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AN ANALYTICAL SURVEY OF CENSUS, ENROLLMENT AND FINANCIAL
TRENDS OF THE HARRISBURG INDEPENDENT CONSOLIDATED SCHOOL
DISTRICT C - 1 OVER THE YEARS OF
1940 TO 1953

By

Ernest W. Linn

THIS BOOK DOES
NOT CIRCULATE

A problem submitted to the Faculty of South Dakota
State College of Agriculture and Mechanic Arts
in partial fulfillment of the requirements
for the degree of Master of Science
(Plan B)

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SECTION I

INTRODUCTION

The problems of education in this era are concerned with many changes and concepts. For the administrator and boards of education there is added to these problems the responsibility of financial management and practices which will assure adequate funds and facilities for the administration of these concepts. Simultaneously, school officials are charged with providing optimum educational returns for expenditures, reasonable equity for taxpayers, and a systematic approach to the future educational needs of the district.

The reader's attention is called to the fact that school districts are not ends in themselves, but are administrative devices whose main functions are to administer and supervise the schools and provide the necessary funds for educational needs. It should be remembered that the programs provided by the school districts are influenced by many variables: i.e., the size and property valuations of the district, the number and distribution of pupils served, the personnel employed, the extent of courses offered and the transportation facilities provided. It follows that each school district is a distinct and individual problem and only by understanding its own status can the school be efficiently operated and an adequate symmetry between educational needs, income, and expenditures be maintained.

This is the report of the writer, who, in his third year as superintendent of the Harrisburg Independent Consolidated School District C-1, has conducted a study of the Harrisburg district, hereafter referred to as Harrisburg District C-1 and as District C-1, in the hope that such an ap-

praisal would be helpful both to himself and to the board of education of the district, and of some use as a pattern for the superintendents in other school districts to study their own educational and financial set-up. However, it is in no way assumed that conditions in two districts would be alike. Nevertheless in any state, like South Dakota, the laws and regulations governing assessments, tax rates and classifications of receipts and expenditures in schools make one district's financial pattern somewhat like another. But the reader should realize that data in this study pertain to the Harrisburg district only.

The Purpose And Analysis Of The Study

The writer became interested in the field of school finance several years ago largely because of a conviction that one of South Dakota's greatest problems has been to finance the public schools adequately and properly. Interest was heightened as preparation of the annual budget became a part of his responsibility as a school administrator. The selection of the particular topic is accounted for by the fact that at Harrisburg, as in each of the districts where the writer has served, he has felt a need for a more thorough knowledge of the responsibilities and financial status of the district. It has been obvious that many of the financial uncertainties and apprehensions resulting from consideration of building, curriculum or equipment needs have been fostered by lack of understanding of the state of affairs of the district and inability to approach the problem with the confidence that comes from being well informed.

It appeared that, in order to present a true and comprehensive picture of the school's needs and obligations, certain factors of influence must be surveyed. A study of the census and enrollment and of

the general tendencies and comparisons of the various items of revenue and expense was considered to be of importance. Special attention to taxation was indicated since, in the public mind, a "better school" and "higher taxes" come to be associated and often misunderstood. Certain difficulties in the Harrisburg school district have served to accent this difficult tendency.

The purpose of this study is to collect and analyze facts which are pertinent to the educational planning and administration of Harrisburg District C-1 and which present a picture of the pupils served and the financial practices and conditions of the district for the school years 1940 to 1953 inclusive. This period of years was selected for analysis and comparison because it represented a period of adjustment following a time in which schools suffered disproportionately to other public expenditures during the economic depression. While the basis for this discrimination can not be readily identified, the failure of the public to understand the needs and obligations of education plus a certain amount of official and administrative incompetence has made recovery painfully slow. In the past decade an active concern with the financial management of schools has been asserting itself. The rapid popularization of secondary education, rising expenditures for schools, increased school services, competition for public funds and the struggle to secure adequate local, state and federal support through legislation and reorganization has made this a vital period in the history of the schools of South Dakota.

This research study was approached with the aim of surveying the educational activity of District C-1 during this difficult period

and of ascertaining and interpreting important facts thereof which serve to guide, direct and determine future practices. It is hoped that the analysis contributes the following information:

- 1. Trend of the school census.
- 2. Enrollment trends in the elementary school and in the high school.
- 3. Per-pupil costs in the grades and in high school, together with tuition costs.
- 4. Show assessed valuations, levies, and related tax data.
- 5. Present a comprehensive picture of the district's resources and the costs of education for the years covered by the study.

A sub-problem which clearly has an influence on the financial burden of responsibility of the district was given consideration, namely, the district's resources and expenditures in terms of the receding purchasing power of the dollar over the years covered by the study.

It is hoped that the analysis of these data will assist the board of education and the superintendent in three principal areas of planning:

- 1. The preparation and approval of the annual budget.
- 2. The solution of present transportation problems.
- 3. Point up certain implications, if any, for the expansion of facilities and curriculum, based on financial and enrollment findings:

- A. Does the district need a building expansion program to adequately provide for present and future enrollment?
- B. Is a building program financially feasible for the district?

Procedure In Working Out The Problem

The initial steps in the research study involved the gathering of factual information relating to the problem from local citizens, school board members, and from such records as were available. A history of the school was prepared to give the writer and the reader a background of Harrisburg District C-1 since its beginning.

Data concerning census were available through the annual School Census Summary Reports. Enrollment information was collected by examination of the annual School Accreditation Reports, and the Clerk's Annual Reports on Tuition provided data relating to pupils coming from outside of the district. The Lincoln County Auditor was helpful by permitting his files to be used in order to obtain information concerning the district's valuation, mills levied, and taxes payable for school purposes. The Clerk's and Superintendent's Annual Reports on Finance, together with the records of the Lincoln County Superintendent of Schools provided the data necessary for computing the per-pupil costs. The Clerk's Annual Reports on Finance and the books of the district treasurer yielded material for tabulation concerning total and classified costs. Supplementary information was found in examination of the treasurer's files, Preliminary Reports, Permanent Records and superintendent's files. The data pertaining to the purchasing power of the dollar were secured from the Bureau of Labor Statistics of the United States Department of Labor.

The monetary resources were tabulated in such a way as to show clearly the sources and amounts of income and the disbursements so as to indicate the nature of, and fix the responsibility for, the expenditure. Effort was made to account for all revenues and expenditures so that

the statistics for each year and for a comparison of years would be readily discernible.

The period covered by the study was one of many changes and developments. The economic fluctuations, particularly in agricultural welfare and the valuation of the district, became an interesting background as the material was being studied. A consideration of this and other factors of influence, including the receding purchasing power of the dollar, added to the value and interest of the research.

The data used in this study were carefully checked, verified, and studied at intervals during the past year. The writer considers them to be factual in every way.

The History And Background Of The Harrisburg School District

In view of the fact that school districts have developed under varying conditions and each has been influenced by factors peculiar to its own boundaries, certain information relating to the background and growth of the Harrisburg district is included in this report.

The village of Harrisburg, incorporated in 1902, is located in the northcentral portion of Lincoln county in the prosperous dairy and corn-farming area of southeastern South Dakota. The county seat, located at Canton, is fifteen miles to the southeast. Harrisburg is situated eight miles south and one mile east of Sioux Falls, county seat of Minnehaha county and the largest city in South Dakota. Harrisburg is one mile from highway 77 which is the main north-south artery of traffic in the area.

The first school serving the village was built in 1894 after a group of local supporters petitioned the county superintendent of schools to detach a portion of districts 48, 44, 23, and 57 and form

a new Independent School District No. 1. Growing population necessitated the building of an additional school house in 1901 and the high school grades were added to the course of study at this time. In 1908 the two buildings were found to be inadequate and the two story building and basement which now houses the grade school was constructed at a cost of approximately \$25,000.00. In order to better meet the needs of rural pupils in 1912, the districts 48, 57, and 81 consolidated to form the present school district which is known as the Harrisburg Independent Consolidated School District C-1. District C-1 is composed of twenty-four and one-half square miles of farm land in the valley of the Sioux river with the village of Harrisburg, present population 244, lying in section one in the eastcentral part of the district. The school building is located in township one hundred, range fifty, section thirty-six.

