

POLICY MATTERS South Dakota

State Policy Brief • January 2006

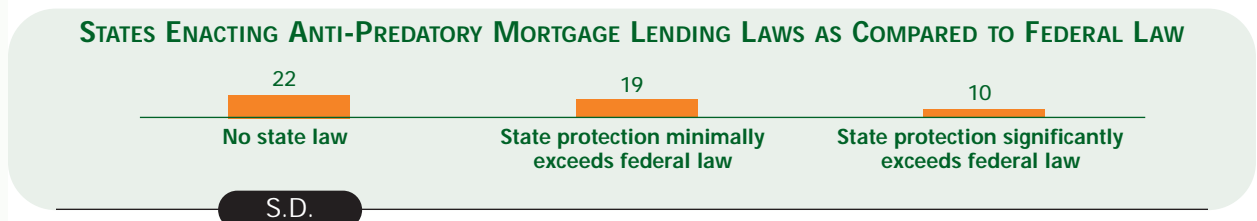
Key to a state's prosperity are the strength of its work force, the health of communities, and the efficiency of government investment, all of which can be enhanced by adopting policies that improve opportunities for children and families. As state leaders pursue these goals, they need strong research to help them assess which policies can produce results most effectively and provide a high rate of return on their policy investments. This policy brief highlights the status of state policy according to 30 critical policy measures selected based on research documenting their effectiveness. These and other research-based policy measures are described more fully in *Policy Matters*, a report produced by the Center for the Study of Social Policy, available at www.policymatters.us. The *Policy Matters* report also includes data on other important policies for all states.

For each policy measure below, the number labels (e.g., 1.1 or 2.1) correspond to the related research presentation in the full *Policy Matters* report.

INCOME AND ASSET GROWTH

1.1 Protection Against Predatory Lending – Mortgage Lending

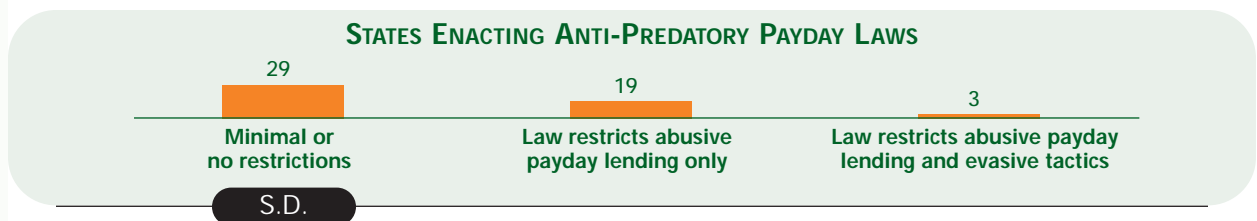
South Dakota has no state laws that prohibit predatory mortgage lending practices.



States can prohibit mortgage lending abuses such as negative amortization, prepayment penalties, financing of credit insurance, refinancing of home loans to the detriment of the consumer, high interest rates not justified by risk factors, and excessive foreclosures. Federal laws provide minor protection against these tactics, but state laws can provide additional protections that are minimally or significantly stronger.

1.2 Protection Against Predatory Lending – Payday Lending

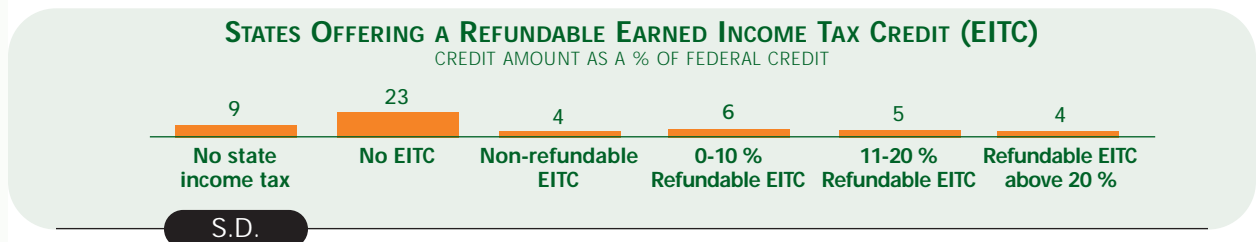
South Dakota law provides minimal or no restrictions on abusive payday lending.



States can restrict payday lending abuses through two primary strategies. First, they can enact protective regulations like small loan interest rate caps, anti-usury laws, and specific prohibitions on check cashing. Second, they can prohibit local companies from partnering with out-of-state banks as a way of circumventing local restrictions.

