

# The Children's Budget

## Behind the Numbers

*Devastating Budget Cuts and Their Impact on  
the Lives of South Carolina's Children*

Presented By



A Project of The South Carolina Applesed Legal Justice Center

January 2010



# Focus on Kids



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**Focus on Kids**, a project of the South Carolina Appleseed Legal Justice Center, is bringing together organizations and individuals to work collectively on issues impacting children in our state. 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.

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## **About this Report**

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**Focus on Kids** would like to thank Courtney Williams, an incoming Masters of Social Work candidate at The University of South Carolina, for her assistance in compiling data used to formulate this report.

# South Carolina Appleseed Legal Justice Center

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**South Carolina Appleseed Legal Justice Center** is a nonprofit organization located in Columbia, South Carolina. We are affiliated with the Washington-based Appleseed Foundation.

## Mission Statement

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**South Carolina Appleseed Legal Justice Center** is dedicated to advocacy for low-income people in South Carolina to effect systematic change by acting in and through the courts, legislature, administrative agencies, community and the media, and helping others do the same through education, training, and co-counseling.

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## **EXECUTIVE SUMMARY**

In recent years, South Carolina has suffered declines in state revenue that have led to budget shortfalls and cutbacks, which in turn have caused the diminishment of state-agency services for our most deserving citizens, our children. Their needs during these recessionary times are extraordinary. Therefore, the purpose of this report is to translate figures into fallout, to show the real life impact that this year's budget cuts – the most drastic and worrying our state has ever seen – will have on the children of South Carolina.

However, there are gaps in this report. State agencies are reeling from their budget crises, and in many cases their program assessments are ongoing. Consequently, strategies for absorbing the cutbacks are still developing, and in many cases it is not yet known which services will be reduced and how the reductions will affect our children. Given the gradual, fostering nature of many of the services in question, we are not likely to understand the true extent of the damage for many years.

### **The Plight**

South Carolina ranks forty-fifth among states for overall child wellbeing. Recent educational, economic, health, safety and other indicators paint a stark portrait of the life we currently offer our children.

- Almost 10% of our students fail first, second or third grades, and 25% of our incoming ninth-graders drop out of high school.
- Twelve percent of our state's children under 6 live in households where neither parent works, and 53% of our children live in low-income households where housing costs exceed 30% of the household income.
- While 16% of the state's population lives in poverty, 26% of our children under 6 live in poverty, and 10% of all our children live in extreme poverty.
- Six percent of our children live without a household telephone, and 5% live without a household vehicle.
- In 2006, 38% of babies were born to mothers who lacked adequate prenatal care. Fifteen percent of births were premature, and 10% resulted in low birth weights.
- In 2007, 13% of children under 17 had no health insurance.
- Approximately one in three children between 10 and 17 are obese.

## **The Budget Crisis**

Since 2006, South Carolina's General Assembly has subjected state agencies to severe annual belt-tightening, but 2009 saw unprecedented budget reductions that will negatively impact children and their families. State agencies that have provided vital health and human services in the past are now forced to stretch resources in math-defying formulas as they attempt to produce something from nothing. Meanwhile, the already difficult circumstances of many South Carolinians will be rendered devastating in 2010.

This report focuses on nine state agencies – SC Department of Education, SC Department of Disabilities and Special Needs, SC Department of Alcohol and Other Drug Abuse Services, SC Department of Juvenile Justice, SC Department of Mental Health, SC Department of Social Services, SC Department of Health and Environmental Control, SC Department of Health and Human Services and SC First Steps – and how they will absorb the cuts.

Agency-specific budget analysis from Fiscal Year (FY) 2006-2007 till the present indicates that South Carolina faces the very real possibility of failing significant segments of our child population. They are the future of this state, and our legislature needs to make funding them priority, if not to ease our collective conscience, then to lessen our tax burden for decades to come by helping today's children make it on their own.

## **The Problem At A Glance**

- FY 2009-2010 state appropriations for the Department of Education (DOE) are \$75 million less than they were in FY 2006-2007, and funding for DOE's Division of Innovation and Support – which provides students' meals, transportation and health services, among other duties – has been cut in half.
- The Department of Disabilities and Special Needs (DDSN) lost \$38 million in state funds from its base budget. Without additional funding, DDSN's waiting lists for children born with birth defects will continue to back up. More than 3,000 children and adults are on those lists now.
- The Department of Alcohol and Other Drug Abuse Services (DAODAS) has suffered a 31% cut in base state funding - one of the largest proportional state funding cuts among all state agencies. DAODAS provides crucial intervention, prevention and treatment programs for South Carolina's estimated 18,500 children who suffer from substance abuse.

- The Department of Juvenile Justice (DJJ) experienced a 23% budget cut overall this fiscal year, causing it so far to shutter 19 community-based employment programs and terminate all gang intervention programs in local communities.
- State appropriations for the Department of Mental Health in FY 2009-2010 have dropped by \$43 million since FY 2006-2007. Between FY 2007-2008 and FY 2009-2010, DMH's budget for children's services fell by \$12.2 million. Consequently, DMH provided 22,308 fewer individual services to children in its community mental health system during that time.
- State funding for the Department of Social Services (DSS) have fallen by almost \$20 million over the last four fiscal years. DSS' programs and services help families achieve stability through food assistance, childcare, child support and temporary benefits while parents transition into employment. DSS is also charged with protecting children from abuse and neglect and placing children in foster care.
- In FY 2009-2010, the Department of Health and Environmental Control's (DHEC) Maternal and Infant Health programs lost over \$1.5 million in state funding. These programs provide family planning and support services, prenatal care, healthcare for children with special need, immunizations and more.
- Although the Department of Health and Human Services' (DHHS) state funding for children's services remained mostly intact this fiscal year, it has enrolled only 16,000 out of a possible 70,000 children who are eligible for the Children's Health Insurance Program (CHIP). This gap reflects an agency effort to suppress enrollment as a cost-saving measure, a discreet practice resorted to because of continued overall budget cuts since FY 2006-2007.
- Services provided by South Carolina First Steps To School Readiness (SC First Steps), the agency charged with preparing our children for first grade and beyond, have seen major shrinkage between FY 2008-2009 and FY 2009-2010. Consequently, the agency has seen a 58% reduction in the number of public school students receiving early education services and a 40% reduction in the number of children able to participate in its kindergarten-preparation program.
- Reduced funding prevents our children from receiving lifeline services, like protection from abuse; adequate education; healthcare and other basic needs. We cannot continue to starve the agencies responsible for their provision without expensive, long-term consequences.

