

THE UNIVERSITY OF MINNESOTA
GRADUATE SCHOOL

Report
of
Committee on Examination

This is to certify that we the undersigned, as a committee of the Graduate School, have given Oliver Leonard Troxel final oral examination for the degree of

Master of Arts.

We recommend that the degree of

Master of Arts

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Date July 25 - 1922

THE UNIVERSITY OF MINNESOTA

GRADUATE SCHOOL

Report
of
Committee on Thesis

The undersigned, acting as a Committee of the Graduate School, have read the accompanying thesis submitted by Oliver Leonard Troxel for the degree of Master of Arts. They approve it as a thesis meeting the requirements of the Graduate School of the University of Minnesota, and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts.

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Date July 25-1922

PUBLIC SCHOOL FINANCE IN
SOUTH DAKOTA

A Thesis
Submitted to the Graduate Faculty
of the
University of Minnesota
by

OLIVER LEONARD TROXEL

In Partial Fulfillment of the Requirements
for the
Degree of

MASTER OF ARTS

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PUBLIC SCHOOL FINANCE IN SOUTH DAKOTA

CHAPTER I

INTRODUCTION:

THE PROBLEM AND THE PRESENT SITUATION

PRESENT
CHAOTIC
CONDITION

There is no more fundamental problem in the educational world today than the problem of sources and distribution of school revenues. One need not read far into the literature of the subject, meager though that literature is, to discover that educational opportunities in the United States or in a single state are not by any means equal, and that the burdens of school support fall with widely varying weight on different communities.

The money with which the public schools of the United States are supported is raised and distributed by almost as many methods as there are states in the Union. In many states, the methods of raising and distributing funds have grown up in a haphazard way. Laws have been passed to satisfy existing needs, without regard to any scientific plan. Division of territory into school corporations has been made without considering the ability of these corporations to provide funds necessary to furnish an education to their children. And state money has been distributed to these corporations without regard to their ability or their effort to support their own schools.

THE PROBLEM
STUDIED

Certain studies of permanent school funds and of state aid have been made, while recently a number of exhaustive studies of the entire system of school support in several states have been completed. The studies of this kind already made, show, without exception, an almost unbelievable variation in the educational opportunities offered to the children of the particular state, and similarly a wide variation in the burden of school support. The present study will present a survey of the public school finances of the State of South Dakota. It will attempt to show to what extent the system of raising and distributing school funds in South Dakota tends to produce equal educational opportunities for all children of the state; and to what extent this system approximates an equitable distribution of the burdens of school support. More specifically, it will consider: (1) Where and how South Dakota gets her funds for public schools including both elementary schools and high schools; (2) How these funds are managed and disbursed; (3) For what purposes they may be expended; (4) The effects of the present system of finance, especially as shown by the equalities or inequalities in opportunities and in burden of support; (5) Desirable modifications.

SOURCES

The present account is based largely upon a study of the laws of the State of South Dakota and upon the official federal and state educational and financial reports. The latest comparative data covering all states, available at the present time is that contained in the Bureau of Education Bulletin, 1920, No. 11, Statistics of State School Systems. The comparative data in this bulletin are for the year 1917-18. Some data of the same kind as that contained in this

bulletin for the year 1919-20 were furnished privately by the United States Bureau of Education. The most recent documents of South Dakota, available at the present time are: (1) The report of the State Superintendent of Public Instruction for the year ending June 30, 1920. (2) School laws compiled in 1919.^a (3) The school laws passed at the Special session of the Legislature in 1920 and those passed at the Regular Session of 1921. (4) The report of the Commissioner of School and Public Lands for the year ending June 30, 1920. The 1920 Census and the 1920 Bulletins of the United States commissioner of Education are also the latest of their respective kinds available. Since no reports of the State Superintendent of Public Instruction of South Dakota later than 1920 are available, other reports of State officers of later date could not be used to advantage. The reports of the State Auditor and the State Treasurer were used for a few facts and also for checking data in other reports. The reports of the State Tax Commission of South Dakota for 1920 was used to secure the taxable valuations by counties, no reports available showing district valuations. It is evident from the above that no date later than 1920 could be selected for studying the conditions within the state itself.

METHOD In view of the character of the present study, it is evident that the methods to be employed will be chiefly documentary and statistical.

EDUCATIONAL Before proceeding to the specific problem
SITUATION IN with which the present study is concerned, it will
SOUTH DAKOTA be helpful to gain some idea of the general educational situation

a. The 1919 compilation of school laws is incomplete and very poorly indexed so the 1915 compilation was used to secure some facts.

in South Dakota and of the organization and administration of her school system. Table 1 shows: (1) The conditions with which the school system has to deal. (2) The financial support given to the Schools of the state. (3) The result of the interaction of (1) and (2) as shown in enrollment, attendance, length of school year, illiteracy and average teachers wage.

Table 1 A shows conditions in 1920 so far as data is available while Table 1 B shows the conditions existing in 1918. The same numbering has been kept thruout the two tables so that comparisons between the two years may be made easily.

TABLE 1 A. FACTORS IN THE EDUCATIONAL SITUATION IN SOUTH DAKOTA IN 1920

I CONDITIONS^a

		Rank in union ^b
1. Total gross land area in square miles ^c		
Population	76,868	14
2. Density ^d	8.3	40
3. Total ^e	636,547	37
4. Per cent white ^e	97.2	21.5
5. Per cent negro ^e	.1	47.5
6. Per cent foreign born white ^e	12.9	20
7. Per cent rural ^f	84	3
8. Per cent urban ^f	16	48
9. School population (5 - 18 yrs.) ^g	177,188	37
10. Per cent of population over 10 years of age which is illiterate ^e	1.7	6.5

Estimated true value of all property of state

11. Total	a
12. Taxable	a

II SUPPORT^a

13. Total ^g	\$11,592,896	26
14. Per capita of average attendance	a	
15. Total expenditure on schools for each \$100 of estimated taxable wealth	a	
16. Per cent total levy for schools is of total taxation for all purposes	a	

III RESULTS^a

17. Number of children of all ages enrolled ^g	146,955	36
18. Per cent of children of school age (5 - 18) enrolled ^g	82.9	21

		Rank in ^b union
19.	Per cent of children enrolled, in daily attendance ^g 67.3	44
20.	Average length of school year in days ^g 167	20.5
21.	Average annual salary of all teachers ^g \$694.	33

Notes for Table 1 A.

- a. All data are for 1919-20. Blank spaces indicate that no data are available for these items. The latest available data for these items are given in Table 1 B. The federal reports, from which these data are taken, while far from accurate, are the only source available for interstate comparison and ranking.
- b. Computed from data on reports referred to. District of Columbia included on same basis as state.
- c. Thirteenth Census of the United States, 1910, Vol. 1, p.39, Table 19.
- d. Fourteenth Census of the United States, 1920, Vol. 1, p.29, Table 16.
- e. Fourteenth Census of the United States, Composition and Characteristics of the Population, p.27, Table 10.
- f. Fourteenth Census of the United States, 1920, Vol. 1, p.47, Table 30
- g. Data taken from unpublished tables furnished privately by the United States Bureau of Education.

TABLE 1 B FACTORS IN THE EDUCATIONAL SITUATION IN SOUTH DAKOTA IN 1918.

I CONDITIONS ^a		Rank in union ^b
1. Total gross land area in square miles ^c Population	76,868	14
2. Density ^d (1910) ^e	7.6	41
3. Total ^f (U.S. Census Estimate)	735,434	37
4. Per cent white ^g (1910) ^e	96.6	24
5. Per cent negro ^g (1910) ^e	.1	47.5 ^h
6. Per cent foreign born white ^g (1910) ^e	17.2	19
7. Per cent rural ⁱ (1910) ^e	86.9	4
8. Per cent urban ⁱ (1910) ^e	13.1	46
9. School Population ^j (5 - 18 yrs.) ^k	203,623	35
10. Per cent of population over ten years of age which is illiterate ^g (1910) ^e	2.9	8
Estimated true value of all property of the state (1912) ^e		
11. Total ^j	\$1,398,573,425	33
12. Taxable ^j	\$1,330,693,417	33
II. Support		
13. Total ^l	\$5,727,264	29
14. Per capita of average attendance ^m	\$63.30	7
15. Total expenditure for schools for each \$100 of estimated taxable wealth ^j (1912) ^e	\$.309	13
16. Per cent total levy for schools is of total taxation for all purposes. ⁿ	36.54	11
III RESULTS		
17. Number of children of all ages enrolled ^o	138,485	37
18. Per cent of children of school age (5 - 18) enrolled ^p	70.5	48

		Rank in union ^b
19. Per cent of children enrolled in daily attendance ^q	65.3	43
20. Average length of school year in days ^r	186 ^t	3
21. Average annual salary of all teachers ^s	\$504	33

Notes for Table # B.

- a. All data are for 1918 unless otherwise stated and are from federal sources. Although the federal reports from which these data are taken are far from accurate they are the only source available for interstate comparison and ranking.
- b. Computed from data on page referred to. District of Columbia included on same basis as a state.
- c. Thirteenth Census of the United States, 1910, Vol. I. p.39, Table 19.
- d. Ibid., p. 42, Table 23.
- e. Latest data available in 1918.
- f. Statistics of State School Systems 1917-18. p. 93, Table 20.
- g. Ibid., p. 95, Table 22.
- h. Four states have the same per cent, .1.
- i. Thirteenth Census of the United States, 1910, V.1, pp.56-57, Table 36.
- j. Statistics of State School Systems 1917-18, p.153, Table 60.
- k. Legal school age in South Dakota is 6-21 years. The school population for 1918 was estimated by the federal commissioner on the basis of 5 - 18 years.
- l. Statistics of State School Systems 1917-18, pp.144-5, Table 55.
- m. Ibid., p. 148, Table 57.
- n. Ibid., pp. 150-51, Table 58.
- o. Ibid., p. 99, Table 25.
- p. Ibid., p. 94, Table 21.
- q. Ibid., pp.108-9, Table 36.
- r. Ibid., p. 109, Table 36.
- s. Ibid., p. 14, Table 39.
- t. This figure is given by the report of the United States commissioner of education is unquestionably incorrect. The report of the State Superintendent of Public Instruction for South Dakota, 1918, p. 249, gives the average length of school term in rural districts as 8.53 months, in Independent Consolidated Districts 9 months with a total average of 8.84 months.

Table 7 A shows that the density of the population is comparatively low and that the state ranks third in percentage of rural population. This makes our problem a more or less typically rural one. The negro population is negligible, being only one tenth of one per cent, which with two other states is the lowest in the Union. The state ranked thirty seventh in total population, while it also ranked thirty seventh in school population. The number of illiterates is comparatively small, being only 1.7 per cent. In making a report of the survey of the state in 1918, the surveyors said, "only .4 per cent of the native born whites are illiterate, and only 5 per cent of the foreign born whites. More than one half of the persons illiterate are Indians and therefore wards of the federal government. They should not have been included. The census of 1915 gives the total number of white illiterates, native and foreign born at 3114 or .72 per cent of the total population.----- In some sections "near illiteracy" prevails due to the scattered homesteading west of the Missouri river with long distance to the nearest school, bad roads, and severe winters."¹ This would very probably also be true in 1920.

Part II shows that South Dakota ranked 26 in total support which would indicate that the per capita expenditure is large since the state ranked 37 in school population. The reason for this is undoubtedly that, much of the state being rural, schools and classes are small, which always increases per capita cost. The comparatively low annual salary of teachers would confirm this conclusion, rather than a conclusion that the state is furnishing

1. The Educational System of South Dakota, p. 8.

an exceptionally high class of schools.

The results as shown in Part III of the table are far from gratifying. Eighty-two and nine tenth per cent of the children five to eighteen years of age were enrolled in school, the state ranking twenty first in this respect. This is a great improvement over 1918 when only 70.5 were enrolled, the state ranking forty eighth. Of those enrolled, (1920) only 67.3 per cent were in daily attendance, the state ranking forty second. This means that less than 56 per cent of the children of school age (5-18) in the state were in daily attendance at school. The average number of days school was in session was 167, but the average number of days attended by each child between 5 and 18 years of age was only 92.7.

A few striking comparisons may be made between tables 1 A and 1 B, showing advances the state has made from 1918 to 1920. While the rank in school population dropped from 35 to 37, the rank of the state in total school support advanced from 29 to 26. The per cent of children of school age enrolled was brought from 70.5 in 1918 to 82.9 per cent in 1920, changing the rank of the state from 48 to 21 in this respect. This is a notable achievement. The per cent of those enrolled in average daily attendance advanced from 65.3 in 1918 to 67.3 in 1920, but the rank of the state dropped one place - from 43 to 44 in this respect. The average length of school year in days changed from 186 to 167. However the figure 186 for 1918 is unquestionably incorrect,^a so no comparison can be made. It is interesting to note that while the average salary of all teachers increased almost \$200 or about 38% during the two year period, the rank of the state remained the same.

Several other facts which the people who surveyed the state

^a See note "t" table 1A, page 12.

in 1918 brought out clearly, are worthy of note. The total wealth per child 5 to 18 years of age in South Dakota is (1918) \$11,821, an average amount exceeded in only six states in the Union.² But in a comparison made with 23 north central and western states on support, based on per capita of total population, South Dakota is found to rank thirteenth with an expenditure of \$8.23. (1918) If support for each child, five to eighteen years old is considered, the state ranks nineteenth among the same 23 states with an expenditure of \$ 29.72.³

ORGANIZATION AND ADMINISTRATION

ADMINISTRATIVE
BOARDS AND
STATE SUPER-
INTENDENT

Education in South Dakota is Administered through four distinct departments or boards:

1. The State Department of Public Instruction,
2. State Board of Education, 3. State Board of Regents of Education, 4. State Board of Charities and Correction.

The state department of public instruction is presided over by the state superintendent of public instruction.⁴ The superintendent of public instruction is charged with the general supervision of all county schools and all high schools and of county and city superintendents. It is also his duty to certificate teachers. He is elected by popular vote for two years. No educational qualifications are stipulated for election to this office. His salary is limited to \$1800 by the Constitution. He also gets \$600 house rent.⁵ No state school inspectors were provided under

² The Educational System of South Dakota, p. 9.

³ Ibid., p. 9, tables 4 and 5.

⁴ School Laws of South Dakota, Annotated, 1919, pp. 1 and 2.

⁵ The Educational System of South Dakota, p. 19.

this department until July 1919, when a high school supervisor, a rural school inspector, an Americanization director and a supervisor of Home Economics were added. An assistant superintendent, an examination clerk, two assistant directors of Americanization, and three stenographers constitute the remainder of the force of this office.⁶ Short term of office, lack of financial support, and party politics curtail the effective power of this department severely.

STATE
BOARD OF
EDUCATION

The state board of education⁷ was created by the legislature of 1917 to comply with the Smith-Hughes Act. Its sole duty is to administer this act in the state. It is composed of seven members: state superintendent of public instruction; the president of the state University; the president of the college of Agriculture and Mechanic Arts and four others appointed by the governor, two of whom must be from normal schools, one a city superintendent and one a county superintendent. These are appointed for four years and receive no pay.

OTHER
BOARDS AND
DEPARTMENTS

The state board of regents of Education controls the higher institutions of the state. The State Board of Charities and Correction controls the penal institutions and the schools for the deaf and the blind. Neither of these boards has any direct relation to the common schools. A teachers reference bureau is conducted by the state, a Library Commission controls the libraries and provision is made for a teachers reading circle. But since these are quite removed from the problem of public school finances, they will not be considered further.

⁶Superintendent of Public Instruction, Report 1920, p. 6.

⁷School Laws of South Dakota, Annotated, 1919, p.9.

UNITS OF
ORGANIZATION
THE COUNTY

The State of South Dakota is divided into 69 counties, which in turn are divided into districts of several classes. The unit of administration next below the state in point of size is the county. Each county has a county superintendent, whose duty it is to visit the schools of the county, hold institutes and meetings of board members, and supervise all schools in the county except those in independent districts. He is also a member of the board of appraisal for school lands within the county. The county superintendent must have a first class teachers certificate. He is elected by popular vote for a term of two years, not being eligible for more than two successive terms. His salary ranges from \$900 to \$2000 depending on certain conditions within each particular county. He may also get up to \$400 per year traveling expenses.⁸ It is patent that with the salaries offered and the limitations as to tenure, South Dakota cannot hope to get and keep a high state of efficiency in this office.

The county in South Dakota is provided with no less than three classes of boards which directly or indirectly affect educational conditions: (1) Board of County Commissioners; (2) County Text Book Committee; (3) County Library Committee. There is no county Board of Education.

The Board of County Commissioners is charged with the education of children in any territory in the county not organized into school districts.⁹ This is not an educational board but has this educational duty. There is a county text book committee whose sole duty it is to choose the text books for the county for a period of

⁸ School Laws of South Dakota Annotated, 1919, pp.11-12.

⁹ School Laws of South Dakota Annotated, 1919, pp.43-44.

five years. The county superintendent is ex-officio chairman of this committee. The county text book committee includes as members the presidents of the boards of education of all independent districts, county auditor, county attorney, county commissioners, and one person from each commissioners district, elected by the members of the school boards of the district.¹⁰ A county library committee is provided to look after libraries.

SCHOOL DISTRICTS
CLASSES AND
GOVERNMENT

Counties are divided into school districts of five different kinds, (1) The common districts are the ordinary units in rural territory. The laws of 1907 provided for dividing territory not then in established districts, conforming the boundaries of the district to the congressional township lines, including one or more townships in a district.¹¹ Provision was also made for dividing these districts.¹² The common school district is controlled by an elective board of 3 members which has full control of the school and levies such taxes as are voted by the electors at the annual district meeting.¹³ (2) The independent district is the unit for territory in which an incorporated town is situated. The board is composed of five elective members who determine the taxes and have full control of the school. (3) Two or more common districts may unite for all purposes to form a consolidated school district. The consolidated district upon its organization becomes an independent district and is subject to the rules and laws governing independent districts.¹⁴

t

¹⁰ School Laws of South Dakota Annotated, 1919, pp.69-73. Committee changed in 1921 to the following: County
¹¹ Ibid., p.20, Sec. 7442. Superintendent, chairman board of county
¹² Ibid., p.21, Sec. 7446. commissioners, county auditor and 2 rural
¹³ Ibid., p. 35, Sec. 7499. teachers, permanent residents of the
¹⁴ Ibid., p. 55, Sec. 7571. county chosen by board of county comm'rs.