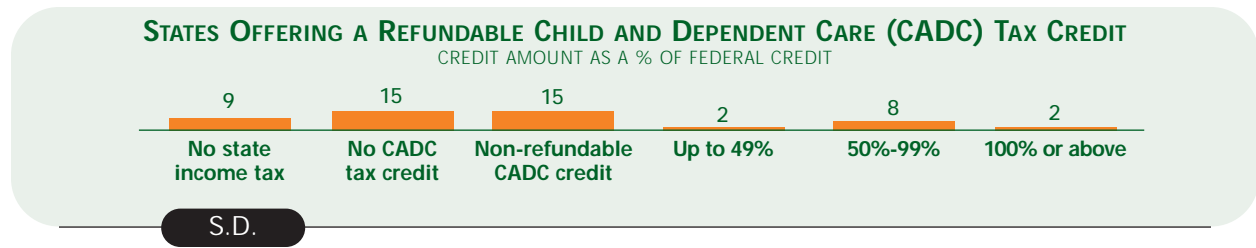
2.1 Targeted Tax Relief – Earned Income Tax Credit (EITC)

South Dakota has no state income tax, and therefore offers no state EITC.



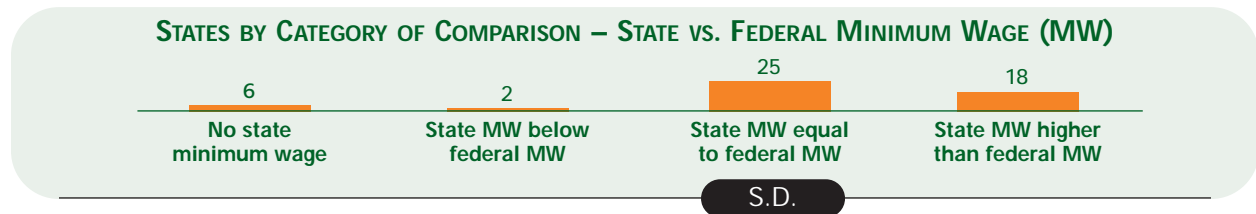
States can reward work by supplementing the federal earned income tax credit, which is a tax credit that reduces the tax burden on low-wage workers. This tax credit is considered the most effective policy in history for lifting children in working families out of poverty.

2.2 Targeted Tax Relief – Child and Dependent Care (CADC) Tax Credit
South Dakota has no state income tax, and therefore offers no state CADC tax credit.



States can supplement the federal child and dependent care credit, which allows low-wage families with child and dependent care expenses to subtract a portion of those expenses from their federal tax liability. Enacting a state version of this credit allows low-wage families to continue working and access higher quality care for their children.

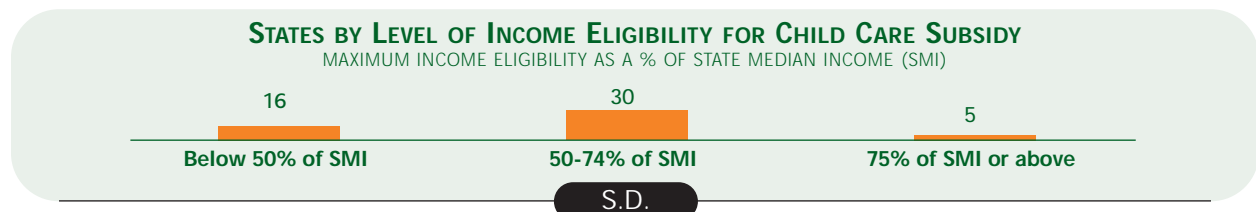
3.1 State Minimum Wage – In Relation to the Federal Minimum Wage of \$5.15/Hour
South Dakota sets its state minimum wage at \$5.15, equal to the federal minimum wage.



A state minimum wage can be set above the federal minimum wage of \$5.15 an hour. States can also apply their minimum wage to categories of employees and industries excluded from coverage under the federal law.

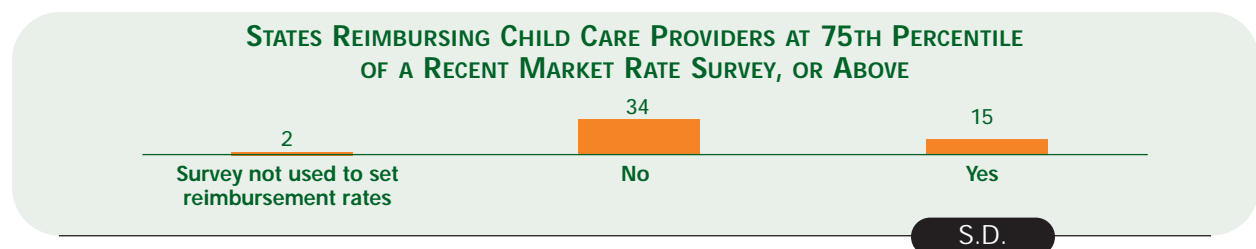
EMPLOYMENT

4.1 Child Care Subsidies – Income Eligibility as a Percentage of State Median Income (SMI)
South Dakota sets eligibility for child care assistance at 69% of SMI.



