

Strategic Issues:

- For the 1995–96 academic year, college and university leaders requested \$13.7 million from the legislature to cover salary increases and a midyear reduction, but only received \$1.1 million.
- The Board of Regents later decided to reduce enrollment by 2,000 full-time students over two years.
- The House killed a plan that would call for testing college students after their sophomore year of college.
- The 1996–97 budget at \$106.6 million represented a small decrease from the previous year. Out-of-state student tuition was raised 20 percent and the process for declaring residency was revamped.
- In 1997 controversy between three public universities and two private colleges ended when the Legislature ended all state support for the Tuition Equalization Grant program.
- For the 1997–98 academic year, the Board of Regents began to hold colleges accountable for performance. A policy was endorsed that sets aside 5% of state funds for college operations each year to reward universities that are performing well.
- In order to increase faculty salaries, the Board of Regents increased tuition by 8% in fiscal year 1999 and 5.7% in fiscal year 2000.

Summary

- *Challenge:* While South Dakota's high school graduation rates were above the national rates through the 1990s, it dropped from 85.3% in 1992 to 74.2% in 2000. The state's college enrollment rates for high school graduates improved during the decade, rising from 51% in 1992 to 64% (7.3 percentage points above the national average) in 2000. The rise in college enrollment rates in South Dakota is partially an artifact of declining high school graduations. The challenge in South Dakota is to reinvigorate high completion while continuing to improve college enrollment.
- *System Issues:* South Dakota's poverty rates dropped in the 1990s and the ethnic composition of the state remained stable. Historically a moderately high tuition state, South Dakota made no investment in grant programs. High college tuition (\$782 above the national average) coupled with no state grant aid for low-income students could have dissuaded some students from graduating from high school.
- *Opportunity:* Had the state of South Dakota maintained need-based grants at the equity level, an estimated additional 2,000 students would have graduated from high school and 9,000 additional students would have enrolling in college during the 1990s. The proposed state–federal partnership would provide incentives for the state to coordinate public finance in ways that would improve high school graduation and college enrollment.

Access Indicators*High School Graduation Rates* (Table 41.1)

The public high school graduation rates dropped 10% over the decade. In 1992, the public high school graduation rate was 85%. By 1996, the high school graduation rate increased to 87%, but dropped to 74% at the end of the decade. South Dakota's high school graduation rate was 14 percentage points above the national average at the start of the decade and was seven percentage points above the national average at the culmination of the decade.

College Enrollment Rates (Table 41.1)

College enrollment increased sharply over the decade. At the start of the decade, the college enrollment rate stood at 51%, but at the close of the decade, the college enrollment rate was 64%. South Dakota was three percentage points below the national average college

enrollment rate in 1992 but was seven percentage points above the national average at the close of the decade.

State Demographics

State Demographics (Table 41.2)

The poverty level in South Dakota dropped over the decade. In 1992, the poverty level was 15% and stood at 10% at the close of the decade. South Dakota was one percentage point above the national poverty level at the start of the decade and one percentage point below the national average at the close of the decade. The percentage of the population with a bachelor's degree or higher increased over the decade. At the start of the decade, 19% of South Dakota residents held a bachelor's degree or higher, but at the close of the decade, 26% held a bachelor's degree or higher. South Dakota was two percentage points below the national average for bachelor's degree attainment at the beginning of the decade and one percentage point above the national average at the end. Adjusted per capita incomes also increased over the decade. Per capita income stood at \$21,923 in 1992 and rose to \$25,958 at the culmination of the decade. In 1992, per capita income in South Dakota was \$3,802 less than the national average and \$3,511 below the national average at the close of the decade.

State System Composition (Table 41.3)

Enrollment in public institutions in South Dakota shifted slightly over the decade, while private enrollment remained relatively stable. At the start of the decade, enrollment in public four-year institutions stood at 72%. By the middle of the decade, enrollment in four-year public institutions dipped to 71% and dropped further to 69% at the close of the decade. South Dakota was 27 percentage points above the national average for enrollment in the public four-year sector over the decade. Public two-year enrollment stood at 9% at the start of the decade and reached 11% by the middle of the decade. At the close of the decade, public two-year enrollment stood at 13%. Private enrollment was around 18% over the course of the decade. South Dakota was seven percentage points below the national average for private enrollment at the start of the decade and eight percentage points below the national average at the culmination of the decade.

Financial Indicators

State Financial Capacity (Table 41.4)

The tax rates in South Dakota were 5% over the course of the decade, two percentage points below the national average. K-12 expenditures increased slightly over the decade. At the start of the decade, K-12 expenditures stood at \$2,959 per student and increased to \$3,393 per student by the close of the decade. In 1992, South Dakota's spending on K-12 was \$1,569 below the national average and was \$800 below the national average at the end of the decade.

Educational Revenue (Table 41.5)

Appropriations to South Dakota's institutions of higher education stood at \$4,713 per FTE at the start of the decade. By 1996, appropriations were \$4,967 per FTE and stood at \$5,261 per FTE at the end of the decade. Appropriations in South Dakota were \$1,646 below the national average at the start of the decade and were \$2,235 below the national average at the end of the decade. Considering tuition and fees in addition to appropriations in South Dakota, educational revenue was \$7,245 per FTE in 1992 and stood at \$8,771 per FTE at the close of the decade.

South Dakota was \$1,445 below the national average for educational revenue at the start of the decade and \$1,452 below the national average at the culmination of the decade.

Tuition and Fees (Table 41.6)

Tuition and fees increased \$1000 over the decade. At the start of the decade, students in South Dakota paid \$2,533 per FTE for tuition and fees. By 1996, students paid \$2,970 for tuition and fees; and at the end of the decade, tuition and fees stood at \$3,510. In comparison to the national average, tuition and fees in South Dakota in 1992 were \$200 above the national average. By the end of the decade, students in South Dakota paid \$782 more than the national average for tuition and fees.

Need-based Grants (Table 41.6)

In 1992, South Dakota invested \$31 per FTE in need-based grants, but by the middle of the decade that investment dropped to \$15 per FTE. From 1998 to the end of the decade, South Dakota made no investment in need-based grants. Compared to the national average, South Dakota's investment was abysmal.

Non-need Grants (Table 41.6)

South Dakota invested \$4-5 on non-need grants at the start of the decade and that investment dropped to zero at the middle of the decade. From 1996 to the end of the decade, South Dakota made no investment in non-need based grants. In comparison to the national average for non-need grant, South Dakota was \$33 below the national average at the start of the decade and was \$114 below the national average at the end of the decade.

Projections

Coordinated System of Grants (Table 41.7)

Had South Dakota increased its need-based grant aid, given tuition charges, 200 more students would have graduated from high school, a two percentage point increase. Of South Dakota's high school graduates, 900 more students would have attended postsecondary institutions within the state, a nine percentage point increase.

Federal Grant Program Prospectus

If the federal government had provided incentives for South Dakota to provide adequate grant aid, equaling one-quarter of the tuition on top of current state aid, 300 more high school students would have graduated; a two percentage point increase. Equally important, 900 more high school graduates would have enrolled in postsecondary institutions, a nine percentage point increase over the current college continuation rate.