(4) Township-High School districts are organized for the purpose of high school education only. The common school districts situated within such a district also maintain their common school organization for common school purposes. (5) County High Schools may be organized by a vote of the electors of the county. Such a school district does not include the territory in Independent districts. The rules applying to the Independent District, apply to the County High School district, where these rules are applicable.¹⁵

No other classes of school districts are named in the laws, but there are a number of special provisions applying to schools in commission governed cities. There are also in the state five territories designated as counties, but not yet organized regularly as counties. Each of these is attached to an organized county for judicial and real estate purposes. Each unorganized county is a common school district, having a board composed of five members, appointed by the governor, who levy taxes and control the schools of the district.¹⁶

NUMBER There are in the state sixty-four counties with
OF
DISTRICTS five more unorganized counties. Two of these unorganized counties do not appear in school statistics in the report of the state superintendent. In the Survey made in 1918, under the direction of the United States Bureau of Education, the number of districts is estimated at 5,011 rural, and 287 independent and consolidated.¹⁷ The State Superintendent's report for 1918 gives

¹⁵ School Laws of South Dakota, Special Session 1920, Regular Session, 1921, p.26 (Chapt. 205 S.L. 1921)

¹⁶ School Laws of South Dakota, Annotated 1919, p.9.

¹⁷ The Educational System of South Dakota, p. 14.

5,296 rural schools¹⁸, and 265 independent.¹⁹ However it would seem that these figures are totals for school buildings and not for districts. The number of consolidated schools is given definitely as forty-one which are distributed over twenty-three counties.²⁰ The number of buildings in these districts is given at fifty-six.¹⁹ The same report lists two hundred sixteen organized high schools of all classes.²¹ There is no report available, giving the number of township high schools.^b In all reports, districts are classified as rural, independent and consolidated.

The 1920 Report of the State Superintendent lists 2846 rural districts having 4749 schools,²² 250 independent districts having 421 schools²³, and 87 consolidated districts having 139 schools distributed over thirty nine counties.²⁴ These three types of districts are also subdivided into classes. Since the subdivision is made the basis for receiving state aid, it will be discussed in the chapter dealing with state aid.

With Chapter II. will begin our account of sources of school revenue. We may well close the present chapter with a tabular summary of the number and classes of school districts in South Dakota, how such districts are governed and what authority determines the tax rate.

¹⁸The State Superintendent of Public Instruction, Report 1916-1918, pp. 100, 249.

¹⁹Ibid., p. 249.

²⁰Ibid., p. 221.

²¹Ibid., pp. 60,61.

^bThe State Superintendent in his report for 1920, p. 11, says, "The township High School law is inoperative."

²²State Superintendent of Public Instruction, Report 1920, p.146.

²³Ibid., p. 187.

²⁴Ibid., p. 235.

Table 2. South Dakota School Districts 1920.

Classes ^e	Number of districts ^a	Number of Schools ^a	Governed by ^b	How tax rate is determined ^b	Tax rate ^d .limits (sinking fund and bonds excluded)
Common	2846	4749	Board of three members	Patrons at annual election	Not exceed 15 mills ^c .
Independent	250	421	Board of six members	Board of Education	Not exceed 15 1/2 mills. ^f
Consolidated	87	139	Board of six members	Board of Education	Not exceed 15 1/2 mills.
Unorganized County ^d	5	5	Board of five members	Board of Education	Not exceed 10 mills.
Township High School	No report of any		Board of three members	Board of Education	Not exceed 10 mills.

- a. All data taken from Superintendent of Public Instruction, Report 1920.
- b. All data taken from School Laws of South Dakota Annotated 1919.
- c. Lower limit of 2 mills established in 1921 by legislature.
- d. Are common school districts and the numbers are so included in common districts.
- e. Another class - County High School Districts established by legislature in 1921.
- f. Changed to 25 mills by special session of the legislature in 1920. See School Laws of South Dakota, Special Session 1920, Regular Session 1921, p. 10, Sec. 7567.
- a. Pages cited elsewhere in text in this chapter.
- b. Pages cited elsewhere in text in Chapter IV, pp.55-56.

CHAPTER II.

FEDERAL AID

SOURCES OF AID CLASSIFIED

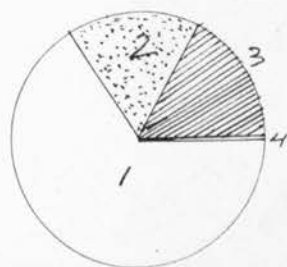
The sources from which the schools of South Dakota receive their funds fall into four major classes: Federal, State, County, and District. Table 3. shows the proportionate amount that the schools of the state received from the various sources, compared with the average for the whole United States, for the year ending June 30, 1920.

Table 3. Percentage Analysis of South Dakota Public School Revenue Receipts, 1919-20.

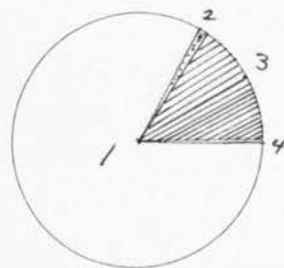
Sources	Federal	State	County	Local	Total
United States ^a	.255	16.555	11.40	71.79	100
South Dakota ^b	.185	15.34	1.309	83.16	100

- a. Computed. Data taken from unpublished tables furnished by United States Bureau of Education.
 - b. Computed from data taken from Reports of Superintendent of Public Instruction and Commissioner of School and Public Lands of the State of South Dakota, The Report of the Federal Board for Vocational Education, and the Report of the state auditor, all for the year 1920. Exact method of computing each item will be given in later tables.
- The same facts shown in Table 3. are shown graphically in Figure 1.

Figure 1. Percentage Analysis of South Dakota Public School Revenue Receipts, 1919-20.



United States



South Dakota.

- 1. District
- 2. County
- 3. State
- 4. Federal

The reports of the United States Commissioner of Education and of the State Superintendent of South Dakota, while they give the total amount of money received by South Dakota from federal sources for vocational education/^{report} the money coming from federal sources and distributed through state agencies as state money.¹ The amount of federal money was therefore computed from the report of the Federal Board for Vocational Education which gave the amount of money the state received from federal funds for Smith-Hughes aid, and from the State Auditors report, which gave the amount received by the state from Federal Forest Reserve funds.

Table 3 and Figure 1 show that, compared with the United States as a whole, South Dakota derives a slightly less ^{of its} total school revenue proportion from federal sources, the same proportion of money from state sources, a comparatively very small proportion from county sources and a considerably larger proportion from local district sources. Classified in this respect, we might then consider South Dakota an example of a state system dominated by the district unit. This situation is offset somewhat by the fact that the districts are quite large in area and organized to some extent on the township basis, the rural districts, averaging about two schools each. (See Chapter 1 and Table 2).

SOURCES OF
FEDERAL AID

Federal aid to the schools of South Dakota is derived from the following sources: (1) The National Forest Reserve Fund. (2) Federal Fines. (3) The Smith-Hughes Grant.

¹Statistics of State School Systems 1917-18, p. 128, Table 44, Superintendent of Public Instruction for South Dakota, Report 1920, p. 252.

NATIONAL FOREST
RESERVE FUND

Chapter 192 of the Acts of Congress (May 23, 1908) provided that thereafter twenty-five percent of all monies received from each forest reserve during any fiscal year including the year ending June 30, 1908 was to be paid at the end thereof to the state or territory in which said reserve is situated, to be expended as the state or territorial legislature prescribes for the benefit of the public schools, and public roads of the county or counties in which the forest reserve is situated.²

South Dakota has provided that of such monies, one half shall go to the public school districts in proportion to the amount of reserve land in the districts but not to exceed \$15 per annum per census child in the district, any remainder going to the county General School Fund of the county.³ The other half of the fund goes to the highways of the several counties.

The State of South Dakota has within its borders 1,085,671 acres of federal reserve land.⁴ Table 4 shows the amount which the state received from the National Forest Reserve Fund and paid to the several counties for the year 1919-20.

²United States Compiled Statutes, Annotated, 1916, Vol. 5, p.6092, Sec. 5149.

³Session Laws of South Dakota 1911, Chapter 160, Sec. 2.0152.

⁴United States Department of Agriculture, Forest Service, National Forest Areas, June 30, 1920, p. 4.

Table 4. National Forest Reserve Fund money paid to the Several Counties with amounts devoted to schools, 1919-20.

County	Total Amount	Amount devoted to Schools ^b
Mead	\$ 484.11	\$ 242.055
Pennington	5,811.16	2,905.58
Custer	4,015.63	2,007.815
Lawrence	4,859.92	2,429.96
Harding	1,338.62	669.31
Total	15,509.44	8,254.72

a. Annual Report / State Auditor of South Dakota, Vol. 1, p.1744.
 b. Computed. 1919-20,

FEDERAL FINES

The federal criminal code⁵ provides that a fine for setting a fire or leaving a fire burn unattended on public domain; for building fire near peat, timber or inflammable material upon public domain, Indian Reservation or land belonging to Indian tribes or upon Indian allotment held by the United States, and failing to extinguish fires, shall be paid into the County School Fund of the county in which land is located. No record available lists any money from this source.

FEDERAL SMITH-HUGHES GRANT

The Smith-Hughes bill which provides federal aid to the states for vocational training requires that the state match dollar for dollar, the federal grant.⁶ In 1919 the legislature of South Dakota provided for annual appropriation of \$20,600 to carry out the provisions of the act.

⁵Criminal Code, Secs. 52-54. United States Compiled Statutes, Annotated, 1916, Vol.X, p. 12624.

⁶U.S. Compiled Statutes, Supplement 1918, p.1520, Sec. 9390 1/4e (Act of Congress, Feb. 23, 1917). Chapter 114, Sec. 9.

The federal report shows that in 1917-18, \$15,139 was apportioned to the state from federal moneys for Vocational purposes.⁷

The report of the State Auditor for 1918 shows the following amounts received from the United States government for the different purposes:⁸

\$3,854.29	for Vocational Education in Agriculture
3,750.00	" " " " Trades and Industries
3,750.00	" " " " Teacher training

This same report shows the same balances on hand at the end of the year so evidently none of it was used. No state appropriation was made for that year for supervising or inspecting this vocational work.

amounts given in the
The reports of the federal board for Vocational Education⁹

do not agree with those given in the reports of the State Auditor and the State Treasurer for South Dakota. Table 5 shows the amounts of money available from federal funds and the amounts expended each year since the Smith-Hughes Law went into effect.

⁷ Statistics of State School Systems 1917-18, pp. 127-8, Table 47.

⁸ State Auditor of South Dakota, Annual Report 1918, Vol. 2, p. 63.

State Treasurer of South Dakota, Annual Report 1918, pp. 13, 14.

⁹ Federal Board for Vocational Education, Second Annual Report 1918, p. 110, Table 15, p. 111, Table 16, p. 112 Table 17.

Table 5.

Federal Smith-Hughes Funds

For Instruction in Agriculture

Year	Available	Expended	Available but not expended ^p
1917-18	\$ 5,139.07 ^a	\$----- ^a	\$5,139.07
1918-19	7,708.61 ^a	3,382.51 ^b	4,326.10
1919-20	10,278.15 ^c	5,230.00 ^d	5,048.15
1920-21	12,847.68 ^d	11,018.25 ^e	1,829.43
1921-22	15,602.30 ^e	-----	-----

For instruction in Trade and Industrial subjects and in Home Economics

1917-18	5,000.00 ^f	593.75 ^f	4,406.25
1918-19	5,000.00 ^g	950.00 ^b	4,050.00
1919-20	5,000.00 ^h	972.03 ⁱ	4,027.97
1920-21	5,000.00 ⁱ	4,857.97 ^j	142.03
1921-22	5,000.00 ^j	-----	-----

For Teacher Training

1917-18	5,000.00 ^k	2,899.75 ^k	2,101.25
1918-19	5,000.00 ^e	3,900.00 ^b	1,100.00
1919-20	10,000.00 ^m	4,811.58 ⁿ	5,188.42
1920-21	10,000.00 ⁿ	8,849.26 ^o	1,150.74
1921-22	10,000.00 ^o	-----	-----

All amounts in Table 5 taken from Annual Reports to Congress of the Federal Board for Vocational Education, as follows.

- | | |
|--|---------------------------------|
| a. <u>Second Report (1918)</u> , p.100 Table 15. | |
| b. <u>Third Report (1919)</u> , p. 242, Table 27. | |
| c. <u>Ibid.</u> , p. 249, Table 33. | |
| d. <u>Fourth Report (1920)</u> p. 248, Table 40. | |
| e. <u>Fifth Report (1921)</u> p. 291, Table 22. | 1. <u>Third Report (1919)</u> |
| f. <u>Second Report (1918)</u> p. 111, Table 16. | p. 248, Table 32. |
| g. <u>Third Report (1919)</u> p. 247, Table 31. | m. <u>Ibid.</u> , p. 251, Table |
| h. <u>Ibid.</u> , p. 250, Table 34. | 35. |
| i. <u>Fourth Report (1920)</u> , p. 249, Table 41. | n. <u>Fourth Report (1920)</u> |
| j. <u>Fifth Report (1921)</u> p. 292, Table 22. | p. 250, Table 42. |
| k. <u>Second Report (1918)</u> p. 112, Table 17. | o. <u>Fifth Report (1921)</u> |
| p. 293, Table 23. | p. Computed. |

Table 5 shows that South Dakota is using more and more of her Federal Smith-Hughes money. The balances unexpended have during the year 1921-22 been reduced to a low amount which means that the state is advancing its vocational training accordingly.

The following table shows the amounts of money contributed to the public schools of South Dakota from federal sources during the year 1919-20 with the proportion these funds contributed to the total revenue of the state.

Table 6. Federal Sources of Public School Support in South Dakota 1919-20.

Sources	Amount	% of total state revenue ^c
National Forest Reserve Fund	\$ 8,254.72 ^a	.079
Federal Smith-Hughes aid	11,013.61 ^b	.106
Federal Fines	No data	No data
Total	19,268.33	.185

- a. State Auditor of South Dakota, Annual Report, 1920, vol. 1 p. 1744. Computed.
- b. Fourth Annual Report, 1920, Federal Board for vocational education, pp. 248,249,250. Computed.
- c. Computed.

CHAPTER III.

STATE AID.

SOURCES OF
STATE SUPPORT

South Dakota derives its revenues for State Support of public schools from the following three sources: (1) The permanent school fund; (2) State legislative appropriations; (3) Fines for violation of state laws. The state levies no tax for public schools and it is only since 1917 that any considerable amount has been appropriated by the legislature for public schools. The United States Commissioner of Education reports for 1917-18 no state money for schools other than the income from the permanent school fund and leases of land.¹ This is not accurate as there were state appropriations for that year as will be shown later.

Table 7 shows in Part I the amount and the percentage of total school revenue furnished by the state, while Part II shows the amount and percentage of the several state sources.

¹Statistics of State School Systems 1917-18, p. 126, Table 46, p. 128, Table 47.

Table 7. Analysis of State Receipts for Public Schools 1919-20.

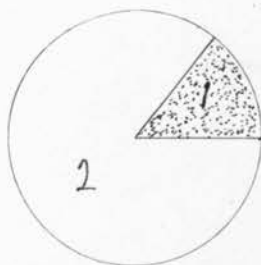
Part I.

Total Public School Revenue Receipts. ^a	: Amount furnished by the State. ^b	: Percent of total revenue receipts contributed by the State. ^c
\$10,410,850.46	: \$1,597,264.11	: 15.34%

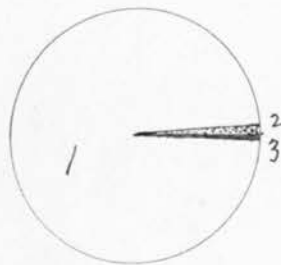
Part II.

State Sources of School Revenue	Amount this furnishes	Percent ^c	
		of total Revenue	of state revenue
Permanent School Fund	: 1,541,672.14 ^d	: 14,806	: 96.52
Fines	: 12,401.70 ^e	: .119	: .77
Appropriations	: 43,190.27 ^f	: .415	: 2.71
Total	: 1,597,264.11	: 15.34	: 100.

Figure 2. Analysis of State Receipts for Public Schools, 1919-20.



- 1. State
- 2. All others



- 1. Permanent school fund
- 2. Appropriations.
- 3. Fines

Part I. Proportion of total revenue for schools furnished by state.

Part II. Proportions of state money furnished by different sources.

Notes for Table 7.

- a. State Superintendent of Public Instruction Report 1920, p.270. Computed by taking total and subtracting "balance on hand" and "amount received from sale of bonds."
- b. Computed by adding "amount apportioned to schools" as given in Commissioner of School and Public Lands Report 1920, p. 72, statement 91; \$20,000 appropriation made "aid to Common Schools" and the amounts reported in State Superintendent of Public Instruction Report 1920 as being received by the district as "special aid" pp. 174, 223, 225, 252, 253; and subtracting amount expended as federal aid as shown in fourth report of the federal board for Vocational Education, 1920, pp. 248-250.
- c. Computed from the figures given.
- d. Computed by taking "amount apportioned as aid" given in commissioner of School and Public Lands Report, 1920, p. 71, and subtracting from this the amount contributed to the interest and income fund from fines, Annual Report of State Treasurer, p. 22. This whole amount probably should not have been subtracted as the entire interest and income fund was not apportioned. The State Treasurer gives a slightly different amount as apportioned to schools (p.22) than does the commissioner of school and public lands p. 71. The difference is so small as to be almost negligible, being only \$150.48.
- e. State Treasurer of South Dakota, Annual Report, 1920, p. 22.
- f. Computed by adding the appropriation of \$20,000 as "aid to common schools", "Special aid" Superintendent of Public Instruction Report, 1920. pp. 147, 223, 225, 252 and 253 and subtracting federal aid Fourth Report, the Federal Board for Vocational Education 1920, pp. 248-250. A much larger amount than this was available but was not used.

Figure 2 shows the facts of Table 7 graphically. Table 7 and figure 2 show that less than one-sixth of the total school revenue receipts come from state sources and that the permanent school fund furnishes all but about three and one-half percent of the money coming from state sources.

INTEREST AND
INCOME FUND

It may be well to define here the term "interest and income fund" which is used repeatedly in speaking of state school revenues. This fund is made up of the following: interest on the permanent school fund; interest on deferred payments to the permanent school fund; amounts received from lease of lands belonging to the permanent school fund; proceeds from the sale of sand, wood, timber, gas, coal and oil, from lands belonging to the permanent school funds and the net proceeds of all fines for violation of state laws. In other words the interest and income fund is made up of the income from the permanent school fund (including lands) and the net proceeds of fines for violation of state laws². Table 8 shows the amounts making up this fund for one year with the percentage from each source.