By 1938 increased enrollments had precipitated acute school problems in the district. Classes were scattered in four other buildings throughout town. The seventh and eighth grades were in an old frame store building on a business street more than a block from the main school building, with little playground and no modern conveniences. The second floor of an old opera house was leased for shop classes and basketball. There was no running water and heat was provided by four stoves. A theater building was leased for class plays, music recitals, and other public school functions requiring auditorium facilities. The Town Hall was used by the school band as a practice room. The janitor had nine separate heating units to service in the various buildings; problems of poor lighting, poor heating, inadequate supervision, overcrowding and hazardous exits were outweighed only by the exorbitant expenses of maintenance and operation.

Under these adverse circumstances, it was necessary that the board of education submit a \$15,000.00 bond issue for the purpose of providing an addition to the main building. On January 31, 1938 the bond election to the amount of \$15,000.00 and grants by the federal government of \$15,211.00, together with \$3,000.00 (plus) on hand (total \$33,283.50) was approved by the voters for an auditorium-gymnasium-classroom addition. After the project was begun an additional bond issue of \$3,000.00 was approved to allow construction of an assembly and library above the classrooms. The project was completed in February, 1939 at a total cost of \$45,800.00. The bonded debt of the school district was \$18,000.00 payable in yearly installments of \$1,000.00 plus interest, with the last installment maturing January 1, 1953. (This obligation was met and the final payment completed on the required date.) The balance of costs was assumed by the Works Progress Administration sponsored by the federal government.

In the summer of 1952 the roof of this auditorium-gymnasium was torn off by a storm and wind and rain damage to the interior was extensive. However, the expenditure for repair and replacement was largely covered by insurance. It was fortunate that just prior to this damage the insurance valuations of the school property had been revised and a new program of coverage had been approved and was in effect. Under previous protection policies a much greater financial loss would have been sustained.

The Harrisburg school is fully accredited with the State Department of Public Instruction. It is a member of the South Dakota High School Music Association, the South Dakota High School Speech Association, the South Dakota High School Athletic Association and the Little Sioux

Athletic Conference. It is not a member of the North Central Association.

The system operates under the 8-4 plan of organization. The elementary school is taught by four fully qualified teachers. The high-school faculty consists of a superintendent, who also teaches shop courses, a principal, who also teaches, and four other teachers.

Transportation of rural students is provided by three buses. The bodies of these buses are owned by the school district; the chassis by the drivers. The drivers are under contract on monthly salaries and pay all of their own operation and maintenance costs. This relieves the district and the administration of many operational and petty problems. Longer bus routes and increased numbers of children coming from outlying districts have resulted in crowded buses and various transportation problems in later years.

The school participates in the state hot-lunch program and employs two full-time cooks. The project is self-sustaining. A custodian is under contract for twelve months of the year. He is given a two-week vacation period in the summer. In addition to janitor work, he takes care of all minor repairs and maintenance matters and does a considerable amount of painting and redecorating of the building; he is responsible for the routine care of the school grounds.

The continued rise in elementary enrollments, the demand for more vocational training, full classrooms, and inadequate transportation, together with the tendency for more rural schools to close and send their pupils to town school now provides a challenge to the educational planners and the administration of Harrisburg School District C-1.

SECTION II

TRENDS OF CENSUS AND ENROLLMENT OF THE HARRISBURG SCHOOL, 1940 TO 1953

This section of the study is devoted to a presentation of facts relating to census and enrollment in the Harrisburg school district in order to determine information and trends which will be helpful in future educational planning.

Trend Of The Census In The District, 1940 To 1953

Census and enrollment figures are shown in Table I and are represented graphically in Figure 1.

TABLE I
CENSUS AND ENROLLMENT DATA,
1940-1953

YEAR	SCHOOL CENSUS	ENROLLMENT HIGH SCHOOL	ENROLLMENT GRADES	ENROLLMENT TOTAL
1940-'41	174	84	83	167
1941-'42	177	78	84	162
1942-'43	167	80	79	159
1943-'44	148	74	87	161
1944-'45	149	79	77	156
1945-'46	134	71	71	142
1946-'47	133	73	71	144
1947-'48	137	67	79	146
1948-'49	135	60	84	144
1949-'50	145	67	73	140
1950-'51	140	64	106	170
1951-'52	147	72	103	175
1952-'53	139	74	113	187

On the basis of 1952-'53 and preceding census reports, as represented in Table I and Figure 1, it appears that the trend is more or

INDIVIDUALS

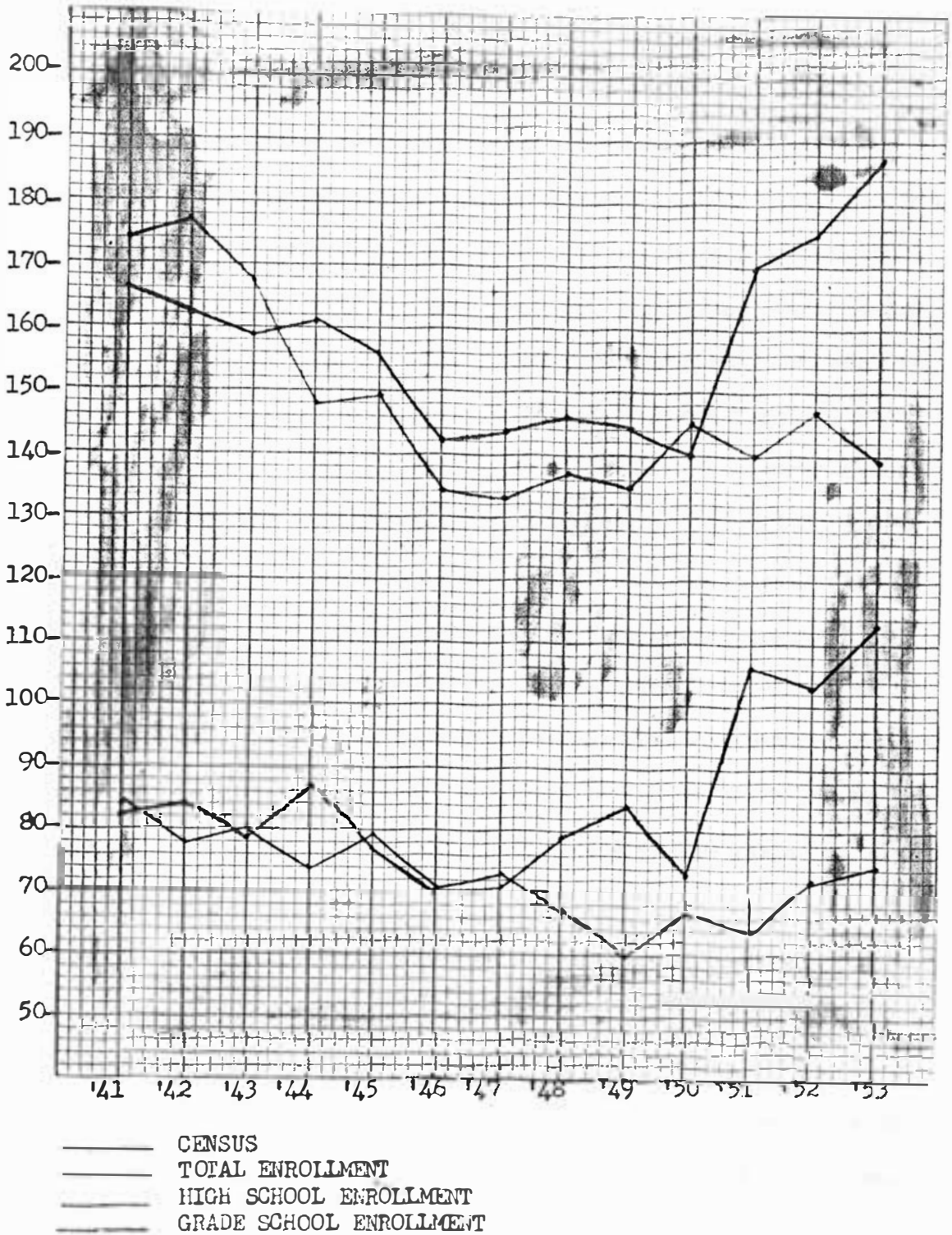


FIGURE 1. TRENDS OF HARFISBURG SCHOOL CENSUS AND ENROLLMENTS, 1940 TO 1953

less stationary; however, certain factors at work in the community make it inadvisable to accept this pattern as an accurate view of the situation. Information known to the writer, the effect of which will not appear in the records until the 1953-'54 census report is available, points to an almost immediate increase in the school census.