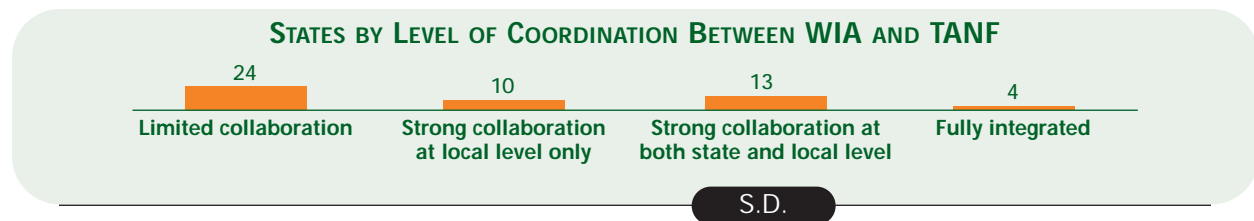
States determine the availability of federal child care subsidies to low-wage families. One key factor in allowing low-wage families to access this assistance is the income eligibility level that states adopt for their child care programs. Federal rules allow states to provide subsidies to families with incomes up to 85% of the state median income.

4.2 Child Care Subsidies – Reimbursement Rates
South Dakota sets child care reimbursement rates at the 75th percentile of a recent market rate survey or above.



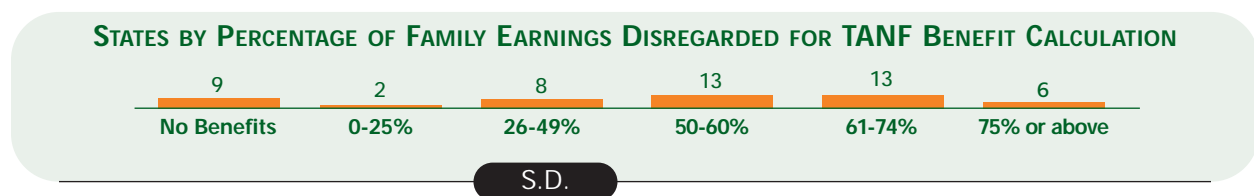
Federal child care regulations recommend that states set child care reimbursement rates at the 75th percentile of a recent market rate survey (or above) to ensure that subsidized families have access to high quality and suitable child care.

5.1 Temporary Aid for Needy Families (TANF) – Coordination with Work Force Development
South Dakota has strong collaboration between TANF and work force programs at both the state and local levels.



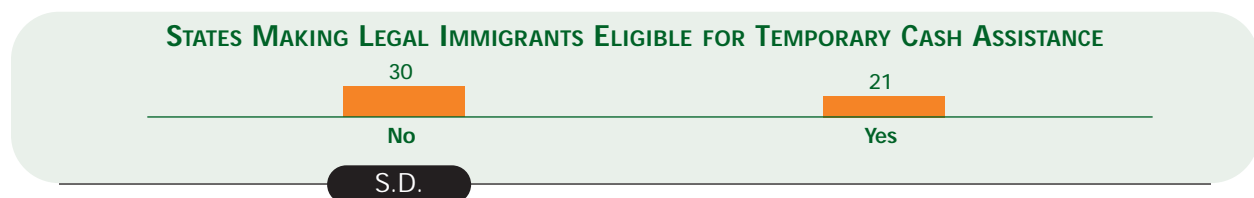
States can coordinate work force development and public assistance systems to more effectively help adults transition from welfare to work. Four states have fully integrated these systems by coordinating them under the same department. Other systems remain separate, but collaborative. At the local level, collaboration includes the co-location of TANF and WIA services at “one-stop” employment centers. At the state level, collaboration includes formal partnership as well as shared oversight and funding. States with limited coordination fall short of these standards.

5.2 Temporary Aid for Needy Families (TANF) – Earned Income Disregards
South Dakota disregards 37% of earnings in determining TANF benefits for families in the 12th month of working 20 hours a week at minimum wage.



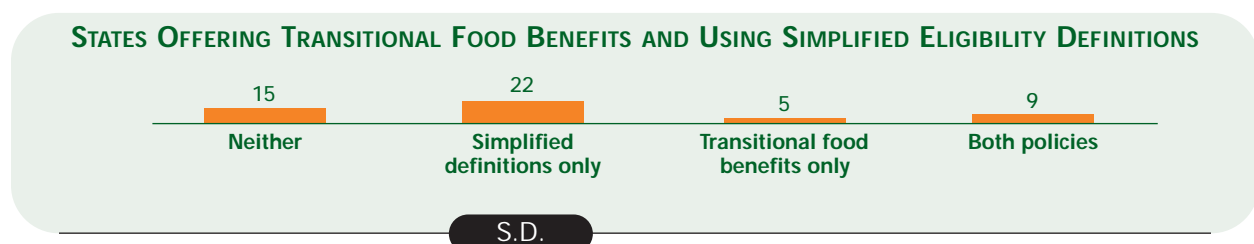
States can promote greater opportunities for families by temporarily disregarding earnings for cash assistance recipients moving into jobs. High earning disregards provide incentives to increase work by allowing families to keep more of their total income. The graphic above indicates the percentage of work income that is excluded from the calculation of a family’s cash benefits in their 12th month of work while on cash assistance if they are working 20 hours a week at minimum wage.