²No statement of the composition of the interest and income seems available. Article VIII. Sec. 3 of the constitution comes nearest to making a definition. From reports of the commissioner of school and public lands, and from the reports of the State Treasurer, it may be seen that the fund is made up as stated. Examples: Report of State Treasurer 1920, p. 22. Report, 1920, Commissioner of School and Public lands, pp. 61,62, Statement 76. Other reports might be cited to show the same thing.

Table 8. Summary of receipts and disbursements of the Interest and Income fund for the year 1919-20^a.

Items	Receipts	% of total ^b excluding cash on hand.	Disbursements
Cash on hand June 30, 1919	\$1,191,819.74		
Interest on bank balance	26,614.95	1.51	
Liquor fines	12,401.70	.70	
Leases	755,815.79	42.80	
Interest on permanent	558,609.98	31.62	
Interest on deferred payments	412,718.19	23.37	
Warrants paid (apportionment)			\$1,554,224.32
Balance on hand June 30, 1920.			\$1,403,756.03
Total	\$2,957,980.35		\$2,957,980.35
Total excluding balance on hand	\$1,766,160.65	100.00	

of South Dakota

- a. State Treasurer/ Annual Report, 1920, p. 22. The amounts given here do not correspond exactly with those given in the report of the State Auditor, or the State Commissioner of School and Public Lands.
- b. Computed.

Table 8 shows that less than 1% of the interest and income fund is contributed by fines and that the remainder comes in some form from the permanent school fund. Of this, leases on lands, including sale of timber, coal, wood, etc. contributes the largest amount, followed by interest on the permanent fund and interest on deferred payments. Analyzing this a little more closely, we see that the money capital contributes over half of the income and the land capital about 43% of the income. It may be well to note at this point that the leases of agricultural land contributed

\$48,862.41, sale of wood, timber, sand, oil, gas and coal \$23,876.16, and rent of land for grazing purposes \$731,851.90³.

The Permanent School Fund.

OFFICIAL TITLE

Neither the constitution nor the laws of South Dakota specifically provide an official name for this fund. It is spoken of incidentally in the constitution as "The permanent school fund"⁴ and it is commonly so designated in official reports. It is also often called the "common school fund".

IMPORTANCE

The permanent school fund is the most important state source of revenue in South Dakota. This is in striking contrast with the United States as a whole in which the receipts from permanent funds and rent of school lands furnishes less than 3% of the total revenue receipts.³ Only three states, Nevada, New Mexico and Wyoming surpassed South Dakota in the percentage of revenue receipts coming from permanent school funds.⁵

ORIGIN

The permanent school fund has been derived largely from the school land granted to the state by the federal government at the time of its admission to the Union. Sections 16 and 36 of each township were reserved for the use of the schools. This land is commonly called "common school land" in reports. "Whenever the state lost any of these sections or parts of them either through homesteads, Indian allotments or otherwise authorized by congress it was permitted to indemnify

³Commissioner of School and Public Land Report, 1920, p. 62. This does not correspond exactly with the figures given in the table taken from the treasurer's report, but the difference is very small.

⁴Constitution of South Dakota, Art. VIII, Sec. 11.

⁵Statistics of State School Systems, 1917-18, p. 122, Table 44.

itself by taking lieu lands of equal acreage to those lost, from any unappropriated government lands in the state"⁶. Such lieu lands are known as indemnity lands. Some indemnity lands have been granted in lieu of certain unsurveyed school land sections 16 and 36, in national forests within the state⁷. The total amount of common school land granted by the national government was 2,225,653.30 acres and the total amount of indemnity school land granted was 633,233.09 acres⁸. On June 30, 1920, the permanent school fund consisted of deferred payments on land and of loans amounting to \$27,434,983.83⁹, while there was still 2,162,717.59⁸ acres of unsold school land.

VALUE OF
UNSOLD
SCHOOL LAND

The constitution provides that no land be sold for less than \$10 per acre. It also provides that the land must be appraised and may not be sold for less than the appraisal price. Since admission to statehood until June 30, 1920, 646,960.53 acres of land had been sold for \$23,809,161.51, an average price of \$36.80 per acre¹⁰. Recent years have shown a large increase in the average price per acre above this figure. Table 9 shows the common school land sales since 1915.

Table 9. Common School Land^a Sales 1915-20.

Year ending June 30.	Acres sold	Total sale price	Average per acre
1915 ^b	12,295.94	\$ 717,480.03	\$ 58.35
1916 ^c	24,869.97	1,186,543.68	47.71
1917 ^d	15,897.00	662,919.37	41.69
1918 ^e	65,551.83	3,458,918.30	52.77
1919 ^f	56,932.45	4,198,422.32	73.74
1920 ^g	55,848.51	3,659,528.45	65.53
1915-1920	231,395.70 ^h	13,883,812.15 ^h	59.71

- a. Apparently includes any sales of Indemnity School Land.
- b. Commissioner of School and Public Land, Report 1916, p. 34. Statement 33.
- c. Ibid., 1916, p. 35, Statement 38.
- d. Ibid., 1918, p. 36, Statement 32.
- e. Ibid., 1918, p. 38, Statement 44.
- f. Ibid., 1920, p. 37, Statement 32.
- g. Ibid., 1920, p. 38, Statement 33.
- h. Computed.

- ⁶ Commissioner of School and Public Lands, Report 1914, p. 6.
- ⁷ Commissioner of School and Public Lands, Report 1918, p. 7.
- ⁸ Ibid., 1920, p. 8, Statement 2.
- ⁹ Ibid., 1920, p. 3.
- ¹⁰ Ibid., 1920, p. 38, Statement 33.

On the basis of the average price of all land sold since statehood, the value of the unsold land would be approximately \$76,000,000.00. This would figure the surface value of the land only, the mineral value being entirely unknown. The total prospective value of the permanent school fund is therefore approximately \$103,400,000.00. Any valuation placed on the unsold land belonging to the permanent school fund must be regarded as largely hypothetical though estimates made agree fairly well. A letter from State Superintendent Shaw dated April 17, 1922, says the fund "now amounts to over \$40,000,000.00 and when all of our state land is sold we will have better than \$100,000,000.00 in our Permanent School Fund." The United States Bureau of Education in 1918 estimated the value of the unsold land at that time as about \$85,000,000.00, an estimate of about \$37 per acre for the 2,304,215.45 acres of land then remaining unsold¹¹. The survey of the School System of South Dakota made in 1918 estimates the final value of the permanent school fund, after all land is sold at \$90,000,000.00¹².

SOURCES OF INCREASE

The sources provided by the Constitution for ^{the} increasing the principal of permanent school fund fall into five classes¹³: (1) The proceeds from the sale of all school land granted to the state by the federal government for educational purposes; (2) All percentage of sales of public lands (5 per cent) granted by the United States; (3) The proceeds of all property falling to the state by escheat; (4) Proceeds of all gifts or donations to the state for public schools, or not otherwise

¹¹ Statistics of State School System, 1917-18, p. 119, Table 42.

¹² The Educational System of South Dakota, p. 51.

¹³ Constitution of South Dakota, Article VIII, Sec. 2.

appropriated by the terms of the gift; (5) All property otherwise acquired for the public schools.

Table 10. shows the sources which contributed to the growth of the fund during the year 1919-20. It shows also the disbursements for the year.

Table 10. Sources contributing to growth of Permanent School fund during one year, 1919-20^a.

Sources	Amount of Receipts	Per cent of total additions ^d .	Disbursements
1. Cash on hand ^b June 30, 1919.	\$ 628,538.25		
2. Full and deferred payments	1,314,330.83	98.33	
3. Money Returned ^b	10,580.00		
4. Escheat	2,205.68	1.67	
5. Five per cent of U.S. Land Sales.	none	none	
6. Warrants paid to Counties ^c			\$1,315,710.61
7. Balance June 30, 1920 ^b			639,914.15
	\$1,955,654.76		\$1,955,654.76

- a. State Treasurer, Annual Report, 1920, p. 20.
- b. The balance on hand is the amount held by the state treasurer.
- c. Warrants paid to counties represents money turned over to the counties for investment, while "money returned" is money returned to the state treasurer by counties.
- d. Only items 2, 4, and 5 represent real additions to the fund so the percentage was computed on these items.

Table 10. does not show the amount of money which the counties have loaned out at interest, but is simply the State Treasurer's summary of receipts and disbursements for the fund passing through his office

during the year. This statement is not typical of all years, at least as to percentage of amounts contributed by various sources. The report of the state commissioner of School and Public Lands for 1920 shows that the total amount of the land sales, which would correspond with item 2, Full and Deferred payments, since statehood, amounted to \$23,809,161.51¹⁴ or 86.8% of the total fund of 27,434,983.83, leaving \$3,625,822.32 or 13.2% coming from other sources. There is no statement available in state records showing the amounts contributed since statehood by these other sources^{14a}.

From this consideration of the sources of increase, we will turn to the growth of the fund. Table 11 shows the growth of the fund for two year intervals from 1910 to 1920. It shows also the annual income from the fund, including income from interest on loans, interest on deferred payments, lease of lands, and sale of sand, wood, coal, oil and gas, from land belonging to the fund.

Table 11. Growth of Permanent School Fund 1910-1920.

June 30: Year	Amount of fund	Unsold lands	Income	
			amount	% of total sch. revenue ^d
1910	7,314,168.31 ^a	2,456,965.47 ^b	616,781.12 ^c	15.77
1912	9,455,741.20 ^e	2,413,488.45 ^f	777,562.44 ^g	17.10
1914	10,354,001.40 ^h	2,390,560.01 ⁱ	893,497.02 ^j	16.77
1916	13,180,492.47 ^k	2,357,329.27 ^l	795,650.16 ^m	13.13
1918	16,445,644.87 ⁿ	2,304,215.45 ^o	1,213,586.15 ^p	15.29
1920	27,434,983.83 ^q	2,162,717.59 ^r	1,767,146.16 ^s	16.97

¹⁴ Commissioner of School and Public Lands, Report 1920, p. 25, Statement 19.

- a. U. S. Commissioner of General Land office, Report 1920, p.132, gives amount paid to states from 2, 3 and 5% grants. According to this report South Dakota received \$343,868.30.
- a. Commissioner of School and Public Lands, Biennial Report, 1910, pp. 155, 157. Amount given here computed by adding amount in hands of counties to loan and deferred payments.
- b. Ibid., p. 2. Table 3.
- c. Ibid., p. 5, Table 3.
- d. Percents computed.
- e. Ibid., 1912, pp. 177,181. Computed. (Loans and deferred payments.)
- f. Ibid., p. 12, Table 3.
- g. Ibid., pp. 141,149,156. Computed. (Interest and leases)
- h. Ibid., 1914, pp. 52,40, Computed. (Loans and deferred payments).
- i. Ibid., p. 10, Statement 3.
- j. Ibid., pp. 48,63,75. Computed. (Interest and Leases).
- k. Ibid., 1916, pp. 4 and 5. Computed. (Loans and deferred payments.)
- l. Ibid., p. 10, Statement 2.
- m. Ibid., pp. 47,63,77. Computed. (Interest and Leases).
- n. Ibid., 1918, p. 4.
- o. Ibid., pp. 11,32. Computed.(Loans and deferred payments).
- p. Ibid., pp. 42,53,64. Computed. (Interest and leases).
- q. Ibid., 1920, p. 3.
- r. Ibid., 1920, p. 8, Statement 2.
- s. Ibid.,pp. 40,48, 62. Computed. (Interest and leases).

Table 11 shows the very rapid growth of the permanent school fund and its income. It is important to note that the growth of the income has more than kept pace with the growth of expenditures by the state. Whether this income will keep pace with expenditures in the future can hardly be forecast. Payments for land have made such a large proportion of the principal of the fund, that it seems the fund will become practically fixed when the land is all sold.

MANAGEMENT OF
PERMANENT
SCHOOL FUND

The management of the permanent school fund rests partly with the state and partly with the counties. In the sale and lease of land, state and county officers unite. In the investment of monies belonging to the principal of the fund, the greater portion of responsibility rests upon the county as will be evident from the immediately fol-

lowing paragraphs.

COUNTY
MANAGEMENT

In the handling of money comprising the permanent school fund, the state acts merely as a receiving and disbursing agency. The actual investment is entrusted to the counties. The money of this fund is apportioned to the counties in proportion to their population. The counties hold, manage, and are responsible for the monies belonging to this fund apportioned to them. It is to be loaned continually or returned to the state treasury in one thousand dollar amounts to be given to other counties to loan. It is to be loaned at 5% or a higher rate as fixed by the legislature. The county treasurer must report semi-annually to the state treasurer the condition of the fund held by the county¹⁵.

LAWFUL
SECURITIES

Although the investment is placed in the hands of the various counties, the laws make definite provisions as to the classes of securities in which the counties shall invest permanent school fund money, namely: (1) First farm mortgages on improved land at not more than one-third of the value of the land; (2) Bonds of school corporations; (3) Bonds of organized counties; (4) Bonds of townships or incorporated villages of South Dakota; (5) Bonds of the United States or of South Dakota. It is provided that not more than \$5,000 may be loaned to any one person or corporation¹⁵. The legislature of 1915 authorized the counties to charge one half of one percent more than the rate of 5% to the state, and to retain it as reimbursement for deficiencies created by reason of portions of the fund money remaining idle in the county treasuries while the loans are being perfected¹⁶.

¹⁵ School Laws of South Dakota, Annotated, 1915, p. 133 Sec. 412.

¹⁶ Session Laws of South Dakota, 1915, p. 451, Chapter 225.

MANAGEMENT AND
CARE OF PERMANENT
SCHOOL FUND LANDS

The management of the lands belonging to the permanent school fund is vested in a commissioner of school and public lands. He is provided with a deputy, several clerks and a stenographer. A scaler, forest supervisor, several forest rangers and a fire watchman are provided to assist in caring for the forests¹⁷. In the reports of 1916¹⁸, 1918¹⁹ and 1920²⁰, the commissioner makes comments on the efficiency of his working force, from which one would infer that he considers the force sufficient to take care of the task. Only minor suggestions are made by the commissioner for the improvement of the service, and of laws regulating the lease and sale of land.

MODE OF
SALE

The Constitution provides that land to be sold must be subdivided so as to get the largest price. The commissioner of school lands, the state auditor, and county superintendent of county in which land is located comprise a board of appraisal for lands they designate to sell²¹. The most valuable land must be sold first and it must be sold for not less than the appraisal price, and in any case for not less than \$10 per acre¹⁴. It shall be sold at auction on sixty days notice. One-fourth of the purchase price shall be paid in cash, one-fourth in five years, one-fourth in ten years, and one-fourth in fifteen years. Six per cent interest is paid on deferred payments. Any deferred payment may be paid if interest for one year in advance is paid at the same time. Land not especially subdivided is to be sold in smallest divisions. If land is not sold within four years after appraisal, it must be reappraised. All land sales are

¹⁷ Commissioner of School and Public Lands Report 1920, p.2.

¹⁸ Ibid., 1916, p. 4.

¹⁹ Ibid., 1918, p. 4.

²⁰ Ibid., 1920, p. 3.

²¹ Constitution of South Dakota,
Act. VIII, Sec. 4, 5, 6.

carried on by the commissioner of school and public lands and reports are made to him. No conveyance may be made until sixty days after the sale. All sales must be approved by the governor²¹. It appears that the Constitution and the laws provide sufficient safeguard for the land owned by the permanent school fund.

LEASE
OF LANDS

Lands owned by the state may be leased for pasturage, crops, etc, in lots of not more than one section, or for not more than five years²². The commissioner, in his report of 1916, indicates that he recommended in his previous report that the period of lease be increased above five years. Such an amendment to the Constitution was submitted by the legislature²³. In the report of 1918, the commissioner brands the leasing of lands for agricultural purposes a dismal failure because after the land has been tilled for a number of years it is very difficult to re-lease it. He recommends that the law allowing such leasing be repealed²⁴. Table 12. shows the amount of lands leased for agricultural and for grazing purposes and the amount of rent received for each year since 1915.

²¹ Constitution of South Dakota, Art. VIII, Sec. 4, 5, 6.

²² Ibid., Art. VIII, Sec. 9.

²³ Commissioner of School and Public Lands, Report 1916, p. 7.

²⁴ Ibid., 1918, p. 5.

Table 12.

Lease and Rental of School Lands, 1915 - 1920.

Year ending	Agriculture acres	Rental	Grazing acres	Rental
June 30, 1915 ^g	12,588.37	\$29,979.19	1,870,298.63	\$377,199.39 ^a
June 30, 1916 ^h	13,197.57	30,476.25	2,019,769.92	387,392.97 ^b
June 30, 1917 ⁱ	13,305.34	34,333.98	3,105,986.64	435,509.22 ^c
June 30, 1918 ^j	14,077.68	37,936.14	2,124,641.82	499,951.04 ^d
June 30, 1919 ^k	23,918.30	40,106.33	2,027,166.99	639,740.33 ^e
June 30, 1920 ^l	14,604.11	43,862.41	2,047,195.33	711,864.65 ^f

- a. Contains \$6,835.00 listed for sand timber coal, willows and permits.
- b. Contains \$5,477.30 listed for wood timber, coal, permits, willows and fence posts.
- c. Contains \$8,637.48 listed for timber, coal, posts, sand, willows, permits.
- d. Contains \$8,480.37 listed for timber, coal, posts, willows.
- e. Contains \$22,390.43 listed for timber, coal, posts, willows, and McClellan estate.
- f. Contains \$24,673.70 listed for timber, coal, oil, gas, wood, sand, posts and McClellan Estate.
- g. Commissioner of School and Public Lands, Report 1916, p. 69, Statement 123.
- h. Ibid., p. 77, Statement 137.
- i. Commissioner of School and Public Lands, Report 1918, p. 58, Statement 95.
- j. Ibid., p. 64, Statement 109.
- k. Commissioner of School and Public Lands, Report 1920, p. 54, Statement 62.
- l. Ibid., p. 62, Statement 76.

PROVISIONS
AGAINST LOSSES

The Constitution provides that all losses, occasioned by defalcation, neglect, mismanagement, or fraud shall be a permanent funded debt against the state in favor of the fund sustaining the loss and not less than six per cent interest is to be paid on the loss²⁵. In the case of the loss mentioned in the succeeding paragraphs, the state levied a tax, not only to pay the interest on a loss but also to repay the principal of the loss to the fund.

TAYLOR
DEFALCATION

The annual report of the State Auditor for 1918,²⁶ gives a statement of the losses incurred by the defalcation of W. W. Taylor, State Treasurer, June 8, 1895. Following is an abstract of the statement.

