

Opportunities taken, opportunities missed

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The House passed its budget at the end of March to the Senate where budget deliberations are currently ongoing. The House's \$6.44 billion budget made strides in rebuilding important services and programs that experienced deep cuts during recent lean budget years. In addition, the House addressed increased costs that arose naturally and from programs that were formerly paid for with federal funds while also putting money aside to restore reserve accounts.

The entire budget is several inches thick, and since there is not enough space to discuss everything, I want to share some of the more significant items in the House budget:

Trust Funds and Rainy Day Funds

The House budget restored trust funds with \$98.5 million in funding. Specifically, the Barnwell Nuclear Site Clean-up Trust Fund received \$64.6 million and would be fully restored. Additionally, \$167.7 million and \$111.8 million was provided to fully fund the General Reserve Fund and the Capital Reserve Fund, respectively. These "rainy day" funds are used to protect against future budgetary deficits or revenue shortfalls.

K-12 Education

The Education Finance Act (EFA) is fully funded with \$69.5 million dollars in new funds to achieve the base student cost of \$2,367. The total funding for K-12 education to operate local schools is projected to be \$10,776 per pupil of which \$4,357 is provided by the state, \$1,086 federal, and \$5,333 local.

The House budget establishes a 15 year or 250,000 mile replacement cycle for school buses by appropriating \$26 million for bus purchases and \$26.8 million for fuel. This plan should end the practice of using bus purchase funds to cover deficits in bus fuel and ensure that students are safely transported to and from schools and that the students arrive at school and at home on time.

In addition the K-12 portion of the budget fully funds the growth in the National Board Certification program for teachers at \$6.1 million. The House also included funding for the Education and Economic Development Act and the Student Health and Fitness Act, which were enacted last year but were not funded.

Health and Human Services and Medicaid

The House provided an additional \$109 million to cover growth in Medicaid in order to maintain the current level of benefits. A portion of these new funds covers the reduction of Federal funds for the Federal Medicaid Assistance Program at a cost of \$12 million and provides \$17 million needed to pay for the loss of Federal funds for the Targeted Case Management Program, a service which was formerly provided to emotionally disturbed children by the Federal government but which is now each state's responsibility.

Law Enforcement

In addition to a number of technology upgrades for our separate law enforcement agencies, the House budget funds two new trooper classes for a total of 100 new officers with a car for each. The Department of Natural Resources would receive 25 new officers under the House budget. Probation, Pardon, and Parole would receive funding for seven new officers to track sex offenders. This funds Act 141, which broadened the range of sex offenders that are required to be placed on the Sex Offender Registry and requires registration in additional circumstances, and places certain sex offenders on electronic monitoring.

Commerce Department

Under the House budget, the Commerce Department would receive \$17 million in recurring and non-recurring funds for a variety of programs to strengthen South Carolina's economy by recruiting new industries, retaining existing industries and jobs, and fostering our competitiveness in the global marketplace.

Missed Opportunities

Although this budget appears comprehensive, three important issues were not adequately addressed.

The House budget did not provide for an acceptable level of funding for early childhood education initiatives as ordered in (Manning's) Judge Cooper's ruling in the school equity case *Abbeville v. South Carolina*. The House budget provides only \$6 million for a pilot program in the plaintiff districts.

Despite several amendments aimed at addressing the problem brought to the public's attention in the widely viewed documentary "Corridor of Shame," not enough support was garnered to provide assistance to poorer counties to improve the conditions of their school facilities. One amendment failed that would have provided for statewide bonds to fund an infrastructure bank that would provide negotiated interest rate loans through a needs-based selection process.

Last, the House refused to increase the cigarette tax. South Carolina has the lowest cigarette tax in the nation at 7 cents a pack, a tax which hasn't changed since 1977 (vs. Georgia's tax of 37 cents and North Carolina's tax of 35 cents in 2006, which will increase to 40 cents in 2007). Several amendments were offered, including one that would have used the additional revenues to increase our federal Medicaid match to provide insurance for children whose family income is at or below 200% of the federal poverty level. South Carolina is currently able to cover children in families up to 150% of the poverty level – one of the lowest coverage rates in the country. The revenue from the cigarette tax would also have created an insurance premium assistance program so that small businesses could offer affordable healthcare to their employees whose family income is at or below 200% of the federal poverty level. It is unfortunate that better healthcare for children, working families, and small businesses lost out to cheap cigarettes.