In April of the 1952-'53 school term the Airbase Housing Project in Sioux Falls was closed and families were given short grace periods to re-locate elsewhere. In the final days preceding June 30, 1953 and the close of the fiscal school year, after census reports were sent in, all houses available for occupancy were rented to these families with the result that the population and the school census were given a sharp increase on or about June 30, 1953. Another factor expected to exert considerable influence on the census results from the tendency for many elderly farm parents to retire and turn farm operations over to young married sons. The small children in these families and other Korean war babies will soon be eligible for the census count for school purposes. The rise in birth rate in the nation and in South Dakota may be expected to be reflected in the school census in the large and small communities alike.

Merle Hagerty and James Schooler of the Research Division of the State Department of Public Instruction of South Dakota have released data to the effect that the projected school enrollment will increase about fifty per cent from 1948 to 1959. Their data are based upon the birth rate and the school census anticipated. Should this be the case in the Harrisburg district, the school census could conceivably reach 200 by 1959.

An analysis of these factors can lead to but one conclusion--

that the census within the district can be expected to show a significant increase and a corresponding upset in the trend of low fluctuation can be expected.

(Note: As the final work is being done on this report the 1953-'54 school census report is available and shows a total of 171 persons of ages six to twenty-one years within the district, representing an increase of thirty-two over the 1952-'53 school census of 138 and justifying the writer's expectation of a sharp increase.)

Trend Of Elementary-And High-School Enrollment, 1940 To 1953

The variation in enrollment observed in the early years of the study (as represented in Table I) is probably no more than is experienced in all schools and the writer considers the fluctuation to be normal. A definite trend does not appear until the marked increase in grade enrollment in 1950-'51 which is seen to have continued steadily upward pushing total enrollment to a thirteen-year high in 1952-'53. This rise in grade enrollment is credited, largely, to the voluntary closing of one-room rural schools in outlying districts. The high-school enrollment is found to vary somewhat while relatively low, but may be expected to rise in the next few years as the increase in elementary enrollment is felt in the secondary school. However, not all may be counted on to enter Harrisburg High School for in addition to possible drop-outs, some are lost each year through transfer to parochial schools in the area, i. e., Augustana Academy in Canton and Cathedral High School in Sioux Falls.

The number of freshmen entering high school from operating rural schools has been small in recent years and has affected the high-school enrollment only slightly. This is understandable when it is considered

that numerous schools in the area are closed and these students are regularly attending the Harrisburg elementary school. This fact is reflected in Table II which shows no grade-tuition students until 1945-'46 and a steady increase to twenty in 1952-'53. This movement to discontinue rural school operation and send pupils to District C-1 came about gradually as the supply of qualified elementary teachers dwindled, expenses increased, and the various districts sought to be relieved of the problems of teacher procurement and maintenance costs. Some districts were maintaining schools for small numbers of pupils with the result that per pupil costs were much higher than the Harrisburg tuition rate. Patrons of these districts also saw, in the transfer to town school, the opportunity to solve burdensome problems of individual transportation by taking advantage of the bus service available to them at a nominal rate.

The increased enrollments, particularly in the elementary school, of students coming from outlying districts, as shown in Table II, indicate an upward trend which can be expected to either continue upward or remain fairly high and stable since there is no foreseen reason to expect that the rural schools will re-open in the future.

In the years 1940 to 1953 it has been possible for the Harrisburg district to enroll these pupils in the elementary school without serious crowding, but the 1952-'53 enrollment taxed the maximum capacity from the standpoints of classroom space, equipment, teacher-load, and transportation facilities. The implication for increased enrollment from within the district, together with the prospect of high enrollments from outside the district portends a problem in handling enrollments adequately, first at the elementary level and later in the secondary department.

TABLE II
DISTRIBUTION OF TUITION STUDENTS ENROLLED
IN THE HARRISBURG DISTRICT, 1940-1953

YEAR	HIGH SCHOOL	GRADES	TOTAL
1940-'41	50	0	50
1941-'42	47	0	47
1942-'43	51	0	51
1943-'44	44	0	44
1944-'45	38	0	38
1945-'46	33	0	33
1946-'47	36	4	40
1947-'48	34	3	37
1948-'49	32	3	35
1949-'50	33	7	40
1950-'51	40	8	48
1951-'52	38	10	48
1952-'53	43	20	63

Farm Boys And Girls Making Up Enrollment, 1940 To 1953

The matter of rural-student enrollment in the Harrisburg school is considered to be of sufficient importance to warrant a separate statement. In view of the small population of Harrisburg and the record of numerous tuition students, it follows that the enrollment of the Harrisburg school is composed of many children from rural areas with agricultural backgrounds and interests. A measurement of these students is considered vital to this study in order that long-range curriculum planning may be influenced by the vocational needs of all.

It will be noted in Table III that the number of students enrolled who live on farms is consistently high though it varies some from year to year. It is seen that the total students from farms is less static than the total enrollment and the variations in percentage varies inversely with the total enrollment implying a fluctuation of greater magnitude in the enrollment of students from town.

TABLE III

NUMBER AND PERCENTAGE OF FARM BOYS AND GIRLS
MAKING UP HIGH SCHOOL ENROLLMENT, 1940-1953

YEAR	FARM BOYS	FARM GIRLS	TOTAL FARM STUDENTS	TOTAL HIGH SCHOOL ENROLLED	PER CENT FROM FARMS
1940-'41	34	32	66	84	78.5
1941-'42	32	26	58	78	74.1
1942-'43	32	30	62	80	77.5
1943-'44	33	24	57	74	77
1944-'45	32	29	61	79	77.2
1945-'46	22	29	51	71	71.8
1946-'47	22	31	53	73	72.6
1947-'48	21	32	53	67	79.1
1948-'49	27	27	54	60	90
1949-'50	30	25	55	67	82
1950-'51	34	20	54	64	84.3
1951-'52	25	25	50	72	69.4
1952-'53	22	29	51	74	68.9

The spread in number of sixty-six in 1940-'41 and fifty in 1951-'52 represents the highest and lowest, and the ninety per cent farm enrollment in 1948-'49 came the year of lowest total enrollment in high school, indicating that the lower percentage of 68.9 per cent enrollment from farms in 1952-'53 does not necessarily represent a downward trend since the total enrollment was up to seventy-four students. Neither the high of sixty-six in 1940-'41 nor the peak of ninety per cent from farms in 1948-'49 has been exceeded but if one keeps in mind the twenty tuition students in the grade school in 1952-'53, it can be anticipated that the number will remain high if not exceed previous figures.

The foregoing analysis of data given in Table III supports the belief of the writer that the proportion of farm students enrolled involves curriculum responsibility to this group. Vocationally, Harrisburg High School offers adequate courses for girls. The curriculum

includes Shop courses for boys but the school is completely lacking in facilities for training in Vocational Agriculture or other vocational fields suitable for boys who will make farming their life work. There is an increasing student demand for such course offerings and it is a fact that some boys attend school in Canton and Lennox where these courses are available in preference to Harrisburg which is, in other ways, more convenient for them. The board of education is aware of this problem and a levy for a building fund was approved in 1952 and increased in 1953 in preparation for a possible decision to launch a building program in the future.

SECTION III

PER-PUPIL COSTS IN THE HARRISBURG

SCHOOL, 1940 TO 1953

One of the most flexible and productive measures of educational finance is the per-pupil cost, or the actual cost of educating each child currently enrolled. In expressing costs of education, this per-pupil unit provides an accurate index figure which is comprehensive, useful, and readily comparable with other schools offering similar educational programs.

