instructors and disciplinarians. Many now act as social workers, confidantes, fixers and fundraisers – investigating possible cases of neglect or abuse, finding jobs for laid-off parents, making sure a child has a jacket for winter or medicine for a cold, all manner of assistance.

For many of South Carolina's K-12 students, school increasingly is not just the place one goes to learn. It is the point of access in their lives for order, stability, security, square meals and caring adults.

The burgeoning demand for social services from faculty is evidenced by the H.E.A.R.T. tool-kit (Helping Educators Access Resources Together) – a 58-page document disseminated by DOE in 2010 to inform teachers about indicators to look for in a troubled children and resources to tap as they endeavor to help them.

But with the expiration of federal stimulus funds creating another \$173 million hole in next year's DOE budget, no relief is on the horizon. Furthermore, South Carolina's failure to meet its federal maintenance-of-effort requirement for higher education, as required by the EduJobs Act, cost DOE \$143 million in federal money that could stave off teacher layoffs, furloughs and pay reductions – which would ensure more kids slipping through the cracks.

### *ACT 388*

Like a stool requiring three legs to stand, responsible school funding requires three sources of revenue – the income tax, the sales tax and the property tax. The reasons are simple and sane:

- A. Taxes should come from as wide an array of sources as possible so as not to overburden any one sector,
- B. Spreading the burden ensures greater stability and reliability, and

- C. Having a variety of revenue streams minimizes the impact of any economic downturn.

In 2006, at the behest of the anti-tax lobby, the General Assembly adopted Act 388, eliminating the property tax and effectively sawing off the sturdiest leg of our stool. Since then, Act 388 has been widely derided as one of South Carolina's most damaging pieces of legislation.

Act 388 exempts the first \$100,000 in market value of primary residences across the state, leaving only commercial properties and secondary residences taxable. One need not specialize in South Carolina to know that few of our 46 counties boast many second homes or significant commercial properties. Act 388 also prohibits local governments from enacting their own property tariffs to pay for school operations.

The legislation also contained a lopsided tax shift: a one-penny sales-tax increase to compensate for the roughly half-billion dollars a year in lost revenue to schools. Today, South Carolina has learned the hard way that a sales tax is the tariff most vulnerable to times of boom and bust. Not once has Act 388's sales tax generated the money it was supposed to. Instead, it has fallen short by hundreds of millions of dollars.

As the former Board of Economic Advisers Chairman John Rainey told *The Post and Courier* (Charleston) in 2010, "We traded the most unpopular but most stable tax, the property tax, for the least unpopular but most unstable tax, the sales tax. ... It's all snowballing."

Perplexingly, the General Assembly forbade the South Carolina Tax Realignment Commission (TRAC), the body it formed to study a possible overhaul of our jerry-rigged tax code, from even considering revision of Act 388, thereby consigning our schools to future financial neglect and uncertainty.

(Even more confounding, the General Assembly has disregarded TRAC's findings and recommendations without consideration.)

Furthermore, it should be noted that some political activists, in arguing laughably and vexingly that South Carolina schools are actually overfunded, have attempted to characterize Act 388's one-penny sales tax as just another pot of money squandered on education, instead of recognizing the legislation for what it is – a tax swap. Hence Act 388's nickname, "the swap bill."

South Carolina's public schools still bear the legacies of segregation and inequality. Chronic underfunding has handicapped them for generations. To maintain status quo levels of support is to maintain past wrongs. The state has shirked its responsibility for generations, saying it cannot mitigate the effects of poverty, when

ample evidence shows that adequately and equitably funded schools can do just that.

Simply by scrolling through the S.C. Education Oversight Committee's 2010 report cards, one can see that the few schools in South Carolina that qualify as both high-poverty and high-performing are located overwhelmingly in wealthier districts that can provide additional local funding to cover the costs of educating poor students – concrete evidence that, when it comes to providing equal opportunities in schools, money matters.

### *BASE STUDENT COST*

At the heart of South Carolina's school funding system is the Education Finance Act (EFA) of 1977, which contains a mechanism known as the Base Student Cost (BSC). Through a formula that considers weighted pupil units, the taxpaying ability of districts, and the BSC, the EFA is supposed to allocate funding based on individual students' and districts' needs.

Other funding streams to schools use a headcount method of disbursement in which districts tally their students, report the total to the state, and receive the same amount of money for each child, regardless of local or individual circumstances. The purpose of the EFA – and the BSC – is to provide a funding foundation that guarantees every child in every school district the same educational opportunities, rich or poor.

Originally, the BSC was what it sounds like, the amount per student that the state needed to appropriate to cover the costs of instruction, material needs and other operating expenses.

These days, however, the BSC is an arbitrary trifle that more accurately reflects what money is readily available, rather than anything to do with actual cost. (Case in point: FY10-11's BSC = \$1,630.) Politicians, unwilling even to recognize the extent of the challenges our schools face, have undermined it.

Here, it should be noted that any monies appropriated for schools outside of the EFA are reserved for purposes other than districts' basic expenses. Those funds are neither need-based nor wealth-sensitive, leaving the BSC as the main mechanism for leveling South Carolina's academic playing field and the main pot of money a district can spend at its own discretion in order to best meet local needs.

Some may claim that Act 388's one-penny sales tax is today's mechanism for guaranteeing adequate funding for each student, but that claim would be vulnerable to the ledger that shows sales taxes consistently failing to generate projected revenues.

Of course, there are no simple solutions, but the fact that South Carolina has not even commissioned a comprehensive school-funding-adequacy study since 1990 is ample evidence of the BSC's arbitrary nature and our state's weak stomach for seriously addressing education costs.\*

The fact that the General Assembly has fully funded the BSC only a dozen times since its inception in 1977 suggests traits more deplorable.

### *"CORRIDOR OF SHAME"*

In 2005, the documentary film "Corridor of Shame" drew national attention to South Carolina's neglected school districts, the plight of their children and their legal battle to remedy the state's unjust school-financing system.

In December 2005, after 102 days of trial and 70 witness testimonies, a Clarendon County Circuit Court ruled in favor of the plaintiffs – 37 mostly poor and rural school districts. The judge held that the state had failed to fulfill its constitutional obligation to provide each child in the plaintiff districts with the opportunity to receive a "minimally adequate" education.

More than five years later, not much has changed. All parties await a ruling from the S.C. Supreme Court, which heard oral arguments for the case's appeal in 2008.

However, a small upshot has been the reluctant recognition among legislators that it takes many more resources to educate poor children than it does to educate those with means.

In response to the Circuit Court ruling, the S.C. Senate in 2006 approved a one-time appropriation of \$23.5 million to launch the Child Development Education Pilot Program (CDEPP) – a 4K program for low-income children in the state's eight lowest-performing school districts, all plaintiff districts in the "Corridor of Shame" case.

Now in its fifth year, CDEPP has expanded to offer some 4K in all of the plaintiff districts. Funding is still routed through the original eight, ensuring they receive priority, followed by those with the highest numbers of underserved 4-year-olds.

Unfortunately, CDEPP is chronically underfunded and forced to rely on poorly paid teachers who have not undergone adequate training and, in many cases, do not understand what is required to teach an underprivileged child.

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\* A partial study was conducted in 2000, but it did not consider state statutes and regulations, and provided only a partial sketch of our students' needs, widely considered as a lowball estimate.

CDEPP also fails to provide 4K for at-risk children outside of the 37 plaintiff districts, where four-year-olds must meet myriad eligibility requirements to qualify for other limited 4K programs.

This patchwork of programs leaves many children un-served, up to 62%, according to the National Institute for Early Education Research. The South Carolina Education Oversight Committee repeatedly has recommended the state fill this gap in services.

Though limited, CDEPP is a laudable initiative. However, if it were meant to get South Carolina back in line with the state constitution, fulfilling our obligations to our children, it falls far short.

In his circuit court ruling at the Clarendon County Courthouse, Judge Thomas Cooper specifically held that the state had failed in its obligations to provide adequate opportunities in early childhood education, including “the pre-kindergarten level and continuing at least through grade 3.”

Addressing only one year of early childhood education is a limp gesture toward constitutional compliance.

#### *“RUN IT LIKE A BUSINESS”*

“Run it like a business” – that is the refrain often employed by South Carolina politicians when they are called on to describe their approach to tackling government inefficiencies.

The line sounds good on the stump but gets uneven application. For example, how many well-run businesses would order a reduced workforce to take on increased workloads, requiring new skills, with reduced pay and inadequate training? This is what we are asking of our teachers.

FY10-11’s mandatory furlough days fall on non-instructional days, meaning they fall on days formerly devoted to professional development. Last year, teachers received little professional development. This year they get none.

The problem is more acute in rural and poor districts, where the youngest, least prepared teachers usually land. The majority arrives in impoverished communities from college campuses and middle-class backgrounds, lacking any concept of the societal ills their students might face, unprepared to recognize signs of trauma or neglect, but expected to raise test scores all on their own.

In fall of 2010, a teacher\* from one of the “Corridor of Shame” school districts related the daily challenges in the classroom. Her comments may ring familiar to anyone who knows a teacher working in a South Carolina public school district. “It’s all classroom management. That’s the problem. There isn’t a lot of learning going on. When you look into the classes, either everyone is sleeping or out of their seats rushing around. There are so many fights. I just heard one this morning.”

The teacher went on to say that a scarcity of authority figures, including a lack of administrative support for teachers on discipline issues, means that most teachers are not even able to go to the bathroom during the school day, much less plow through a curriculum.