Interest and Income fund	\$52,324.48
Principal, Permanent School Fund	45,519.54
State teachers reading circle	543.25
Losses to other non-educational funds	<u>268,633.32</u>
Total	\$367,020.59
Credit by rent, and sale of his property	\$ 237,509.57
Balance due, June 29, 1918	\$129,511.02

Chapter 32 of the session laws of 1895 stated the amount of the loss to the Permanent School Fund and the interest and income funds at \$98,454.28. This chapter provided for issuing \$98,000 in bonds to be sold at not less than par, paying five per cent

²⁵ Constitution of South Dakota, Art. VIII, Sec. 13.

²⁶ Auditor of South Dakota, Report 1918, Vol. II, p. 76.

semi-annually. They were to run not to exceed ten years. The State Board of Assessment and equalization was directed to levy a tax sufficient to pay the interest on these bonds as due and provide for the payment of the principal on maturity²⁷.

LOSSES THROUGH
COUNTY MANAGEMENT

The loss due to the Taylor defalcation is the only loss to the permanent school fund or the interest and income fund on record, and it was made up to these funds in the manner noted above²⁸. Other losses may have occurred, and undoubtedly did occur but not in so direct a way as to be readily assignable.

The commissioner of school and public lands in transmitting his report of 1918 says, "Generally speaking, the system under which the business of this department is conducted leaves little to be desired, and consequently very few changes should be made in our laws governing public lands. In my judgment, South Dakota has the best land laws of any state in the union, and not one acre of land or one dollar of money has ever been lost to the state²⁹". Such a statement is scarcely warranted in view of the facts already set forth, and in view of other facts also. Thus we find that the commissioner of School and Public Lands, in his report of 1898 makes the statement that quite a few counties pay interest on money loaned, through default of the borrowers. He also stated that it was difficult to keep the money loaned as there was not sufficient call for it³⁰. Failure to keep the money loaned would

²⁷Session Laws of South Dakota, 1895, Chapter 32, p. 32.

²⁸Letter from State Superintendent, April 17, 1922 says "There never was a loss from either the Taylor defalcation or from any other cause to the Permanent School Fund." Letter from Deputy Commissioner of School and Public Lands April 19, 1922 says, "The State General Fund has reimbursed our Permanent School Fund the amount of the Taylor deficiency. Our school fund has never lost a dollar from any source."

would constitute a loss to the interest and income fund. But the amount of such losses would not be listed in any reports and could not be determined.

It hardly seems reasonable to suppose that the method South Dakota uses in investing her Permanent School Fund would be conducive to great safety. The County officers, in whose hands the money is placed for investment, are political officers. One would hardly expect to find sixty-five sets of officers in the sixty-five counties, who would be as competent and efficient in handling this fund as might one central agency, chosen for that particular purpose.

The experience of New York²⁹ with a method of managing her "United States Deposit Fund", similar to the method South Dakota is now using, brings out clearly the extent to which mismanagement and loss may occur without the knowledge of the state officials. In the case of New York, a controller made a special investigation in which he found that for 50 years, there had been all kinds of mismanagement, loss, theft and false reports. Despite these facts, ~~that~~ during this time state officials had repeatedly made the statement that the fund was intact. He estimated that the fund, which had a ledger value of about 1 1/2 million dollars would not exceed a million dollars of sure assets. South Dakota may well take warning from New York's experience. Despite the repeated statements of state officials in reports and letters that "South Dakota has never lost an acre of land or a dollar of school money", the fact of the case is that these same South Dakota officials do not know

²⁹Commissioner of School and Public Lands, Report 1918, p. 5.

³⁰Ibid., 1898, p. xii.

³¹Swift, F. H. Permanent Common School Funds, pp. 121-3.

the condition# of their permanent school fund. They may know the paper value of the fund but it is entirely possible and even probable that its real value is a very different thing.

The constitutional provision³² requiring that the money of this fund should be apportioned to the counties according to their population, for management and investment, should be changed by an amendment, so that a more secure system could be inaugurated.

STATE APPROPRIATIONS

OBJECTS Since 1913, the State legislature has made appropriations for various special purposes for providing aid to the public schools. There are now five special appropriations made as follows: (1) An annual appropriation was made to aid common or consolidated school districts containing non-taxable indemnity or endowment land, owned by the state. This appropriation, commonly known as "Aid to Common Schools" has ranged from \$12,000 for the year ending June 30, 1914³³ to \$20,000 for the year ending June 30, 1923³⁴. (2) In 1919, an appropriation of \$85,000 for the year ending June 30, 1920, and \$100,000 for the year ending June 30, 1921, was made for aiding rural and consolidated districts and for erecting teachers cottages³⁵. This appropriation was continued by the Legislature of 1921³⁶. It is commonly called "Aid for Rural and Consolidated Schools." (3) An appropriation of \$30,000 for the year ending June 30, 1919, and \$60,000 for the year ending June 30, 1920, was made to be distributed to four-year accredited high schools maintaining a department

³² Constitution of South Dakota, Article VIII, Sec. 12.

³³ School Laws of South Dakota, Annotated 1915, p.111, Sec.252 a, b.

³⁴ School Laws of South Dakota, Special Session 1920. Regular Session 1921, p. 30. (Chapter 67 S.L. 1921)

for the training of rural teachers³⁷. This is commonly called "Aid for Teacher Training." (4) The legislature of 1919 appropriated \$20,000 annually in order that South Dakota might take advantage of Federal Smith-Hughes funds available for vocational education³⁸. (5) The Legislature of 1919 also appropriated \$15,000 each for the years ending June 30, 1920 and 1921, for evening schools³⁹. Table 13 presents these appropriations in tabular form.

Table 13. South Dakota State Special Appropriation.

Title	Object	Annual amount for year ending June 30 of date given
Aid to common Schools	:reimburse common or consolidated districts containing non-taxable indemnity or endowment lands.	:varies from \$12,500 in 1914 to \$20,000 for 1923
Aid for Rural and Consolidated Schools	: Aid rural and consolidated Schools and for erecting teacher cottages	: \$85,000 in 1920 100,000 in 1921.
Aid for Teacher Training	:Aid for 4 year accredited high schools maintaining a department on training rural teachers	: \$30,000 in 1919 60,000 in 1920
Smith-Hughes Aid	:To take advantage of Federal Smith-Hughes funds	: \$20,600 annually.
Aid for Evening Schools	:To aid districts in establishing evening schools. (might be called "Americanization")	: \$15,000 each in 1920 and 1921.

³⁵ School Laws of South Dakota, Annotated 1919, p. 84, Secs. 1,2.

³⁶ School Laws of South Dakota, Special Session 1920, Regular 1921, p. 19, Sec. 1 (S.L. 1921, Chapter 205).

³⁷ School Laws of South Dakota, Annotated, 1919, p. 83, Sec. 1.

³⁸ Ibid., p. 10, Sec. 7410.

³⁹ Ibid., p. 79, Sec. 8.

FINES, ESCHEATS, LICENSE FEES.

The Constitution of the State of South Dakota provides that the net proceeds from all fines for violation of state laws be added to the interest and income fund to be apportioned to the schools of the state. The report of the state treasurer for 1920 lists \$12,401.70 added to the interest and income fund from liquor fines⁴⁰. These fines were collected in ten counties⁴¹. The treasurers report for 1919 lists no money as coming from fines. His report for 1921 shows \$60,958.28 collected from fines in 36 counties and turned over to the interest and income fund⁴². Table 8, which has been presented, shows that for 1920 only seven-tenths of one per cent of the interest and income fund came from fines. The proceeds of all property falling to the state by escheat is added to the permanent school fund⁴³. Table 10, which has been presented, shows that for 1920, 1.67% of the additions to the permanent school fund came from escheat. This, of course, varies greatly from year to year. Fees for teacher's certificates collected by the State Department of Public Instruction go to make up a fund known as the state institute fund⁴⁴. This state fund is used to assist County Superintendents to defray the costs of holding Normal Institutes, for securing speakers and lecturers for the same, and for conferences called by the State Superintendent. The amount of money added to the school funds from fines, and by escheat is not readily

⁴⁰State Treasurer of South Dakota, Annual Report, 1920, p. 22.

⁴¹Ibid., p. 35.

⁴²Ibid., 1921, pp. 26, 47.

⁴³School Laws of South Dakota, Annotated 1915, p. 131, Sec. 404, (Also Constitution, Article VII, Sec. 3.)

⁴⁴School Laws of South Dakota, Annotated 1919, pp. 7, 8, Secs. 18, 19.

obtainable over a period of years from available reports. Since the State institute fund is not used directly for public schools, this study is not particularly interested in it.

Chapter II. and III. have dealt respectively with Federal and State aid to the Schools of South Dakota. Chapter IV. which follows will present the part the county and the district play in financing the schools of the state.

CHAPTER IV.
COUNTY AND DISTRICT AID.

COUNTY AID.

UNIMPORTANCE
OF COUNTY IN
SOUTH DAKOTA

The county in South Dakota provides school monies from three different sources, as follows: (1) A poll tax of \$1.00 on each elector for school purposes¹; (2) Certain money from the County General Fund; (3) Certain fines. However, the amount of money derived from these three sources is very small. The chief function of the county in public school finance (aside from its functions in handling the investment of permanent school fund money, which was discussed in Chapter III) is its work as a collecting and distributing agency for state and district funds for the schools.

COUNTY GENERAL
SCHOOL FUND.

A definition of the "County General School Fund" will clear up very largely two of the items of county school support mentioned above. The monies coming

¹School Laws of South Dakota, Annotated 1919, p. 35, Sec. 7500.

In the Compiled Laws of South Dakota 1910 Vol. I Political Code, Article 2137, the wording is "county commissioners may levy a tax of \$1.00 on each elector". A personal letter from the State Superintendent of South Dakota says "---- the regular school poll tax of \$2.00 which is levied in each county by the County Commissioners ---" No reports available give the amount collected in this manner. The Superintendent in the same letter says "This is apportioned among the several school districts of the county, according to the school census, and in all probability is reported in the report you have been studying of the U. S. Bureau of Education as apportionment or income from state permanent school funds, as the whole amount is apportioned in the same manner, at the same time." The U.S. Bureau of Education reports for 1918 also list some funds as coming from County Permanent funds. This is apparently an error as there is no evidence in state laws or reports that there are any such funds. In the same letter mentioned above the State Superintendent says "----so far as I know, no counties in South Dakota have permanent funds from which any income would be derived for school purposes."

to the various districts of the county from the state interest and income fund, apportioned to the counties by the commissioner of school and public lands, the monies derived from the county poll tax of \$1.00 on each elector in the county, and the net proceeds of all fines collected in the county for violation of state laws constitute the county general school fund². The parts the county contributes to this fund are the poll tax and the fines.

The amount the county contributes is not shown in any reports, it being included with the amount coming from the state interest and income fund and labeled State apportionment in reports of the State Superintendent³. In attempting to discover the amount the counties of the state contributed to the support of the schools, it seemed the only way to arrive at any consideration of it at all was to take the total amount of money the state superintendent listed as coming to the districts from apportionment and subtract from it the amount/which the commissioner of school and public lands listed as being apportioned to the schools from the state interest and income fund. For the year 1919-20 this would give the result shown in Table 14.

²School Laws of South Dakota, Annotated, p. 19, Sec. 7434.

³Letter from State Supt. Fred C. Shaw states that poll tax money is included in State reports as "Received from Apportionment."

Table 14. Amounts contributed by counties towards school support, 1919-20.

Apportionment		Probable amount	Per cent of
According to State Superintendent ^a .		contributed by county	total school revenue contributed by Co. ^c
According to Comm. of School and Public Lands ^b .			
\$1,690,287.63	\$1,554,073.84	\$186,213.79	1.309

- a. Superintendent of Public Instruction, Report 1920, p. 270.
- b. Commissioner of School and Public Lands, Report 1920, p. 71.
- c. Computed.

While it is recognized that this is probably not accurate, it is the nearest that one can get from present available records.

SCHOOL MONEY FROM COUNTY GENERAL FUND

To the extent that money from the county general fund is used for school purposes, it becomes a school fund. The following educational uses are provided for monies to be paid out of this fund: (1) The salary of the county superintendent⁴. This does not apply in the case of the unorganized county in which the salary is paid from the school fund of the unorganized county⁵. (2) A county institute fund is set aside on the basis of ten cents per capita on the school census of the year. If this levy does not make \$150, enough more must be transferred from the county general fund⁶ to / make \$150. The county commissioners may also make added appropriations to this fund from the county general fund⁷. (3) The county commissioners may appropriate from the county general fund up to \$200 per year for holding contests in Agriculture, Industrial Arts and Home Economics⁸.

⁴School Laws of South Dakota, Annotated 1919, p. 12, Sec. 5819.
⁵School Laws of South Dakota, Annotated 1919, p. 43, Sec. 7525.
⁶Ibid., p. 17, Sec. 7426.
⁷Ibid., p. 17, Sec. 7427.
⁸Ibid., 1915, p. 15.

No reports available state the amounts of money received from any one or all county sources. For all practical purposes, the money for schools coming from county sources is of almost negligible importance.

DISTRICT AID.

IMPORTANCE OF THE DISTRICT

The bulk of the school support in South Dakota comes from local district sources. In 1905, 1915 and 1920, 81.84 per cent, 82.15 per cent and 83.16 per cent, respectively of all school money raised in the state, was raised by the districts⁹. School monies provided by the district are derived from three classes of sources: (1) General property tax; (2) Bonds; (3) Fines. In the end the bond issue is paid off by levying a special tax for this purpose on the property of the district over a period of years, so the ultimate source of this money is the direct tax. As to the fines, no record of any money coming from this source is available.

DISTRICT TAXATION.

METHOD AND LIMITS

In common districts, the Board of Education, at its annual meeting in July, levies such tax as the patrons have directed at the annual election. The tax for all purposes must not exceed one and one-half per cent of the taxable property of the district¹⁰. In independent districts, the Board of Education levies taxes on or before August 15, not to exceed fifteen and one-half mills on the dollar of the assessable value of the taxable property of the district¹¹. Consolidated

⁹See table 16 at close of this chapter.

¹⁰School Laws of South Dakota, Annotated, 1919, p. 35, Secs. 7499, 7501. A minimum of 2 mills was set in 1921. See School Laws of

districts are independent districts and levy taxes in the same way¹².

In county high school districts, the county high school board of education previous to August 1 makes an estimate of the probable cost of running the high school for the ensuing year. This estimate is submitted to the county commissioners who levy a special tax for this purpose. The tax levy shall be not less than 1/2 mill nor more than 3 mills on the dollar of the assessed valuation of the county. This tax is levied on all of the property in the county except that in a district maintaining a four year accredited high school other than the county high school¹³.

The Board of Education of township high schools levies taxes at its July meeting not to exceed ten mills on the taxable property of the high school district¹⁴. In unorganized counties, the County Board of Education levies its taxes in specific dollars and cents, in amount not to exceed ten mills of the taxable property of the county. This levy is certified to the Auditor of the county, to which the unorganized county is attached, and is collected in the same way as other taxes of the unorganized county, and is remitted to the treasurer of the school district of the unorganized county¹⁵. In unorganized territory, ^{the} county commissioners levy taxes sufficient to educate children in such territory¹⁶.

South Dakota, Special Session 1920, Regular Session, 1921, p. 8.
Sec. 7499 (S.L. 1921, Chapter 209).

¹¹Ibid., p. 54, Sec. 7567. Changed to 25 mills, Special Session 1920. See School Laws of South Dakota, Special Session 1920, Regular Session, 1921, p. 10, Sec. 7567. (Chapter 50, Special Session 1920)

¹²Ibid., p. 57, Sec. 7576.

¹³School Laws of South Dakota, Special Session 1920, Regular Session, 1921, p. 28, Sec. 5. S.L. 1921.

¹⁴Ibid., p. 60, Sec. 7596.

¹⁵Ibid., p. 42, Sec. 7522.

¹⁶Ibid., p. 44, Sec. 7531.

DISTRICT SCHOOL BONDS

How issued - Limits - Redemption.

COMMON SCHOOL
DISTRICTS

In common school districts, bonds may be issued whenever the qualified electors of the district, at any regular or special meeting held for the purpose, shall vote to issue them for the purpose of building and furnishing a schoolhouse, purchasing grounds on which to locate the same or to fund an outstanding indebtedness¹⁷. Provision is made for the posting of notices of such election and for a petition by one third of the resident voters to hold such election¹⁸. The notice posted must state the time and the place of the meeting, the amount of bonds proposed and the time at which they shall be made payable¹⁸. Such notices must be posted not less than twenty days before the meeting. The denominations of the bonds which may be issued shall be fifty dollars or some multiple of fifty, not exceeding five hundred dollars and may bear interest at a rate not to exceed seven per cent, per annum, payable annually¹⁹. The bonds may be made payable in annual, biannual ~~or~~ triannual, ^{installments} but no bonds shall be made payable in less than five years or more than twenty years¹⁹. No bonds may be issued in amount to exceed five per cent of the assessed valuation of the taxable property within the district as fixed by the tax commissioner for the year preceeding the issue of such bonds¹⁹.

The school district treasurer is authorized to negotiate and sell the bonds for not less than par, and the proceeds shall be used exclusively for the purpose of building and furnishing a school

¹⁷ School Laws of South Dakota, Annotated, 1919, p. 62, Sec. 7592.

¹⁸ Ibid., p. 62, Sec. 7593.

¹⁹ Ibid., p. 62, Sec. 7594.

house and in payment for a site for the same and for necessary buildings.²⁰

In any school district having outstanding bonds which has not provided for an interest and sinking fund, the school board is given power at the time the school taxes are levied to levy a tax in addition to other taxes, sufficient to pay the interest on the outstanding bonds as they become due and not to exceed twenty per cent of the principal as a sinking fund. This tax is certified to the County Auditor and levied in the same way as other levies are made²¹. The money obtained from the levies for the interest and sinking fund may not be used for any other purpose than that for which the levies are made²¹. The 1919 Legislature provided, that in the future, when any districts shall issue bonds the school board, must, at the same time, provide for the levy of an annual tax, sufficient to pay the interest and principal when due. This may not be repealed until the debt is paid. Such levy in any year may not be greater than twenty per cent of the debt to be paid²¹. If any school board neglects or refuses to levy a tax in accordance with the law to meet any outstanding bonds or interest, then the county auditor shall have the power to levy such tax and apply the proceeds to the payment of such coupons and bonds²².

INDEPENDENT
DISTRICTS

In independent districts, boards of education were empowered under the Law of 1919, if authorized by a majority vote of the electors, to issue negotiable bonds for the following purposes: To refund bonds, that may be outstanding; To fund outstanding warrants and to raise money for

²⁰ School Laws of South Dakota, Annotated, 1919, p. 63, Sec. 7597.

²¹ School Laws of South Dakota, Annotated, 1919, p. 63, Sec. 7596.