The cost per pupil per month is computed upon the basis of the enrollment of the district for the current year; only pupils actually in attendance are considered. During the early years covered by this study the expense classifications considered in the computation of per-pupil costs were General Control, Instructional Services, Auxiliary Agencies, and Operation of Plant. The increased cost of maintaining the schools resulted in the 1951 Legislature amending the law on the tuition formula to include all current expenses, except Capital Outlay and Debt Service. The categories considered in the determining of per-pupil cost since 1951 are, then, General Control, Instructional Services, Auxiliary Agencies, Fixed Charges, Operation of Plant, and Maintenance of Plant. The amounts of these expenditures are taken from the Clerk's Annual Report.

The high-school cost per pupil per month is determined by dividing the total cost of maintaining the high school division for the current school year by the number of pupils in average daily attendance in the high school and dividing this quotient by the number of months that

the school was in session (nine). The grade-school cost per pupil per month is arrived at by similarly dividing the total cost of the expenditures assigned to the elementary school by the number of pupils in average daily attendance in the elementary school and dividing by nine. The per-pupil cost is of primary concern to administrators and officials charged with financial management because it is a comprehensive reflection of educational costs; it is also an important criterion in determining tuition rates.

Trends In Per-Pupil Cost, 1940 To 1953

The costs per pupil per month in the Harrisburg High School and Elementary School for the years 1940 to 1953 appear in Table IV. The data indicate a steady increase in per-pupil cost at the elementary level; the same general trend is noted at the secondary level and it appears that the per-pupil cost varies directly with the total costs as they appear in later sections of this study. The graphic illustration in Figure 2 points up an abrupt increase in elementary costs in 1952 which may be attributed to several causes, (1) the purchase of textbooks to replace badly worn stocks, (2) the redecoration and installation of florescent lighting fixtures in the elementary department, and (3) staff salaries. The following term, changes in personnel resulted in reduction in instructional costs in the grade school and no extensive repairs were made on the building. With the reduction in total costs for the elementary division the unit cost is seen to drop accordingly.

Per-pupil costs in the high school have advanced steadily from 1940 to 1953. The increase can be traced to the acceleration in all costs, but particularly in the categories of instructional services and supplies. The addition of a sixth teacher in the high school in 1949-'50

TABLE IV

COST PER PUPIL PER MONTH OF HIGH SCHOOL AND GRADE SCHOOL STUDENTS ENROLLED, 1940-1953

YEAR	GRADES	HIGH SCHOOL
1940-'41	\$ 6.56	\$ 9.12
1941-'42	6.91	10.48
1942-'43	5.56	10.75
1943-'44	6.90	12.43
1944-'45	7.08	15.34
1945-'46	9.94	20.31
1946-'47	10.05	22.17
1947-'48	10.21	27.76
1948-'49	13.00	36.47
1949-'50	14.41	41.13
1950-'51	16.26	42.44
1951-'52	22.48	49.44
1952-'53	17.97	53.84

DOLLARS

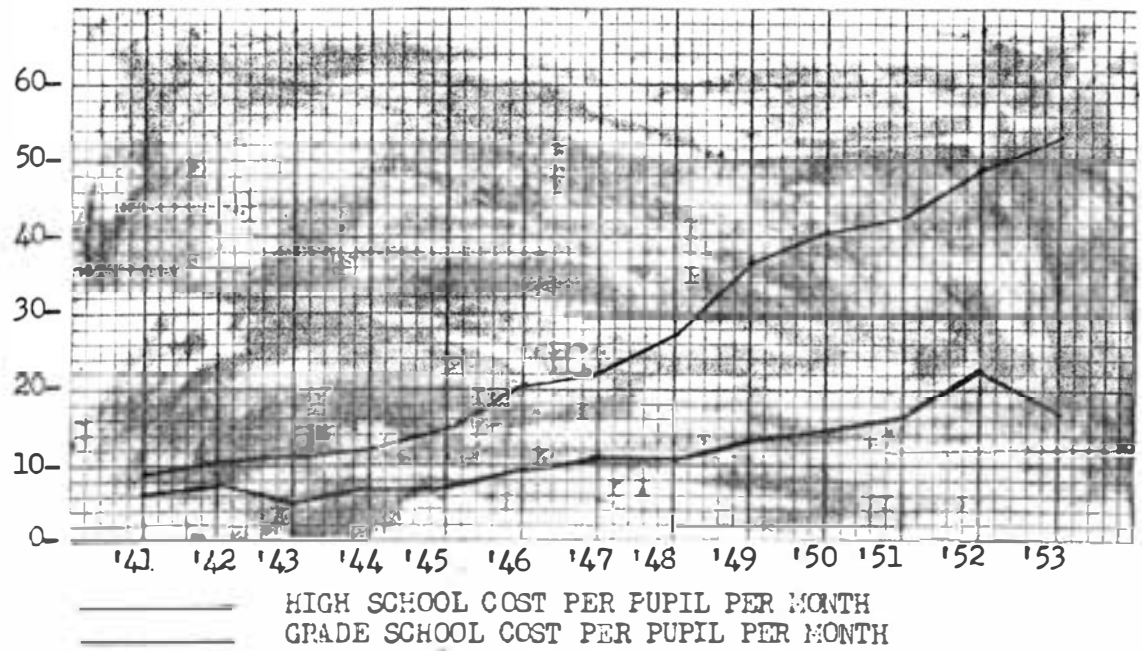


FIGURE 2. COST PER PUPIL ENROLLED IN THE HARPISBURG SCHOOL, 1940 TO 1953

is reflected in the years since then. The writer feels that, for the enrollment, the high school is now more adequately staffed than many schools of comparative size. This makes possible a more selective curriculum and probably a better quality of teaching but increases the instructional costs.

While per-pupil costs show a steady upward trend in both the high school and elementary school, the unit cost of the high school has been higher than that of the elementary school. There are several reasons for this situation. The grade school is so organized as to provide for a larger number of pupils per teacher, thus decreasing per-pupil costs. Moreover, teachers' salaries in the grade school have been lower than those in high school. This combination of factors has caused a wide differential between the elementary and high school per-pupil cost.

By referring again to Figure 1 in Section II relating to enrollment, it will be noted that as grade enrollment increased rapidly, the cost per pupil decreased considerably. It appears from these data that the cost of education for the first one hundred or fraction thereof varies more directly with enrollment. From that point on, the initial cost is established and the increase is less in proportion to the enrollment. It is possible that as the larger number of grade students are graduated into the high school, resulting in increased enrollment at that level, that the high-school unit cost will also level off and very inversely with total cost and enrollment.

High-School And Grade-School Tuition Rates, 1940 To 1953

Tuition rates are closely related to per-pupil costs; for this reason they are given consideration in this section of the report.

It is the duty of the county superintendent to determine from the

annual reports filed in his office the actual cost per pupil per month of schooling in each high school in the county for the current year. This cost is computed on the same basis as the per-pupil cost previously described. During the period of this study the per-pupil cost was the tuition rate the Harrisburg district could charge nonresident pupils, except that such tuition could not exceed nine dollars per pupil prior to 1945, twenty-five dollars per pupil from 1945 to 1951 and thirty-five dollars per pupil from 1951 to 1953.

District C-1 benefited substantially in tuition payments through each increase in the legal maximum high-school tuition rates inasmuch as the per-pupil cost in the high school consistently exceeded the legal limits set. Per-pupil costs continued to advance and to exceed the thirty-five dollar tuition rate provided by law in 1951, which means that nonresident students were being educated, at the expense of their home districts, for less than actual cost to the Harrisburg district. It is known by the writer that this fact, while not desirable, is not unique in the case of small schools in South Dakota. Leading educators in the state recognize that many small schools find it impossible to stay within the thirty-five dollar limitation and still provide a high standard of education.

Under the School Code the tuition rate for elementary-school pupils for the years 1940 to 1953 were such amounts as were agreed upon by the board of education but the charge could not legally exceed the per-pupil expense per month of the district as determined from the Annual Report of the County Superintendent of Schools. The method of computation was the same as for the high school. During the period 1940 to 1953 the grade-tuition rate charged nonresident grade pupils at-

tending the Harrisburg elementary school closely paralleled per-pupil costs for each current year. With the rise in expense of maintaining the grade division, the unit cost increased and the tuition rate reflected this increase.