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## **OVERVIEW OF STATE AGENCY BUDGETS**

*FY 2006-2007 Actual Expenditures to FY 2009-2010 General Appropriations Bill*

### **DEPARTMENT OF EDUCATION**

- Decrease in Total Funds: \$253,136,458.00
- Decrease in State Funds: \$74,293,186.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$3,637,077,573	\$3,383,941,115
<b>State Funds</b>	\$2,189,330,663	\$2,115,037,477

### **DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS**

- Increase in Total Funds: \$105,438,754.00
- Decrease in State Funds: \$15,271,969

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$454,809,096	\$560,247,850
<b>State Funds</b>	\$179,877,116	\$164,605,147

### **DEPARTMENT OF ALCOHOL AND OTHER DRUG ABUSE SERVICES**

- Decrease in Total Funds: \$9,011,321.00
- Decrease in State Funds: \$5,700,915.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$44,902,642	\$35,891,321
<b>State Funds</b>	\$17,135,070	\$8,434,155

**DEPARTMENT OF JUVENILE JUSTICE**

- Decrease in Total Funds: \$4,484,996.00
- Increase in State Funds: \$2,524,989.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$120,378,908	\$115,893,912
<b>State Funds</b>	\$89,053,682	\$91,578,671

**DEPARTMENT OF MENTAL HEALTH**

- Decrease in Total Funds: \$19,994,525.00
- Decrease in State Funds: \$43,415,161.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$388,030,538	\$368,036,013
<b>State Funds</b>	\$219,416,732	\$176,001,571

**DEPARTMENT OF SOCIAL SERVICES**

- Increase in Total Funds: \$338,873,081.00
- Decrease in State Funds: \$18,559,307.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$1,160,139,350	\$1,498,012,431
<b>State Funds</b>	\$131,155,752	\$112,596,445

**DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

- Increase in Total Funds: \$76,704,918.00
- Decrease in State Funds: \$21,166,963.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$478,798,245	\$555,503,163
<b>State Funds</b>	\$128,609,142	\$107,442,179

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

- Increase in Total Funds: \$1,377,606,103.00
- Decrease in State Funds: \$33,892,296.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$4,710,995,222	\$6,088,601,325
<b>State Funds</b>	\$832,255,285	\$798,362,989

## SOUTH CAROLINA FIRST STEPS

- Decrease in Total Funds: \$2,614,969.00
- Decrease in State Funds: \$11,500,000.00

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$33,014,969	\$30,400,000
<b>State Funds</b>	\$30,100,000	\$18,600,000

## **DEPARTMENT OF EDUCATION (DOE)**

### **AGENCY OVERVIEW**

The mission of the South Carolina Department of Education (DOE) is to provide leadership and services to ensure a system of public education through which all students should 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 680,000 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**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$3,637,077,573	\$3,383,941,115
<b>State Funds</b>	\$2,189,330,663	\$2,115,037,477

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$280,450,156.00	<b>Change from 06-07 to 07-08</b>	+\$253,838,697.00
<b>Change from 07-08 to 08-09</b>	-\$316,090,508.00	<b>Change from 07-08 to 08-09</b>	-\$292,956,984.00
<b>Change from 08-09 to 09-10</b>	-\$217,496,106.00	<b>Change from 08-09 to 09-10</b>	-\$35,174,899.00

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

State appropriations for DOE have fallen by \$75 million since FY 2006-2007, and the state cut funding for its Division of Innovation and Support by 50% in FY 2009-2010. This division handles important services for the school district, such as meal provision, student transportation and school-based health services.

## THE REALITY BEHIND THE NUMBERS

Despite assistance from federal stimulus funding, DOE still struggles to protect its classrooms from the effects of the economic recession. As a state we now spend \$437 less per student than the level recommended by the U.S. Department of Education and hundreds of dollars less per student than we have in previous years.

The FY 2009-2010 budget cuts jeopardize our state's future and rule out good solutions. School districts have resorted to hiring freezes, layoffs and compulsory furloughs for staff. Consequently, classrooms in at least eight counties are increasingly overcrowded.

So far, at least two school districts have suspended summer school for students below ninth grade. Similarly, after-school programs and infant pre-school programs have been done away with in three districts.

Other measures being adopted on a limited scale include the filling of teacher vacancies with long-term substitutes, the reduction of nursing staff, the suspension of foreign language instruction and the neglect of supplies and facility maintenance. Travel budgets also have been reduced in many districts, including some in at least 11 counties, meaning fewer away games and field trips.

Changing the source of state revenue for school funding, drawing on sales taxes rather than more compatible local property taxes, coupled with an overall drop-off in revenue, has led to this crisis. The continued deterioration of our schools is inevitable without appropriate funding.

## *SCHOOL QUALITY IS DETERIORATING*

### **Number of Schools by Rank per Report Card Year**

	2003	2004	2005	2006	2007	2008
Unsatisfactory	40	22	49	141	157	185
Below Average	138	159	218	251	297	281
Average	324	313	357	350	374	404
Good	352	372	308	238	223	184
Excellent	217	199	201	130	111	131
Total	1071	1065	1133	1110	1162	1185

According to school report card results based on Education Accountability Act standards, in 2008 almost 40% of South Carolina schools graded were rated “below average” or “unsatisfactory” while less than 17% were “good” or “excellent”. These grades imply a dramatic reduction in school quality since 2005, when 45% of schools were “good” or better, and since 2003 when 53% of schools were “good” or better and only 17% were “below average”.

*SHUTTERING CHILDCARE CENTERS FOR SPECIAL NEEDS STUDENTS*

Four childcare centers for special needs children closed on December 31, 2009, including the 40-year-old Hollis Center in Greenville. Twenty-eight children had been receiving therapy and childcare at the Hollis Center. Its abrupt closure gave parents just four weeks to find alternative placements for their children. Furthermore, childcare centers that do not routinely provide services to special needs students will not accept children with severe problems, and the centers that do accept special needs students have waiting-list periods of six months to a year.

*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. In 2008, 71% of the buses in South Carolina’s public school system had more than 10 years or 100,000 miles on them.

The costs of fuel, insurance and maintenance for the aging bus fleet continue to rise year after year. During the past nine years, recurring general fund appropriations for school bus operations have failed to cover operational expenses. In FY 2009-2010, the recurring general fund appropriation was \$38.5 million, compared with an estimated \$55 million operational budget. The buses’ fuel budget alone is estimated to be more than \$31 million.

*DIFFICULTY HIRING AND RETAINING TEACHERS*

As of July 2009, DOE employed 57,745 teachers and teacher aides. The agency estimates that continued budget cuts could result in the loss of more than 1,900 jobs including 1,000 teaching positions. Meanwhile, those teachers holding onto their jobs with DOE face frustrating conditions. South Carolina’s average teacher salary trails the national average by approximately \$6,500.

Year	National Average	South Carolina Average
2002	\$44,632	\$39,923
2003	\$45,810	\$40,462
2004	\$46,735	\$41,162

<b>Year</b>	<b>National Average</b>	<b>South Carolina Average</b>
2005	\$47,659	\$42,189
2006	\$49,026	\$43,011
2007	\$50,758	\$44,336
2008	\$52,308	\$45,758
2009	\$53,910	\$47,421

*DISADVANTAGED STUDENTS AMONG THE HARDEST HIT*

South Carolina's strained economy has delayed progress on children's programs that are key to improving school readiness among disadvantaged students. Nearly 23% of children are currently not being served in public or private 4K programs in districts involved in an equity funding lawsuit, and 47.5% of disadvantaged children in other districts lack access to quality 4K programs.

# **DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS (DDSN)**

## **AGENCY OVERVIEW**

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

DDSN currently serves more than 30,500 children and adults. Over 80% of these individuals live at home, mostly with their families, where they generally prefer to receive services. These home services can range from stipends allowing 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 services are generally referred to as respite services. Funds available for respite services are very limited, and need will 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. These centers serve more than 800 people with the most severe disabilities. These individuals receive specialized training, supervision and healthcare 24 hours a day. Another 4,114 people receive 24-hour residential care in community settings. DDSN also provides community day support and employment services, early intervention services, respite and other family support, service coordination and various specialized services.