²² School Laws of South Dakota, Annotated, 1919, p. 63, Sec. 7598.

the purchase of a site or sites and the erection of suitable buildings for school purposes, and suitable cottages or dwellings for teacher's homes²³.

The board of education sets forth to the electors by resolution the object or objects for which they propose to issue bonds, and the amount of the bonds, the maximum rate of interest which they are to draw and the time when they shall become due²⁴. Notice of election for the purpose of taking the sense of school corporation upon the question of issuing such bonds is given by publishing the same, for ^{four} successive weeks, prior to the date of holding such election, in a newspaper, printed and published in the district or if ^{there} ~~it~~ is no such newspaper, by posting copies in three public places in the district at least thirty days before the election²⁵. Vote is by ballot and a majority vote of those voting authorizes issuing of such bonds²⁵. Such bonds shall not bear ^a higher rate of interest than seven per cent payable annually or semi-annually, and shall be payable in not more than twenty years from their date of issue. Each bond shall be for not less than fifty dollars and shall be a coupon bond²⁶. Such bonds must be sold to the highest bidders for not less than par, after the board of education has caused at least two weeks notice to be published, stating the time and place when sealed bids for such bonds shall be received²⁷.

The amount of bonds which may be issued, with the outstanding indebtedness of the district, shall not exceed seven per cent of the assessed valuation of the taxable property within the district

²³ School Laws of South Dakota, Special Session 1920, Regular Session 1921, p. 13, Sec. 7602.

²⁴ School Laws of South Dakota, Annotated, 1919, p. 65, Sec. 7603.

²⁵ Ibid., p. 65, Sec. 7604.

²⁶ Ibid., p. 66, Sec. 7608.

²⁷ Ibid., p. 66, Sec. 7608

as fixed by the tax commissioner for the year preceding that of the issuing of bonds, except when they are for funding or refunding purposes, but the amount of such funding or refunding bonds, together with the debts not funded or refunded shall not exceed such limitation. At or before issuing any bonds the board of education must, by resolution, provide for the collection of an annual tax sufficient to pay ~~for~~ ^{the} interest and principal when due. The interest and sinking fund thus provided shall be set apart by the Treasurer and shall not be used for any other purpose. The sinking fund shall be applied to the payment of the bonds at or below par. However, the board may, in its discretion, pay not to exceed one years interest in advance on any bond together with the principal when they deem such a course advisable²⁸.

UNORGANIZED COUNTIES
CONSOLIDATED DISTRICTS
COUNTY HIGH SCHOOL
DISTRICTS

In an unorganized county²⁹, bonds may be issued by the board of education with approval of the governor for the purpose of constructing school buildings in the district, in the denomination, for the time, at the rate of interest, subject to the same limitations and in the same form, as provided for school district bonds in organized counties. Such bonds shall not be in excess of four per cent of the assessed valuation of the taxable property of the district.

The consolidated district is an independent district and bonds itself in the same manner.

The county high school district issues bonds in the same man-

²⁸ School Laws of South Dakota, Annotated, 1919, p. 66, Sec. 7609.

²⁹ Ibid., p. 42, Sec. 7523.

ner as independent districts.³⁰

We may well close this portion of our study with a statement of South Dakota's outstanding school bond indebtedness and a summary of the provisions for bonding school districts of different classes.

On June 30, 1920 the outstanding bonds were as follows³¹:

<u>Rural Districts</u>	<u>Independent Districts</u>	<u>Consolidated Districts</u>
\$901,712.79	\$4,266,404.77	\$1,322,650.00

In 1920, the average rate of interest paid on bonds in rural districts, figured by counties, varied from 5 per cent in one county to 6.25 per cent in several counties, the average being 5.38 per cent³². In independent districts, the rate varied from 5 per cent to 8.5 per cent, the average being 5.42 per cent³³. In consolidated districts, the rate varied from 5 per cent to 6.33 per cent, the average being 5.36 per cent³⁴.

Table 15 which follows summarizes the regulations as to bonds in tabular form.

³⁰School Laws of South Dakota, Special Session 1920, Regular Session 1921, p. 29, Sec. 5.

³¹Superintendent of Public Instruction, Report 1920, p. 269.

³²Ibid., pp. 169-170.

³³Ibid., pp. 218-219.

³⁴Ibid., p. 250.

Table 15. South Dakota School Bonds and Types of Districts Issuing.

Classes of Districts	Only purpose for which bonds may be issued	Authority which determines issue	By Whom issued	Restrictions	How interest and principal are paid
Common School or "Rural"	Purchase school grounds; Build school houses, furnish same. fund outstanding indebtedness	Qualified electors of district	Board of Education	Not exceed 5% of valuation 5-20 years	Special tax to pay interest and not more than 20% of principal annually
Independent, consolidated and county high school district	Sites, Buildings, Teachers Cottages; fund warrant; refund outstanding bonds	Qualified electors of District	Board of Education	Not exceed 7% of valuation of district	Special tax to pay principal and interest as due
Unorganized County	Construct buildings	Board of Education with approval of the Governor	Board of Education	Not exceed 4% of valuation of district	Same as common school district

We can readily see from Table 15 that the regulations for issuing bonds are very similar in all classes of districts, the chief difference being in the limit of amount which is higher in the consolidated, independent and county high school districts than in the other classes. It is worthy of note also that in the unorganized county a vote of the electors is not necessary for the issuance of bonds, but that the Board of Education with the approval of the governor may issue bonds for school buildings.

This concludes our detailed account of the sources from which the state of South Dakota derives its money for public schools. Table 16, which follows is intended to afford means of determining to some extent the tendency in the state to secure money for public schools from the various large divisions of sources.

Table 16. Sources of School Revenue in South Dakota in 1920, 1915, and 1905.

All Sources	Amount			Per cent of total ^a		
	1920	1915	1905	1920	1915	1905
All sources	10,410,850 ^b	5,618,361 ^c	2,340,810 ^d	100	100	100
All State Sources	1,597,264 ^e	954,616 ^f	391,881 ^g	15.34	16.99	16.74
All Local Sources	8,658,105 ^h	4,663,745 ⁱ	1,949,929 ^j	84.46	83.01	83.26
State Permanent School Fund	1,554,074 ^k	942,116 ^k	391,881 ^k	14.92	16.77	16.74
State tax	none	none	none	0	0	0
Local tax district	7,976,820 ^l	4,277,784 ^m	1,786,912 ⁿ	76.62	76.14	75.05
Local Perm. School Fund	None	none	none	0	0	0
Federal Sources	\$19,268. ^o	No data	No data	.185		

- a. Percentages are computed from the figures given.
- b. State Superintendent of Public Instruction, Report 1920, p.270. Found by subtracting "Balance on hand at beginning of year" and "amount received from sale of bonds" from total receipts.
- c. U. S. Commissioner of Education, Report 1917, Vol. 2, p. 51. These figures correspond with Superintendent of Public Instruction, Report (1915-1916) for year ending June 30, 1915, if statistics for rural (p.102) and city (p.126) are combined, subtracting amount received from "sale of bonds" and "Balance on hand at beginning of year" from "total amount received from all

sources including balance on hand."

- d. United States Commissioner of Education, Report 1905, Vol. 1, p. 410. This figure corresponds with same item in the State Superintendent of South Dakota Biennial Report, 1905-6, pp. 126,161 if figures for rural and independent districts are added and "Balance on hand" and "Amount received from sale of bonds" are subtracted.
- e. Computed by adding apportionment for 1919-20, Commissioner of School and Public Lands Report 1920, p. 74; amount received from state aid, State Superintendent of Public Instruction, Report 1920, pp. 174,223, 252,253, \$20,000 "aid to common schools. This figure will not correspond with the "amount of money received from apportionment" in the State Superintendent's Report 1920, p. 270, since this amount (p.270) includes money received from the counties for poll taxes and does not include state appropriations. This amount is a great deal less than was available from Permanent school fund apportionment and from appropriations. According to these figures only \$34,254 was received as state aid, while appropriations for this purpose totaled \$195,6000 as follows: \$20,600, Smith-Hughes; \$85,000 to Rural and Consolidated Schools; \$60,000, teacher training, \$15,000 aid to rural schools, containing school lands, \$15,000 evening schs. Evidently some of this money is not reported as state money while part of it may not have been actually distributed. Some may not have reached the district to be included in their reports for the year. Since some of this aid was given for the first time during the year 1919-20, it is very probable that some of it was not distributed. The report of the rural inspector included in the Report of the State Superintendent of public instruction 1920, p. 34, shows a larger amount of money apportioned to Rural and consolidated schools as state aid, than is reported in the receipts report for rural and consolidated schools as coming from that source.
- f. Computed by adding apportionment for 1914-15, Commissioner of Schools and Public Lands, Report 1920, p. 74, and \$12,500 "aid to Common Schools". Statement in (e) of why their figure will not correspond with "apportionment in Supt. of Public Instruction Report applies here.
- g. Commissioner of School and Public Land, Report 1920, p. 74. Statement in (e) of why this figure will not correspond with "apportionment" in Superintendent of Public Instruction Reports applies here.
- h. State Superintendent of Public Instruction Report 1920. Computed by taking, in their report, items for 1919-20 marked "total receipts", and subtracting from it "balance on hand at beginning of year", "amount received from sale of bonds", The amount received from "all state sources" and "Federal Sources". This figure will not correspond with the figure given by the U. S. Bureau of Education for the same year, nor will it correspond with a figure derived by adding "amount received from district tax" and "amount received from all other sources" in the State Superintendent of Public Instruction Report 1920, since in these two places the amount would not include amounts received from county poll taxes and it would include some state appropriations, and federal money.

- i. Computed in exactly same manner as the same items for 1920, except that federal sources are not considered.
- j. Computed in exactly same manner as the same item for 1915.
- k. Commissioner of School and Public Land, Report 1920, p. 74. This figure includes same amount from "fines" which cannot be determined.
- l. Superintendent of Public Instruction, Report, 1920, p. 270,
- m. U. S. Commissioner of Education, Report 1917, Vol. 2, p. 51. This figure corresponds with figure found by computing from Superintendent of Public Instruction, Report 1915-16 for year 1915, p. 212 "received from district tax".
- n. Superintendent of Public Instruction, Report 1905.6, for year ending June 30, 1905, by adding amounts for rural schools p.126 and city schools p. 160, listed as "amount received from district tax". This corresponds with figures given in U. S. Commissioner of Education Report 1905, Vol. 1, p.410.
- o. Computed by adding amount of Federal Reserve Fund money paid the schools of the state as shown in Table 4 and Smith-Hughes money as shown in Table 5 or 6. In the Reports of the State Superintendent of Public Instruction, the Federal Reserve Fund money is included in the amounts reported as "Received from all other sources", and the Smith Hughes money is included in the amounts reported as "received from state aid for vocational education".

A perusal of this table will show that for the years ending respectively June 30, 1905, 1915, and 1920 the state has furnished a diminishing proportion of the school revenue. The proportion furnished by the permanent school fund has also decreased while the proportion furnished by all local sources and also by local taxes has increased. The statement is often made that it is not so much a question of where you are but in what direction you are going, that counts. On this question of the proportion of money furnished by state and local sources, South Dakota is not only in the wrong place, but seems from this table to be going in the wrong direction.

Table 17 shows in tabular form the classes of sources from which revenues in the state for public schools are derived.

Table 17. Sources of School Revenues in South Dakota 1920.

Class of Sources	Federal	State	County	District
Permanent Funds and Lands	National Forest reserve	Permanent school fund	none	none
Appropriations available	Smith - Hughes grants	\$20,600 annually to administer Smith-Hughes work. \$20,000 to rural consolidated districts having non-taxable state owned land. \$100,00 aid to rural and consolidated schools and for erection of teachers cottages. \$60,000 to high schools to train teachers for rural schools. \$15,000 to evening schools.	None	none
Fines, Forfeitures and escheats	Fire fines	Proceeds of all fines for violation of state laws.	Certain fines	Certain fines
Bonds	none	none	none	District bonds
School Tax	none	none	Poll tax	District tax

From this consideration of the sources of school revenues, we now turn in the following chapter to the methods of apportioning and uses of school monies.

CHAPTER V.

HOW SCHOOL MONIES ARE APPORTIONED AND USED.

The chief topics to be considered in this chapter are (1) How school monies are apportioned; (2) The conditions which must be fulfilled by units receiving the same; (3) The uses to which such monies may be lawfully applied.

How School Monies are Apportioned.

Apportionment of Federal Aid.

FOREST RESERVE
FUND AND FINES

National forest reserve fund money is paid to the state and distributed to the counties in proportion to the amount of federal forest reserve situated in the county¹. The state has provided that one half of the money received by the county from federal reserve funds shall be distributed to the school districts of the county in proportion to the area of forest reserve situated in the district, but not to exceed \$15 per census child, any remainder going to the county general school fund². Federal fines are paid directly into the county general school fund to be distributed together with the other money of this fund, i. e. among the school districts in the county in proportion to the number of children of school age (6 - 21).³

SMITH-
HUGHES

The distribution of federal Smith-Hughes money is left largely to the state. The amounts available are turned over to the state to distribute to the individual schools under the ~~certain~~ general restrictions by the

federal government. The State Board of Education is the agency created by the South Dakota Legislature to administer, in the state, the Federal and State Smith-Hughes acts⁴.

The State Board of Education is given the following powers⁵:

(1) To approve, upon the recommendation of the president of the Board, schools which shall maintain departments for the teaching of Vocational Agriculture, Home Economics and Trade and Industrial subjects. (2) To reimburse from federal and state funds such schools as are approved by the State Board of Education for maintenance of departments in high schools for the teaching of Vocational Agriculture and Home Economics. (3) To reimburse from said funds available, such high schools as maintain departments for the teaching of trade and industrial subjects under the regulations prescribed by the State Board and the Federal Board for vocational education. (4) To appoint, upon recommendation of the superintendent of public instruction, such officers as he may deem necessary to properly administer the federal acts and the acts of the state of South Dakota, and fix the compensation of such officers and assistants and pay such compensations and necessary expenses of such officials and assistants from the funds as provided⁶.

The laws provide further that the executive officer of the State Board of Education shall receive a salary of six hundred dollars a year for his services, payable in twelve monthly installments.⁷ Not more than five thousand dollars annually may be

¹Acts of Congress, Chapter 192.

²Session Laws of South Dakota 1911, Chapter 160. Sec. 2.

³Federal Criminal Code, Secs. 52-54, U.S. Compiled Statutes Annotated, 1916.

⁴School Laws of South Dakota, Annotated 1919, p. 8, Sec. 7407.

⁵Ibid., p. 9, Sec. 7409, pt. 2.

⁶Ibid., p. 9, Sec. 7409, pt. 4,

⁷School Laws of South Dakota, Sps. Session, 1920, Reg. 1921, p. 4, Sec. 7409, pt. 5

paid for the administration of these acts for purposes other than as state aid to schools⁸. The State Treasurer is the custodian of all moneys paid to the state from federal appropriations for the promotion of Vocational Education and he disburses the same upon warrants from the State Auditor, issued upon the certificate of the Superintendent of public instruction⁹.

The aid so disbursed to the different schools of the state is divided equally among the schools approved by the Board but may not, in any case, exceed the cost of maintenance of the department and these funds may, in no way, be used to defray expenses of installation of permanent equipment¹⁰.

A law passed at the Special Session in 1920, provided that any claims for state and federal aid from schools, in excess of the appropriations provided for state and federal aid for Agriculture and Home Economics, which were incurred prior to July 1, 1921, should be paid out of the funds of the Department of Public Instruction, appropriated as state aid to rural and consolidated schools for the fiscal year ending June 30, 1921¹¹.

Apportionment of State Money.

There are two different classes of state funds: (1) The interest and income fund, apportioned upon a general basis; (2) State appropriations, given out in flat quotas. The different appropriations will require individual treatment as to apportionment, requirements for participation and lawful uses, so the other monies apportioned on a general basis will be treated completely

⁸ School Laws of South Dakota, Special Session, 1920, Regular Session 1921, p. 4, Sec. 7410, pt. 1.

⁹ School Laws of South Dakota, Annotated 1919, p.10, Sec. 7410.

¹⁰ Ibid., p. 9, Sec. 7409, pt. 3.

¹¹ Ibid., Special Session 1920, Regular Session 1921, p.5, Sec.7410.pt.3

before taking up this second class.

INTEREST AND
INCOME FUND

The constitution of South Dakota provides for the apportionment of the interest and income fund in proportion to the number of children of school age in the corporation¹².

BASIS:
SCHOOL
CENSUS

The enumeration of children of school age in each district is made the duty of the clerk of the district board of education¹³. On or before the first Monday in June of each year, he, or some person employed by him, takes the census of all children of school age. A copy of this census is filed with the County Superintendent, who inspects it and compares it with the previous census and uses any other means to verify its accuracy¹⁴.

What is the school age?

On or before the first of July in every year, the County Superintendent reports, under oath, the enumeration of persons of school age in each district in his county, to the commissioner of school and public lands¹⁴. The commissioner must then satisfy himself of the accuracy of the census and upon this census he apportions the interest and income fund among the several counties¹⁵.

Apportionment of County General School Fund.

COUNTY GENERAL
SCHOOL FUNDS

The county general school fund consists of all money received by the county from the interest and income fund, the proceeds of the county one dollar poll tax and the net proceeds of fines paid to the county for violation

¹²Constitution of South Dakota, Article VIII, Sec. 3.

¹³School Laws of South Dakota, Annotated 1919, p. 61, Sec. 7589.

¹⁴Ibid., p. 61, Sec. 7590.

¹⁵Ibid., p. 61, Sec. 7591.

of State laws¹⁶.

On or before the first day of January and July of each year, the county treasurer must furnish to the county superintendent a statement of all money in the county treasury belonging to the county general school fund. The county superintendent must apportion this county general school fund among the several school corporations in the county in proportion to the number of children of school age residing therein¹⁷. The county treasurer pays out this money on orders of the county superintendent, to the treasurers of the respective school corporations¹⁸.

Requirements for Participation.

SOLE
REQUIREMENT
SEVEN MONTHS
SCHOOL YEAR

The law requires that any district which does not maintain school in session for at least seven months during the school year shall receive no quota from the county general school fund¹⁹. This requirement was changed to eight months in 1921²⁰. The laws make other requirements for schools but this is the only one definitely requiring fulfilment to receive apportionment. In his report of 1920, the state superintendent says, "many districts openly violated the law requiring a term of seven months"²¹.

¹⁶ School Laws of South Dakota, Annotated, 1919, p. 19, Sec. 7434.

¹⁷ Ibid., p. 16, Sec. 7424, pts. 15-16.

¹⁸ School Laws of South Dakota, Annotated, 1919, p. 19, Sec. 7433.