“You’re not allowed to send [discipline] referrals into the office, because they keep track of the number of referrals and it doesn’t look good, and they want to tell everyone, ‘Oh look, from 2008, discipline issues are decreasing,’ but really it’s just that teachers aren’t allowed to send them to the office.”

Wealthier, urban school districts with strong tax bases to draw from are not impervious to budget cuts either.

“The general public doesn’t understand that when we’re talking [budget] cuts, 95% of the time we’re talking personnel,” a high school administrator from such a district said.

“The lack of money translates into lack of time, because you’re doing so many more things with the same amount of time. Whereas this person might have been mentoring this young teacher, now we’ve asked them to take on more of something else, and they simply don’t have the time to do all of these things.”

There are a number of solutions, but none is revenue neutral. Smaller classes cost money. Professional development, which enables teachers to better manage their classrooms, costs money. Keeping experienced teachers on staff and giving them the time to mentor new faculty costs money. Administrators who are not overwhelmed, who have time to poke their faces in classrooms and assert their authority when needed, cost money.

As Jim Rex, the former state superintendent of education, told the Associated Press in 2010, “One thing I know is that schools won’t be able to budget-cut their way to success.”

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\* The two sources quoted in this section have been granted anonymity that they requested, stating concerns for potential reprisals from district officials.

## *SCHOOL BUSES IN DESPERATE NEED OF ATTENTION*

DOE is required to provide basic transportation for the public school system. School buses carry students on 700,000 trips per school day. For the past 10 years, appropriations have been insufficient to cover the increasing cost of maintaining and operating the state's aging buses.

In FY10-11, the recurring general fund appropriation was \$34.3 million, compared to an estimated actual cost of \$54.5 million. The school bus fuel budget alone is estimated to be \$29 million.

South Carolina is home to the nation's oldest, most decrepit fleet of school buses. More than 60% are at least 16 years old and half have more than 200,000 miles on them. As of June 2010, about 1,500 of the state's 5,672 buses have been in service for 21 years or more, according to a report in *The Herald* (Rock Hill). Breakdowns have been frequent, particularly in York County, where children are not regularly making it to class on time.

"The buses are down so much that they're not available," Rock Hill schools Transportation Director George Hampton told *The Herald*. "We're having buses break down on the road. ... We're in a crisis situation as far as timely routes."

Despite a 2007 commitment by the General Assembly to retire and replace buses at 15 years old, lawmakers have not appropriated the necessary money. Faced with no good options, DOE has augmented its fleet by purchasing road-weary vehicles at state auctions in Kentucky and Alabama.

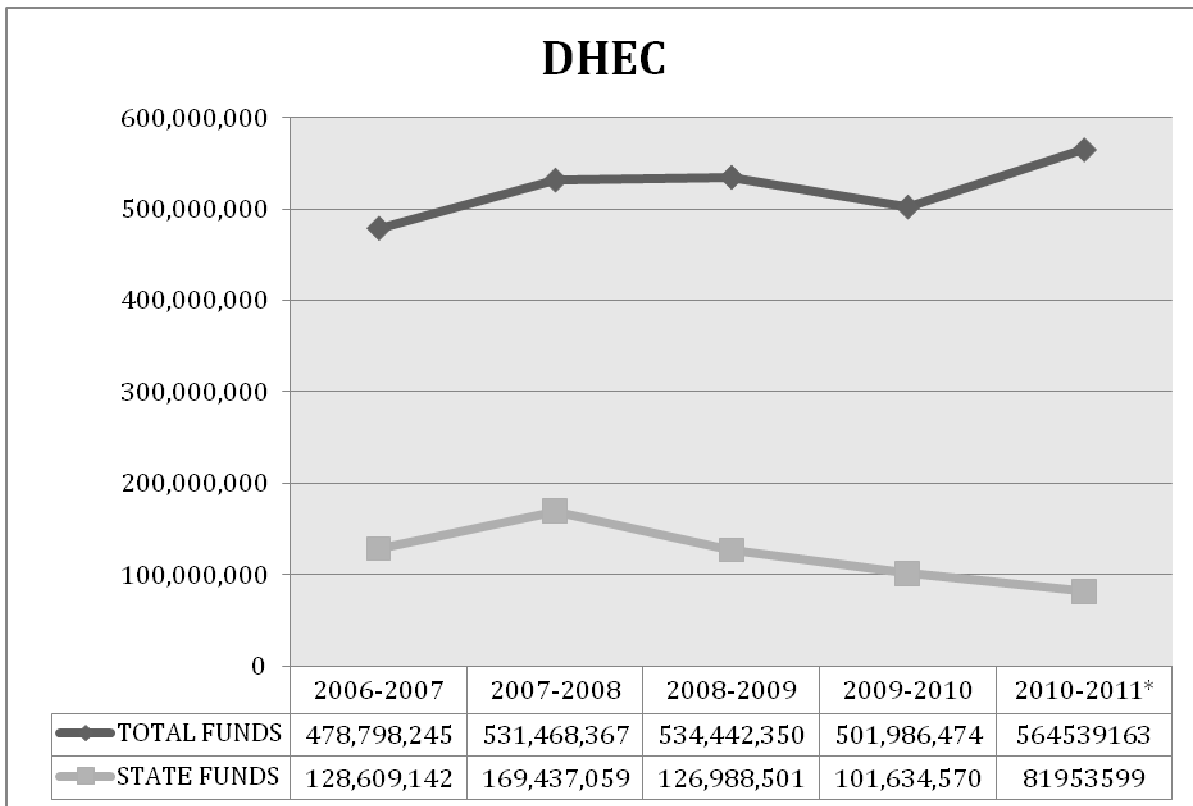
# DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

## AGENCY OVERVIEW

The South Carolina Department of Health and Environmental Control is the public health and environmental protection agency for the state. Its mission is to promote and protect the health of the public and the environment. Its stated vision is “healthy families living in healthy communities”. To that end, DHEC assumes a wide array of responsibilities, many relating to the welfare of South Carolina’s mothers and children. They include:

- Protecting the public against food-, water- and vector-borne diseases;
- Promoting health behaviors;
- Reducing the occurrence of vaccine-preventable diseases;
- Improving maternal and child health;
- Reducing disparities in the incidence and impact of communicable and chronic diseases; and
- Assessing health needs and assuring access to health services.

## BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

DHEC's state funding has decreased by more than \$87 million (52%) over the past three fiscal years. DHEC was appropriated \$81.9 million in state monies in FY10-11, compared to expenditures of \$169.4 million in FY07-08.

Over the past two years, DHEC's staff has dwindled from approximately 5,800 to 3,600. According to the agency's most recent accountability report, budget constraints are likely to demand more layoffs. Almost all DHEC programs have lost staff, to the detriment of service quality.

According to the agency, "Reductions of funds in [DHEC] programs have resulted in a large number of extremely difficult decisions on which services have had to be discontinued. This has resulted in many clients going without services they were once receiving. Children with special health needs and newborn home visits are obvious examples. Additional services that have been cut include the environmental health program whose staff provides restaurant, daycare and septic tank inspections. The environmental quality control programs at DHEC have also seen significant reductions in staff, which impacts oversight of water quality, sewer plant inspections, storm water runoff, as well as air quality. Our environmental programs impact the health of this state and should not be considered any less important than the health-related programs."

In response to Gov. Mark Sanford's order that agencies find needed funding within their existing resources, DHEC Commissioner C. Earl Hunter wrote in his FY11-12 budget proposal that "cannibalizing existing, important programs to fund these needs simply accomplishes nothing overall.

## **THE REALITY BEHIND THE NUMBERS**

Many DHEC services for children have been cut or negatively impacted by budget cuts, including the following:

### *PERINATAL REGIONALIZATION SYSTEM (PRS)*

PRS works to insure that babies are delivered with appropriate care. It connects mothers-to-be with needed pre- and post-delivery services. In FY10-11, PRS lost another \$96,997 (16.33%) of its funding, on top of the previous year's 32% cut, further weakening the program. PRS gets 57.2% of its funding from the state. According to DHEC, efforts to monitor and enhance PRS have been curtailed or abandoned because of the cuts. Staff education has been greatly reduced or dropped.

“The budget reductions decrease the capacity of DHEC to support the system and erode our ability to assure all at-risk mothers/infants are born in facilities that are capable of providing appropriate care,” a DHEC official wrote.

South Carolina currently lurks just behind Mississippi and Louisiana as the state with the third highest rate of infant mortality. We cannot hope to improve our standing in this key child-welfare indicator without risk-appropriate perinatal care.

### *SOUTH CAROLINA BIRTH DEFECTS PROGRAM (SCBDP)*

SCBDP works to improve our understanding of birth defects, to prevent birth defects and to assist families with children who have birth defects. SCBDP, which relies on the state for 100% of its funding, experienced a \$7,879 (16.33%) budget reduction in FY10-11, on top of the previous year’s 21.7% cut.

FY09-10’s cuts meant staff reductions that resulted in longer waiting periods for referrals and a deficit in expertise, including the notable loss of an experienced epidemiology consultant. The program was unable to expand to remaining hospitals, including “border hospitals” in Georgia and North Carolina and outpatient clinics, as mandated by the South Carolina Birth Defects Act.

In FY10-11, SCBDP has been further crippled in terms of birth-defect surveillance, referral and follow-up, data analysis, research quality and staff training.