## **BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$454,809,096	\$560,247,850
<b>State Funds</b>	\$179,877,116	\$164,605,147

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$35,953,647.00	<b>Change from 06-07 to 07-08</b>	+\$20,539,381.00
<b>Change from 07-08 to 08-09</b>	+\$26,225,783.00	<b>Change from 07-08 to 08-09</b>	-\$44,871,773.00
<b>Change from 08-09 to 09-10</b>	+\$43,259,324.00	<b>Change from 08-09 to 09-10</b>	+\$9,060,423.00

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

DDSN, like all state agencies, experienced unprecedented budget reductions in FY 2009-2010. Ultimately, \$38 million in state funds were cut from DDSN's base budget, causing the additional loss of \$35.7 million in corresponding Medicaid funding. Major program budgets were decimated, including a loss of \$10 million in state funds for the Mental Retardation Community Residential Program and \$7 million for the Mental Retardation In-Home Family Support Program. State funding for DDSN's regional centers was halved.

## **THE REALITY BEHIND THE NUMBERS<sup>1</sup>**

- Center-Based Child Development services were reduced from five centers to two centers in January 2009. Ninety children lost access to those service offerings.
- 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 served by this program has grown by only 610 students in five years.
- Due to budget reductions, DDSN has cut service coordination for 229 adults and children. These individuals and their families no longer have managerial help to ensure that their medical and related needs are met.
- 2278 children are getting some form of family support services FY 2009-2010 all at varying degrees.
- Since FY 2006-2007, the number of families receiving day services has grown by only 713. These support services allow parents or guardians to work during the day rather than having to sacrifice economic productivity in order to take care of a severely disabled child.
- Children are no longer admitted to DDSN's intermediate care facilities for people with mental retardation. This cap will affect an unknown number of children in the future. These children have serious medical needs that cannot be properly accommodated in home or community residential settings.

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<sup>1</sup> These notes detail the impact of budget cuts on children and adults served by DDSN because many of these vulnerable children continue to need permanent care as they age.

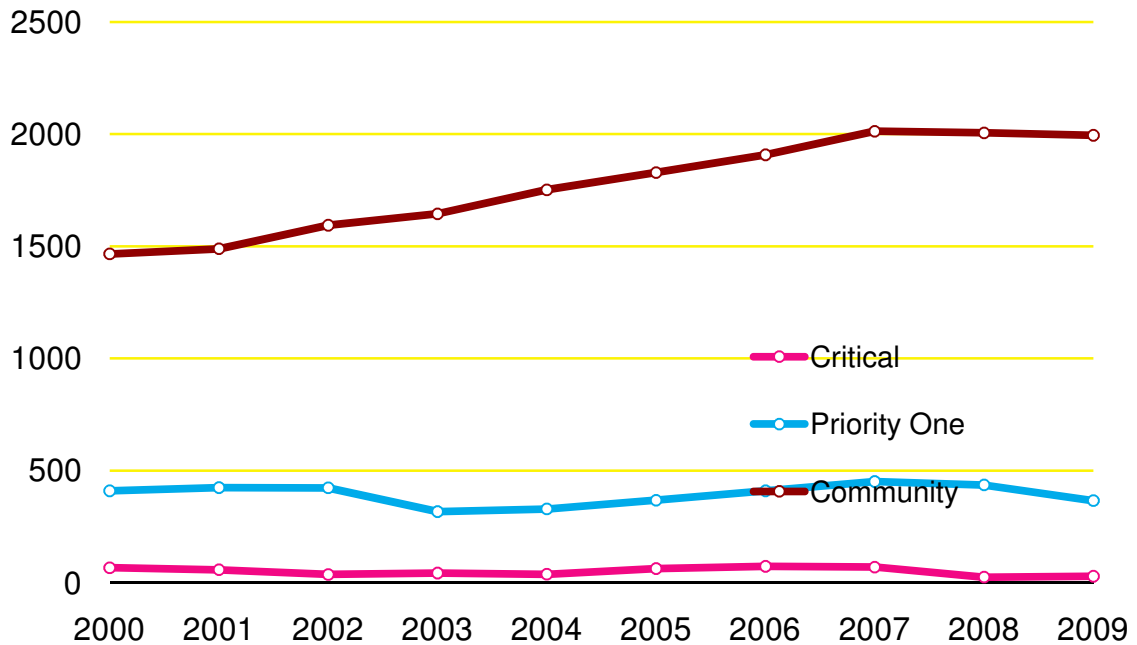
- In total, only 2,049 more children are provided services by DDSN today than four years ago.

### GROWING WAITING LISTS

Due to our state’s budget situation, the number of individuals on DDSN’s waiting lists continues to grow, as do the waiting periods. Additional funding is needed to relieve the 1,998 individuals awaiting DDSN’s Medicaid-funded mental retardation, autism and head and spinal cord services.

An additional 1,120 people who live at home are in line for DDSN’s day support services. This waiting list has increased 30% since 2000.

**South Carolina DDSN Community Residential Waiting List**



## *INCREASING DEMAND MAY GO UNMET*

Cases are piling up. Advances in science and medicine save lives, but they also increase the number of children and adults who need services for the rest of their lives. 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 5,200 DDSN clients is the fact that their services for FY 2009-2010 are being paid for with nonrecurring funding. Will the money be there next year? Without permanent reoccurring funding, they are vulnerable year after year.

If the state's reimbursement rates do not cover the actual cost of care, it eventually will have to lessen the scope and quality of care below acceptable standards or eliminate services it cannot afford. Over the past three years, providers' costs have risen with the prices of gasoline, oil, electricity, food, medical professionals, and other goods and services by an average of 6.3%, nearing a total of 20%, while the state has failed to allow for that inflation. In fact, it has been four years since the state provided an operating rate hike. All providers are now at the point where reimbursements must be increased.

**DEPARTMENT OF ALCOHOL AND OTHER DRUG ABUSE SERVICES (DAODAS)**

**AGENCY OVERVIEW**

The South Carolina Department of Alcohol and Other Drug Abuse Services (DAODAS) aims to provide quality services that will prevent or reduce the negative consequences of substance abuse. DAODAS supports efforts to improve the quality of life and to help improve our state's educational efforts for children.

DAODAS provides three main services to advance its goals: prevention services implemented in communities and schools throughout the state; intervention services; and treatment services that range from outpatient treatment to specialized detoxification and inpatient treatment.

**BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$44,902,642	\$35,891,321
<b>State Funds</b>	\$17,135,070	\$8,434,155

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$917,809.00	<b>Change from 06-07 to 07-08</b>	-\$3,946,109.00
<b>Change from 07-08 to 08-09</b>	-\$8,179,699.00	<b>Change from 07-08 to 08-09</b>	-\$1,646,441.00
<b>Change from 08-09 to 09-10</b>	-\$1,749,431.00	<b>Change from 08-09 to 09-10</b>	-\$3,108,365.00

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

DAODAS suffered a 31% cut in base state funding in FY 2009-2010, for an approximate total reduction of \$3.6 million. Its state appropriations for this year are half of what they were in FY 2006-2007.

DAODAS and its county authorities have suffered one of the largest proportional state funding cuts of any state agency. The majority of these cuts were taken in the Medicaid Match line. During FY 2009-2010, this line was cut by 50%. For every dollar in state funds cut, there is a loss of matching dollars that can be drawn from the federal government through Medicaid.