¹⁹ Ibid., p. 35, Sec. 7499

²⁰ School Laws of South Dakota, Special Session 1920, Regular Session

1921, Chapter 209, S.L. 1921, p. 8, Sec. 749.

²¹ State Superintendent of Public Instruction, Report 1920, p. 9.

State Appropriations.

AID TO
COMMON
SCHOOLS

It will be recalled that the term "Aid to common schools" is used to designate the annual state appropriation made to aid common and consolidated school districts containing non taxable indemnity and endowment lands owned by the state. This amounted to \$20,000 during the year 1919-20.

The basis of distribution of money appropriated for this purpose is the acreage of indemnity and endowment lands owned by the state in each respective school district²². The County Treasurer of each county receives the money apportioned to his county and he re-divides and re-distributes the same to the common or consolidated schools. The amount received by any school district in any year shall not exceed the equivalent of four cents per acre for each acre of state owned indemnity and endowment lands situated within the school district²⁰. Moreover this aid is not granted to any district that has not made, in the previous year a school levy of at least four mills and in no case shall this aid together with the levy and apportionment exceed the amount used for school purposes in the district during the year for which aid is granted²². Also, it is provided that this state aid shall, in no case, exceed one-half the total cost^{of} running the school. In estimating such costs, expenditures for building school-houses or purchasing of grounds are not taken into consideration²⁰. The State Auditor issues warrants on vouchers approved by the Commissioner of School and Public Lands and the State Treasurer pays such warrants²³.

²² School Laws of South Dakota, Special Session 1920, Regular Session 1921, p. 30, Sec. 2.

²³ Ibid., p. 30, Sec. 4.

AID TO RURAL AND
CONSOLIDATED
SCHOOLS

The term "Aid to rural and consolidated schools" refers to the special appropriation inaugurated in 1919, for the purpose of encouraging education in the rural parts of the state. It amounted to \$85,000 for the year ending June 30, 1920. For the purpose of distributing appropriations for state aid for rural and consolidated schools they are classified as state rural schools and state consolidated schools of different classes²⁴. The division into rural and consolidated districts of the different classes is made on the following bases: geographical size of district, length of term, kind of building, playground and equipment, course of study, number and qualifications of teachers. It is readily seen that most of the factors determining a district's classification depend upon the effort of the district to conduct a good school. However, the effort of the district as compared with its wealth, the number of pupils, enrollment, and attendance, are not taken into consideration.

A state rural school is defined as one which meets certain minimum requirements, among which are the following: the school shall be in session at least nine months in the year; it must provide a suitable building, i. e. one which complies with requirements prescribed by the Superintendent of Public Instruction, playground, suitable library and other apparatus, an experienced teacher, holding at least a first grade certificate, a regular course of study as prescribed the state course of study, including elementary Agriculture and Home Economics.²⁵

State consolidated schools are divided into three classes. A first class consolidated school is one established by a district,

²⁴ School Laws of South Dakota, Annotated 1919, p. 84, Sec. 2.

²⁵ School Laws of South Dakota, Annotated 1919, p. 84, Sec. 3.

comprising at least eighteen square miles and not containing within its limits, a village, town or other municipal corporation. It must provide transportation for all pupils residing more than one and one-half miles from the school house. It must be in session at least nine months in the year. It must have a suitable modern building containing at least four class-rooms, which shall satisfy the requirements prescribed by the Superintendent of Public Instruction. It shall provide at least three acres of land for play ground, gardens and experimental plots; suitable library and other equipment and apparatus prescribed by the Superintendent of Public Instruction. It shall be in charge of at least four teachers, one of whom shall be principal and shall hold at least a state certificate; it shall maintain a regular course of study for elementary schools as prescribed by the state course of study including elementary Agriculture, Home Economics and Manual Training²⁶.

A second class consolidated school is defined as one which meets the following requirements: it shall comprise a district of at least eighteen square miles, and shall not contain within its limits a village, town or other municipal corporation; it shall provide comfortable means for transportation for all pupils residing more than one and one-half miles from the school house; it shall be in session at least nine months during the year; it shall have a suitable building, containing at least two class rooms, properly heated, lighted and ventilated, and complying with specifications prescribed by the Superintendent of Public Instruction; it shall have at least two acres of land for play grounds, gardens and experimental tracts;

²⁶School Laws of South Dakota, Annotated 1919, p. 85, Sec. 4, pt.1.

it shall provide a suitable library and such other equipment and apparatus as shall be prescribed by the State Superintendent of Public Instruction; it shall be in charge of at least two teachers, one of whom shall be principal, and shall hold at least a first grade certificate; it shall maintain a regular course of study for elementary schools as prescribed by the state course of study which shall include instruction in Elementary Agriculture and Home Economics²⁷.

A state consolidated high school is defined as one which meets the following requirements: it shall comprise a district of not less than twenty-five square miles, and shall not contain within its limits a municipal corporation of more than five hundred inhabitants; it shall provide comfortable means of transportation for all pupils residing more than one and one-half miles from the school house; it shall be in session at least nine months in the year; it shall provide at least five acres of land for play grounds, gardens and experimental plots; it shall provide a suitable modern school building, properly lighted heated and ventilated and shall comply as to specifications, as to sanitation, with the requirements prescribed by the Superintendent of Public Instruction; it shall contain a suitable library and such other equipment and apparatus as may be prescribed by the Superintendent of Public Instruction; it shall employ not less than four teachers in grades below the high school, and not less than three teachers in the high school. The requirements of such teachers shall be prescribed by the Superintendent of Public Instruction. It shall maintain a regular course of study in the grades as is prescribed by the state course of study, and it shall maintain a four year/^{ac} credited **high school** course,

²⁷School Laws of South Dakota, Annotated 1919, p.85, Sec. 4, pt. 2.

which shall include instruction in Agriculture, Home Economics and Manual training²⁸.

Applications for state aid, both for state rural schools and for state consolidated schools are made to the county superintendent in the county in which the schools are located. The County Superintendent forwards to the State Superintendent of Public Instruction such applications as he indorses, certifying that the school has complied with the conditions necessary to receive state aid²⁹.

STATE
QUOTAS

On or before the first day of June, the Superintendent apportions to each of the schools which have fully complied with the provisions as listed above and such additional rules as may be prescribed by the Superintendent of Public Instruction, the following flat amounts: to state rural schools, the sum of \$150; to first class consolidated schools, the sum of \$400; to second class state consolidated schools, the sum of \$250; to state consolidated high schools, the sum of \$600; and to any school district which shall erect a suitable cottage as a teacher's home, according to plans and specifications approved by the Superintendent of Public Instruction, the sum of \$500, on completion of the building. In case the amount appropriated and available is insufficient to pay the amount specified, then the amount available shall be apportioned pro rata among the schools. Not more than two schools of each class in any one township, may receive such state aid. It is also expressly stated that any money under this account shall be used solely for increasing the efficiency of the schools³⁰.

²⁸School Laws of South Dakota, Annotated, 1919, p. 85, Sec. 4, pt. 3.

²⁹Ibid., p. 86, Sec. 5.

³⁰Ibid., p. 86, Sec. 7.

HIGH SCHOOL
AID FOR
TRAINING RU-
RAL TEACHERS

As already noted the legislature provided \$60,000 as an annual appropriation in 1920 to provide aid for high school normal training departments. The Superintendent of Public Instruction may approve for state aid, in each organized county of the state, in which there is not already established a state educational institution, one or more high schools maintaining a normal department approved by the Superintendent of Public Instruction, for the purpose of training teachers, with special reference to work in the rural schools of the state³¹. A high school, in order to be approved for normal training must be ^afour year high school accredited by the state department of public instruction and must maintain a course of study in which instruction shall be given in pedagogy, including methods, principles of education, school management and practice teaching³². The Superintendent of Public Instruction is given the power to prescribe conditions of administration of the normal training courses, the courses of instruction and the rules and regulations under which such instruction shall be given³².

The clerk or secretary of the Board of Education of any school district maintaining a high school, desiring to obtain state aid under the provisions of this act, shall notify the Superintendent of Public Instruction, who shall then, personally, or through a properly authorized assistant, visit the school, and if it is found to meet all the requirements of law and rules and regulations prescribed, he shall approve the school for state aid on or before the first day of June in each year³¹. The Superintendent of Public Instruction

³¹ School Laws of South Dakota, Annotated, 1919, p. 86, Sec. 7.

³² Ibid., p. 83, Sec. 3.

apportions the money to each approved school, certifying the apportionment for the several school districts of the state to the State Auditor, who draws warrants on the State Treasurer in favor of the secretary of the Board of Education for the sum to be given to the different school districts³³.

A school which has not less than five, or more than ten students enrolled, in the normal training class shall be entitled to \$500 per year. A school enrolling more than ten and less than twenty students in the normal training class shall be entitled to receive \$700 per year. A school enrolling twenty or more students, in the normal training class shall be entitled to receive \$1,000 per year³³. Any unexpended money does not revert to the general fund but is carried into the state aid funds of the department of public instruction for the following year³⁴.

STATE SMITH-
HUGHES AID

The method of distributing State money appropriated to match Smith-Hughes aid has been described earlier in this chapter and therefore need not be reconsidered here.

AID FOR
EVENING
SCHOOLS

As previously noted, the sum of \$15,000 appropriated by the legislature was available as "aid for evening schools" for the year ending June 30, 1920. The district school board or board of education of any school district, may, and upon the direction of the State Superintendent of Public Instruction, shall, establish and maintain as a part of the public schools, evening classes in any such subjects for which there may exist, in the opinion of the State Superintendent of Public In-

³³School Laws of South Dakota, Annotated, 1919, p. 83, Sec. 4.
³⁴School Laws of South Dakota, Extra Session 1920, Regular Session 1921, p. 21. Sec. 1.

struction, among persons over sixteen years of age, a sufficient demand.³⁵ No school may be required to establish or maintain a class for less than a minimum number of persons, to be determined by the State Superintendent of Public Instruction.³⁶ A part, not to exceed one-half of the salaries of teachers and the expense of maintenance of evening school classes, shall be paid from state aid fund³⁷. Such payments are made, only upon sworn statements of expenditures for salaries of teachers and expenses of maintenance, under rules made by the State Superintendent of Public Instruction³⁸. No payments may be made unless classes have been conducted at least eight hours per week, during a period of twenty-five weeks³⁹. For the years, ending June 30, 1920 and 1921, \$15,000 each year was provided. This appropriation is expended by warrants of the State Auditor and the State Treasurer on sworn itemized vouchers approved by the State Superintendent of Public Instruction.

Uses of School Funds -
Forbidden and Lawful

STATE
FUNDS

A striking characteristic of the South

Dakota system of school finance is the apparent absence of any effort on the part of the state to dictate the uses to which school monies shall be put. Despite the fact that in the percent of total current revenues furnished by the state, South Dakota ranks high among the states of the Union, yet the state leaves it almost entirely to the local districts to decide how all monies, including

³⁵ School Laws of South Dakota, Annotated, 1919, p. 78, Sec. 4.

³⁶ Ibid., p. 78, Sec. 3.

³⁷ Ibid., p. 78, Sec. 5.

³⁸ Ibid., p. 79, Sec. 8.

³⁹ Ibid., p. 83, Sec. 3.

state, shall be used.

No restrictions are placed on the use of state apportionment money, except restrictions which apply to all school monies. In the case of Smith-Hughes funds, the definite statement is made that they may not be used for supplying any permanent equipment⁴⁰. The inference is that aside from restrictions of the Federal Board for Vocational Education, they may be used for other purposes for maintaining the department for which they are designated. The laws do not designate uses to which appropriations for aid to rural and consolidated schools may be put. Neither do laws designate the use to which appropriations for teacher training may be put except to state that the appropriations are not deemed to cover cost of inspection and supervision by the State Department of Public Instruction⁴¹. State aid for school districts containing indemnity and endowment lands is not limited in manner of spending. The law provides in the case of appropriations for evening schools that "a part, not to exceed one-half of the salaries of teachers of the expenses of maintenance of evening school classes, established under the provisions of this act, shall be paid from funds hereinafter appropriated⁴².

FORBIDDEN
USES

Only two uses of state school monies are expressly forbidden: no money shall be expended for schools not taught exclusively in the English language⁴³. No appropriation of any money or other property may be used to aid in any way any sectarian school, and no sectarian instruction shall be allowed in any school aided or supported by the state^{43a}.

⁴⁰ School Laws of South Dakota, Annotated, 1919, p. 9, Sec. 7409, pt. 3.

⁴¹ Ibid., p. 84, Sec. 6.

⁴² Ibid., p. 78, Sec. 5.

⁴³ Ibid., p. 37, Sec. 7504.

^{43a} Constitution of South Dakota,
Article VIII, Sec. 16.

COUNTY GENERAL
SCHOOL FUND

The laws make no provisions whatever as to the uses which shall or shall not be made by the various school districts of their respective quotas from the county general school fund. This is undoubtedly due to the fact that the county serves almost exclusively as a receiving and distributing agency. For we shall see in the following paragraph that, far from omitting to legislate upon this matter, South Dakota has specified no less than 27 uses to which districts may apply their monies.

DISTRICT ACCOUNTS

Accounts are kept separately of receipts for the following three funds:⁴⁴ (1) Tuition fund (common school districts). (2) General Fund. (3) Interest and Sinking fund. Expenditures are listed as follows: (1) Paid for tuition, (2) Paid for school house site and furniture, (3) Paid for incidental expenses, (4) Paid as interest on bonds, (5) Paid upon debts and libraries, not included in other items. "The several accounts shall be kept separately and not required to balance."⁴⁴

DISBURSEMENTS OF
DISTRICT MONEY

The treasurer of the Board of Education pays the money out on warrants by the clerk, counter-signed the chairman of the board, each warrant showing the amount, the fund which drawn, the payee, and the purpose for which paid. No warrant may be issued except for indebtedness prior to its issue⁴⁵.

DISTRICT
FUNDS

The laws of South Dakota do not name any forbidden uses of district funds, but they specify the following uses to which districts may put their funds: (1) Teacher's salaries.⁴⁶(2) Purchase of agricultural land

⁴⁴School Laws of South Dakota, Annotated, 1919, p. 36, Sec. 7503.
⁴⁵Ibid., p. 28, Sec. 7477. ⁴⁶Ibid., p. 31, Sec. 7488.

to be used in connection with agriculture instruction⁴⁷. (3) Purchase books or supplies (in common districts, apparatus, charts, etc. may be purchased only on majority vote of electors at the annual meeting.)⁴⁸ (4) Pay tuition for high school education⁴⁹ (Common district only, may pay tuition of pupils from district, attending high school in another district.) (5) Take school census⁵⁰. (6) Pay for treasurers surety bond⁵¹. (in case bond is for \$2000 or more). (7) Make repairs to school house, buildings and appurtenances⁵². (8) Furnish fuel and all necessary supplies⁵². (9) Remove school house to more convenient location (on majority vote of electors.)⁵³ (10) Purchase site designated by voters⁵⁴. (11) Build, hire or purchase building on vote of electors⁵⁵. (12) Cultivate and provide shrubs on school grounds⁵⁶. (13) Erect flag staff and purchase flag⁵⁷. (14) Establish and maintain evening classes⁵⁸. (15) Pay salaries of school officers per diem and mileage when attending meetings called by County Superintendent⁵⁹. (16) Pay mileage or tuition of pupils residing at distances greater than two and one-half miles from school⁶⁰. (17) Pay salaries of County Superintendent (in unorganized county)⁶¹. (18) Proper observance of Memorial day⁶². ¶ Additional lawful uses in independent districts are as follows:⁶³ (1) Equip and maintain play grounds and athletic parks and grounds. (2) Employ clerks, superintendent, principal, janitor, care-taker, attorneys and other assistants as deemed necessary.

⁴⁷ School Laws of South Dakota, Annotated, 1919, p. 81, Sec. 7655.

⁴⁸ Ibid., p. 40, Sec. 7514.

⁴⁹ Ibid., p. 41, Sec. 7517.

⁵⁰ Ibid., p. 61, Sec. 7589.

⁵¹ Ibid., p. 25, Sec. 7461.

⁵² Ibid., p. 31, Sec. 7486.

⁵³ Ibid., p. 33, Sec. 7494.

⁵⁴ Ibid., p. 34, Sec. 7496.

⁵⁵ Ibid., p. 34, Sec. 7495.

⁵⁶ Ibid., p. 37, Sec. 7506.

⁵⁷ Ibid., p. 82, Sec. 7661.

⁵⁸ Ibid., p. 78, Sec. 3, 4.

⁵⁹ Ibid., p. 15, Sec. 7424, pt. 12.

⁶⁰ Ibid., p. 30, Sec. 7485.

⁶² Ibid., p. 82, Sec. 7658.

⁶³ Ibid., p. 49, Sec. 7547.

(3) Establish and maintain high schools, (4) Establish and maintain kindergartens. (5) Establish and maintain courses in physical training. (6) Establish and maintain courses of study in vocational training. (7) Provide and maintain adequate system and supply of text, reference, library and school books. (8) Provide and maintain for use of instructors and pupils an adequate supply of tools, implements, machines, materials, school supplies and equipment and all other property necessary for school work. (9) Publish itemized statement of receipts and expenditures in newspapers.⁶⁴ There is no provision prohibiting other uses, but the above are specified as legal uses.

SUMMARY

Chapter V has shown how South Dakota distributes her school money and for what purposes this money may be used. It should be clear from a study of this chapter that State funds which are the only funds of any great practical importance outside of funds raised in the district are distributed in two ways: (1) Fund apportioned on the basis of school census. (2) Special appropriations distributed for special purposes.

In the chapter which follows, we shall see the effects of South Dakota's present system of school support, and shall attempt to determine whether this system produces equal educational opportunities for all the children of the state, with something approaching equal burdens for all parts of the state.

⁶⁴School Laws of South Dakota, Annotated, 1919, p. 53, Sec. 1.

CHAPTER VI.
EFFECTS OF PRESENT SYSTEM OF
SCHOOL SUPPORT

Existing Educational Inequalities.

REASONS FOR
STATE AID

The education of its future citizens is the duty of the state. The fundamental principle underlying any form of state aid to schools should then be to insure to all the children of the state the opportunity to attend school and to make opportunities as nearly equal as possible.

Even the most cursory consideration will show that equality in education does not exist in the state of South Dakota. The effects of the present system are seen in glaring inequalities existing on every hand. These inequalities can be most conveniently studied in connection with the three different classes of school districts: rural, independent and consolidated. The immediately following paragraphs will show the inequalities which exist among counties and among school districts as to:

I. Educational opportunities, including inequalities in:

- a. Teachers qualifications
- b. Length of school year provided
- c. Yearly salary of teachers
- d. Enrollment
- e. Average expenditure per child enrolled.