5.3 Temporary Aid for Needy Families (TANF) – Transitional Aid for Legal Immigrants
South Dakota does not provide TANF benefits to legal immigrants during the five-year waiting period.



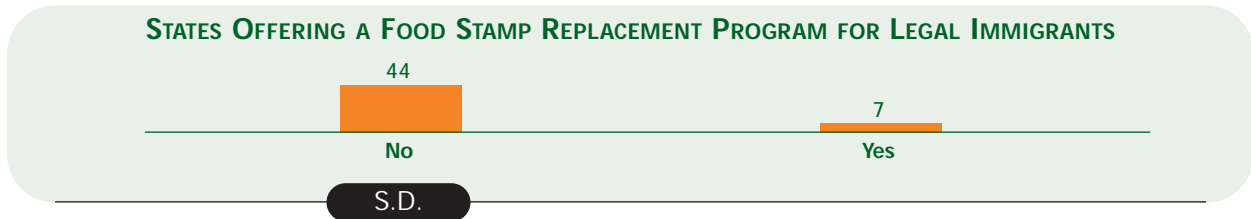
In 1996 the federal government made legal immigrants ineligible for TANF cash assistance during their first five years after immigration. States can provide more equal opportunity to these families by using state TANF funds to provide income support during this period.

6.1 Food Security – Increasing Access to Food Stamps for Working Families
South Dakota simplifies definitions for food stamp eligibility, but does not offer transitional benefits.



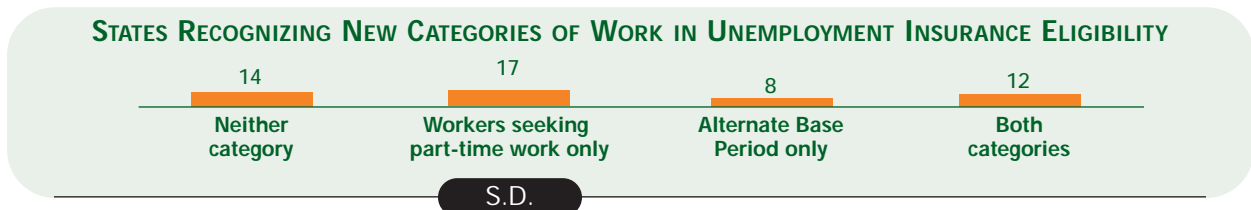
In 2002 the federal government created a number of new provisions that allow states additional flexibility in administering the food stamp program, along with 10 new options to assist low-wage families with their food needs. Two key options involve a) offering transitional Food Stamp benefits to families leaving public assistance for work and b) simplifying definitions for eligibility determination to ease the application process for working families.

6.2 Food Security – Food Stamp Replacement Program for Legal Immigrants
South Dakota does not operate a food stamp replacement program for legal immigrants.



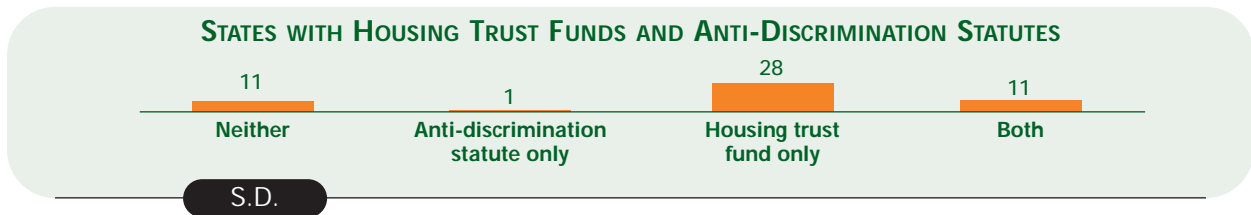
In 1996 the federal government made legal immigrants ineligible for federal food stamps during their first five years after immigration, but allowed states to utilize their own funds to provide food assistance to these recent immigrants.

7.1 and 7.2 Unemployment Insurance (UI) – Inclusion of Part-Time Workers and Alternate Base Period
South Dakota counts seeking part-time work toward benefit eligibility, but not recent work history.



Parents struggling to find steady work – often mothers juggling work and family responsibilities – frequently do not qualify for unemployment insurance. States can use two key strategies to expand UI coverage to this population. First, states can institute an alternate base period that counts recent work as part of an applicant’s work history, and second they can cover workers seeking part-time employment.