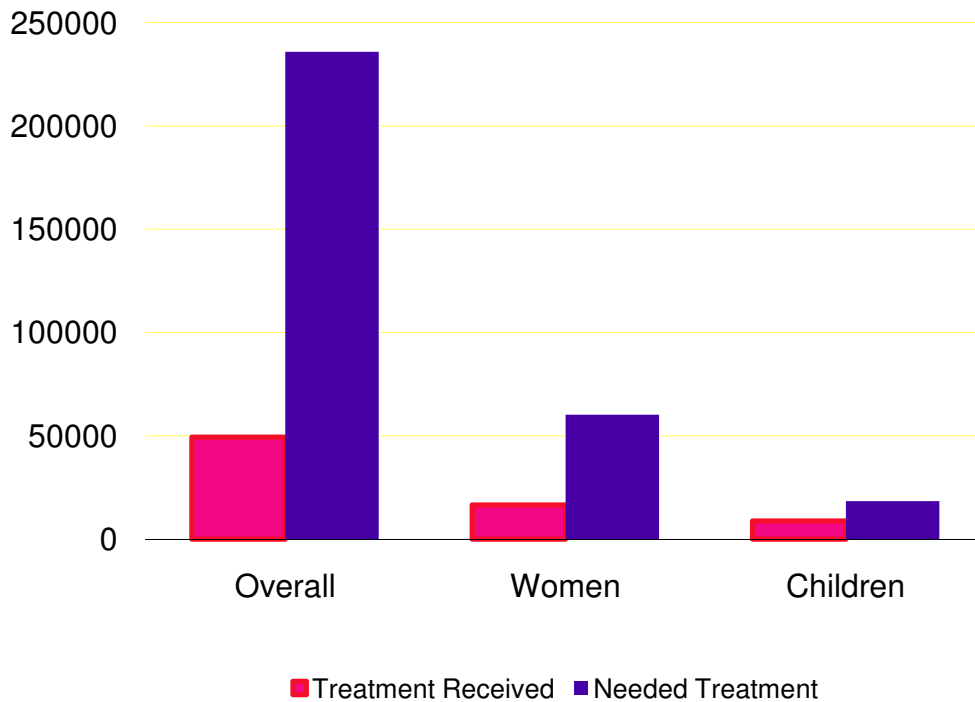
Between FY 2007-2008 and FY 2008-2009, state funding for chemical dependency community-based prevention services was reduced by 70% and chemical dependency community-based treatment services received a state funding cut of almost 60%.

## THE REALITY BEHIND THE NUMBERS

### *NOT ENOUGH TREATMENT TO GO AROUND*

The use of alcohol and other drugs affects South Carolinians of all ages and walks of life. DAODAS estimates that approximately 236,000 individuals in South Carolina are suffering from substance abuse problems that require immediate intervention and treatment. This number includes approximately 18,500 children. During FY 2009-2010, DAODAS and its provider network served 49,459 South Carolinians, including 8,824 children. This means that only 21% of South Carolinians who needed treatment services in FY 2009-2010 received them, and less than half (47.7%) of our children got help.

**Treatment Needed vs Treatment Received FY 2009**



## *CHILDHOOD ADDICTION IN SOUTH CAROLINA*

South Carolina ranks 45th among states for overall child well-being. The identified risk factors coupled with a 2009 Youth Risk Behavior Survey (YRBS) found that among high school students:

- 37% drank alcohol on one or more occasions within the past thirty days;
- 20% had five or more drinks within the past thirty days;
- 37% had their first drink of alcohol prior to the age of thirteen;
- 70% had had at least one drink in their lives.

The YRBS data also indicate that 10% of students drove after drinking in the past month, and 26% had ridden in a car with a driver who had been drinking.

Research has proven that young people 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.

Given these statistics, DAODAS' child and adolescent prevention, intervention and treatment services need to be an ongoing funding priority. Sadly, the 2009 budget cuts have resulted in reduced funding for the prevention of underage drinking activities provided through DAODAS' Alcohol Enforcement Team (AET) effort.

# **DEPARTMENT OF JUVENILE JUSTICE (DJJ)**

## **AGENCY OVERVIEW**

South Carolina's Department of Juvenile Justice (DJJ) 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 served 23,111 youths in FY 2009-2010.

## **BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$120,378,908	\$115,893,912
<b>State Funds</b>	\$89,053,682	\$91,578,671

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$29,826,160.00	<b>Change from 06-07 to 07-08</b>	+\$24,592,771.00
<b>Change from 07-08 to 08-09</b>	-\$22,211,196.00	<b>Change from 07-08 to 08-09</b>	-\$23,687,919.00
<b>Change from 08-09 to 09-10</b>	-\$12,099,960.00	<b>Change from 08-09 to 09-10</b>	+\$1,620,137.00

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

- DJJ faced deep budget cuts in FY 2009-2010. After cuts of 10.8% and 7% to its general fund base, DJJ's adjusted general fund base has dwindled to \$85 million. These cuts dealt a tremendous blow to agency programs and initiatives.
- Faced with cuts of this magnitude, DJJ was forced to narrow its mission around its core legislative mandates. As a result, some front-end prevention efforts were eliminated and early intervention and support programs lost funding.
- DJJ is currently operating at 20% less than the agency's approved base budget, and its current base budget is approximately \$1 million less than DJJ's

spending caps, which were approved by the state Budget and Control Board for FY 2008-2009.

- DJJ received only \$2.5 million more in state funding in FY 2009-2010 than it did in FY 2006-2007, a meager raise that does not reflect the rate of inflation.

### **THE REALITY BEHIND THE NUMBERS**

Prior to this fiscal year's budget reductions, great strides were evident at DJJ. There had been an 86% success rate for juveniles offenders in the community, meaning they committed no new crimes while under DJJ supervision. Referrals for serious juvenile crime were at a 13-year low in FY 2008-2009, and admissions to secure detention and the average daily population of committed juveniles were at a five-year low. Unfortunately, the progress being made at DJJ has been hindered considerably.

- DJJ experienced a 23% budget cut overall this fiscal year. DJJ is especially vulnerable because 80% of its budget derives from state funds. The impact of state budget cuts has been compounded by the withdrawal of Medicaid funding, which historically provided for alternative beds and treatment services.
- DJJ closed its 19 community-based employment programs and terminated gang intervention programs in local communities. These programs were important components of DJJ's anti-gang strategy. The employment centers taught juveniles real-world skills while isolating them from gang activity, and the gang intervention programs educated communities about how to protect themselves.
- In FY 2009-2010, DJJ cut approximately 200 full-time equivalent positions. As of July 31, 2009, the agency had a 26% vacancy for full-time employees. Furthermore, 60 temporary positions that had provided crucial staff support for programs and correctional facility security was eliminated.
- Increasing the employability of juveniles is a key goal of the current DJJ administration. As of April 2009, more than 80% of the youth who were committed to DJJ in excess of 60 days had participated in Career and Education Technology (CATE) in an effort to prepare them for technical school or the job market upon release. This statistic has fallen by approximately 10% since April 2008, while the national average has increased.
- DJJ closed the equivalent of two dormitories with accommodations for 80 juveniles at its Broad River Road Center. The juveniles once housed there have been relocated to other facilities.