“Needed activities in the program have been put on hold indefinitely until staffing is available to meet the obligations,” according to a DHEC official.

Reductions in this program will not only result in impaired quality of life for children with birth defects, but also cause taxpayers to incur greater expenses in the future, as children with severe defects will require extensive state support throughout their lives.

### *MATERNAL AND CHILD HEALTH (MCH)*

MCH provides core staff and funding infrastructure for 46 county health departments in all program areas that work with maternal and child populations. The reduction in dollars has significantly impacted its ability to provide services and to establish community systems facilitating access to care.

In FY10-11, MCH lost \$129,521 (16.33%) of its funding, further damaging its ability to carry out postpartum newborn home visits, a service in which registered nurses provide in-home assessments of mothers, babies and families, with a special emphasis on the Medicaid-covered newborn population. Nurses then pair mothers with post-delivery care and family-planning services and babies with a medical

home for preventative and sick care. These visits are a key component in the state's effort to lower our renowned level of infant mortality.

In FY09-10, MCH made 9,031 postpartum newborn home visits. DHEC did not respond to follow-up efforts to determine how many potential clients did not receive these visits.

South Carolina's infant mortality rate, one of the highest in the nation, fell by 0.5% between 2007 and 2008. Maintaining high-quality MCH services is essential to building on that progress.

### *CHILDREN'S REHABILITATIVE SERVICES (CRS)*

CRS once provided medical and related services to South Carolina residents under 21 who have a range of chronic illnesses and/or handicapping conditions. In FY10-11, CRS lost \$595,781 (16.33%) of its funding, 42.71% of which is derived from state funds.

FY09-10's budget cuts had forced a lowering of the age cut-off to 18. Other belt-tightening measures from last year include:

- Elimination of CRS coverage for inpatient hospitalization, except for surgical corrections of "craniofacial anomalies,"
- Elimination of CRS coverage for emergency care,
- Elimination of CRS applications for orthodontic coverage for clients over 16 (Applications for SC Medicaid clients are processed up to age 20.),
- Elimination of CRS supplemental coverage for SC Medicaid clients, and
- Elimination of CRS coverage for non-prescription medications, supplements and medical supplies.

Diminished CRS coverage means substantial increases in out-of-pocket health expenditures for low-income people struggling through the recession. It also means that sick or handicapped children will go without care.

As of October 2010, 4,291 clients were enrolled in CRS, more than 1,000 fewer than in FY09-10, despite soaring demand.

### *SEXUAL VIOLENCE SERVICES PROGRAM (SVSP)*

SVSP manages contracts for, provides technical assistance to, and works collaboratively with the state's 16 rape-crisis centers and the statewide coalition, the SC Coalition Against Domestic Violence and Sexual Assault. The program administers \$1.6 million in state and federal funds for sexual-violence services.

According to the Foothills Alliance, a service provider for survivors of sexual assault located in Anderson, a series of funding reductions from DHEC has greatly hindered the 22-year-old organization's ability to operate.

State support for the Foothills Alliance has contracted by 30% while DHEC's demands have grown, especially in the area of community education. In 2010, with \$64,000 from DHEC, Foothills Alliance provided multiple services to 458 sex-crime victims, 262 of whom were children. Three years ago, Foothills Alliance provided services to 383 victims with \$102,000 from DHEC, fewer victims with more money.

The impact of the lost funds on Foothills Alliance and its clients has been dramatic. Sex-crime victims now must join a waiting list, when immediate intervention after a sexual assault is widely recognized as the key to a victim's recovery. There simply is no money to pay a sufficient number of advocates and counselors.

Without the necessary support for sex-crime victims, our state will pay later. Untreated victims, research shows, often fall into drug-and-alcohol dependency, sexual promiscuity resulting in teen pregnancy, or criminal activity. They will require mental health services later in life, having been denied them at the time of their victimization.

#### *HEMOPHILIA*

DHEC's hemophilia program provides life-saving blood products and supplies at no cost to residents who have hemophilia or other congenital blood coagulation disorders and who meet income guidelines. In FY10-11, the program lost \$241,195 (16.33%) of its funding, 88% of which comes from the state.

According to DHEC, "The majority of hemophilia program clients have SC Medicaid coverage. DHEC is reimbursed by SC Medicaid for a large portion of the cost of hemophilia products for Medicaid clients. As less state funding is available for hemophilia clients without SC Medicaid, the hemophilia program adjusts coverage levels to stay within budget limits."

The program has 107 enrollees in FY10-11, eight more than the previous year.

#### *NEWBORN HEARING*

DHEC's newborn hearing program provides hearing detection screenings for approximately 55,000 infants born each year in South Carolina hospitals and refers them on appropriately. Statewide monitoring and surveillance are included within this program.

In FY10-11, the newborn hearing program lost \$98,929 (19%) in funding, with 88% of its budget derived from the state. While screening rates have remained steady, hospital reimbursements have been reduced.

### *SICKLE CELL*

DHEC's sickle-cell program provides physician visits, pharmaceutical support, physical and occupational therapy, and durable medical equipment to South Carolinians living with sickle-cell disease.

In FY10-11, the program lost \$151,598 (16.33%) in funding, 89% of which comes from the state. Consequently, the program no longer covers clients for inpatient hospitalization and emergency room visits. As of September 2010, the program had 93 clients, 27 fewer than the previous year.

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

## AGENCY OVERVIEW

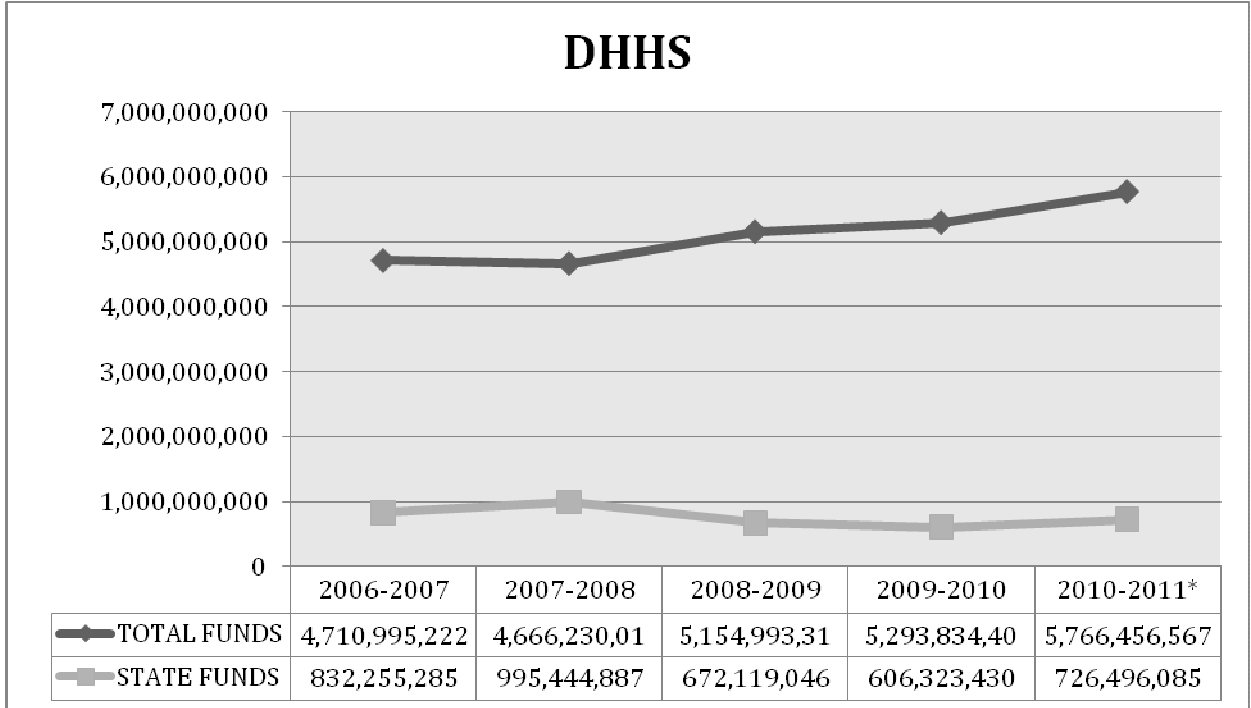
The South Carolina Department of Health and Human Services administers the state’s Medicaid program, which has provided healthcare coverage for the state’s neediest and most vulnerable citizens since its inception in 1965.

DHHS also provides educational and prevention programs and supports a range of treatment, intervention, and support programs through other state agencies.

Medicaid is crucial to the health of South Carolina, especially our kids. It covers approximately 53% of all births and 43% of all children. Medicaid reimbursements drive the state’s health care economy, with almost \$5 billion paid out annually to hospitals, nursing homes, doctors and other service providers.

Meanwhile, South Carolina continues to flounder at the bottom end of nationwide health rankings. The United Health Foundation ranks us 41<sup>st</sup> among states in overall health.

### BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

DHHS is in crisis mode. The state recently recognized \$100 million of its deficit, which will keep payments flowing to health care providers for services rendered up until the end of April 2011. It remains \$128 million-deep in the hole.

Approximately 975,000 South Carolinians per year receive Medicaid services. Of them, almost 550,000 are children.