Not to be overlooked in the matter of tuition rates, is the fact that changes in the laws affecting the tuition formula widened the base upon which the rates were computed with the result that the tuition rate per pupil was increased by this means as well as by the increases in expenditures. These constantly changing tuition arrangements brought about by the legislature are evidence of the importance of securing adequate funds for school purposes in as practical, as efficient and as equitable a manner as possible.

(Note: The 1953 Legislature amended the school tuition law to eliminate the power of school boards to set elementary-tuition costs. The boards must, hereafter, charge actual costs and there is no maximum or minimum limit on the elementary tuition costs under the new law. This same Legislature added a new section numbered 15.3307 which provides that twenty-five dollars per year shall be charged for each nonresident pupil for use of facilities. However, the State Aid received by a district for nonresident pupils must be deducted from the tuition charge.)

SECTION IV

SCHOOL DISTRICT VALUATION, MILL LEVIES AND

TAX MONEY RECEIVED, 1940 TO 1953

One of the basic principles of our democracy is a system of so-called free public schools. The pioneers of our country made an heroic struggle to attain this goal and the educational system was not established and can not be maintained without sacrifice. The education of our children stands foremost among the responsibilities of a free people and it is the task of each community to discharge its full responsibility in this regard.

A taxpayer, who has just examined his tax receipt, is aware of the fact that a large portion of his levy goes toward the maintenance of a tax-supported school in his district. Since a large percentage of property taxes is expended for this purpose and the educational opportunities of a school depend upon its financial support, it is of importance to develop this phase of finance in the study.

In order to determine the tax base of the district and secure other related data, the writer investigated the records of the Lincoln county auditor. The findings appear in Table V. Beginning in the pre-war years the property valuations show a continuous rise from \$1,357,727 in 1940 to \$1,652,097 in 1953. The increase in mill levy was gradual and consistent with other factors until a significant rise in 1948 when 16.14 mills was levied against agricultural property and 41.14 mills against non-agricultural property. The writer was concerned with the immediate increase and apparent change in taxing procedure and further

TABLE V
VALUATIONS, MILLS LEVIED AND TAX MONEY
RECEIVED IN THE TAX YEARS
1940 THROUGH 1952

YEAR	PROPERTY VALUATION	MILLS LEVIED		TAX MONEY	
		GENERAL	SINK. FUND		
1940	\$ 1,357,727	8.30	1.57	\$ 11,269.20	
1941	1,366,583	8.22	1.52	11,233.29	
1942	1,415,248	7.93	—	11,222.89	
1943	1,433,495	10.26	1.41	14,707.67	
1944	1,437,261	10.78	1.36	15,493.64	
1945	1,447,836	15.83	1.32	22,919.26	
1946	1,457,195	19.32	1.28	28,153.05	
1947	1,472,523	19.63	1.29	28,905.68	
1948	Ag.	1,013,890	15.00	1.14	16,364.26
	Non-ag.	<u>487,805</u>	<u>40.00</u>	1.14	<u>20,068.30</u>
		1,501,695	55.00		36,432.56
1949	Ag.	1,026,723	12.80	1.10	14,271.46
	Non-ag.	<u>524,353</u>	<u>40.00</u>	1.10	<u>21,550.90</u>
		1,551,076	52.80		35,822.36
1950	Ag.	1,022,395	12.80	.71	13,812.48
	Non-ag.	<u>538,590</u>	<u>40.00</u>	.71	<u>21,925.93</u>
		1,560,985	52.80		35,738.41
1951	Ag.	1,026,245	12.35	.67	13,361.79
	Non-ag.	<u>578,912</u>	<u>38.57</u>	.67	<u>22,716.55</u>
		1,605,157	50.92		36,078.34
1952	Ag.	1,026,495	12.15	.66	13,969.92
	Non-ag.	<u>609,120</u>	<u>38.34</u>	.66	<u>23,749.56</u>
		1,635,615	50.49	(1.00 Build.)	37,719.48

investigation turned up an interesting and unique legal discrepancy. It was found that since the consolidation Harrisburg and District C-1, including non-agricultural property, had been taxed under the general limitations of independent school district levy which meant that all property was taxed under a general levy of 19.63 mills against \$1,472,523.00 tax base in 1947, 19.32 mills against \$1,457,195 in 1946, etc., back through the years. In 1948 the error was corrected and the mill levy was changed to conform to the provisions of 57.0516 of S.D. Code of 1939, as amended, under which section if there is an incorporated town within the school district the agricultural land can not be taxed in greater amount than 15 mills per dollar of assessed valuation and the non-agricultural property can not be, under Section 57.0516 as amended, taxed at a greater rate than 40 mills per dollar of assessed valuation. Inasmuch as the town of Harrisburg was legally incorporated in March, 1902, this code applied to District C-1.

The mill levy as corrected for 1948 was 16.14 mills on agricultural property and 41.14 mills on non-agricultural property. The extra 1.14 mill on each is a levy for the sinking fund and that much in excess of the 15 and 40 mill limitations. Such additional levy is regular and permissible by law. Reference to Table V reveals that some increase in the tax money is reflected in 1948 but not as sharp an increase as might have been anticipated. The reason that more money was not received under the tax of 1948 is that the 41.14 mills was levied against only \$487,805.00 assessed valuation whereas the mill levy of 19.63 mills of 1947 was levied against the total assessed valuation of agricultural and non-agricultural property which amounted to the sum of \$1,501,695.00. The farm land within the district, under the 1948 tax levy, was taxed 3.49 mills less than in

1947 which resulted in further reduction in the amount obtained under the previous levy against agricultural property. On the other hand, all personal and non-agricultural property in the district were assessed at a rate of 41.14 mills on the dollar valuation in 1948 as compared to 19.63 mills in 1947.

There can be no question but that the unusual situation was costly to the district while some taxpayers benefited in lower levies and others were over-taxed. The situation locally, as just reported, has given rise to a certain amount of misunderstanding of the local tax system and the feeling by some that inequities still exist between the tax burden carried by the rural and urban property owners.

In 1949 the State legislature revised Section 57.0514 of the School Code of 1939, as amended, together with Section 57.0516, as amended, with the result that a limitation of eight mills, in lieu of 15 mills, was placed on the agricultural lands levy. Exception was provided in districts where the 40 mill limit was being levied against non-agricultural property and sufficient tax revenue still lacking. These districts were authorized to levy a maximum of 12.80 mills on the dollar of assessed valuation of agricultural property in the district. This section was amended in 1951 and extended for the tax periods of 1951 and 1952, terminating and expiring on June 30, 1953.

It may be seen in Table V that the maximum of 12.80 mills and 40 mills plus a levy of 1.10 mills for the sinking fund was levied in 1949 yielding \$35,822.36 as compared to \$36,432.56 in 1948 under the previous 15 and 40 mill levy, representing approximately a two per cent reduction in tax revenue for the school. Referring again to Table V, it appears that in 1950 the maximum levies were imposed yielding \$35,738.41 or

slightly less than one per cent less than the previous year due to the decline in the levy necessary for the sinking fund. In 1951 the unchanged levy in dollars requested by the board of education, together with the rise in assessed valuation, made it possible to lower the levy on both types of property slightly. The retiring of all bonds in 1952 was eliminating the levy for the sinking fund and so a one-mill levy for a building fund was adopted by the board of education. This was increased to two mills in 1953.

A comparison of data in Table V shows that from 1940 to 1948 the increase in tax revenue amounted to \$25,163.36 representing an increase of 223 per cent. The tax money received from 1948 through 1952 tax years has varied in amount only slightly from year to year in spite of economic changes and rising educational costs. The eight-mill limitation on agricultural property, binding after June 30, 1953 may be expected to cause some reduction in the tax money for school purposes in the Harrisburg district where the assessed valuation of agricultural land makes up roughly sixty per cent of the tax base. However, the upward trend of assessed valuations of all property will doubtless serve to increase revenue from personal and non-agricultural property under the 40 mill levy. A projected tax picture for 1953 suggests a maximum of 40 mills against \$623,752.00, eight mills against \$1,028,345.00 and a two-mill levy for the building fund against a total valuation of \$1,652,097.00, yielding approximately \$36,481.85 for school purposes. Under existing tax-levy limits in South Dakota this is the maximum amount that can be made available without requesting the Board of Tax Equalization to further increase the valuations assessed by the assessor of the district, thus increasing the tax base.

