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PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

SOUTH DAKOTA



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SOUTH DAKOTA

COLLEGE
AFFORDABILITY
RANKING

41

Hefty tuition at state colleges and universities drives South Dakota's poor performance on overall college affordability. Compounding the problem—especially for the poorest South Dakotans—is the absence of any state need-based financial aid.

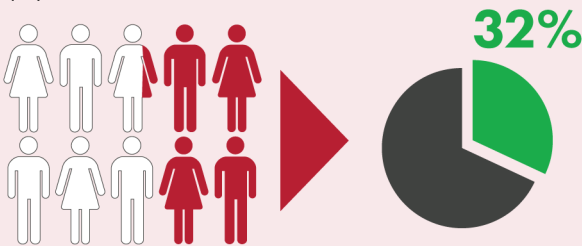
South Dakota enrolls 36 percent of its students in South Dakota State or the University of South Dakota, which are the most expensive paths to a public college degree. Students would have to work more than 40 hours a week to cover the cost of full-time attendance. Full-time enrollment costs at these institutions would eat up about a third of a family's total annual income.

At the state's public four-year nondoctoral colleges, which account for 23 percent of undergraduates in the state, full-time students would have to work 40 hours a week, on average, to cover their college costs.

Policies on college affordability must be among those considered by South Dakota lawmakers if the state expects to meet job educational requirements by 2020. Affordability is also an important factor for closing the substantial college attainment gaps between Whites and Native Americans.

- ▶ All postsecondary institutions in the state are less affordable than they were in 2008.
- ▶ For South Dakota families earning \$30,000 or less per year, 70 percent of family income would be required to attend the state's public research institutions full time.
- ▶ For South Dakota families earning more than \$110,000, only 10 percent of family income would be required to attend the state's public research institutions full time.
- ▶ South Dakota does not contribute any money to need-based financial aid for students to attend public institutions. Nationwide, the average state contribution is \$474.
- ▶ By 2020, 65 percent of jobs in South Dakota will require a postsecondary credential. As of 2014, 44 percent of young adults (age 25–34) and 43 percent of working-age adults (age 35–64) had an associate's degree or higher.
- ▶ Higher educational attainment by race and ethnicity varies considerably. On average, 44 percent of Whites have an associate's degree or higher, compared to only 20 percent of Native American and 22 percent of Hispanic residents.
- ▶ Eighteen percent of children live in poverty.

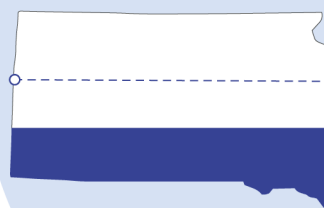
More South Dakota students attend **public research institutions** than any other kind of institution, with **43 percent enrolled**. Families would spend, on average, **32 percent of annual income** to pay for full-time attendance.



Percentage of students attending public research institutions

Percentage of family income required to pay for full-time attendance

On average, **41 percent** of working-age South Dakota state residents (age 25–64) have an associate's degree or higher. By 2020, **65 percent of jobs will require an associate's degree or higher**.



65%

Jobs requiring associate's degree or higher by 2020

41%

Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (20 percent of enrollment) **	22	23	45
Public Four-Year Nondoctoral (23 percent of enrollment)	25	30	36
Public Research (36 percent of enrollment)	26	32	34
Private Four-Year Nondoctoral (43 percent of enrollment)	33	42	19
Private Research (14 percent of enrollment)	NA	NA	NA

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$18,198

Families in Group

19%

Income

\$30,000 —48,000

Average Income in Group

\$39,284

Families in Group

18%

Income

\$48,000—75,000

Average Income in Group

\$61,414

Families in Group

25%

Income

\$75,000—110,000

Average Income in Group

\$90,643

Families in Group

21%

Income

\$110,000 and above

Average Income in Group

\$180,914

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,791	48
\$30,000—48,000	9,571	24
\$48,000—75,000	11,897	19
\$75,000—110,000	14,473	16
\$110,000 and above	14,544	8

Students would have to work 27 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	11,992	66
\$30,000—48,000	12,780	33
\$48,000—75,000	15,717	26
\$75,000—110,000	17,172	19
\$110,000 and above	16,748	9

Students would have to work 40 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	12,826	70
\$30,000—48,000	13,570	35
\$48,000—75,000	16,425	27
\$75,000—110,000	17,799	20
\$110,000 and above	17,950	10

Students would have to work 42 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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**STATE
INCOME
PROFILE**

Income
\$0–30,000
Average Income in Group
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Income
\$110,000 and above
Average Income in Group
\$180,914
Families in Group
16%

**PERCENT OF FAMILY INCOME
needed to attend full time:**

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	17,288	95
\$30,000–48,000	18,203	46
\$48,000–75,000	19,978	33
\$75,000–110,000	22,567	25
\$110,000 and above	23,485	13

Students would have to work 53 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	0	0	0	474
Other Aid	0	61	114	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	0	0	0	644
Other Aid	0	61	118	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$4,650 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,555 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,039 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$3,691 annually.

Data Source: U.S. Department of Education.

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WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 65 percent of jobs in South Dakota will require a postsecondary credential.
- ▶ South Dakota is 31st in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 44 percent of young adults in South Dakota (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 43 percent of working age adults in South Dakota (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average, 41 percent of working age South Dakota state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 44 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Native Americans and Hispanics) have attainment of only 20 percent and 22 percent respectively.

Educational Pipeline in South Dakota

- ▶ In 2020, South Dakota's public high school graduates are projected to be 8 percent Native American, 4 percent Hispanic, and 4 percent Black.
- ▶ The total number of high school graduates at public institutions in South Dakota is projected to grow by 11 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Native American in South Dakota is projected to remain constant and the percent of graduates that are White is projected to decline by 4 percent while the percent of graduates that are Hispanic is projected to grow by 2 percent over the same time period. The percent of graduates that are Black is projected to increase by 7 percent.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Black graduates in South Dakota is above national patterns (Blacks are only projected to increase by 1 percent of national high school graduates by 2028). The flat growth in Native American graduates and the growth in Hispanics is similar to national patterns (nationally, Native Americans are projected to remain constant and Hispanics are projected to increase by 2 percent of national high school graduates by 2028).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.



Children in Poverty

- ▶ The percent of children living in poverty in South Dakota stayed constant between 2005 and 2013 at 18 percent.
- ▶ In 2013 South Dakota was ranked 17th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In South Dakota, total student share of state and net tuition revenues per full time student was 37 percent in 1989, 46 percent in 2000, and 67 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.

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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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