Two symptoms of the current economic malaise have conspired to sap DHHS:

1. Revenues collected through South Carolina's convoluted, patchwork tax code dwindled to a trickle during the recession, causing the General Assembly to reduce state appropriations to the agency by \$228.4 million over the past three budget cycles, nearly the same amount as the current deficit. The pain of those cuts was compounded by the transfer of more than \$550 million in one-time funding from DHHS to other fiscally depleted state entities.
2. With high joblessness and a lagging economy, poverty has spiked across our state, qualifying many more South Carolinians for Medicaid. For an adult to meet eligibility requirements, he must be at 50% of poverty. For example, an adult from a household of three that earns less than \$10,000 a year would qualify. The rolls have grown by 90,000 recipients since the recession began in December 2007. Between 2,500 and 5,000 people have been added each month, further straining the program. Eligibility restrictions are not an option, not simply because of our values, but because of a maintenance-of-effort condition attached to federal dollars, which the state accepted through the American Recovery and Reinvestment Act.

Additionally, South Carolina would be out of compliance with federal Medicaid regulations, thereby jeopardizing future federal funding and opening DHHS and the state to lawsuits.

## **THE REALITY BEHIND THE NUMBERS**

### *COST-SAVING MEASURES*

In FY10-11, DHHS laid off 44 employees – 33 from its applicant eligibility and processing division, 5 from medical services and 6 from administration. Through downsizing, hiring freezes and redistribution of workloads, DHHS has realized a vacancy of about 275 positions, or 18% of those available. Mandatory and voluntary furloughs also have been implemented.

DHHS has claimed the personnel reductions have not impacted service delivery, eligibility processing or its ability to comply with federal regulations; however, the agency warns that the present skeleton-crew operation will have a difficult time maintaining its current level of productivity.

In reality, an already cumbersome, barrier-ridden application process has been detrimental to access. If a would-be applicant cannot get someone on the phone at DHHS, she cannot get enrolled. Complaints abound. Staff cuts have only made the process more onerous.

### *CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)*

In 1997, South Carolina expanded Medicaid-eligibility to children in households earning less than 150% of the federal poverty level. In 2007, South Carolina created the stand-alone CHIP program, which expanded eligibility to children in households earning 150% to 200% of the poverty level.

At the time, it was estimated that 70,000 uninsured children were eligible for the CHIP, but since 2008, when the program went online, enrollment never topped 15,000, because DHHS did no outreach and did nothing to reduce various barriers to enrollment.

In addition, Gov. Mark Sanford vetoed CHIP funding, appropriated by the General Assembly, every year until 2010, when the legislature wisely protected its effort to provide children with health insurance by simply expanding Medicaid to all children in households earning up to 200% of the poverty level.

Today, there is no longer a distinction between CHIP and Medicaid for children. All participants are in the Medicaid/Children's Health Insurance Program, and those who were previously enrolled in the stand-alone CHIP program are no longer subjected to waiting lists or copayments.

Unfortunately, DHHS still has not stepped of its efforts to identify and enroll the state's uninsured children – who now number more than 100,000 – or made it easier for them to stay uninsured.

Children are being “churned” in and out of the program. Each year children must be recertified that they are still eligible for Medicaid. This is an inefficient and costly barrier to children's health care, as many families get lost in the recertification process and their child's coverage lapses.

Meanwhile, if DHHS were willing, it could streamline the process, not disrupt a coverage and boost enrollment simply by coordinating with the Department of Social Services, which administers the Supplemental Nutritional Assistance Program, formerly known as food stamps. SNAP, a federal program, reviews the eligibility of its beneficiaries every six months, and if a household meets SNAP's eligibility requirements, the children in that household automatically meet DHHS' Medicaid requirements for an additional year.

It is hoped that the new DHHS administration will be open to implementing such simple efficiency measures, sparing itself and its clients from needless, time-consuming paperwork.

DHHS has also reduced the number of rehabilitative-service appointments available per year to enrolled children from 225 to 75, except in when a doctor can convince the agency that more visits are necessary.

### *MEDICAID'S ANCILLARY BENEFITS*

In addition to providing health insurance coverage to citizens who would otherwise not be able to afford it, Medicaid drives the business of medicine in South Carolina and is a major boon to our state economy.

According to an online benefits calculator, provided by our friends at Families USA\*, Medicaid funding and its ripple effects currently provide the state with \$3.528 billion in business activity, more than 34,000 jobs and \$1.3 million in salaries and wages – a very favorable exchange for the \$200 million that the state appropriates to DHHS.

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\* <http://www.familiesusa.org/issues/medicaid/other/medicaid-calculator/medicaid-calculator-states-map.html>

## *REDUCING PROVIDER RATES*

Facing a \$228 million shortfall for the current fiscal year, DHHS has proposed reducing reimbursement rates to service providers, primarily doctors and hospitals.

What would be a simple austerity measure in other states requires legislative lifting in South Carolina. That's because, for the past three years, the General Assembly has guarded Medicaid provider rates through a proviso.

No other state in the nation has such a protection for medical professionals, and rates here are the 16<sup>th</sup> highest in the nation; but, according to lawmakers, a lack of trust in Gov. Mark Sanford's DHHS administration compelled the legislative micromanaging.

Now Gov. Nikki Haley has asked the General Assembly to undo its proviso, in hopes of saving \$125 million.

While minor reductions could avert immediate fiscal catastrophe at DHHS, extensive rate cuts likely would impede access to care for Medicaid recipients. If doctors and hospitals feel they are unfairly compensated, they will deny services.

Cutting provider rates is not a long-term solution for fixing DHHS.

# DEPARTMENT OF JUVENILE JUSTICE

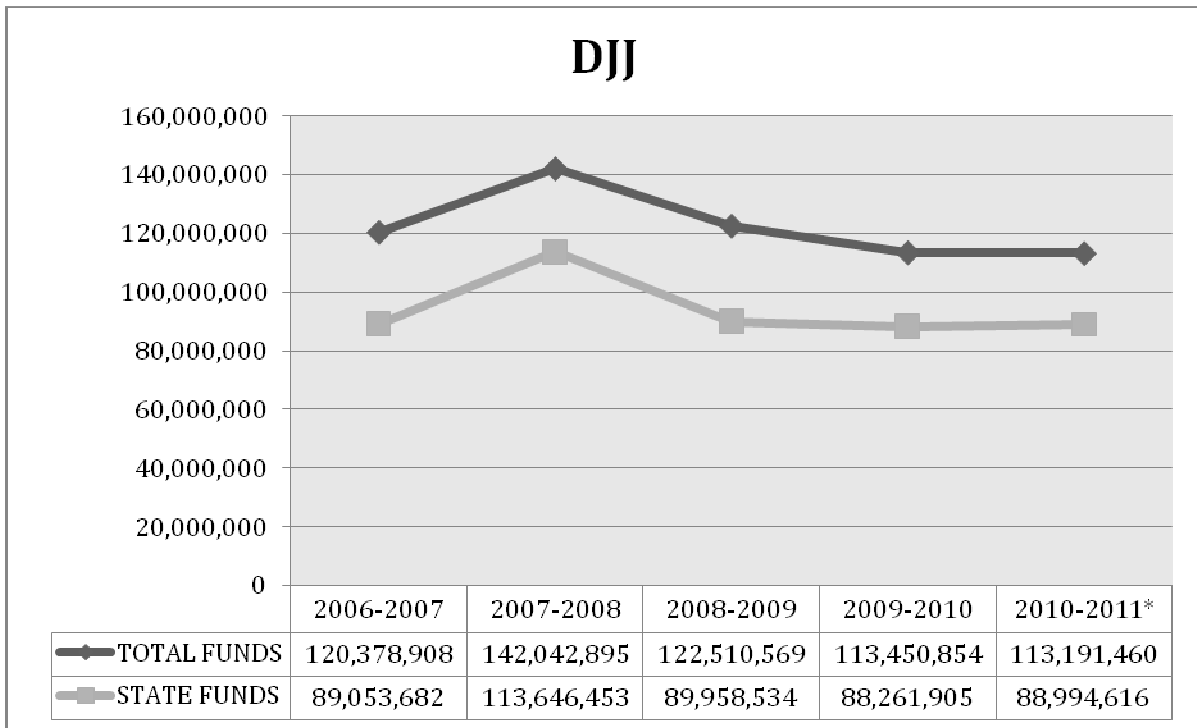
## AGENCY OVERVIEW

The South Carolina Department of Juvenile Justice administers the state’s juvenile justice system at the state and local levels. The mission of DJJ is to protect the public and to help juveniles through prevention, community programs, education and rehabilitative services.

DJJ is a rare success story for state government during these strapped times. In 2003, the agency settled a 13-year-old federal class-action lawsuit that alleged overcrowding, physical abuse and inadequate health care in South Carolina’s juvenile justice system. That year Gov. Mark Sanford appointed a new DJJ director, Judge William R. Byars, Jr., who righted the ship by raising standards of care and shifting the agency’s focus from incarceration to effective alternative programs, such as arbitration, community supervision, wilderness camps and teen after-school centers.

The good result is that juvenile crime and juvenile incarceration are down in South Carolina. Under Byars’ leadership, delinquency referrals fell by 30%, and the number of incarcerated youths dropped by a remarkable 80% since the overcrowded mid-1990s.

### BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

- The General Assembly appropriated \$88.9 million in state funding for DJJ in FY10-11, a slight increase of \$732,711 from the previous fiscal year's expenditures. However, this amount does not match the rate of inflation, and the agency still was allotted \$59,067 less than it spent in FY06-07.
- DJJ derives 79% of its budget from state funds.
- DJJ experienced deep budget cuts in FY09-10, when its state-fund base dwindled to \$85 million. Those reductions dealt a tremendous blow to agency programs and initiatives, forcing DJJ to narrow its mission around core legislative mandates. As a result, some front-end prevention efforts were scuttled, and early intervention and support programs were scaled back.