II. Burdens of support, including inequalities in:

- a. Assessed valuation per census child.
- b. Tax levies in mills.

III. State aid, including inequalities in:

- a. Percent of total support furnished by the state.
- b. State aid per child enrolled.
- c. State aid per teacher employed.
- d. Amount of money raised locally for each \$1.00 furnished by the state.

Inequalities in Educational Opportunities.

LENGTH OF
SCHOOL TERM

In 1920, of 4769 rural schools, 227 had less than eighty days session; 120, eighty to one hundred days; 151 had one hundred to one hundred twenty days; 730 had one hundred twenty-one to one hundred forty days; 2048 had one hundred forty-one to one hundred sixty days; 1391 had one hundred sixty-one days to one hundred eighty and two had one hundred eighty-one to two hundred days¹. The report of the State Superintendent for 1920, shows that the average number of days school was in session by counties in independent districts ranged from 129 days in Hamlin county to 181 days in Lawrence county, the average of all counties being 172.3 days². While the laws prescribe that consolidated districts, to be so classed, must conduct school for nine months each year³, in consolidated districts, the range is from 107 days in Marshall county to 180 days in several counties, the average being 168 days⁴.

TEACHERS
QUALIFICATIONS

In rural districts in 1920, 43 teachers held life diplomas, 7 primary certificates, 1101 first grade certificates, 2523 second grade certificates, 720 third grade certificates, a total of 4642 issued by the State Superintendent of Public Instruction. Three hundred eight teachers held certificates issued by the County Superintendents, of which 24 were

first class, 106 second class and 178 third class⁵. In independent districts of 1475 teachers employed in the grades, 71 held life diplomas, 456 state certificates, 14 vocational certificates, 56 primary certificates, 485 first grade certificates, ^{all} issued by the State Superintendent, while there were 23 holding first class, 10 second class and 2 third class certificates issued by the county superintendents⁶. In consolidated districts, of 288 teachers employed in the grades, 11 held life diplomas, 67 state certificates, 3 vocational certificates, 10 primary certificates, 104 first grade certificates, 78 second grade certificates, and 11 third grade certificates, issued by the State Superintendent, 3 first grade and 1 second grade issued by county superintendents⁷. This shows a great advantage in qualification of teachers in independent and consolidated districts over the teachers in rural districts.

¹ Superintendent of Public Instruction, Report 1920, pp. 146, 148.

² Ibid., pp. 194, 5.

³ School Laws of South Dakota, Annotated, 1919, p. 84, Sec. 4.

⁴ Superintendent of Public Instruction, Report 1920, p. 238.

⁵ Ibid., p. 154.

⁶ Ibid., p. 199.

⁷ Ibid., p. 241.

Table 18 which follows presents these facts concerning teacher's certificates in tabular form.

Table 18. Teacher's certificates issued in South Dakota, 1920.

Class of District for which Issued	I s s u e d b y									
	State Superintendent					Co. Superintendent				
Issued	Kind of Certificate					Kind of Certificate				
	Life-Diploma	State-Professional	Vo-ca-tional	Pri-mary	Grade	Grade				
					1st	2nd	3rd	1st	2nd	3rd
Rural	42	245	3	7	101	252	3720	24	106	178
Independent	71	456	14	56	485	182	176	23	10	2
Consolidated	11	67	3	10	104	78	11	3	1	0

ENROLLMENT
SCHOOL YEAR
SALARIES
EXPENDITURES

For the purpose of showing inequalities in educational opportunity in each class of district, rural, independent and consolidated, and among the three classes of districts, the counties ranking lowest and highest in the particular item being studied have been chosen in each case, with intervening counties representing as nearly as possible equal gradations in variation. Table 19, which follows shows the variations with respect to enrollment, length of school year, yearly salaries of women teachers doing elementary work, and the average expenditures per child enrolled.

Table 19. Inequalities among Counties of Educational Opportunity.

I. Inequalities as to a child's chance of being in school.

Rural Districts			Independent Districts			Consolidated Dists.		
Rank ^a	County	% of census enrolled ^b	Rank ^a	County	% of census enrolled ^c	Rank ^a	County	% of census enrolled ^d
1	Faulk	103 ⁿ	1	Faulk	162 ⁿ	1	Brown	138 ⁿ
18	Brule Clark Jones	79	15	Jackson	102 ⁿ	10	Fall River Spink	99
34	Campbell Davison Kingsbury Pennington Stanley	75	30	Clerk Clay	90	19	Butte	88
			45	Hanson McPherson	81	28	Grant	74
						38	Minnehaha	21
50	Douglas Zieback	69	59	Potter	54			
67	Washabaugh	35						

II. Inequalities in School Year.

Rural Districts			Independent Districts			Consolidated districts		
Rank ^a	County	Year in days ^e	Rank ^a	County	Year in days ^f	Rank ^a	County	Year in days ^g
1	Hamlin	180	1	Grant	182	1	Day	180
18	Codington Lawrence Stanley Turner Todd	158	15	Fall River Moody	177		Deuel Jones Lincoln Stanley Turner	
			30	Butte Charles Mix	173	9	Perkins	177
34	Bennett Tripp	150		Deuel Faulk Gregory Hand Union		18	Brown	171
50	Custer Hyde Sully	143				27	Butte	162
			45	Beadle Codington Custer	170	36	Marshall	107
67	McPherson	102						
			59	Hamlin	129			

III. Inequalities in yearly salary of women teachers in elementary work.

Rural Districts		Independent Districts		Consolidated Dists.				
Ra- nk ^a :	County	Salary ^h	Ra- nk ^a :	County	Salary ⁱ	Ra- nk ^a :	County	Salary ^j
1	Day	1578.84	1	Tripp	1023.00	1	Sanborn	1333.75
18	Sanborn	809.82	15	Brown	914.09	9	Day	936.00
34	Sully	752.59	30	Union	869.20	18	Edmunds : Jones : Perkins : Union	900.00
50	Clark	697.23	45	Kingsbury	829.50			
67	McPherson	447.00	59	Marshall	622.81	27	Butte	840.62
						36	Hughes	687.36

IV. Inequalities in average expenditure per child enrolled.

Rural Districts			Independent Districts			Consolidated Dists.		
Rank ^a	County	Expend. ^b	Rank ^a	County	Expend. ^b	Rank ^a	County	Expend. ^b
1	Haakon	147.90	1	Marshall	130.27	1	Jones	322.57
18	Lawrence	79.71	15	Walworth	78.99	10	Hanson	133.20
34	Beadle	62.64	30	Clark Kingsbury	67.04	19	Miner	97.77
50	Walworth	53.07	45	Moody	59.40	28	Deuer	79.72
66	Shannon	22.11	59	Aurora	44.77	38	Faulk	16.83

Particular attention is called to the fact that Table 19 presents county averages, which are practically the only figures available from reports. This table is read as follows: In the rural districts of Faulk county the total number of pupils enrolled was 103% of the total number of children of school age in the rural districts of the county. In the rural districts of Brule, Clark and Jones counties, the total number of children enrolled was 79% of the total number of children of school age in the rural districts of the county, etc. Among rural districts, Faulk county ranked first in percentage of enrollment, Brule, Clark and Jones eighteenth, etc.

Table 19 shows that in rural districts, the enrollment ranged from 35 per cent to 103 per cent of the school census, the median being 75 per cent. In independent districts, the enrollment ranged from 162 per cent to 54 per cent of the census, the median being 90 per cent, while in consolidated districts, the range was from 138 per cent to 20 per cent, the median being 88 per cent of the census. In length of school year the longest, shortest and typical school years are respectively 180 days, 102 days and 150 days for rural districts, 182 days, 129 days and 173 days for independent districts and 180 days, 107 days and 171 days for consolidated districts. It is interesting to note that the highest and lowest salaries paid women teachers doing grade or elementary teaching is paid in the rural districts, the variation being from \$1,578.84 to \$447.00. The median salary is lowest in the rural districts, being \$752.59 and highest in the consolidated districts being \$900.00. In expenditure per child enrolled, the consolidated districts show the highest and lowest figures, ranging from \$322.57 to \$16.83, with a median of \$97.77. The medians for the rural districts and the independent districts are \$62.64 and \$67.04 respectively.

Such tables as No. 19 do not by any means show the extreme variation of educational opportunity in the state. They are made from county averages and do not show the variation among the districts situated within the counties themselves. That much worse conditions exist in certain districts, than is shown here is evident by the following quotation from the report of the State Americanization director for the year 1919-20. He is giving the record of a certain township. "Number of school buildings, 4; value of each \$273; equipment in each \$62.50; three "teachers" were employed in 1918-19 for the terms of 2, 3 and 5 months at the salaries of \$55, \$60 and \$65 respectively; all those "teachers" taught on a "special" certificate, i. e. were unable to secure a regular third grade certificate from the state department on examination. There were 74 persons of school age of whom only 36 were enrolled in school and these attended on an average only 73 days during the year. The tax levies in the districts in this township were 1.27, 1.46 and 2.00 mills respectively and the amount received from taxes was \$555.64 while \$484.93 was received from the state apportionment. With 74 persons of school age in the district, the average attendance was only 26, yet the longest term was five months. Practically all the laws of the state designed to secure efficiency in school work, were being violated in this district -- it is but one of many -- the minimum term law, the law requiring a qualified teacher, the compulsory attendance law, the law withholding the state apportionment from districts not having a seven months term, the laws providing for suitable building and equipment, laws of hygiene and sanitation, etc.; yet the state is contributing almost as much as the local districts in maintaining these "schools." In some

instances, the state contributes almost the entire sum used in maintaining just such schools as these--they are practically "state schools" as far as financial responsibility is concerned⁸."

INEQUALITIES
IN ABILITY
EFFORT AND
AID

One of the chief functions of state aid should be to equalize the burden of school support among the various districts or counties.

The discussion of the distribution of state aid has made it clear that South Dakota does not take into consideration the financial ability of the counties or districts in distributing any portion of her state aid. She should consider particularly three things:

(1) The number of children to be educated. (2) The ability of the school unit to finance the education of its children. This ability may be expressed in terms of assessed valuation, per school child residing within the school unit. (3) The effort of the school unit to educate its children, as expressed in the ratio between the assessed valuation and the local tax levy.

South Dakota does not levy any county tax. While the assessed valuation by counties is available, it is not available by districts. So the second item to be considered above cannot be determined directly. Table 20 presents the facts for nine counties chosen on the basis of assessed valuation per child 16-21 years of age, namely the three richest, the three poorest and three of approximate valuation. The first and third counties in rank were omitted because they are unorganized counties and^{are} therefore hardly representative. For this table, the items as given in the Report of the State Superintendent of Public Instruction for Rural, Independent and Consolidated districts were combined.

⁸State Superintendent of Public Instruction, Report 1920, p. 18.

Table 20. Inequalities in the division of school burdens among South Dakota counties as shown by variation in proportion of revenue furnished by the state and by the district respectively, 1920

County	Value per school:		State Aid ^c		Percent of support received from ^b		
	census child 16-21 yrs. ^a	Rank among 67 counties	Per child enroll- ed	Per teacher employ- ed	Local tax	State aid	other sources
Stanley	\$19,436	2	\$10.90	\$133.88	85.9%	10.6%	3.5%
Spink	15,553	4	9.63	152.24	79.1	10.9	10.00
Hanson	15,523	5	13.14	183.76	82.4	14.8	2.8
Potter	10,867	33	15.89	234.55	73.7	22.2	4.1
Grant	10,852	34	12.54	254.66	71.8	22.2	5.9
Brookings	10,743	35	11.15	246.17	78.7	13.2	8.1
Campbell	8,858	65	6.94	140.20	83.9	11.5	4.6
Meade	5,688	66	13.21	193.57	78.5	19.8	1.7
Dewey	5,433	67	10.61	189.59	88.8	9.8	1.4

a. Computed by dividing valuation of county as given in Report of State Tax Commission, 1919-20, by combined census, given in State Superintendent of Public Instruction, Report 1920, pp. 157, 158, 196, 197, 239.

b. Computed by combining figures given for Rural, Independent and Consolidated districts as given in State Superintendent of Public Instruction, Report 1920, pp. 171, 175, 220-225, 251-253, but leaving out of consideration, balance on hand at beginning of year, amount received from sale of bonds and amount received from sale of property and insurance.

c. Computed by combining figures given for rural, Independent and Consolidated districts as given in the State Superintendent of Public Instruction, Report 1920, pp. 171-174; 220-225.

Table 20 shows that the assessed valuation per census child varies from \$19,436 in Stanley County to \$5,433 in Dewey County. It is a peculiar fact that these two counties are both west of the Missouri River and are separated by only a small unorganized county. Grant County is the median county, with an assessed valuation of \$10,852 per school child.

Table 20 shows also that there is a wide variation, not only in the ability of the counties to finance their schools, but also in the assistance the state gives them. The aid given by the state does not vary with the ability of the county. A rich county, Stanley, get \$10.90 per child enrolled, while a poor county, Campbell, gets \$6.94 per child enrolled.

In Table 21, which follows, the conditions in the rural schools of the nine selected counties are shown with respect to state aid per child enrolled, state aid per teacher employed, average school tax in mills raised by the districts, and the amount raised by district tax for each \$1.00 of state aid received.

Table 21. Inequalities in ability, effort and aid in South Dakota Rural Districts of nine selected counties. 1920.

County	Val. per school child (06-21) ^a	Rank	State aid per child enrolled ^b	State aid per teacher employed ^c	Average school tax in mills ^d	Amount raised by tax district/for each \$1. state aid. ^e
Stanley	19,436	2	\$11.23	\$111.49	6.4	\$8.59
Spink	15,553	4	10.88	135.04	2.6	6.59
Hanson	15,423	5	13.37	163.20	1.8	3.81
Potter	10,867	33	16.06	187.08	2.46	3.06
Grant	10,852	34	12.45	233.22	2.09	2.90
Brookings	10,743	35	11.92	240.06	2.13	3.61
Campbell	5,858	65	5.94	120.49	7.5	7.99
Meade	5,688	66	13.77	168.98	6.5	4.15
Dewey	5,433	67	9.61	128.74	5.2	9.45

- a. Counties selected on the basis of their wealth per school census child. Valuation per child computed by dividing valuation of county as given in Report of State Tax Commission, 1919-20, p.102, by combined census given in State Superintendent of Public Instruction Report, 1920, pp. 157, 158, 196, 197, 239.
- b. Computed by dividing total state aid as given in Superintendent of Public Instruction Report, 1920, pp. 171-174, by total enrollment as given in Ibid., pp. 157, 158.
- c. Computed by dividing total state aid as found in (b) above by total number of teachers as given in 1920 report, pp. 151, 152.
- d. Superintendent of Public Instruction, Report 1920, pp. 169, 170.
- e. Computed by dividing amount raised by district tax as shown in Superintendent of Public Instruction Report 1920, pp. 171-172, by total state aid as found in (b) above.

In Table 21 variations in the burdens and aid of the rural districts of the same nine counties are shown. While the valuations given for the entire county are not necessarily true for the rural schools only of the county, no other valuations are available. Several of these variations are particularly worthy of comment. The rural schools of one county, Campbell, received only \$5.94 from the state for each child enrolled, while another, Potter, received \$16.06. At the same time Campbell County rural schools taxed themselves at the average rate of 7.5 mills, while the Potter County rural schools were levying only 2.46 mills. Campbell County rural schools raised \$8.99 by local tax for each dollar given them in state aid, while Potter County rural schools raised only \$3.06 for each dollar of state aid received. If we consider the valuations of the county as applying to the rural schools of the county, Potter County is almost twice as rich per school child as is Campbell County.

Table 22, which follows, compares the ability, effort and aid in the independent districts of the nine selected counties in the same manner as these items were compared for the rural districts of the same counties in Table 21.

Table 22. Inequalities in ability, effort and aid in South Dakota Independent Districts of nine selected counties, 1920.

County	Value per School Child (6-21) ^a	Rank	State aid per child enrolled ^b	State aid per teacher employed ^c	Average School tax in mills ^d	Raised by district for each \$1. state aid ^e
Stanley	\$19,436	2	No Independent districts in this county.			
Spink	15,553	4	\$8.21	\$199.61	10.87	\$8.12
Hanson	15,423	5	11.73	210.68	11.15	7.11
Potter	10,867	33	11.59	450.93	6.10	1.48
Grant	10,852	34	12.81	291.24	6.40	3.93
Brookings	10,743	35	10.16	256.02	9.05	6.11
Campbell	5,858	65	13.22	363.61	15.35	4.69
Meade	5,688	66	11.54	398.02	6.00	3.23
Dewey	5,433	67	10.84	211.85	12.50	5.46 ^d

a. Computed as in tables 20 and 21.

b. Computed by dividing total state aid as given in Superintendent of Public Instruction, Report 1920, pp. 220-225 by total enrollment as given on pp. 202, 203, 210, 211 of Ibid.

c. Computed by dividing the total state aid as found in (b) above by total number of teachers as given in 1920 report, pp. 200, 201, 206, 207.

d. Superintendent of Public Instruction, Report 1920, pp. 218, 219.

e. Computed by dividing amount raised by district tax as shown in Superintendent of Public Instruction Report 1920, pp. 220, 221 by total state aid as found in (b) above.

While the inequalities among independent districts, as shown in Table 22, do not appear so great, one comparison will bring out a very unfair condition. Potter County receives \$11.59 from the state for each child enrolled, while Spink County receives only \$8.21. At the same time, Potter County independent districts levy a tax of 6.10 mills as compared to 10.87 for those of Spink County. Potter County independent districts raised only \$1.48 for each dollar received from the state while Spink County independent districts raised \$8.12 for each dollar received from the state.

Five of the nine selected counties used in previous tables did not have consolidated districts within their borders, so five other counties having consolidated districts, were selected as near to these five in valuation per census school child as possible. Table 23, which follows, shows the inequalities in ability, effort and aid in the consolidated districts of nine counties, in the same manner as these items were compared for rural and independent districts in Tables 21 and 22.

Table 23. Inequalities in ability, effort and aid in South Dakota consolidated districts in nine selected counties, 1920.