The high agricultural valuations in the section of the state in which the Harrisburg district is located has kept the tax base sufficiently high to provide adequate tax revenue, together with other sources, to finance the operation of the educational program and establish a comfortable reserve on which to draw if necessary. During the years 1940 to 1953, the only bonded indebtedness for which tax levies have been necessary have been to cover bonds for building purposes.

SECTION V

SURVEY AND COMPARISON OF CLASSIFIED AND TOTAL RECEIPTS AND EXPENDITURES OF HARRISBURG SCHOOL DISTRICT C-1, 1944 TO 1953

The public school is perhaps the "biggest business" in the average community. It is, then, important that this business follow such accounting procedures as will compare favorably with the best practices adopted by private business concerns. It is well recognized that a successful business institution must operate upon a rigid system of accounting, together with periodic evaluations and appraisals but schools have not always applied these principles of good business procedure, essential though they are, to efficient management and the determination of the nature and scope of the receipts and expenditures which are the pattern of the school's business.

It should be kept in mind that the total of receipts and expenditures do not necessarily indicate a poor school or a good one. The planning for sufficient revenue for the program and the way in which the money is spent reveals the efficiency of the school in a much better manner than how much is spent. A modest expenditure may tell a better story in educational output than real extravagance.

The incomes and expenditures involved in the operation of a school district may vary somewhat from year to year but they may be depended upon to include a variety of items ranging from those of a few cents to those of thousands of dollars. It is desirable to group these items into specific categories in order to simplify bookkeeping and to clarify them in such a way as to provide accurate and concrete information to those

responsible for financial planning. It is the purpose of this section of the study to present and interpret the categories which make up the receipts and disbursements of District C-1 over the period 1944-1953 for which figures suitable for comparison are available and to determine the trend, if any, in the total and classified resources and costs.

In collecting and examining the records it was found that in 1946 effort was made to establish a systematic accounting system, but the writer experienced considerable difficulty with records prior to that year. The financial data for the years 1940 through 1943 were such that it was found impossible to correctly classify items according to acceptable categories. This in no way implies any mishandling of funds but rather a non-systematic and non-conventional way of classifying funds, which task is fairly difficult in view of the nature and scope of the items involved. However, in the interest of accuracy, it was decided to delete the financial data of 1940 through 1943 from this section dealing with the classified receipts and expenditures. Resources for the years 1944 through 1953 have been grouped so as to give specific information as to amount and source and expenditures for the same period have been placed under the eight classifications of costs recommended by the State Department of Public Instruction.

The receipt categories are as defined.

Definition of Terms Relating to Receipts

District Tax is the classification denoting all revenues from the local district property tax. This includes the proceeds from the levy for the sinking fund and interest on bonds.

County Apportionment designates the money paid from the State Apportionment Fund to the county and then apportioned to the district on the basis of the school census.

State Aid is the money apportioned by the legislature for allocation to

districts on the basis of school enrollment and the number and certification of the teachers employed.

Tuition receipts are the funds received for the education of non-resident pupils. Payment is made by the districts from which the students come or, in some cases, by the individuals.

Transportation is the category showing fees paid by students from outside the district for use of the district's transportation facilities.

Library Fund is composed of money paid by the county from the county Interest and Income fund to the districts on the basis of per capita per census.

Veteran-On-Farm Training includes funds for other than instructional services paid to the district by the Veterans Administration for cooperation in the training program for veterans under Public Law No. 16.

Hot-Lunch Program shows funds received from the federal government through state control for the operation of the local lunch program, together with the collections from the sale of meal tickets to students.

Other Receipts includes the income withheld from the paychecks of personnel and other miscellaneous sources as described.

The receipts of the Harrisburg district for the years 1944 to 1953 have been grouped in these categories and appear in Table VI.

Analysis Of Classified And Total Receipts, 1944-1953

In analyzing the data in Table VI, it appeared that there was considerable variation in the manner in which former clerks and treasurers of the district classified receipts resulting in unusually high entries in some instances and omission of entry in others where it may be safely assumed that funds were forthcoming. An example is in the case of State Aid in 1945-'46, 1947-'48, and 1948-'49. Also, no receipts are shown for Transportation or Hot Lunch in 1950-'51 while the column denoting Other Sources is unusually high. Included in Other Sources, as defined, is the income tax withheld from personnel payroll and though increases in salaries may be expected to cause some rise in the total of this source, it appears that there is a tendency to credit incomes to this

TABLE VI

CLASSIFIED AND TOTAL RECEIPTS

JULY 1, 1944 TO JUNE 30, 1953

	1944-'45	1945-'46
Balance 7-1	\$ 3,763.92	\$ 1,761.88
<u>Receipts</u>		
District Tax		
General Fund	16,368.51	20,344.82
Bond & Interest	1,913.67	1,859.75
Sinking Fund		
Apportionment	—	1,166.24
State Aid	398.79	
Tuition	3,216.50	2,080.25
Transportation	467.89	564.00
Library Fund	—	37.00
Veterans O.F.T.	—	—
Hot Lunch	—	—
Other Sources	<u>1,119.15</u>	<u>1,209.77</u>
Total Receipts	23,484.51	27,261.83
	1949-'50	1950-'51
Balance 7-1	\$ 14,362.01	\$ 20,683.15
<u>Receipts</u>		
District Tax		
General Fund	34,819.17	24,531.00
Bond & Interest	1,651.85	1,599.28
Sinking Fund		
Apportionment	1,229.85	1,493.50
State Aid	2,087.04	1,945.80
Tuition	6,655.00	8,790.00
Transportation	724.94	—
Library Fund	33.75	—
Veterans O.F.T.	3,326.79	5,375.95
Hot Lunch	2,562.00	—
Other Sources	<u>2,787.47</u>	<u>8,206.97</u>
Total Receipts	55,877.86	51,942.50

	1946-'47	1947-'48	1948-'49
Minus \$	\$ 2,213.77	\$ 1,994.75	\$ 7,656.04
	26,421.69	30,164.69	34,159.11
	1,809.55	1,757.26	1,704.42
	1,108.18	1,073.31	1,180.94
	328.06	—	—
	2,834.50	4,898.00	6,384.00
	787.00	806.75	608.50
	33.50	33.25	34.25
	—	—	—
	—	—	—
	<u>1,528.69</u>	<u>2,096.75</u>	<u>2,313.93</u>
	34,851.17	40,830.01	46,385.15
	1951-'52	1952-'53	
\$	\$ 13,093.64	\$ 25,950.38	
	48,175.44	26,500.00	
	1,054.84	—	
	783.66	2,426.97	
	1,896.22	2,549.96	
	9,723.00	13,188.38	
	652.00	945.00	
	—	—	
	11,007.49	7,881.81	
	4,548.87	4,444.63	
	<u>4,954.32</u>	<u>7,709.76</u>	
	82,795.84	65,646.51	

account that rightfully belong elsewhere.

The absence of entries for Hot Lunch and V.C.F.T. previous to 1949-'50 is justified since both programs were introduced to the system that year. There does not seem to be any explanation for the sudden decrease in Apportionment in 1951 nor for the failure to enter receipt of any Apportionment money in 1944-'45. Apparently it has been credited elsewhere and, as in the case of other discrepancies, no discernible accounting made of it.

The reader notes by referring to Table VI that the total receipts have nearly tripled in the years covered by the study. Sources showing large increases are the District Tax, Tuition and State Aid, and the categories denoting added school services, i.e., Hot Lunch and Veteran classes.

The upward trend of tuition funds is traced to the increase in the number of tuition students and the accelerated tuition rate for both high-school and grade students. The District Tax received has been extremely irregular in amount due to the time element in tax payments. Because the tax year and the fiscal school year do not coincide, often less is collected in one year and more the next. The tendency has been for 99 per cent of the taxes in the district to be collected so this variation is not significant.

All sources of funds are found to increase substantially except the income from the levy for the payment of bonded indebtedness and interest on the sinking fund which decreases as the indebtedness is retired and the dissolution of the Library income in later years when money for this purpose was distributed in a different manner in Lincoln county.