## **THE REALITY BEHIND THE NUMBERS**

In September 2010, Director Byars addressed the Office of State Budget, writing, "Any additional budget reductions, in my opinion, would result in overcrowding, impermissible standards of safety for juveniles and staff, an increase in lawsuits against DJJ, and substandard medical services. This would be a return to conditions as they existed in the 1980s and an increase in crime coupled with a decline in public safety. In summary, DJJ and the State would simply be back to 'warehousing' the juveniles."

Unfortunately, budget cuts over recent years imperil DJJ's progress.

## *ACCOMPLISHMENTS AT RISK*

- Eighty-five percent of juveniles did not re-offend while under DJJ supervision in 2010. This rate has remained stable since the agency's first legislatively mandated accountability report card was issued in 2005.
- DJJ's intake referrals declined steadily from 29,031 in FY02-03 to 20,394 in FY09-10.
- The number of juveniles in any DJJ bed, including wilderness camps and detention centers, dropped from 1,600 in FY02-03 to 1,124 in FY09-10.
- In FY10-11, the number of incarcerated youth fell to a record low of 175, a 59% reduction since 2003.

- More than 95% of youths committed to DJJ in excess of 60 days participate in Career and Education Technology (CATE), an effort to prepare them for technical school or the job market upon release. The average in other correctional programs around the nation is about 65%.
- DJJ has spared its Intensive Supervision Officer program from funding cuts so far, based on findings that youths reentering society under close scrutiny have a 37.5% lower rate of recidivism than those without it.
- DJJ also has sustained its funding level for Juvenile Arbitration, a highly successful community-based program that provides fast-tracked accountability for first-time, non-violent juvenile offenders through community service and reparation, sparing them from the formal justice system. More than 5,000 youths have participated in Juvenile Arbitration in South Carolina, with only 9% re-offending within two years of completing the program.
- DJJ's Teen After-School Centers (TASC) provide mentoring, tutoring and supervised recreation for troubled youths in the critical after-school hours. The 2008 budget cuts forced the agency to shutter the centers until FY09-10, when money was shifted internally to fund this crucial front-end program. Twenty-four TASC sites are now operating in 19 counties. They served a record 656 youths in 2010.

### *SETBACKS*

- Increasing the employability of juveniles has been a key goal of DJJ. Before mid-2008's budget cuts, 684 youths a year went through DJJ's employability-training programs. The programs, which teach participants real-life work skills and isolate them from gang activity, have been reduced severely. Only 33 youths completed the training in FY09-10.
- In FY08-09, budget cuts forced DJJ to end its Bridge program for youths with substance abuse issues. This program had provided counseling and treatment to juveniles during their commitment at DJJ. A DJJ official declined to elaborate on the impact of losing this program, saying only, "It's a tremendous loss."
- In FY10-11, DJJ's School District took a \$700 cut to its base-student cost. It also let 14 staff members go in July 2010. That round of layoffs followed the elimination of 29 teachers and five support staffers in recent years. In 2010, a DJJ official said that classes are approaching their size limits but are not yet overcrowded. In 2011, a DJJ did not respond when asked about class sizes.

- DJJ has imposed an agency-wide seven-day furlough for its remaining employees. In FY09-10, DJJ cut approximately 200 full-time equivalent positions. As of February 2010, vacancies for Full-Time Employees were at 20.5%. Furthermore, 60 temporary positions that had provided crucial staff support for programs and correctional facility security were eliminated.
- Anti-gang programs, though highly recommended by law enforcement experts, are currently on hold. DJJ continues to develop an anti-gang strategy but has been unable to introduce the programs in high-risk communities due to a lack of resources.

# DEPARTMENT OF MENTAL HEALTH

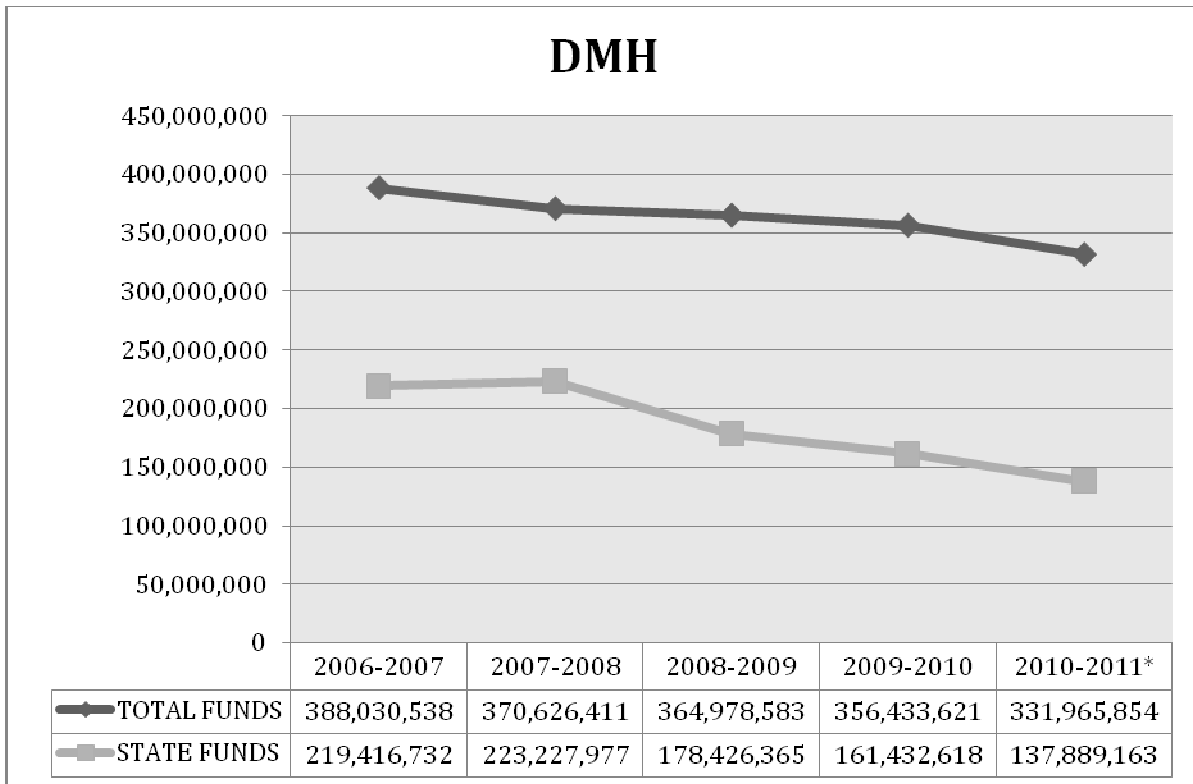
## AGENCY OVERVIEW

The mission of the South Carolina Department of Mental Health is to support the recovery of people with mental illnesses. DMH’s priority is serving adults and children affected by mental illness and significant emotional disorders.

Serving approximately 102,000 South Carolinians, including 33,000 children, DMH provides outpatient services through 17 community mental health centers and 64 satellite clinics. It also operates four hospitals, one community nursing care center and three veterans’ nursing homes. The William S. Hall Psychiatric Institute in Columbia is its inpatient facility for children.

South Carolina’s DMH is unique in that it bears a heftier, wider-ranging mandate than its counterparts in other states. As well as offering inpatient and outpatient services for adults and children, it is charged with providing services to a forensics population that includes sexually violent predators, services to people with substance abuse disorders, services to patients in its community nursing care center and nursing home services for South Carolina’s veterans.

## BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

- DMH has lost \$82 million (37%) in recurring state appropriations since June 30, 2008. DMH's current state appropriation for FY10-11 is \$138 million, which puts the agency back at 1987 funding levels.
- Recurring state funds account for 40% of DMH's annual budget in FY10-11.
- DMH also has suffered a significant reduction in one-time funding. DMH was appropriated \$9.5 million in one-time funding for the ongoing fiscal year – \$12 million less than the previous fiscal year. The cut is painful because the agency has been forced to apply one-time funds to recurring needs that ideally should be paid for with recurring funds.
- From FY06-07 to FY09-10, DMH's state-funded spending on children's services shrunk by about 26.04% to \$54.5 million. That figure represents 33.77% of the agency's total state funds that year. DMH's children's budget for the ongoing fiscal year will not be available until the end of FY10-11.
- State funding for DMH's community mental health centers decreased by \$4.2 million (10%) between FY09-10 and FY10-11. DMH expects the centers to serve about 30,000 children in FY10-11, which represents a slight decrease over the past few years.
- State funding for DMH's inpatient services decreased by \$8.2 million (6%) between FY09-10 and FY10-11. DMH says its treatment centers have absorbed cuts by increasing revenue with increased billable services, reducing the number of beds and reducing staff.
- There has been a nearly 70% reduction in out-of-home care for children, the desired outcome of a policy shift that aims to serve clients in the least restrictive environments, which is usually their homes. The effort also has resulted in an 85% reduction in service costs.

## **THE REALITY BEHIND THE NUMBERS**

According to DMH, "In response to the budget cuts, the Department's community mental health centers have closed, modified or consolidated many outpatient programs to try and continue providing services to the same number of clients. While crisis services and basic mental health services continue at all [community mental health centers], access has been adversely affected. Waiting times are greater. In some [community mental health centers], clients must travel further in order to receive services.