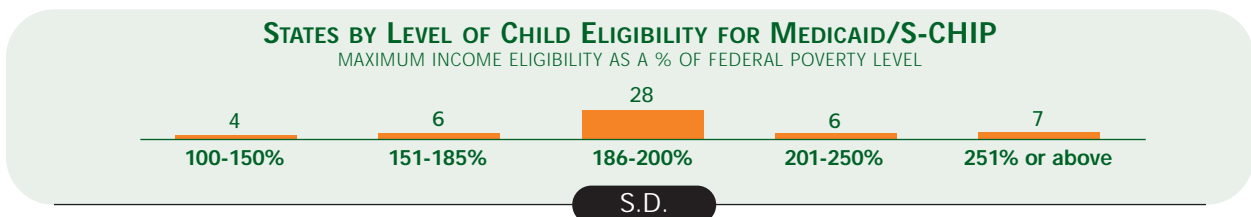
8.1 and 8.2 Housing – State Housing Trust Funds and Prohibition of Housing Discrimination
South Dakota does not prohibit discrimination against voucher-holders or operate a state housing trust fund.



States can increase low-wage families’ access to affordable housing through multiple strategies, including a) financing a housing trust fund used to build and preserve units of affordable housing, and b) establishing laws prohibiting landlords from discriminating against families who use government housing vouchers.

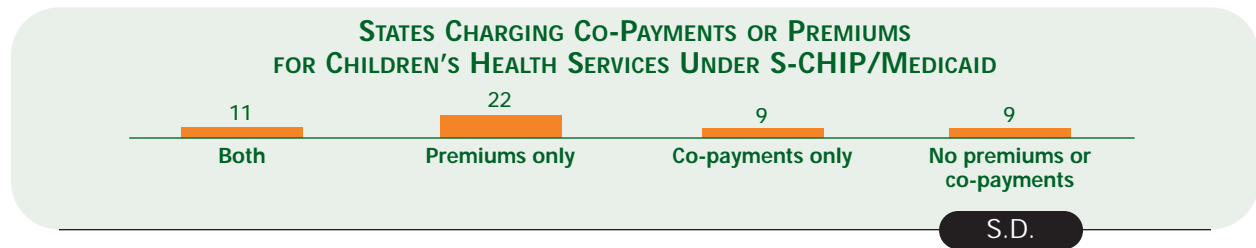
HEALTH

9.1 Health Insurance Coverage – Children’s Eligibility
South Dakota makes children eligible for public health insurance at 200% of the Federal Poverty Level (FPL).



States determine the availability of government-funded medical insurance to children in low-wage families, most critically through the income eligibility level that they set for their Medicaid and State Child Health Insurance Programs (S-CHIP).

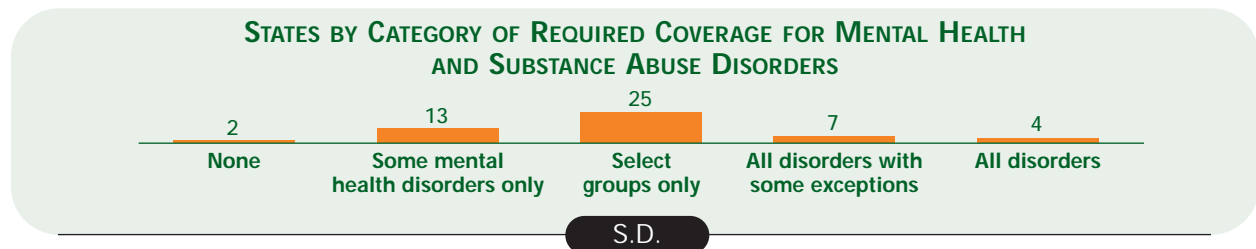
9.2 Health Insurance Coverage – Cost Sharing for Medicaid- and SCHIP-Eligible Children
South Dakota does not charge co-payments or premiums for children receiving public health insurance.



Many states require cost sharing of health care costs by eligible families through premiums and co-payments. States adopt cost sharing to provide incentives to reduce the overuse of health care and to limit health care cost, but these cost-sharing measures can also reduce families' access to medical care.

10.1 Health Care Benefits – Coverage for Mental Health and Substance Abuse Treatment

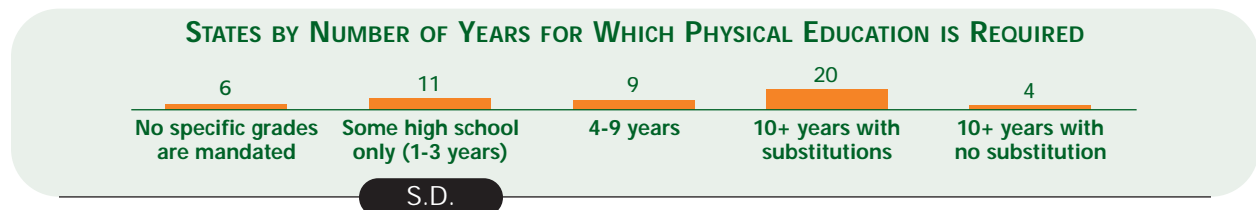
South Dakota requires private health insurance providers to cover select groups only, such as the severely mentally ill.



States can require private health insurance providers to cover mental health treatments at parity with other medical and surgical procedures. These provisions can increase the accessibility of mental health treatments that are essential to the well-being of workers and their families, communities, and employers.

