

MEMORANDUM

To: Interested Parties
Fr: Moving South Dakota Forward
Re: Information on Proposed Initiated Measure

Thank you for your interest in the proposed Initiated Measure (IM) to increase K-12 public education and Medicaid funding through a one penny sales tax. Many organizations have indicated a desire to inform their membership about the measure so we have compiled the following document to highlight why the initiated measure is necessary, along with explanation of what the measure will do and how it will be enacted.

Moving South Dakota Forward is a broad coalition of South Dakotans who are coming together in response to concern over ongoing funding levels for these vital services, which was driven home by recent budget cuts. We are committed to building a grassroots organization to successfully collect petition signatures to place the measure on the ballot and ultimately win in November 2012.

We appreciate your organization's interest in the initiated measure and look forward to working with you to help ensure that South Dakota upholds its obligations to these vital services.

Why is the Initiated Measure Necessary?

Inadequate Funding for our Children's Education

The public has witnessed state support for K-12 public schools become less and less of a priority over the last decade. The drastic cuts made during 2011 forced many school districts to the tipping point. The initiated measure replaces the \$75 million dollars cut since 2009 and the steady erosion of state aid to education over the last 15 years.

The overall cut to education in 2011 was \$52 million, or \$415 less per student. This is on top of cuts in previous years totaling \$24 million with no plan or mechanism in place to replace those missing funds.

Legally, per-student funding is supposed to keep pace with inflation so schools don't lose ground, but despite that requirement funding has fallen \$54 million behind per year. These cuts will have a long term impact on our schools as class sizes increase, vital programs and staff are cut and educational opportunities for children are limited.

Medicaid Cuts Threaten Patients' Access

Medicaid is a critical state program that ensures access to medical care for the elderly, disabled persons and disadvantaged children. In 2011, there were approximately 114,000 people

enrolled in Medicaid in South Dakota – that’s one out of every seven South Dakotans. Roughly half of all children born in our state qualify for Medicaid. We expect increasing demands on this system as the State projects Medicaid enrollment will grow to 168,100 people by 2014.

In 2011, the state cut \$70 million from its Medicaid program. These drastic cuts could have a devastating impact on patients as physicians may be forced to limit the number of Medicaid patients they treat or stop accepting them all together. In addition, when patients cannot get their needs met in a primary care/clinic setting, they seek care at an emergency room, which is more expensive and drives up health care costs for everyone.

What Does the IM Do?

The measure will add one penny to the state sales tax, raising approximately \$175 to \$180 million annually, split evenly between K-12 public education and Medicaid.

The portion of the revenue dedicated to education will be distributed on a per-student basis in addition to what schools receive through the existing school funding formula. Revenue dedicated to Medicaid will be used to ensure the elderly, disabled persons and disadvantaged children will have continued access to necessary medical care.

The language contains protections to prevent the increased revenue from being spent in any way, either directly or indirectly, to reduce, supplant or replace existing appropriations for K-12 education or Medicaid.

Why an Initiated Measure?

This initiative gives the people of South Dakota a direct opportunity to debate the issue and decide what is in the best interest of the state.

What is the Initiative Process?

The first step in the process is to qualify for the November 2012 ballot. To qualify, Moving South Dakota Forward and our volunteers will need to collect nearly 16,000 signatures from registered voters by November 1, 2011. We are engaging volunteers and supporters across the state to approach friends and neighbors about the effort and offer them an opportunity to sign.

The second step in the process will take place in 2012 during the General Election campaign. Moving South Dakota Forward will work to educate voters about the need for additional revenue and ask for their support on Election Day.

Where can I get more Information?

Moving South Dakota Forward can be reached via phone at (605) 610-9009 or email at info@movingsdforward.com.