“DMH has had to reduce the capacity of its non-veterans nursing care facility and reduce its hospital capacity for persons with behavioral disorders seeking voluntary admission or subject to an involuntary civil admission. As a result, the average daily census of the Department’s civil hospitals and non-veterans nursing home has significantly dropped.”

#### *DIMINISHED STAFF*

In FY07-08, DMH had 4,712 full-time employees. As of mid-January 2011, full-time staff had declined to 4,090, a 13% reduction. DMH says that, despite its best endeavors to retain employees, future layoffs are possible.

Salaries for skilled DMH positions do not rank favorably beside market wages. In 2010, a DMH registered nurse earned \$44,206 while a private sector nurse earned \$55,016, according to the South Carolina Hospital Association’s 2010 salary survey.

#### *REACHING FEWER CHILDREN EACH YEAR*

Over the past decade, there has been a slight but steady decline in the number of DMH clients, including children. Nonetheless, the agency has maintained a rate of reaching children in need of service higher than the national average.

DMH’s school-based counselors served 13,950 children in 405 schools in FY09-10. The previous year they served 14,721 in 397 schools.

#### *CLIENT SATISFACTION*

DMH samples client-satisfaction annually. In FY09-10, 83% of adults, 87% of family members of children and 90% of children reported satisfaction with services received. For adults and family members of children, these numbers signal a slight drop-off in satisfaction, but youth satisfaction climbed.

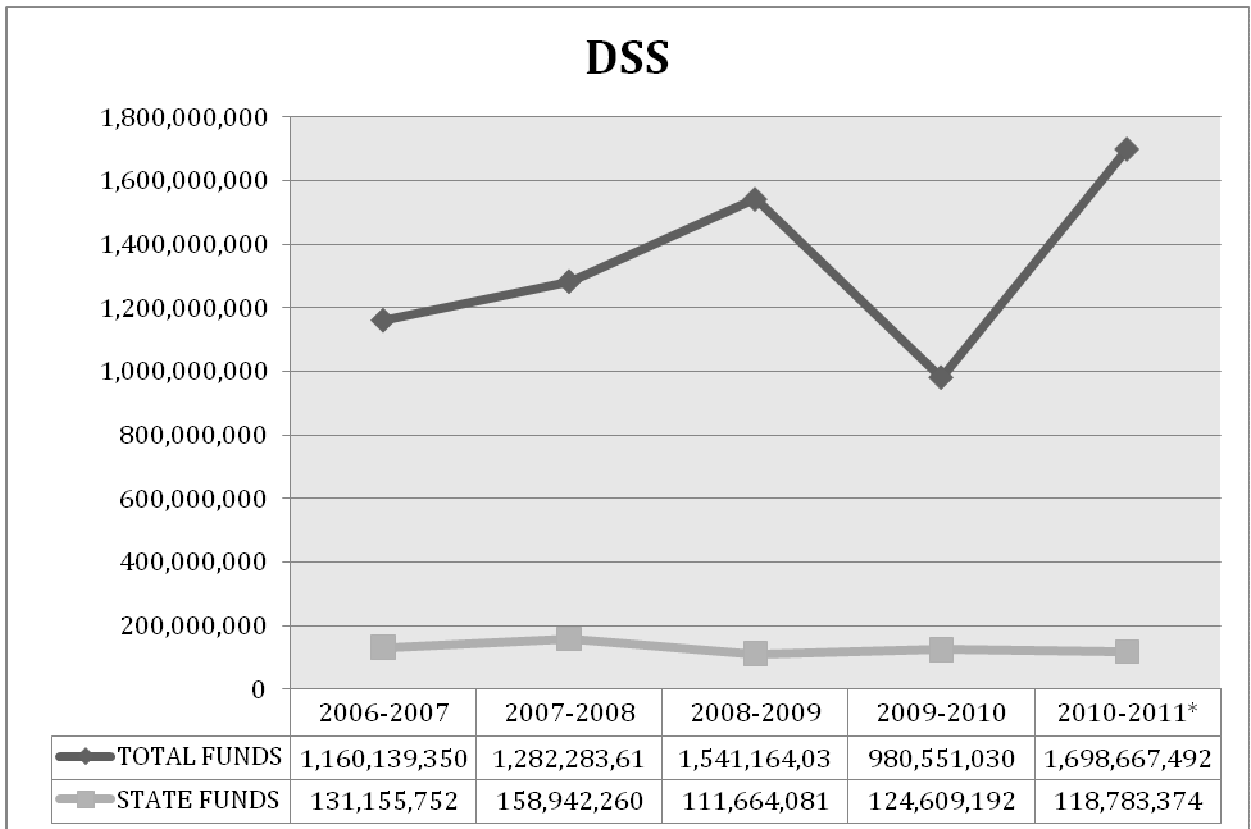
## DEPARTMENT OF SOCIAL SERVICES

### AGENCY OVERVIEW

Established in 1937, the South Carolina Department of Social Services is charged with providing critical services to our poorest and most vulnerable citizens, ensuring the health and safety of children and adults who cannot protect themselves and helping families achieve stability through food assistance, child protective services, child care, child support and temporary benefits for persons transitioning to employment.

While some have tried, no one can credibly accuse the state of South Carolina of coddling its poor or fostering a welfare culture. Our state's benefits are among the most austere in the nation, including the country's fourth lowest welfare payment - \$216 a month for a family of three, hardly enough to subsist on.

### BUDGET CHANGES THROUGH THE YEARS



*\*Figures for the ongoing fiscal year are appropriations while earlier years show expenditures.*

## **A CLOSER LOOK AT THE NUMBERS**

The General Assembly appropriated \$118 million in state funds for DSS in FY10-11 – an inadequate amount when one considers the breadth of the agency’s service mandate and the fact that its beneficiary rolls have increased by 450,000 individuals since the onset of the Great Recession. DSS is projected to serve 1.25 million South Carolinians, or one out of every four of us, this fiscal year.

Over the past three years, DSS has seen its state funds shrink by 30%, mostly due to across-the-board budget cuts. That cumulative loss of \$48.5 million consequently cost the agency an additional \$72 million in federal matching funds. Furthermore, increasing need for assistance in other states has cut into South Carolina’s share of federal dollars that historically have helped sustain our low-income residents.

According to DSS, it serves approximately one in three children in South Carolina. Since 2007, enrollment has more than doubled for the agency’s two largest programs – Supplemental Nutrition Assistance Program, formerly known as “food stamps,” and Temporary Assistance for Needy Families, also known as the Family Independence program. As unemployment continues to soar across South Carolina, caseloads for both programs are the heaviest they have been in more than a decade, thereby proving their worth as safety nets during lean times.

This tremendous spike in demand has met with rising costs and dwindling resources to form a fiscal and humanitarian train wreck.

Until February 2011, DSS faced with red ink for the second half of this fiscal year. Its recently departed director Kathleen Hayes warned that if denied deficit spending, “the state’s only choice will be to either eliminate the Child Protection Program – in its entirety – or operate an ineffective, scaled back program that will subject the state to federal penalties, including repayment of federal funds received.”

However, Gov. Nikki Haley recently surprised the state by declaring DSS’s books to be balanced.

## *ON THE BACKS OF THE POOR*

According to the governor, once DSS’s projected spending had been reconciled with its actual expenditures, a \$12 million contract to provide transportation for DSS beneficiaries had been cancelled and TANF benefits to the poor had been reduced, DSS no longer required deficit spending.

If the transportation contract was an excessive cost, it should have been renegotiated. Instead the service has been eliminated, and, in its place, DSS sends clients a \$75 debit card once a month to pay for transportation. Given that most taxi

services across South Carolina charge a rate of about \$2 per mile, on top of a \$2 pick-up fee, good luck hiring a taxi in rural South Carolina that does not cost at least \$5 one way, meaning that a \$75 debit card would get you to and from work seven days a month.

Meanwhile, other agencies provide transportation for Medicaid recipients, the disabled, etc. Why are agencies not coordinating on this service to provide it more efficiently?

As for reduced TANF benefits, cutting assistance to struggling households and their children certainly is one way to beat back a deficit, a measure reminiscent of former Lt. Gov. Andre Bauer's headline-grabbing admonition against feeding strays and poor people.

However, stipend reductions were not the only hit in store for TANF recipients. Since welfare was reformed in 1995, state law has been interpreted to provide two-years worth of childcare vouchers for people leaving TANF, transitioning out of the welfare program and into the workforce.

In 2011, however, DSS has responded to budget pressures by now interpreting the law to cover only partial childcare subsidies for the second year of transition.

Individuals fortunate enough to find work and leave TANF are finding low-wage, often part-time, jobs. Till now, the law had recognized that these people are so poor that they require this service, but now, because of budget concerns, the law no longer says what it had been saying for almost two decades.

This new interpretation will force the working poor to choose between looking after their children or showing up for work – a prime example of the state-sustained cycle of poverty.

DSS's budget woes are symptomatic of fiscal neglect and failure to recognize how cuts are absorbed at the agency level. The General Assembly has cut so many state dollars from DSS that the agency has been forced to apply federal funds to services that we once paid for as a state. Resources have been stretched too thin, and, predictably, service quality has deteriorated.