11.1 School Health and Nutrition – Physical Education Requirements

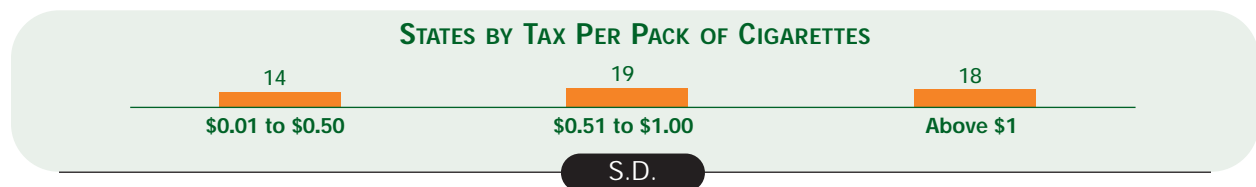
South Dakota requires 1 year of physical education with substitutions permitted.



Most states have policies requiring physical education (PE) programs in public elementary and secondary schools to encourage lifelong physical well-being and to prevent childhood obesity. Many states have increased the number of years for which PE is required. Also, some states allow the substitution of non-exercise oriented classes, whereas others do not.

12.1 Cigarette Tax – Tax Per Pack

South Dakota levies a tax of 53 cents per pack of cigarettes.

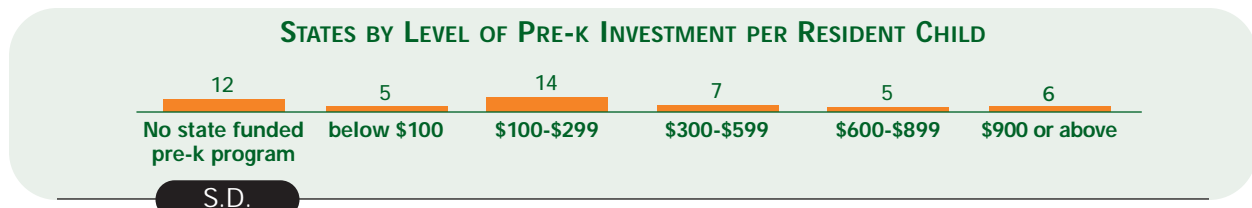


Tobacco use leads the list of behaviors that contribute to preventable death and chronic illness. By increasing taxes on tobacco, states can discourage tobacco use and increase state revenue.

EDUCATION

13.1 Prekindergarten (Pre-k) – Funding

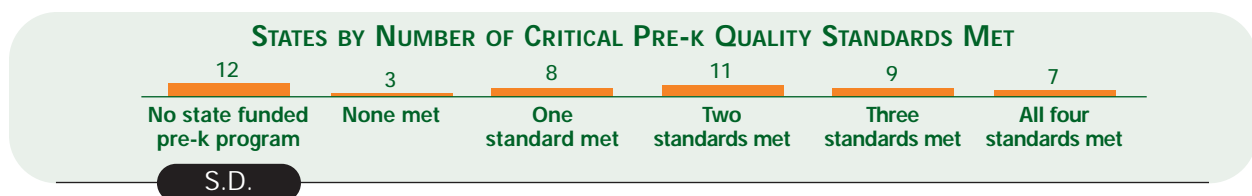
South Dakota does not have a state pre-k program.



Many states have increased investments in prekindergarten services in schools and child care centers to improve school readiness and reduce educational achievement gaps. A state's spending on pre-k per 4 year old in the state is generally an important measure of access to pre-k services for children. (Note: Data source does not include Pennsylvania.)

13.2 Prekindergarten – Quality

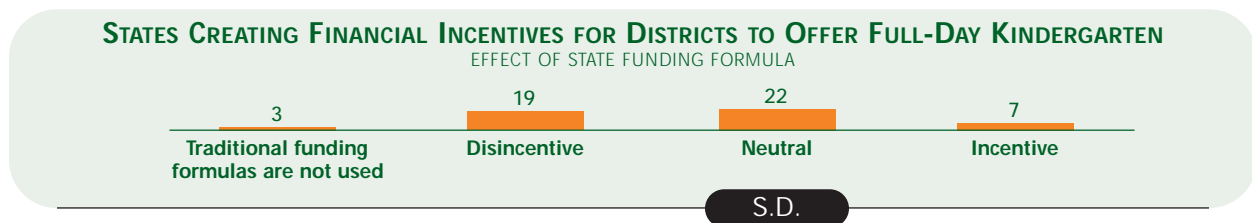
South Dakota does not have a state pre-k program.



At least four key quality measures are essential for providing adequate pre-k programs. These quality factors are: a) the use of a comprehensive curriculum, b) teachers with at least a Bachelor's degree, c) sufficient teacher compensation to attract quality teachers, and d) class sizes under 21 with staff-to-student ratios of 1:10 or better.

14.1 Kindergarten – Funding Full-day Programs

South Dakota's funding formula has no influence on whether school districts offer full-day kindergarten.