Except for the 1946-'47 term, the district was able to begin the year with a sizable reserve and in recent years has carried a large balance. This appears to be a sound practice which enables the board of education to meet emergency expenses not foreseen in the budget nor readily absorbable without additional general tax levy.

More light will be thrown on the financial activity of the Harrisburg district by the survey of the classified and total expenditures. The expenses are grouped under eight categories, as defined.

Definition Of Terms Relating To Expenditures

General Control is the classification used to denote all costs related to the business administration of the school.

Instructional Service includes all expenditures concerned directly with teaching, aiding or improving the quality of teaching of children.

Auxiliary Agencies includes costs which are closely related to instruction, but which are social in nature. Such costs include activities intermediary to administration on the one hand, and to instruction, operation, or maintenance, on the other.

Operation Of Plant includes costs that are involved with keeping the physical plant open and ready for use.

Maintenance Of Plant includes payments for upkeep or restoration of any part of the physical plant, either through repair or replacement.

Fixed Charges involves those expenditures that are relatively stable and recurring, such as rents and insurance.

Capital Outlay covers payments of money for anything which results in an increase in the total value of property possessed by the school district.

Debt Service in this study refers to payments on bonds and interest paid on the bonded indebtedness.

The expenditures under these categories appear in Table VII, together with total costs for each year from 1944 to 1953.

Analysis Of Classified And Total Expenditures, 1944-1953

The results of the survey of expenditures as they appear in Table

TABLE VII

CLASSIFIED AND TOTAL EXPENDITURES

JULY 1, 1944 TO JUNE 30, 1953

	1944-'45	1945-'46
<u>Expenditures</u>		
General Control	\$ 864.74	\$ 1,337.00
Instructional Service	13,926.24	16,583.37
Auxiliary Agencies	3,780.00	4,246.94
Operation of Plant	2,949.84	2,335.19
Maintenance of Plant	272.31	288.78
Fixed Charges	403.53	373.43
Capital Outlay	1,343.76	3,904.23
Debt Services	<u>1,946.13</u>	<u>2,168.54</u>
Total Current Expense	25,486.55	31,247.48

	1949-'50	1950-'51
<u>Expenditures</u>		
General Control	\$ 1,841.37	\$ 2,404.74
Instructional Service	29,483.89	35,219.21
Auxiliary Agencies	10,749.23	11,900.04
Operation of Plant	4,319.37	4,876.33
Maintenance of Plant	214.45	2,433.77
Fixed Charges	664.15	676.82
Capital Outlay	632.41	421.82
Debt Services	<u>1,651.85</u>	<u>1,599.28</u>
	49,556.72	59,532.01

1946-'47	1947-'48	1948-'49
\$ 1,408.55	\$ 1,455.70	\$ 2,004.72
18,282.59	24,251.24	24,251.24
4,142.73	5,484.85	6,326.84
2,982.82	3,361.89	4,061.18
703.53	203.57	224.00
807.89	480.74	771.78
189.38	797.71	335.00
<u>2,125.16</u>	<u>1,908.21</u>	<u>1,704.42</u>
30,642.65	35,168.32	39,679.18

1951-'52	1952-'53
\$ 2,183.30	\$ 3,000.06
43,998.21	41,865.66
13,693.07	14,365.15
4,993.46	5,069.76
2,538.71	3,944.53
517.23	1,004.66
961.45	1,325.76
<u>1,054.84</u>	<u>1,018.79</u>
69,940.27	71,614.37

VII reveal an upward trend in educational costs in the district. All categories show this trend in some degree. The total expenditures have nearly tripled during the period covered by the study.

The disbursements, in general, appear to be the result of reasonably acceptable budget practices and to reflect quite accurately the activities of the school district. The last three years of the expenses for Maintenance of Plant appear to be out of line compared with other years but the expenditures for repair and restoration of buildings and refinishing the gymnasium floor justify these amounts and they were estimated in the budget for these years.

In the classification of Instructional Services, the rise is in better proportion with other increases when it is taken into consideration that salaries for Veteran-On-Farm instructors are included. In 1950-'51 a sixth teacher was added to the high-school staff accounting for a significant increase. The near double figure for Fixed Charges in 1952-'53 is due to a revision in the school-insurance coverage program.

It is evident that some discrepancies have resulted in slight irregularities in the fixing of classification for expenditures but, on the whole, the expense accounting gives an accurate overview of the upward trend of school expense, and gives needed information as to the nature and scope of the various expenditures.

SECTION VI

ANALYSIS OF THE PURCHASING POWER OF THE DOLLAR AND ITS RELATION TO DISTRICT TAX AND INCOME OF HARRISBURG DISTRICT, 1940 AND 1953

A study of changes which have taken place in the economic status of the nation, state, and political sub-divisions thereof yields a considerable amount of information. It is not intended here to go into the vital factors responsible for these changes nor to show their influence on the public schools in any detail. It is rather, the purpose of this section of the study to investigate briefly what the economic inflation has meant to District C-1 in terms of the tax dollar and to the district and its taxpayers in terms of income.

District Property Tax And The Value Of The Dollar, 1940--1953

In District C-1 the years 1940-'53 represent the most prosperous period the area has ever known. Assessed valuations of all property increased during the period. Levies for school purposes increased with correspondingly larger amounts available to the school. On the other hand, in the same period the costs of education tended to absorb the increased revenue and the unstable consumer index of the American dollar indicates that more dollars were needed to purchase education at inflated prices.

For a determination of the effect this tendency to inflation had on the value of the general-property tax for school purposes, the Federal Bureau of Labor Statistics data on the consumer-purchasing price index can be effectively applied to the district tax-dollar.

It will be seen in Table VIII that by computing the purchasing value of the dollar in 1940 and 1953 it is possible to show the decrease

TABLE VIII
 CONSUMER PRICE INDEX AND THE PURCHASING POWER
 OF DISTRICT TAX DOLLAR, 1940 AND 1953

ITEM	1940	1953
A. Consumer Price Index (1935-'39)	100.2	192.3
B. Purchasing Power of the Dollar	99.8	.52
C. District C-1 Property Tax for School Purposes	\$ 11,269.20	\$ 37,719.48
D. Purchasing Value of the District Tax Lost by the Receding Value of the Dollar	22.54	18,105.35
E. Real Purchasing Power of the District Tax-Dollar	11,246.66	19,614.13
F. Projected Amount Required to Provide 100 per cent Pur- chasing Value of the District Tax	11,291.74	55,824.83

in the buying power of the district-tax dollar. It is evident that operating on the purchasing power of a 99.8 cent dollar (B) in 1940 represents a purchasing loss of .2 of one per cent or \$22.54 (D). The loss on the basis of the 1953 fifty-two cent dollar (B) amounts to forty-eight per cent or \$18,105.35 (D). Dollar-wise, the \$11,269.20 (C) property tax available for school purposes would buy only \$11,246.66 (E) in education in 1940. Similarly, the \$37,719.48 (C) district tax income in 1953 provided only \$19,614.13 (E) in buying power based on the fifty-two cent dollar. On the basis of the 1940 index, \$11,291.74 (F) was needed to

provide full buying power of the district tax; on the basis of the 1953 index \$55,824.83 (F) was needed to provide full buying power of the district tax then.

It may be concluded, then, that the receding purchasing value of the dollar reduced the buying power of the district tax-dollar from 99.8 cents in 1940 to fifty-two cents in 1953. Consequently, the district tax of \$37,719.48 in 1953 provided only \$19,614.13 in purchasing power, having the effect of cutting the tax resources nearly in half, i.e., each dollar provided only fifty-two cents in purchasing value. It is apparent that this situation has contributed adversely to the matter of school finance. It has been necessary to levy more district tax to make up for the loss in buying power with the result that some taxpayers have come to feel that they are taxed too heavily for school purposes.