- All of DJJ's group homes, which previously housed up to 57 juveniles, have been shuttered. One wilderness camp, which provided a positive experience for 40 children, was closed too.
- The Bridge aftercare program for youth with substance abuse issues was eliminated. This program had provided counseling and treatment to juveniles during their commitment at DJJ.
- The DJJ School District has laid off 29 teachers and five support staffers. Classes are approaching their size limits but are not yet overcrowded.
- All funding for Teen After-School Centers (TASCs) was lost. TASCs have provided mentoring, tutoring and supervised research to juveniles after school. During FY 2006-2007, 87% of the youth who participated in TASCs were not suspended from school while participating, and 32% reduced their number of unexcused absences. A DJJ representative estimated that as many as five TASCs staffed by volunteers might remain open.
- Funding for Juvenile Arbitration was reduced by 10%. Juvenile Arbitration is a community-based program that holds first-time young offenders accountable for non-violent crimes that they commit and diverts these youth from the formal justice system to an arbitration hearing. South Carolina's arbitration program has been lauded as exemplary: Of the more than 5,000 children who have been referred to the program, only 9% of juveniles have re-offended within two years of completing the program.
- Budget reductions have already begun to unravel the progress made by DJJ over the past six to seven years, and state budget writers are considering a further reduction of \$6 million. Such a reduction would lead to less than minimally adequate constitutional levels of care at DJJ correctional facilities.

## DEPARTMENT OF MENTAL HEALTH (DMH)

### AGENCY OVERVIEW

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

DMH provides outpatient psychiatric services to adults and children through 17 community health centers and 64 mental health clinics, and it provides inpatient psychiatric treatment to children at one facility. In FY 2008-2009, DMH's mental health counselors served nearly 13,000 children in 429 schools.

### BUDGET CHANGES THROUGH THE YEARS

	FY 06-07 Actual Expenditures	FY 09-10 General Appropriations
<b>Total Funds</b>	\$388,030,538	\$368,036,013
<b>State Funds</b>	\$219,416,732	\$176,001,571

Total Funds		State Funds	
<b>Change from 06-07 to 07-08</b>	-\$5,369,321.00	<b>Change from 06-07 to 07-08</b>	\$3,811,245.00
<b>Change from 07-08 to 08-09</b>	-\$9,544,426.00	<b>Change from 07-08 to 08-09</b>	\$44,801,612.00
<b>Change from 08-09 to 09-10</b>	-\$5,080,778.00	<b>Change from 08-09 to 09-10</b>	-\$2,424,794.00

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

- DMH's budget for children's services fell by \$12.2 million between FY 2007-2008 and FY 2009-2010.
- 
- Due to Federal Medicaid reimbursement rules for services delivered in DMH community-mental-health centers, the department not only experienced a decrease in state revenue dollars but also lost these vital federal funds. Medicaid revenue appears to be stabilizing and there is no longer a threat to these funds. During this time the need for services has grown and state appropriations have fallen by \$45 million since July 1, 2008.

## **THE REALITY BEHIND THE NUMBERS**

- DMH served 220 fewer clients in FY 2009-2010 than it did in FY 2007-2008.
- In the Community Mental Health System, DMH provided 22,308 fewer individual services to children in FY 2009-2010 than it did in FY 2007-2008.
- During FY 2008-2009 and FY 2009-2010, DMH relied on a partnership with Blue Cross Blue Shield of South Carolina to fund 12 school-based programs. Without this funding, there would be fewer school programs to help children.

Although the number of children and families to whom DMH provided school-based mental health services increased by 1,687 between FY 2007-2008 and FY 2009-2010, the number of schools served and the number of Masters of Public Health (MPHs) on staff has decreased. DMH's school-based mental health program lost 39 MPHs in FY 2009-2010. This means that there is more work being performed with fewer resources, which leads to staff burnout and the delivery of poorer services to a more limited set of clients.

- Between FY 2007-2008 and FY 2008-2009, state funding for community mental health centers was reduced by more than 20%. During that time, inpatient psychiatric programs lost more than a quarter of their state funding, and residential care for individuals whose mental illness conditions are persistently fragile enough to require long-term nursing care suffered a state funding cut of more than 30%.
- Certain evidence-based programs, including Multi-Systemic Therapy, have been reduced because of the FY 2009-2010 budget cuts. Multi-Systemic Therapy is an intensive family- and community-based treatment designed to make positive changes in various social systems (i.e. home, school, peer relations, etc.) that contribute to serious antisocial behaviors in children and adolescents. In 2007, DMH had six teams conducting Multi-Systemic Therapy. After the FY 2009-2010 cuts, DMH has only four teams.

### *REACHING FEWER CHILDREN EACH YEAR*

Since FY 2002-2003, DMH's penetration rate for children up to the age of 17 has declined steadily. In FY 2002-2003, DMH reached almost 33% of the children who needed services, and in FY 2009-2010 it reached less than 28%.

### *HALTED PROGRESS ON CAPITAL PROJECTS*

DMH has identified \$184.1 million worth of capital projects that currently have only partial funding. The agency has requested more money for these projects, which include renovating its Child and Adolescence Hospital, but given the budget crisis these projects may remain on hold indefinitely.

### *SERIOUS STAFFING SHORTAGES*

DMH's workforce includes 4,282 employees, 424 fewer than in 2008. Ninety-one percent of these employees are clinical staff in the community system and inpatient setting. DMH estimates that it will need \$12 million over the next three years to staff its hospitals and community mental health centers.

## **DEPARTMENT OF SOCIAL SERVICES (DSS)**

### **AGENCY OVERVIEW**

The South Carolina Department of Social Services (DSS) serves as a safety net for our neediest citizens. The mission of DSS is to ensure the health and safety of children and adults who cannot protect themselves and to help families achieve stability through food assistance, child protective services, childcare, child support and temporary benefits while transitioning to employment.

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

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$1,160,139,350	\$1,498,012,431
<b>State Funds</b>	\$131,155,752	\$112,596,445

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$72,206,250.00	<b>Change from 06-07 to 07-08</b>	+\$18,729,146.00
<b>Change from 07-08 to 08-09</b>	+\$69,554,235.00	<b>Change from 07-08 to 08-09</b>	+\$3,951,760.00
<b>Change from 08-09 to 09-10</b>	+\$186,888,207.00	<b>Change from 08-09 to 09-10</b>	-\$21,650,521.00

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

DSS has lost over \$48 million in state funds since July 2008. The loss of these funds limited the agency's ability to leverage additional federal matching funds. These losses are not necessarily reflected in the agency's base budget figures above, as \$40 million of state funding was allocated to DSS over the last three years for services that were once paid by Medicaid but are no longer eligible for reimbursement.

- In addition to state budget cuts, DSS was notified on September 28, 2009, that \$16 million in Temporary Assistance for Needy Families (TANF) funds would no longer be available for South Carolina as other states now qualify for the program, meaning that those states have been judged to be in greater need than South Carolina. Families cannot benefit from this program unless there are children in the household. Not only do TANF funds provide employment services and cash assistance for our most needy population, they also provide funding for child welfare services.
- During FY 2008-2009, DSS' goal in approaching the budget reductions was to mitigate the impact on children, families and vulnerable adults by protecting core services provided by its staff and by private-sector partners. As a result, DSS eliminated 112 full-time-equivalent employees, implemented a hiring freeze beginning in November 2008 and reduced operating costs by more than \$1 million dollars. So far during FY 2009-2010, the agency has implemented a 10-day furlough for senior-management-level employees, a five-day furlough for all other employees, a reduction in temporary workers and layoffs at the state office. DSS also enlisted the cooperation of its private-sector partners to help meet these reductions. In doing so, contracts for services across all programs were reduced. They included:
  - Reduction in training for childcare workers, foster parents, group homes and DSS staff;
  - Reduction of parenting classes and parent aide services;
  - Reduction in child-support services to locate non-custodial parents and to encourage establishment of paternity;
  - Reduction in the daily care rate for 23 low-management group homes and emergency shelters;
  - Reduction in drug and alcohol services;
  - Reduction in programs for At Risk Youth;
  - Reduction in programs for medically fragile children;
  - Reduction in programs providing adoption resources;
  - Reduction in programs providing child abuse prevention awareness;
  - Reduction in emergency assistance funds;
  - Reduction in childcare services for children in foster homes.