State funding formulas can create incentives and disincentives for local school districts to provide full-day kindergarten based on the amount the state allocates to districts for full-day kindergarten programs.

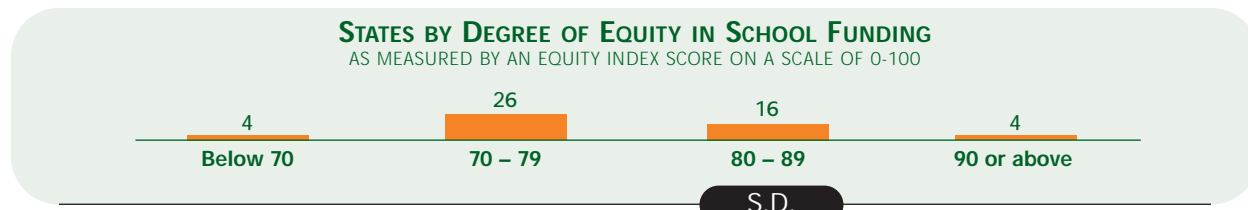
15.1 Elementary and Secondary (K-12) Education – Teacher Qualifications

South Dakota did not develop new standards in this area and therefore is not included in this analysis.



Historically, local communities have had a tremendous amount of discretion in setting policy for K-12 education. While new federal standards now require that all new teachers meet certain qualifications, states still retain flexibility to define their own quality standards for *current* teachers.

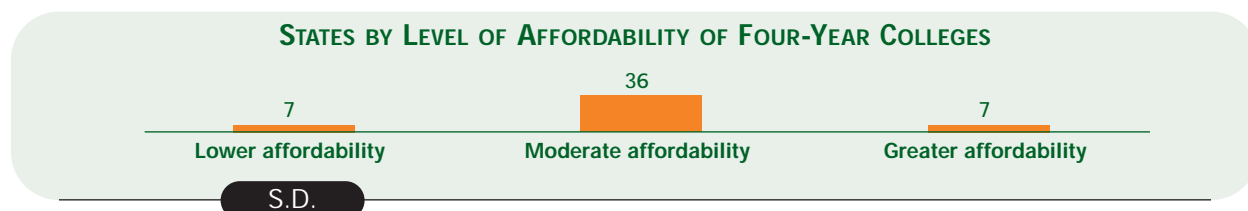
15.2 Elementary and Secondary Education – School Funding Equity
South Dakota has a funding equity index score of 84 (out of 100).



Local school districts have widely varied tax bases. States can improve funding equity among school districts through a combination of different policies, including modifying state funding formulas, providing categorical grants, and imposing limits on property taxes. The interaction of these state policies can create funding equity that helps bridge the funding gap between low-wage and high-wealth school districts. The higher equity index scores reflected above indicate greater equity of funding between districts.

16.1 Higher Education – Affordability of Four-Year Institutions

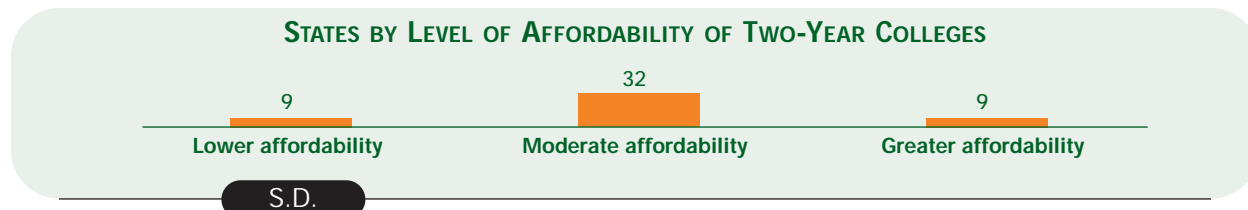
South Dakota tuition and aid policies result in lower affordability than the national median.



Access to higher education is strongly influenced by its affordability, particularly for students from low-wage families. The affordability of four-year schools for many is determined by tuition levels and the availability of need-based financial aid.

16.2 Higher Education – Affordability of Two-Year Institutions

South Dakota tuition and aid policies result in lower affordability than the national median.

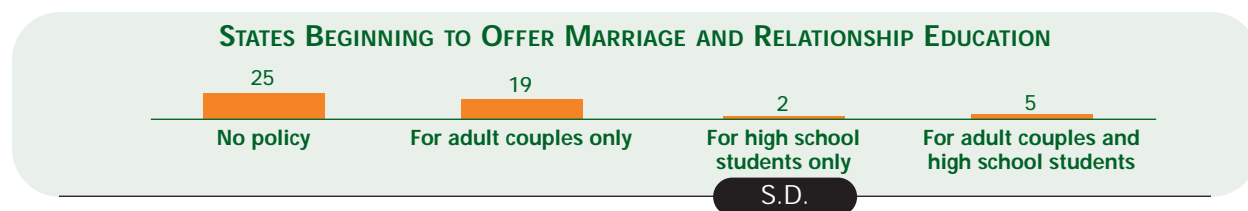


Access to two-year colleges provides a critical opportunity for families to provide better futures for their children. This access is strongly influenced by affordability, as determined by tuition levels and the availability of need-based financial aid.