District Tax Income In Relation To Net Cash Income In District, 1940--1953

The ability to pay taxes for local-school support may be assumed to be based upon two main factors--(1) property valuations, and (2) the cash-net income of the taxpayers. It has been shown in preceding sections of this report that all assessed valuations in District C-1 made substantial increases during the period covered by the study which, together with increased levies resulted in higher tax assessments for school purposes. In order to determine whether or not these increases were disproportionate to income, it was necessary to examine the net income of taxpayers in the district. Data concerning the net income of all people in the district were not available, but for the purpose of this survey, the net-cash income per farm was used inasmuch as a large percentage of the district tax in District C-1 is against agricultural

property. Incomes were examined in comparison with district tax income and the receding purchasing value of the dollar to show how the district has been affected by these two economic factors. These data appear in Table IX.

It will be noted in Table IX that the increase in the net cash income per farm in the Harrisburg school district was 298.6 per cent (A) from 1940 to 1953 while the increase in district tax amounted to 234.7 per cent (B) during the same period. 298.6 per cent minus 234.7 per cent equals 63.9 per cent but this difference is based upon 298.6 per cent. Continuation of the calculation shows that the real decline was 21.3 per cent (63.9 per cent based on 298.6 per cent). In other words, the property tax increase is seen to be 21.3 per cent less than the increase in cash net income. Had the school district received tax in direct proportion to the increase in income per farm, an additional ($\$37,719.48 \times 21.3$ per cent) $\$8,034.25$ (C) would have been available for school purposes making a total of $\$45,753.73$ (D) in district tax in 1953 instead of $\$37,719.48$. From this it appears that taxpayers actually paid less in proportion to income and that the increase in assessments for school purposes over the years was justified by increased incomes and therefore not unduly burdensome.

The writer attempted to throw more light on the effect these factors had on the finances of the district by applying the consumer index to these data. On the total of $\$45,753.73$, B plus C in Table IX, (D) it is apparent that forty-eight per cent or $\$21,961.79$ ($D \times 48$ per cent equal E) will be lost due to the receding purchasing power of the dollar. This loss, together with the 21.3 per cent or $\$8,034.25$ which

TABLE IX
 DISTRICT C-1 TAX INCOME IN RELATION TO NET CASH
 FARM INCOME AND THE PURCHASING VALUE
 OF THE DOLLAR, 1940 AND 1953

ITEM	1940	1953	Per cent of inc. or dec.
A. Average Net Cash Income Per Farm in District C-1	\$ 759.00	\$ 3,025.00	+298.6
B. District C-1 Property Tax for School Purposes	11,269.20	37,719.48	+234.7
C. Difference in District Tax In- come Increase in Comparison to Net Farm Income Increase		8,034.25	-21.3
D. District Tax Received (B plus C)		45,753.73	
E. Loss in Purchasing Power of District Tax on Basis of Receding Value of the Dollar (D x 48%)		21,961.79	-48.0
F. Total Shortage in Purchasing Power in Relation to Farm Income and Dollar Value. (E plus C)		29,996.04	
G. Projected Amount Available if Based on Farm Income and 100 per cent Value of Dollar (D plus F)		67,715.52	

represents the disproportion in district tax income in comparison to net farm income gives a total of \$29,996.04 (E plus C) which might have been available to the district, had the district received property tax in direct proportion to income in the district and had the value of the dollar provided a full dollar in purchasing power, there might have been available to the district a total of \$67,715.52 (D plus F equal G) in purchasing power. While these figures are only a projected possibility, it is evident that such an amount would have provided generously for the school. It is supposed that with this added income it would have been possible to reduce tax levies and simultaneously a high standard of educational program could have been maintained.

The writer has found it interesting to note that while cash incomes were the highest in history and sources of school support relatively high, the money provided for school purposes in 1953 would buy little more than one-half as much as it would have in 1940 because of the receding value of the dollar. Since the buying power of money available is more important than the amount provided, it is apparent that the receding purchasing power of the dollar has been a vital factor in the financial problems and management of the district.

SECTION VII

SUMMARIZING STATEMENTS AND RECOMMENDATIONS

Summarizing Statements

The analysis of data pertaining to the census, enrollment, and financial activity of Harrisburg District C-1 over the years 1940 to 1953 yielded certain findings which may be summarized as follows:

1. The census of the Harrisburg school district shows some fluctuation at a slightly higher level. However, the increasing birth rate and social and economic factors in the community indicate that there will probably be a significant rise in the census count in the near future.
2. The total school enrollment in 1953 was the highest of any year in the period covered by the study. The largest increase was in the grade school while the high-school enrollment was normal or slightly above. The total enrollment will, undoubtedly, remain high with sizable numbers from outside of the district. If the upward trend continues, the school's facilities will be taxed beyond the capacity to handle adequately.
3. The percentage of enrollment from farms is consistently high and vocational curriculum offerings for boys are probably inadequate. In the demand for vocational courses, there is an educational need that deserves attention.
4. The per-pupil costs show an upward trend with a tendency to level off as enrollment increases. The high-school tuition rate is less than per-pupil cost as is the case in many schools in South Dakota.
5. The property valuation of the district has increased and the tax base of \$1,635,615.00 in 1953 seems sufficient to provide adequate local support. The mill rate levied was less than the legal limit in 1951 and 1952. The tax history of the district has led to some misunderstanding of tax practices by some but, in general, the district property-tax levy for school purposes has not been unduly burdensome for taxpayers.
6. The total receipts of the Harrisburg School increased and nearly tripled in the years 1944 to 1953. The increase was noted in all classifications but was most noticeable in the categories of District Tax, Tuition and State Aid. The fact that there were several changes of clerks during this period resulted in some variation in accounting procedure so that categories were, in some instances, irregular and not suitable for comparison. The fact that the records of the funds received from participation in the Veterans-On-Farm Training program were included in the accounting system has a tendency to prevent accurate appraisal of the elementary and secondary school incomes.

7. The expenditures of the district appear to be equitably distributed over the various areas of school activity and there is evidence of the use of a working budget. Like receipts, total expenses have nearly tripled during the years covered by the study. The classifications of Instructional Services and Auxiliary Agencies increased and made up the largest items of expense. Instructional Services increases were largely due to increases in teachers' salaries but the purchase of books to build up supplies and to replace outdated texts contributed to the upward trend.

8. The bonded indebtedness for building purposes was retired during this period and a levy for a building fund for future needs approved.

9. Contributing in a large measure to the problems of school finance is the receding purchasing power of the dollar over the years covered by the study. In spite of substantial increases in resources, the school dollar will buy slightly more than one-half as much in goods, supplies, and services in 1953 as it would provide in 1940. It is difficult for the taxpayer who feels he is paying a great deal in taxes for school purposes to realize that not only have school costs "gone up" but the dollar has "gone down".

Recommendations Of The Study

The findings of the study imply certain administrative and official responsibilities which are in need of early consideration. The suggestions given here are intended to contribute to the solution of these problems and to assist in a small way in the future planning of the district.

1. The upward trend in enrollments makes it necessary to give serious consideration to the matter of expansion of school facilities to handle the increased enrollments. The elementary school is most crowded at the present and the largest increase is imminent at that level making it imperative that additional grade-school space be provided.

2. The obligation in the area of vocational training should be met by the addition of a Vocational Agriculture department. It is suggested that plans for this department be coordinated with the grade department needs and that the physical plant addition include both in one building project. It is recommended that future plans include such a building program. Ideally, this expansion would provide a grade-room and agriculture-department wing with two high-school classrooms on the second floor. The financial welfare of the district, the adequate tax base, and the financial history of the district indicate that such a program of expansion would be feasible.

3. Increased enrollments from rural areas indicate the need for immediate improvement in the transportation system which is over-taxed.

The purchase of an additional bus, and re-routing of the present three would ease the situation for the present.

4. An improvement in the accounting procedure of the Harrisburg District with more attention to rigid classification of receipts and expenditures would eliminate many of the irregularities which not only reduce the accuracy of the financial view but interfere with the function of the budget. Further, it is considered advisable to keep the receipts and expenditures of the Veteran-On-Farm Training program separate from other categories at all times. While these funds must be a part of the records, their inclusion into the category of, for example, Instructional Service, leads to complication and additional clerical work when computing per-pupil costs and is misleading in the comparison of the various public school accounts.

5. It is suggested that the superintendent and board of education of the Harrisburg School make a practice of keeping well informed in matters of school finance and that they append new data to this survey each year in order that periodic appraisal and comparisons may be readily made.