In addition, the cost of service delivery has been contained in order to maximize DSS' remaining funds. As a result, childcare vouchers for Child Welfare Services families now cover only 26 weeks instead of the traditional 52. Afterschool childcare slots for 1,100 children have been reduced, and registration fees for childcare voucher recipients have been reduced from \$100 to \$50 per child.

## **THE REALITY BEHIND THE NUMBERS**

### *THE GROWING CASELOAD*

In FY 2008-2009, DSS served more than 875,000 citizens. As the state's unemployment rate continues to spike, the agency's caseloads are backing up.

From July 2008 to July 2009, DSS' Temporary Assistance to Needy Families (TANF) roll increased by 32%, or about 11,000 individuals. Food stamp recipients now number 745,307 individuals, of which children account for approximately 360,000. But DSS is swamped in processing these cases, as the agency has not been afforded a workforce increase since 1993. Consider that in 1994 the food-stamp roll contained only about 385,000 recipients.

From July 2007 to July 2009, DSS' TANF roll increased has increased by 46%, or about 75,000 individuals. During FY 2008-2009, 31,402 children were in families who sought work and assistance through the TANF program.

Money worries often lead to domestic strife. Our current recession is no exception, and the people providing Child Protective Services (CPS) on behalf of DSS encounter one of its most tragic consequences, child abuse. In 2008, South Carolina had 9,170 CPS cases. The total rose to 12,316 in 2009, one of the highest incidence rates of child abuse, per capita, in the nation. CPS providers contracted by DSS, some of whom already have been operating without timely reimbursement from the state, now face the threat of closure due to funding cuts.

"We're being overwhelmed by the number of clients while our budgets have been cut and cut and cut," one CPS coordinator said. "If we close, who is going to take care of those children?"

Theoretically, DSS should, but, according to the CPS coordinator, "The reality is that DSS is cutback too. For the first time in years, DSS is laying off frontline staff," losing the case managers and home visitors who might have been able to pick up the slack.

### *CHILD SAFETY AND WELL-BEING*

At any given time in South Carolina, there are approximately 11,000 children whose protection is being overseen by DSS through Child Protective Services (CPS) programs. Additionally, there are approximately 5,400 children in foster care. Of these children, roughly 1,700 have a plan of adoption and about 700 of those are legally free to be adopted. It currently takes more than three years to finalize the average adoption in South Carolina, although the state's goal is two. For children who remain in care, the average stay is more than 17 months.

Seventy-five percent of children in foster care are returned safely to their homes within 12 months.

Budget reductions have dramatically strained the state's underlying system of care for children in Child Protective Services and foster care. It is becoming more and more difficult to maintain services to biological parents to enable them to keep children safely in their homes. Approximately 85% of the cases indicated for child abuse and neglect have some drug or alcohol involvement. Robust drug and alcohol treatment programs and mental health services are critical for ensuring the safety of our children. Coordination of DSS services with those provided by agencies such as Mental Health, Disabilities and Special Needs, and Alcohol and Other Drug Abuse Services is vital.

Additional bilingual staff is needed to address the needs of South Carolina's growing Hispanic population. In the meantime, efforts continue to identify resources for forensic interviewers involved in child abuse or neglect investigations when the involved children and/or adults have limited English proficiency.

### *CHILDCARE*

DSS' Child Care Services program increases the availability, affordability and safety of childcare. The ABC Child Care Program provides vouchers 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. For many years, the ABC Childcare Program received \$4.4 million in recurring state funds for childcare services. In FY 2008-2009, it received an additional \$2.6 million in recurring state funds, resulting in a total of \$7 million in recurring state funds. However, the state match and maintenance of effort requirements to draw the full federal Childcare and Development Fund allocation has steadily increased to \$14.3 million for FY 2009-2010. Given South Carolina's current economic environment, it is increasingly difficult for the ABC Childcare Program to find other sources of state matching funds to draw the full federal allocation as it has always done in the past.

For low-income families, the only way to provide safe, sufficient childcare is with this assistance. Otherwise, parents must choose either to work or to care for their children. Because of a lack of funding, South Carolina is currently only able to serve 20% of the citizens who are financially eligible for these services.

### *CHILD SUPPORT*

Hard economic times have boosted the demand for child support services at the same time that noncustodial parents are less able to pay. Child support collected through the interception of unemployment benefits soared from \$2.6 million in

2008 to \$10.7 million in 2009. More and more noncustodial parents are requesting that the amounts of child support they have been ordered to pay be reconsidered by DSS. The increased demand for child support services from both custodial and noncustodial parents is straining the ability of DSS' Child Support Enforcement Division (CSED) to respond in a timely manner. Meanwhile, budget issues have prevented CSED from filling vacant positions, further limiting DSS' ability to serve its clients.

Last year CSED located 26,589 non-custodial parents, recorded 26,592 paternities (established or acknowledged), and established 13,140 orders for child support. Caseloads in CSED remain the highest in the nation, with 834 cases per Full-Time-Equivalent employee (FTE). The national average is 261 cases per FTE. Managing such high caseloads continues to be a struggle to match resources to demand.

Changes at the federal level have reduced the funding available for child support enforcement, creating the need for additional state resources to be requested. This funding has been replaced for federal fiscal years 2009 and 2010 by the federal stimulus bill, but it will end again, effective September 30, 2010.

In FY 2008-2009, CSED established paternity or had absent parents acknowledge paternity in 89.3% of the department's child support cases. For subsequent years South Carolina must score a minimum of 90% on this federal measure. Failure could result in financial penalties against TANF funding.

### *TEEN PREGNANCY PREVENTION*

Helping families stay out of poverty can be achieved by preventing unwanted pregnancies. DSS had dedicated funds to provide services to at risk youth for pregnancy prevention programs. Funds for teen pregnancy prevention have been cut in half, meaning that approximately 5,000 youths considered at risk of getting pregnant will not be afforded counseling, after-school programs and guidance to help them avoid the poverty trap by completing school. The consequence of this is putting children at risk and incurring increased costs for the state in the future.

**DEPARTMENT OF HEATH AND ENVIRONMENTAL CONTROL**  
**(DHEC)**

**AGENCY OVERVIEW**

South Carolina's Department of Health and Environmental Control (DHEC) is the public health and environmental protection agency for the state. DHEC provides many vital services for mothers and children. One of the agency's key responsibilities is to improve the health and well being of women, mothers, children (including those with special needs), adolescents and families in South Carolina by assessing health needs, assuring access to health services and developing policies supportive of that mission.

**BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$478,798,245	\$555,503,163
<b>State Funds</b>	\$128,609,142	\$107,442,179

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	+\$42,872,561.00	<b>Change from 06-07 to 07-08</b>	+\$35,755,838.00
<b>Change from 07-08 to 08-09</b>	+\$12,881,164.00	<b>Change from 07-08 to 08-09</b>	-\$37,376,479.00
<b>Change from 08-09 to 09-10</b>	+\$20,951,193.00	<b>Change from 08-09 to 09-10</b>	-\$19,546,322.00

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

- DHEC's state appropriations have decreased by almost \$60 million over the past two fiscal years.
- In FY 2009-2010, DHEC received \$107.4 million in state monies, compared to \$128.6 million in FY 2006-2007.
- DHEC lost all funding for its Family Health Centers in FY 2009-2010.
- In FY 2009-2010, DHEC's Maternal and Infant Health programs lost over \$1.5 million in state funding.
- In FY 2009, DHEC lost all state funding for Camp Burnt Gin, the only summer camp for children age 7 to 15 with complex medical needs.
- DHEC's state expenditures for Family Health Infectious Disease Prevention were reduced by 30%. This program ensures that food and beverages served in food service facilities are safe. It also tracks and monitors the distribution and causes of diseases and provides immunizations.
- Maternal and Infant Health Services suffered a 40% cut in state funding between FY 2007-2008 and FY 2008-2009. State funding for newborn screening was reduced by another 12% during that time.

## **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*

The Perinatal Regionalization System is focused on ensuring that babies are delivered with the appropriate level of care and that they and their mothers are referred to appropriate pre- and post-delivery services. Perinatal Regionalization has been cut by 32%, which means that this system will not be maintained in its current form.

South Carolina had been fortunate to have a system of Regionalization that worked very well. Regionalization helps with one of our key indicators: Infant mortality. Without risk-appropriate care, SC's infant mortality rate will surely increase.

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

DHEC's Birth Defects Surveillance activities work to improve understanding of birth defects, to prevent birth defects and to assist families with children who have birth defects. SCBDP experienced a 21.7% budget reduction in FY 2009-2010. Staff reductions have resulted in longer waiting periods for referrals and a deficit in expertise, including the notable loss of an experienced epidemiology consultant. The program is now 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. The gap will remain as a result of the cuts; therefore, children with special needs, who are never hospitalized, will go unidentified. The program has been crippled in terms of referral and follow-up, data analysis, research quality and staff training.

### *MATERNAL AND CHILD HEALTH*

The Maternal and Child Health (MCH) program 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 the region's ability to provide services and to establish community systems to facilitate access to care.

Post-partum newborn home visits were particularly hurt by the FY 2009-2010 cuts. Under this program, registered nurses provide in-home assessments of mothers, babies and families, with a special emphasis on the Medicaid-covered newborn population. The nurses then pair mothers with post-delivery care and family-planning services, and babies with a medical home where well- and sick-care are provided.

State funds cut so far add up to approximately 45% of the program's budget. As a result, between 2,649 and 5,413 families will not be served. MCH has responded by developing a priority list for post-partum newborn home visits that could eliminate two-thirds of the potential visits so that the neediest referrals are seen by the limited nursing capacity available.

### *CHILDREN WITH SPECIAL HEALTHCARE NEEDS*

The Children's Rehabilitative Services (CRS) program provides medical and related services to South Carolina residents under age twenty-one who have a range of chronic illnesses and/or handicapping conditions.

As of September 2008, 6,258 clients were enrolled in the CRS program, 77% of whom had SC Medicaid coverage. In FY 2008-2009, \$1.6 million in state funds was spent to provide these services. Unfortunately, approximately one-third of the CRS program funds derive from state sources, and state funding was cut by 22.6% in FY 2009-2010. This reduction will result in substantial increases in out-of-pocket expenditures for health-related services, supplies and equipment for low-income families whose children would have been served under the CRS program. Because eligibility for the program is determined by family income, an alternative result of the cuts is that families that cannot otherwise afford rehabilitative services for their children may have no choice but to go without this help.

### *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. The program received a 22.6 % reduction in state funds in FY 2009 and state funds represent more than 40% of the program's total budget.

### *BABYNET*

BabyNet is South Carolina's early intervention program supported by federal grant funds authorized in the Individuals with Disabilities Education Act (Part C). BabyNet provides 16 services to eligible infants and toddlers up to age 3,

including physical, occupational and speech therapies, assistive technologies and case management. BabyNet experienced a 21.7% cut in state funds in FY 2009-2010, where state funds represent more than 25% of total program funding.

### *NEWBORN HEARING*

DHEC's newborn hearing program provides hearing detection screenings for infants born in South Carolina hospitals and refers them as appropriate. Statewide monitoring and surveillance are included within this program. Newborn hearing screenings sustained a total budget reduction of 18.4% in FY 2009-2010. DHEC anticipates that this cut will result in reduced reporting compliance and reduced screening compliance.

### *SICKLE CELL*

DHEC's sickle cell program provides physician visits, pharmaceutical support, physical and occupational therapy, and durable medical equipment to South Carolinians who live with sickle cell disease. Twenty-two percent of state funding for the sickle cell program has been cut to date, and close to 94% of the program's funding comes from state funding sources. The staff eliminations, reduction in operating hours and decreased emergency assistance funding that will result from FY 2009-2010 budget cuts mean that families will have to wait longer to obtain sickle cell counseling, education and medical follow-up, or they will need to travel further to obtain these crucial services.

### *NEED FOR NURSE*

DHEC, like hospitals and other agencies, has lost an unprecedented number of registered nurses over the past two years due to an aging workforce coupled with a national nursing shortage. Like other agencies, DHEC has not been able to fill vacancies due to state and federal reductions in funding. For the first time since Hurricane Hugo, public health nurses will not be available to assist the Red Cross in staffing shelters for the general public during hurricane evacuations and other disasters. DHEC will use its limited nursing workforce to staff special-medical-needs shelters and assist with assigned emergency response and recovery activities to the extent possible.

# **DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)**

## **AGENCY OVERVIEW**

The South Carolina Department of Health and Human Services (DHHS) seeks to provide comprehensive healthcare coverage for South Carolinians and to foster a healthcare-delivery system that works to better the health of Medicaid beneficiaries. DHHS provides healthcare coverage for low-income families, pregnant women and infants, children, as well as disabled and elderly recipients. DHHS also provides educational and prevention programs and supports a range of treatment, intervention, and support programs through other state agencies.

DHHS administers the state's Medicaid program, which encompasses a host of programs including the Children's Health Insurance Program (CHIP). DHHS also has oversight of several Medicaid waiver programs that are administered by the SC Department of Disabilities and Special Needs (DDSN), such as the Head and Spinal Cord Injury waiver.

In FY 2009, DHHS provided health care services for approximately 930,000 South Carolina residents, including 462,000 children.