FAMILY SUPPORTS

17.1 and 17.2 Healthy Marriage and Relationship Education

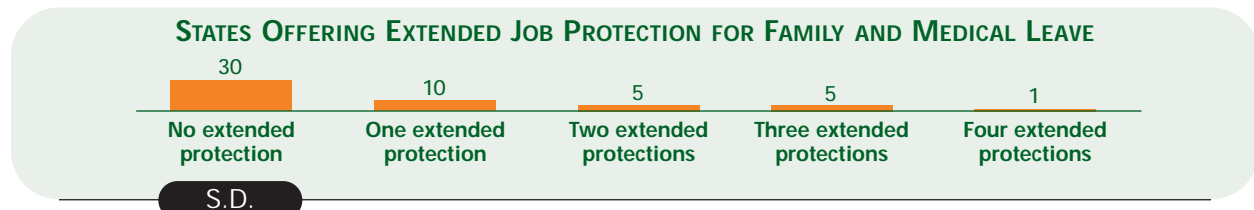
South Dakota has begun providing relationship skill-building education to high school students only.



Many states have begun offering programs to provide marriage and relationship skills education for married couples or couples considering marriage. States can also promote better family outcomes by offering relationship education programs for high school students.

18.1 Family and Medical Leave (FMLA) – State Enhancements

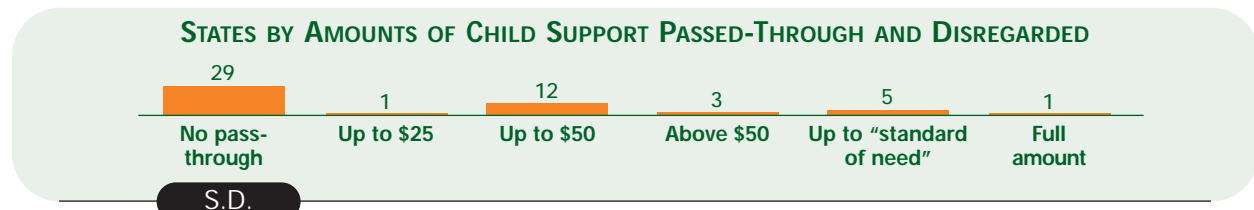
South Dakota does not offer job protection beyond that provided by the federal FMLA.



The federal Family and Medical Leave Act protects employees needing leave for medical and family reasons. States can provide additional job protection to cover a) parents working for organizations with fewer than 50 employees, b) maternity-related medical leave, c) extended periods beyond the federally protected 12 weeks, and d) parental involvement in a child's school activities.

19.1 Child Support – Pass Through and Disregard of Payments

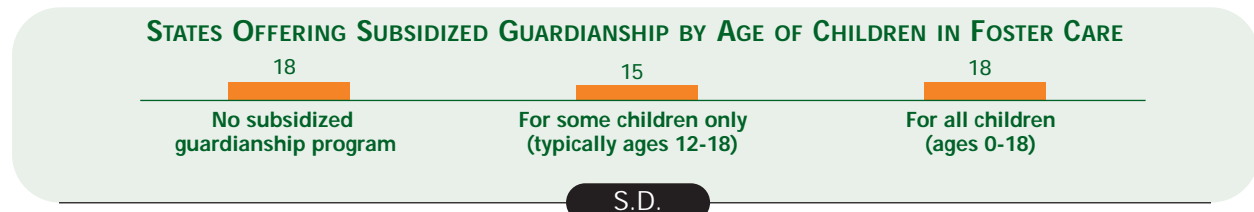
South Dakota does not allow any child support payments to pass through to parents receiving public assistance.



For families receiving public assistance, states must use child support payments to reimburse the federal government for public assistance expenses. States can elect to "pass through" some of the child support payment directly to the families receiving public assistance, and disregard the payments for benefit calculations, thereby increasing the income available to the family and improving incentives for the non-custodial parent to pay child support.

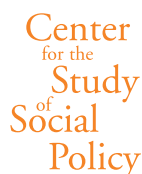
20.1 Child Welfare – Legal Guardian Subsidies

South Dakota offers a subsidized guardianship program for children ages 12 to 18.



In 1997, the Congress enacted the Adoption and Safe Families Act to reduce the time abused and neglected children spend in the child welfare system and to promote permanency for these children. This Act included both adoption and legal guardianship as legitimate options for permanency. States can promote legal guardianship by providing subsidies to relatives and others who serve as permanent guardians for abused and neglected children.

The full *Policy Matters* report can be downloaded at www.policymatters.us



Our mission is to develop and promote public policies and practices that support and strengthen families and help communities produce equal opportunities and better futures for children. For more information on the work of the Center for the Study of Social Policy, visit our website at www.cssp.org or call (202) 371-1565.