For example, DSS has been using federal TANF money to pay for Child Protective Services. This internal shifting of funds is legal, but when you transfer that much money to child welfare, and then TANF enrollment spikes during a recession, the assistance for struggling households and their children is not there.

## **THE REALITY BEHIND THE NUMBERS**

### *TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)*

TANF is available to South Carolina's poorest families as part of DSS's Family Independence program. To qualify, parents or guardians of children to whom they are related must not have a household income that exceeds 50 percent of the federal poverty level, and they must work or undergo job training for at least 30 hours a week.

Beneficiaries may stay on TANF for a maximum of two years, with few exceptions for extensions within a 10-year period. The federal government annually grants South Carolina \$99.9 million to fully fund TANF benefits, but some of the money is siphoned to other DSS programs, such as Child Protective Services. This block grant has not increased since 1996, despite the skyrocketing poverty rate.

In an effort to tackle its fiscal woes, DSS has reduced its monthly TANF stipends by 20% - knocking the average single mother of two down from \$270 to \$216 a month. As of February 2011, South Carolina offers the fourth lowest welfare benefits in the country, following Arkansas, Tennessee and Mississippi.

DSS also set up new roadblocks for TANF enrollment. Beginning this year, applicants must first go through the Department of Employment and Workforce's job centers and show that they have applied for at least 10 jobs, no easy feat when one considers the costly burden of childcare for a job-hunting parent, as well as the scarcity of jobs, especially in counties with double-digit unemployment.

### *SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)*

SNAP, formerly known as "food stamps," helps keep food on the table for more than 100,000 families in South Carolina. The benefit is not intended to cover all of a household's food costs, but to supplement its purchasing power. SNAP is estimated to reach 63% of those in need, a higher rate than most states.

Like TANF, SNAP benefits are fully paid for by the federal government, but South Carolina's SNAP program has not been immune to the effects of the economic downturn or state budget cuts. DSS is responsible for administering the federal food-stamp funds, a job that comes with its own operating costs, of which the state must cover 50%.

Throughout the recession, DSS's SNAP program has been inundated with new clients. The current caseload-to-caseworker ratio stands at around 880-1, among the most lopsided in the nation, and hinders the timeliness and accuracy of SNAP

disbursals. At present, only 51% of SNAP's Full-Time Employee positions are filled. A lack of state funds has prevented workforce expansion.

The federal government allows states an error rate of no more than 1.05% above the national average per year. States that perform poorly are first given a warning, and subsequent failures result in a reduction of federal administrative funds. So far, South Carolina has not received a warning, but by demanding so much from so few, we create the appearance of desiring one.

Also, it is interesting to note that while we South Carolinians frequently bless the state of Mississippi for padding the bottom of ignominious state-by-state rankings for us, the Magnolia State has made a concerted effort to improve food-stamp delivery. By hiring more SNAP caseworkers, Mississippi has lowered its caseload to 350-370 cases per Full-Time Employee.

#### *CHILD PROTECTIVE SERVICES (CPS)*

CPS aims to fulfill DSS's mandate to protect children from abuse or neglect within their families, in foster care, or by persons responsible for the child's welfare as defined by law, and to investigate possible cases of abuse.

A 2009 federally mandated Child and Family Services Review (CFSR) found South Carolina did not achieve "substantial conformity" with any of the review's seven indicators that measured DSS's capacity to perform the following:

- Protect children from neglect and abuse,
- Keep children in their homes when safe and appropriate,
- Foster permanency and stability in the living situations of at-risk children,
- Preserve the continuity of family relationships and connections,
- Enhance families' capacity to care for their children,
- Provide services that meet a child's educational needs, and
- Provide services that meet a child physical and mental health needs.

Statewide budget cuts topped the review's list of reasons for South Carolina's poor performance. South Carolina also failed its previous CFSR in 2003.

In FY09-10, DSS responded to 28,000 reports of child abuse and neglect, provided services to help more than 11,000 children stay safely in their own homes and provided foster care for 8,882 children. More than 520 children, whose birth parents were deemed unfit guardians, were adopted.

## *THE RESULTS OF CUTS TO CHILD PROTECTIVE SERVICES*

Interviews with persons working with at-risk children around the state elicited harsh criticisms of DSS's response to the needs of abused and neglected children. A few of the more striking comments are featured here.

A service provider\* related the following horrific episode in January 2011. The incident occurred in a large county that recently had its local DSS investigators reduced from five to two.

"We had a 13-year-old deliver a baby last year as a result of incest. There had been numerous reports of incest from teachers, from people involved with the family. More than one relative was abusing the child. We believe it was a family tradition. We're not sure her mother didn't experience the same thing. It had been reported to DSS, according to the police report, when the child was 11 years old. The mother was given every opportunity to protect the child and obviously didn't, and the child ended up pregnant at 13 and delivered a baby.

"It was amazing to me how many people knew about this and over and over the ball was dropped. I don't believe this girl will ever go back to her mother. Her brothers did, and it's just a matter of time before they're going to be abused too. It's just sick stuff like that. You could write a book about all the stuff that goes on."

The service provider also recalled being disheartened by a DSS meeting in 2010 in Columbia, where an agency official responded to similar criticisms.

"They say, 'We're not in the prevention business. We can't do anything until after the fact,' but the level of proof that something has happened is so beyond suspicion by the time an investigation takes place. It's not being done in a timely way. The budget cuts are certainly impeding that."

Another interviewee, a high school administrator, said that DSS officials at the local level are more often a hindrance than a help to getting a child out of harm's way, especially in cases of older minors who are thought to be able to take care of themselves.

"If [children] are 14 or 15, if they have no place to go, or they have a baby, DSS will take them into custody, but I have to beat them over the head with a baseball bat on anything else," the administrator said in late 2010.

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\* The two sources in this section have been granted anonymity, which they requested out of concern for both the privacy of victims and for the stability of their working relationships with DSS.

“Last year we had a deaf student who had a little brother who was four and who was language impaired. We worked from the first of October till February trying to get DSS to take them into custody. Their mother was a hooker, a prostitute-drug dealer, a terrible scammer, and she was deaf. It was the biggest fiasco you’ve ever seen.” Eventually, the high school sent a school resource officer to take the children into protective custody. When the officer arrived, he found the four-year-old in a lethargic state, unresponsive. The child had been overmedicated by his mother, and required immediate hospitalization.

“DSS finally followed up, but if they won’t take a deaf boy whose momma is a deaf prostitute involved in drugs... It took an act of Congress to get them to move on that.”

### *CHILDCARE VOUCHERS*

Through a federally funded grant, DSS’s ABC Child Care Voucher program makes payments to providers who care for low-income children, allowing their parents to go to work – but due to a lack of available funds, DSS currently serves only 20% of South Carolinians who are financially eligible for this service.

Vouchers supposedly are available for families receiving TANF, children with special needs, low-income working families, foster children of working foster parents, children in Child Protective Services and other designated populations – but, according to DSS, families not on TANF or receiving Child Welfare Services have difficulty obtaining childcare assistance.

In fact, the vouchers reach only 20% of children eligible, meaning more than 70,000 children are shut out of the service. The program is so overwhelmed that it has not even established a waiting list.

Furthermore – because the federal government has increased the amount of money that the state must pay into the service in order to draw down its full federal grant – the future of ABC Childcare Vouchers is uncertain, given the state’s inability to raise sufficient revenues throughout the recession.

Please see the previous section, titled “On the Backs of the Poor,” for information regarding cuts to childcare vouchers for outgoing TANF recipients.

### *CHILD SUPPORT*

DSS’s Child Support Enforcement Division (CSED) works to establish the paternity of “deadbeat dads” and collects monies owed by non-custodial parents through the

garnishment of unemployment benefits. It also reviews requests by non-custodial parents to have the amount they owe in child support reduced.

The economic downturn has increased demand for child support services by both custodial and non-custodial parents, having created circumstances in which custodial parents require more financial assistance to care for their children and non-custodial parents are less likely to be able to pay child support.

Child support collections fell from \$261 million in FY07-08 to \$255 million in FY08-09. Collections fell another 2.34% for FY09-10, due to the continued economic downturn.

Nonetheless, by collecting 51% of child support monies owed, CSED exceeded the federal standard of 40%.

Increased client demand – coupled with an understaffed CSED, another result of budget constraints – has created the heaviest caseload for child support services in the nation, slowing CSED’s ability to provide services. The caseload stands at 812 cases per Full-Time Employee.

#### *TEEN PREGNANCY PREVENTION*

Helping families stay out of poverty can be achieved by preventing unwanted pregnancies. In the past, DSS dedicated funds to provide a pregnancy-prevention program, which included counseling and after-school activities, for at-risk youth.

It was another front-end program designed to save taxpayers the much greater expense that is incurred by the state when a child is born into a poor home. Unfortunately, as of July 31, 2010, budget cuts forced the elimination of DSS’s teen-pregnancy program.