## **BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$4,710,995,222	\$6,088,601,325
<b>State Funds</b>	\$832,255,285	\$798,362,989

<b>Total Funds</b>		<b>State Funds</b>	
<b>Change from 06-07 to 07-08</b>	-\$41,108,525.00	<b>Change from 06-07 to 07-08</b>	+\$994,612,602.00
<b>Change from 07-08 to 08-09</b>	+\$485,106,615.00	<b>Change from 07-08 to 08-09</b>	-\$958,325,841.00
<b>Change from 08-09 to 09-10</b>	+\$933,608,013.00	<b>Change from 08-09 to 09-10</b>	-\$761,243,943.00

## THE REALITY BEHIND THE NUMBERS

- DHHS' mission of providing quality healthcare coverage to South Carolinians is becoming increasingly difficult given the rise in cost of healthcare and our state's particularly unhealthy population. According to the United Health Foundation, South Carolina ranks 48<sup>th</sup> in the union for physical fitness.
- Like other state agencies, DHHS experienced steep reductions in state appropriations as a result of declining state revenues (\$134 million gone, or about -13%). Some of the lost state funding was ultimately replaced through the American Recovery and Reinvestment Act (ARRA), which provides an enhanced match rate for Medicaid expenditures. This enhanced match rate is expected to cease in 2010, which will pose a significant challenge in future budget cycles.
- Children were the largest group of DHHS services recipients, having received 32% of DHHS services for FY 2009-2010. Pregnant women and infants received an additional 14% of DHHS services.
- Despite an annual state appropriation of \$20,000,000 DHHS has only enrolled 16,000 out of a possible 70,000 eligible children in the Children's Health Insurance Program (CHIP).
- Increased unemployment (12%) and the recession have pushed more children into poverty and Medicaid eligibility. The enrollment of children has risen by approximately 9.5%.
- Agency enrollment of parents has remained relatively flat despite the dramatic increase in unemployment.
- Studies indicate that children in households where parents do not have insurance are less likely to get needed medical care or have a medical home.

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

## **AGENCY OVERVIEW**

South Carolina First Steps to School Readiness (SC First Steps) was established in 1999 to advance early childhood education and academic preparedness. Programs carried out by the agency include childhood health screenings, child health education, teaching parents to teach their children, investing in childcare and the nationally recognized Countdown To Kindergarten, which connects families and schools in the weeks leading up to a child's first day of kindergarten.

## **BUDGET CHANGES THROUGH THE YEARS**

	<b>FY 06-07 Actual Expenditures</b>	<b>FY 09-10 General Appropriations</b>
<b>Total Funds</b>	\$33,014,969	\$30,400,000
<b>State Funds</b>	\$30,100,000	\$18,600,000

- State funding for SC First Steps has been reduced by 38% since FY 2007.

## **THE REALITY BEHIND THE NUMBERS**

Severe cuts in state funding have deeply impacted the ability of most community SC First Steps to meet the growing needs of South Carolina's high-risk children. As a result of reductions incurred between FY 2008-2009 and FY 2009-2010 alone, SC First Steps:

- Eliminated intensive, in-home parental education programs for the parents of 242 high-risk children.
- Reduced by 41% the number of childcare centers to which it provided expert technical assistance and improvement grants designed to improve the education of enrolled students.
- Served roughly 11,000 fewer participants in critically needed childcare staff development.

- Provided a high-quality preschool experience to roughly 835 fewer high-risk three- and four-year-olds.
- Saw a 40% reduction in the number of rising, high-risk kindergartners connected to school transition activities through Countdown to Kindergarten.

About one in seven children in South Carolina is assessed as unprepared for first grade. In some communities, this statistic is as high as one in four or greater. Research studies repeatedly show that children who arrive unprepared for first grade's challenges have difficulty catching up and succeeding throughout the rest of their school years. Many of these students drop out of school or do not find fulfilling, productive jobs after high school as a result of their slow start. Given this backdrop, the budget cuts that SC First Steps has sustained take on more urgency.

## CONCLUSION

For several generations now, South Carolinians have grown accustomed to occupying the low end of national rankings for that which is good and the top five for that which is bad. Deplorable as this record may be, these budget cuts, if not soon remedied, will chart an irreversible course for future generations of South Carolinians, marginalizing them socially and economically.

To note that *the way in which a society cares for its children speaks plentifully to that society's character* might be to recite a tired truism. And perhaps our collective conscience has been blunted during these times of scarcity and uncertainty. So please consider, what is the bottom line of a regressive society? Without intervention and assistance, poverty begets poverty, ignorance begets ignorance, and abusive tendencies are passed down through generations.

We can pay now or pay through the nose later.

Without a healthy, well-educated workforce, we cannot expect to raise our living standards. Hungry children cannot learn, and sick children cannot excel. Children having children rarely go on to lead productive lives.

Intervening in the life of a wayward youth today can spare the state the huge expense of incarcerating him later. Give him a chance now; save money later.

Getting children with autism into the scholastic mainstream at a young age can enable them to remain in the mainstream as adults. Help them now; save money later. The same goes for prenatal care. See that babies are born healthy; save money.

Enabling a disabled child to live at home instead of an institution keeps families whole, but that too saves the state money.

This is a pragmatic argument for an emotional issue, but in too many debates the bottom line prevails. By investing early, we can avoid the expensive social and economic consequences that will plague our youths because we are neglecting them now.

Until we seriously re-examine our tax and revenue policies, instead of falling back on the cutting of taxes and needed services, South Carolina's problems will persist.

## SOURCES

The research and data for this report were compiled from agency web sites and agencies' publicly available Accountability Reports and Budget Plans. In addition, interviews were conducted with agency representatives.

The primary reports relied upon were agencies' 2008-2009 Accountability Reports, which each agency provided to the South Carolina Legislature at the end of 2009. These reports are available at the following links:

SCDOE: <http://www.scstatehouse.gov/reports/aar2009/h63.pdf>  
SCDDSN: <http://www.scstatehouse.gov/reports/aar2009/j16.pdf>  
SCDAODAS: <http://www.scstatehouse.gov/reports/aar2009/j20.pdf>  
SCDJJ: <http://www.scstatehouse.gov/reports/aar2009/n12.pdf>  
SCDMH: <http://www.scstatehouse.gov/reports/aar2009/j12.pdf>  
SCDSS: <http://www.scstatehouse.gov/reports/aar2009/l04.pdf>  
SCDHEC: <http://www.scstatehouse.gov/reports/aar2009/j04.pdf>  
SCDHHS: <http://www.scstatehouse.gov/reports/aar2009/j02.pdf>

Agencies' Prospective Budget Plans for FY 2009-2010 are available at the following links:

DOE: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/H63.pdf>  
DDSN: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/J16.pdf>  
DAODAS: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/J20.pdf>  
DJJ: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/N12.pdf>  
DMH: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/J12.pdf>  
DSS: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/L04.pdf>  
DHEC: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/J04.pdf>  
DHHS: <http://www.budget.sc.gov/webfiles/OSB/budget%20plans/J02.pdf>

### Agency Web Sites:

DOE, <http://ed.sc.gov/>  
DDSN, <http://www.ddsn.sc.gov/>  
DAODAS, <http://www.daodas.state.sc.us/>  
DJJ, <http://www.state.sc.us/djj/>  
DMH, <http://www.state.sc.us/dmh/>  
DSS, <https://dss.sc.gov/>  
DHEC, <http://www.scdhec.gov/>  
DHHS, <http://www.dhhs.state.sc.us/>  
SC FIRST STEPS, <http://www.scfirststeps.org/>

Budget Bills: FY 2006-2007 through FY 2009-2010  
South Carolina Legislature  
<http://www.scstatehouse.gov/html-pages/budget.htm>

KIDS COUNT 2009 Data book

Annie E. Casey Foundation

<http://datacenter.kidscount.org/databook/2009/Default.aspx>

South Carolina Department of Juvenile Justice Progress Report 2009

Chinn Planning, Inc.

<http://www.state.sc.us/djj/pdfs/2009-chinn-report.pdf>

Representatives at the following agencies:

Department of Education

Department of Disabilities and Special Needs

Department of Alcohol, Tobacco, and Other Drug Abuse Services

Department of Juvenile Justice

Department of Mental Health

Department of Social Services

Department of Health and Environmental Control

South Carolina First Steps