County	:Value per : School : Child : (6-21) ^a	:Rank:	:State aid :per child :enrolled ^b	:State aid :per teach- :er employ- :ed ^c	:Average : School : tax in : mills ^d	:Raised by : district : for each : \$1. state : aid ^e
Stanley	\$19,436	2	\$10.39	\$202.66	24.78	\$7.92
Spink	15,553	4	7.86	108.12	4.00	11.32
Hanson	15,423	5	16.16	203.66	4.39	8.43
Deuel	11,115	31	9.63	241.17	10.80	7.11
Potter	10,867	33	14.29	f	11.80	6.06
Clay	10,460	36	10.88	274.22	2.75	5.68
Walworth	6,852	58	14.48	422.09	10.65	5.41
Pennington	6,130	62	9.08	91.63	9.50	11.05
Butte	5,926	64	7.82	400.55	11.70	2.17

a. Computed as in tables 20, 21, 22.

b. Computed by dividing total state aid as given in Superintendent of Public Instruction, Report 1920, pp. 251-253 by total enrollment as given on pp. 242-246 of Ibid.

c. Computed by dividing the total state aid as found in (b) above by total number of teachers as given in 1920 Report, pp. 240-244.

d. Superintendent of Public Instruction, Report 1920, p. 250.

e. Computed by dividing the amount raised by district tax as shown in Superintendent of Public Instruction, Report 1920, p. 251 by total state aid as found in (b) above.

f. Not sufficient data available.

As shown in Table 23, the variations in effort and aid are so great as to be almost unbelievable. Extreme variations as shown in these nine counties are as follows: State aid per child enrolled, from \$7.82 to \$16.16; State aid per teacher employed, \$91.63 to \$422.09; tax levy in mills, 4 mills to 24.78 mills; amount raised by local tax per dollar received from the state \$2.17 to \$11.32. What may be still worse than these extreme variations is the condition which permits the fact that in Hanson County in which the state aid per child enrolled is highest, the tax rate in mills is among the lowest. And in Butte County where^{re} the aid per child enrolled is lowest the tax rate is over $2\frac{1}{2}$ times as great as in Hanson County. One need scarcely point out the injustice of such variations.

If we should now compare the items in Tables 21, 22 and 23, we would find a very wide variation between rural, independent and consolidated districts. The extremes shown by these tables are as follows: Received from the state per child enrolled, \$5.94 to \$16.06; received from the state per teacher employed, \$91.63 to \$450.93; average school tax in mills, 1.8 mills to 24.78 mills; amount raised by local tax for each \$1.00 received from the state \$1.48 to \$11.32. It must be borne in mind too, that these figures are for a small group of counties, and that the entire number of counties would undoubtedly give a wider variation. Also, if figures for individual districts were available, a wider variation in school burdens and state aid would be shown to exist.

Statistics are not available in any reports for individual districts. A great many efforts have been made to secure information from County Superintendents, so that individual districts might be compared. Eighteen letters were sent to County Superintendents

asking for a certain minimum of information which might serve, but only three replies were received, two of them giving no information at all and the other not giving sufficient information to make it at all usable. Through the efforts of Dr. William A. Cook, of the University of South Dakota, who wrote personal letters to a number of Superintendents of his personal acquaintance, information for three counties is available. In the requests sent out the County Superintendent was asked to pick out the richest, the poorest and a representative rural one-teacher district in the county and give five items of information for these three districts. Two replies gave these items for three chosen districts and a third gave the items called for in 90 districts.

Table 24, which follows, shows the assessed valuation, assessed valuation per census school child, tax rate in mills, annual salary of teacher, length of school year in days and state aid for three districts in each of three counties. It must be presumed in the case of Clay and Hand Counties that the first district is the richest, the second fairly representative and the third the poorest in total assessed valuations. These are selections of the county superintendents of these counties. In Turner County, the 90 districts were arranged in order of assessed valuation and the richest, median and poorest districts were selected on this basis.

selected

Table 24. Inequalities in ability, effort and aid of three / rural one-teacher districts in each of three South Dakota counties,^a 1921-22.

County	District Number	Assessed Valuation		Tax levy mills	Annual Salary of teacher	School year days	State aid
		Total	Per cent- sus sch. child				
Clay	41	\$783,619	\$13,000	2.6	\$1575	171	\$600
	39	562,447	17,044	3.92	1250	174	480
	57	87,964	6,283	11.5	680	no data	140
Hand	112 - 66	1,476,960	16,411	2.4	1064	162	1050
	110 - 67	780,960	11,833	4.6	1080	148	660
	109 - 69	628,491	11,026	7.2	1067	144	570
Turner	34	912,044	22,245	2.19	800	160	410
	1	424,475	23,582	2.00	720	160	180
	62	267,133	17,809	3.74	720	160	150

a. All data taken from information furnished by county superintendent of counties named.

Table 24 shows that in these three counties, the total valuation of one-teacher rural districts varies from \$1,475,960 in district 112-66 of Hand County to \$87,964 in District 57 of Turner County. The assessed valuation per child enrolled varies in these nine districts from \$23,582 in District 1, Turner County, to \$6,283 in District 57, Clay County. It is interesting to note that in each county the poorest district has the highest tax rate, with one exception has the most poorly paid teacher and in all cases gets the smallest amount of money from the state. On the other hand the richest district in each case, except one, has the lowest tax rate and the best paid teacher and gets the most money from the state. It is hardly possible that these variations are by any means the extremes in the counties named, with the exception of the first item given, namely, the total assessed valuations. But these examples serve to show that wide variations in ability, effort and aid do exist among the individual districts in the state.

That the variations shown above are not the extremes is shown by the data for Turner County which was received for 90 districts in the county. Table 25, which follows, shows data selected on ^{two} ~~three~~ different bases. In Part 1, these 90 districts were arranged in order of valuation per census child, and the districts having the highest, lowest and median valuation per census child were chosen with a district intervening between the highest and the median and one between the lowest and median. Part 2 shows districts chosen in the same way with the tax levy as the basis.

Table 25. Inequalities in ability, effort and aid of selected rural one-teacher districts in Turner County, South Dakota, 1921-22.^a

Part 1. Selected on basis of assessed valuation per census child.

District number	Val. per census child amount	rank ^b	Tax levy mills ^c	Teacher's salary	Days of School	State aid ^d
36	50,464	1	2.00	\$920	160	\$110
8	20,499	23	2.22	800	160	220
11	15,713	45	2.00	920	160	360
21	12,746	67	2.4.06	1125	180	290
39	8,178	90	15.00	760	160	320

Part 2. Selected on basis of tax levy.

District number	tax levy mills ^c	rank ^b	Assessed valuation per census child	Teacher's salary	Days of School	State aid
10	15.00	1	14,213	\$1035	180	\$220
39			8,178	760	160	340
66	3.70	23	17,413	900	180	310
16			26,727	720	160	220
69	2.89	45	15,215	800	160	250
87	2.21	67	12,199	920	160	260
31	0	90	26,873	800	160	140

- a. All data furnished by County Superintendent of Turner County.
 b. Ranks computed. no
 c. Only one district levied tax. Fourteen levied the minimum two mills.
 d. The state aid was not reported, except special aid. The aid was computed on the basis of \$10 per census child, which was the amount apportioned for the year. None of the districts shown

in this table received any special aid.

Table 25, Part 1, shows variations in assessed valuation per census school child from \$50,464 to \$8,178 and in Part 2 variations from 15 mills tax levy which is the upper limit down to no tax levy at all. Almost paralleling the decrease in valuations are the decreases in tax levies as shown in Part 1. Other items in this table do not seem to show any tendency to vary in the same ratio as the tax rate or as the valuations. The state aid depends on neither of these items but is totally dependent on the number of children between the ages of six and twenty-one years of age enumerated in the district. The fact that one district is six times as rich, per census child as another is not considered at all in distributing state aid. Also the fact that a district levies seven and one-half times as high a tax as others is also not considered. So far as the state is concerned, The state, by its method of apportionment seems to concede that it makes no difference how rich or poor a district is, or how high or low a ^{tax} levy may be, within the limit of 2 to 15 mills, no difference in state aid should be made. In other words, under the present system, no account is taken of these great inequalities.

RESPONSIBILITY
FOR INEQUALITIES

The inequalities which have been shown in educational opportunities and in burden of support lie at the door of the state. The State of South Dakota is the only agency which can in any way mitigate the evils we have shown to exist. South Dakota has a large permanent school fund, does not levy any state tax for education but has pursued the policy for a short time of making appropriations. Does she, in distributing the state school money, make any attempt to reduce inequalities? Could she not by distributing on a scientific basis the money now

available and by means of a reasonable state tax greatly reduce these inequalities? The paragraphs immediately following will point out the apparent ~~side~~^{aims} of the different forms of state aid which South Dakota distributed to the schools, and will show what effort the state is making toward equalization of educational opportunities and burdens.

AIMS OF DIFFERENT FORMS OF AID IN SOUTH DAKOTA

According to the Constitution of the State of South Dakota the income from the land given to the state for common schools "shall be used for the equal benefit of all the people of the state and may not be diverted even temporarily⁹." In accordance with the Constitutional provision, the income from the Permanent School Fund is apportioned to the schools of the state in proportion to the school population. This plan helps to insure to all pupils the opportunity to attend school, but makes no attempt to equalize those opportunities. The distribution of the poll tax money, the only money raised in the county for schools, and the proceeds from fines distributed in the same way, serves the same purpose.

The distribution of money appropriated to match Smith-Hughes aid can help only a limited number of the people of the state. This is devoted to vocational training and does not affect greatly any large proportion of the population of the state. It might be argued with truth that the aid devoted to high schools for teacher training affects the rural schools of the state at large in making available a large number of better trained teachers and therefore indirectly helps to provide equal educational opportunities to the children of the state. Nevertheless so far as its direct effect is concerned, this fund benefits only a small group, namely, high school pupils pursuing rural teacher training courses.

The appropriations for aid for common schools has for its purpose the returning to those districts which have within their borders, indemnity or endowment land owned by the state and non-taxable, part or all of the money which might have been received by the district for school purposes in taxes on such land. This is an eminently fair thing to do for those districts, as this land is constantly returning to state school funds, a fair income. Appropriations for aid for evening schools have for their purpose, the furnishing of an opportunity for those people above sixteen years of age who have not received an education, and who cannot attend day school. This might be taken as an attempt to equalize opportunity, and, by the nature of the law which compels certain uneducated to attend evening schools, it is an effort on the part of the state to remove illiteracy and advance the education of those who need it most.

What may be considered, the only serious attempt to equalize educational opportunity, in the state in a large way, was inaugurated by the legislature in 1919. The appropriation of large sums of money known as "aid for Rural and Consolidated Schools" for the purpose of "aiding and encouraging the improvement of educational conditions in the rural schools of the state⁹," marks an era in the distribution of school money in South Dakota. The method of distributing this fund and the requirements for participating in it have already been discussed (Chapter IV). Undoubtedly it will fulfill, to some extent at least, the purpose for which it was intended. It is too early to discover what the result has been or what it may be, but it is undoubtedly a step in the right direction.

⁹Constitution of South Dakota, Article VIII, Sec. 3.

¹⁰School Laws of South Dakota, Annotated, 1919, p. 84, Sec. 1.

If the distribution of this fund is considered from the standpoint of equalizing opportunity, we see that it may serve its purpose in several different ways. Equality of opportunity means not only equality in length of school year, it means equality in the training of the teachers provided, in equipment, sanitary and healthful buildings, equality in scope and richness of courses of study, equality in opportunity for discovering ability and for developing physically, mentally and socially.

Districts with different economic ability can not be expected to furnish such equality alone. State funds should be distributed to the district on the basis of financial ability of the district and their effort. The appropriation under discussion fulfils these purposes only in part. Certain minimum standards in buildings, equipment, playground and training of teachers is required to receive aid from this fund, but no provision is made for increased aid if conditions are brought above the minimum ~~standard~~. unless a school, by raising its standards can get into a higher class for which a larger sum is provided. The opportunities for this are limited. No provision is made in distributing these funds, nor in fact any funds in the state to schools, to take into account the financial ability of the district.

We must conclude that South Dakota has scarcely made a beginning towards the equalization of educational opportunities and burdens of support.

Chapter VII. will attempt to suggest some desirable modifications of South Dakota's ^{system with} equalization of opportunities and burdens particularly in view.

CHAPTER VII. CONCLUSION.

The preceding chapters have shown the conditions which exist in South Dakota in Educational Opportunities, School Support and School Aid. Equality of educational opportunity does not exist. Some pupils enjoy the advantages of the opportunity to attend school 180 days in the year, in good buildings, well equipped, with highly trained, well paid teachers, while others are practically denied the opportunity to attend school at all. Between these two extremes, practically all gradations of variation may be found. Again, some school units are able to furnish to their school children a fair education at a reasonable tax rate, while others must tax themselves to the limit to furnish a most meager education. State aid to schools is distributed without regard to the ability of the school unit to finance its schools. If South Dakota is to equalize the educational opportunities offered to her school children, and equalize the burdens of school support, she must reorganize certain phases of her school system.

The first question to be answered before suggesting modifications in the present system is "What determines equality of educational opportunity?" This question has been answered rather fully by Swift in an article entitled "Existing Educational Inequalities"¹. Again in his monograph on "School Finance in Colorado"², he summarizes these factors as follows "(a) the number and quality of the teachers employed; (b) the quality of general control and supervision; (c) apparatus directly related to instruction, including such

¹American School Board Journal 60:29-30 May 1920.

²Journal of Educational Research 2:647-667, 741-761, Oct. Nov. 1920, p. 755.

material as library books, laboratory apparatus and textbooks". To this "length of school term" should undoubtedly be added. To insure educational opportunity the state must see that these factors are properly provided and equalized.

Before calling for increased funds for school purposes, the state should arrange for a scientific method of apportioning the school money it now raises. Any additional funds without a better method of apportionment would not tend to equalize educational opportunities and burdens. Cubberley says "the use of the school census basis for the apportionment of funds ----- is one of the worst and most unjust bases of apportionment we have in use, and its complete abandonment in the future for some better single basis or for a combination basis plan is greatly to be desired"³. He further states, "that where the fund at hand for distribution is large enough to permit of the use of such a plan, the best basis for the distribution of funds is a combination of teacher-actually-employed and aggregate days' attendance"⁴. South Dakota should employ some such plan of distributing her interest and income fund instead of the census basis now in use. Some recognition of the financial ability of the school units should also be given.

At present, South Dakota makes the maintenance of a minimum school term the sole condition for receiving state apportionment. And this requirement is not enforced⁵. In distributing the state apportionment South Dakota should set up certain standards, much as she has in distributing her appropriations for aid to rural and consolidated schools, or as other states have done in distributing

³School Funds and their Apportionment, Cubberley, p. 251, Con. 10.
See this book for a very complete discussion of basis of apportionment.
⁴Ibid., p. 252, con. 15. See Chapter XII of Ibid. for a full ment.
discussion.

their apportionments. The following list⁶ suggests what South Dakota might require: (1) raising of a local tax; (2) lawful expenditure of school monies; (3) employment of teachers of specified qualifications; (4) maintaining a school for a fixed number of months; (5) providing equipment satisfying state standards; (6) providing instruction in the subjects required by law; (7) submitting the reports required by the state or other educational authorities; (8) provision of free textbooks; (9) enforcement of compulsory education and truancy laws; (10) fulfilling all state school laws and regulations.

Another all-important question to be answered in this connection is "What proportion of the school burden should the State bear?" Swift says in substance that the items of expenditure most important in determining educational equality or inequality should be assigned to the state⁷. This would require that a much larger proportion of school money be paid by the state than South Dakota now pays. She should have a state tax to raise additional state funds. Cubberley says, "the state school tax equalizes the burdens best and is the most desirable single form of general taxation for schools⁸". Swift says, "Neither special appropriations which depend upon the judgment and attitude of the legislature from year to year, nor the income of a permanent school fund can in any sense take the place of a state tax".⁹ As a state measure then, South Dakota should increase

⁵ Superintendent of Public Instruction, Report 1920, p. 9.

⁶ Taken from "School Finance in Colorado" Journal of Educational Research, Vol. II, Nov. 1920, p. 757.

⁷ "School Finance in Colorado", Journal of Educational Research, Nov. 1920, Vol. 2, p. 755.

⁸ School Funds and their Apportionment, p. 250, con. 5.

⁹ "School Finance in Colorado", Journal of Educational Research, Nov. 1920, Vol. 2, p. 755.

by a state tax the amount of money she distributes to her schools, and she should adopt a scientific method of apportioning the money received from the state tax together with the present state apportionment. The present state appropriations might be continued and used as at present to furnish incentives to communities to better their schools. Instead of these appropriations, it would possibly be better to set aside a certain proportion of state school funds, produced by the permanent school fund and the state school tax, for this purpose. This special aid should also be extended to include the fostering of new types of educational endeavor in all classes of schools.

Whether or not South Dakota increases materially her state aid to education, she should increase the amount and the proportion of school moneys the counties pay. Outside of the larger villages and cities at least, the districts should be disestablished and education organized on a county plan, with a county board of education and a non-political, educationally professional county superintendent, hired by the board of education and paid well enough to attract and hold exceptional talent in the office. The adoption of this plan would not eliminate educational and financial inequalities, but it would reduce them materially. If this plan were adopted, local communities should be allowed to tax and bond themselves for extraordinary purposes only. If it is impractical to make so radical a change as to disestablish the districts, the county should levy a large tax for education leaving for the districts only a comparatively small proportion of school support, after state and county quotas had been received.

Another matter of major importance which the state should take

up at once, is a matter which has been mentioned in the chapter on state aid. The investment of permanent school fund money should be placed in the hands of a State Board of Investment and taken from the care of the counties as at present.

Among other recommendations which are not of immediate major importance to the state or which lie outside of the immediate scope of their study but which are worthy of serious consideration to the state are: 1. The office of State Superintendent should be removed from politics and that his powers and duties be extended. 2. The salary, expense allowance and force of the department should be increased. 3. The state should consider the advisability of new forms of taxation for schools, such as inheritance, income, corporation and severance taxes. 4. The enrollment and attendance should be improved through proper legislation and the enforcement of attendance laws. This list might be extended considerably, but it here includes only those phases which are within the province of a study of the finances of the schools of the state or have demanded some attention in such a study.

SUMMARY OF RECOMMENDATIONS

To reduce inequalities in educational opportunity and in burdens of support, and supply in general a more effective and just distribution of school support, South Dakota should consider the following measures:

1. The use of a combination teacher-employed and aggregate days attendance basis of distributing state school money, with some basis for recognizing the difference of financial ability of the school units.
2. Certain required standards which school units must attain as a condition for receiving state aid.
3. The levying of some form of state tax for education.
4. Special state aid to foster new types of educational endeavor.

5. A county unit of taxation for schools.
 - a. Non-political County Superintendent of Schools.
6. A State Board of Investment for the monies of the permanent school fund.
7. Miscellaneous recommendations.
 - a. A non-political State Department of Public Instruction.
 - b. More financial support for the State Department of Public Instruction.
 - c. New form of state taxation for schools such as inheritance, corporation and severance taxes.
 - d. Improvement of enrollment and attendance through legislation and administration.

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