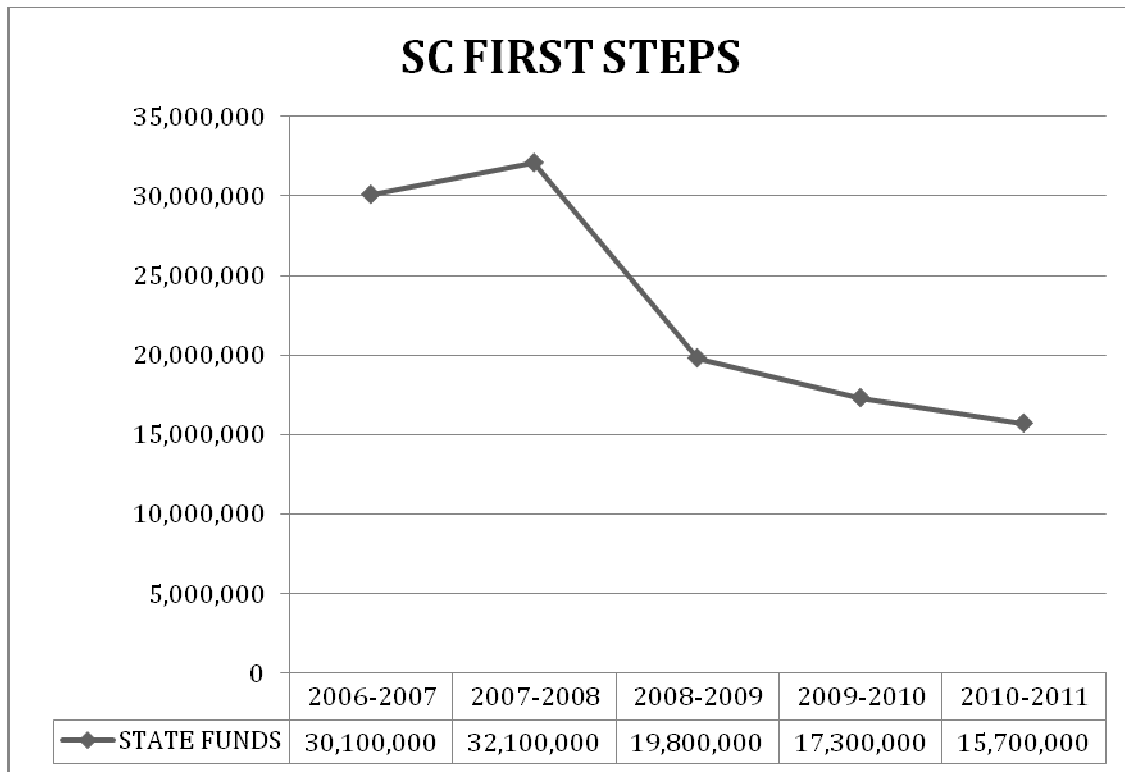
However, the General Assembly is spending \$546,972 to fund a six-month, abstinence-only education program to prevent teen pregnancies. Although highly controversial among reputable health specialists, many of whom deride the programs as misleading and irresponsible, abstinence-only initiatives are popular with South Carolina’s politically active social conservatives.

# **SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS**

## **AGENCY OVERVIEW**

After realizing in 1999 that only one in seven children in South Carolina was prepared for first grade, the S.C. General Assembly established South Carolina First Steps to School Readiness, charging the new agency with advancing early childhood health, education and academic preparedness. Programs carried out by the agency include childhood health screenings, child health education, teaching parents how to teach their children, and investing in childcare. In addition, SC First Steps oversees the Countdown To Kindergarten program, which connects families and schools in the weeks leading up to a child’s first day of kindergarten and has received national recognition.

### **BUDGET CHANGES THROUGH THE YEARS**



*This graph includes only state appropriations, as SC First Steps did not respond to repeated requests for additional data.*

## **A CLOSER LOOK AT THE NUMBERS**

State funding for SC First Steps has been slashed by 45% since FY06-07. In FY10-11, the General Assembly appropriated only \$16 million to the agency, which derives 49% of its funding from the state. Seventeen percent of the agency's budget came from the American Recovery and Reinvestment Act (ARRA), federal money that will not be available next year.

The budget crisis bodes ill for South Carolina's vulnerable, kindergarten-age population. The most recent data, drawn from the 2009 Kids Count analysis of the now discontinued South Carolina Readiness Assessment, indicates that more than 20% of our kindergartners are inadequately prepared for first grade.

## **BEHIND THE NUMBERS**

As a result of budget cuts in FY09-10, SC First Steps has eliminated 36 community-based early childhood strategies, which had been implemented through county-level partnerships. They include the loss of:

- Eleven programs designed to improve the literacy of high-risk families;
- Nine programs designed to assist parents in supporting the physical, intellectual and developmental needs of high-risk children;
- Eight school-transition programs designed to connect the families of high-risk kindergartners with their children's future teachers;
- Eight programs designed to improve the quality and accessibility of childcare.

These cutbacks, along with significant reductions in other strategies, have resulted in a direct loss of services for children and families. Data for the current fiscal year are not yet available, but, because of the severity of the recent budget cuts, we can anticipate gloomier results than those evidenced in the statistics below:

- Parenting home visitations have dropped 28% – from 3,789 children served in FY08-09 to 2,774 in FY09-10.
- The Countdown To Kindergarten program served 12% fewer children – from 740 in FY08-09 to 648 in FY09-10.
- The number of childcare staff and directors who received training fell by 12% – from 10,439 in FY08-09 to 9,189 in FY09-10.

- The number of childcare scholarships awarded fell by 36% -- from 987 families in FY08-09 to 636 in FY09-10.
- The number of children served in high-quality preschool programs for high-risk 3- and 4-year-olds dropped by 23%, or 134 children.

### *BABYNET*

In addition to services provided through its local-level partnerships, SC First Steps administers BabyNet, South Carolina's statewide early intervention program for infants and toddlers with disabilities. BabyNet provides 16 services for eligible children up to age 3, including physical, occupational and speech therapies, assistive technologies and case management. Neither private-health insurers nor Medicaid cover these services, because they are not considered life-saving.

BabyNet serves more than 4,000 special-needs children, and costs about \$12 million a year. Federal grant funds, authorized in the Individuals with Disabilities Education Act (Part C), cover roughly half of the costs, with the rest supplemented by the state and private donors.

In order to draw down the federal dollars for BabyNet, South Carolina must meet a federal maintenance-of-effort requirement, which we failed to do in FY10-11, squandering 50% of our share. Federal funding fell from \$3.2 million in FY09-10 to \$1.6 million in FY10-11.

This reduction forced BabyNet to impose tighter eligibility restrictions based on the severity of a disability, meaning an untold number of our children will go without services that could mean the difference between a well adjusted, contributing citizen or a lifelong drain on government resources.

## Budget for a Family of Three: One Wage Earner with two Children

Expense	Amount
Rent/Mortgage <sup>1</sup>	\$669.00
Power, Water and Sewer	\$250.00
Basic Phone <sup>2</sup>	\$26.00
Food <sup>3</sup>	\$350.00
Transportation (car payment) <sup>4</sup>	\$191.00
Gas <sup>5</sup>	\$206.00
Maintenance for home and car <sup>6</sup>	\$50.00
Car Insurance	\$75.00
Household Supplies <sup>7</sup>	\$125.00
Child Care	\$400.00
Health Care <sup>8</sup>	\$50.00
Clothing	\$40.00
FICA/Taxes <sup>9</sup>	200.00
Church	\$60.00
<b>Total</b>	<b>\$2692.00</b>

Gross monthly Income Family of Three at 150% of poverty: \$2, 316.25 <sup>10</sup>

Gross monthly Income Family of Three at 185% of poverty: \$2, 822.84<sup>11</sup>

Gross monthly Income Family of Three at 200% of poverty: \$3,088.34<sup>12</sup>

Gross monthly Income Family of Three at 100% of poverty: \$1,544.17<sup>13</sup>

### Sources

<sup>1</sup> This is an average rent in South Carolina for a two-bedroom apartment. Market rent is higher in metropolitan/tourist areas and lower in rural areas.

<sup>2</sup> Basic phone does not include long distance or cell phone.

<sup>3</sup> All families are ineligible for food stamps as they are over the gross income level of 130% of poverty.

<sup>4</sup> Purchasing a 2004 Mazda3 for \$9,000.00. Car financed at 10% for 60 months.

<sup>5</sup> This is to purchase 15 gallons of gasoline a week at \$3.20 a gallon.

<sup>6</sup> General maintenance of brakes, oil, tune-ups, does not include major repairs.

<sup>7</sup> This includes diapers, cleaning supplies, paper supplies, laundry detergent and other necessities to maintain a household.

<sup>8</sup> At 200% of FPL, child in the family is covered by SCHIP/Medicaid. The costs reflected cover health care needs of parent (uninsured).

<sup>9</sup> All wage earners must pay FICA, Medicare, and sales tax. The amount is based on 150% of poverty. Deductions would be higher at 185% and 200%. Fed. Income tax will also be deducted, but not in chart.

<sup>10</sup> To earn this amount the adult must earn approximately \$12.50 an hour and work 40 hours a week.

<sup>11</sup> To earn this amount the adult must earn approximately \$16.52 an hour, work 40 hours a week.

<sup>12</sup> To earn this amount the adult must earn \$17.88 an hour and work 40 hours a week.

<sup>13</sup> To earn this amount the adult must earn \$8.94 an hour and work 40 hours a week.

The data for this report was gleaned from agency Accountability Reports and Budget Plans, available through each agency office and the Office of the State Budget. Further data was obtained through oral and written interviews with agency representatives and service providers.

Representatives at the following agencies:

Department of Alcohol and Other Drug Abuse Services  
Department of Disabilities and Special Needs  
Department of Education  
Department of Health and Environmental Control  
Department of Health and Human Services  
Department of Juvenile Justice  
Department of Mental Health  
Department of Social Services  
South Carolina First Steps to School Readiness



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