

Synopsis: *By several measures, state government's investment in South Dakota higher education has declined significantly over the last 30-40 years. State-funded appropriations for higher education in relation to South Dakota's personal income shrunk from a high of \$11.41 per \$1,000 of personal income in Fiscal Year 1966 to \$7.37 in Fiscal Year 2003. South Dakota ranks near the bottom in other higher education measures, including the amount of state appropriations for public higher education per FTE student and the projected ratio of spending for higher education to spending for all other programs.*

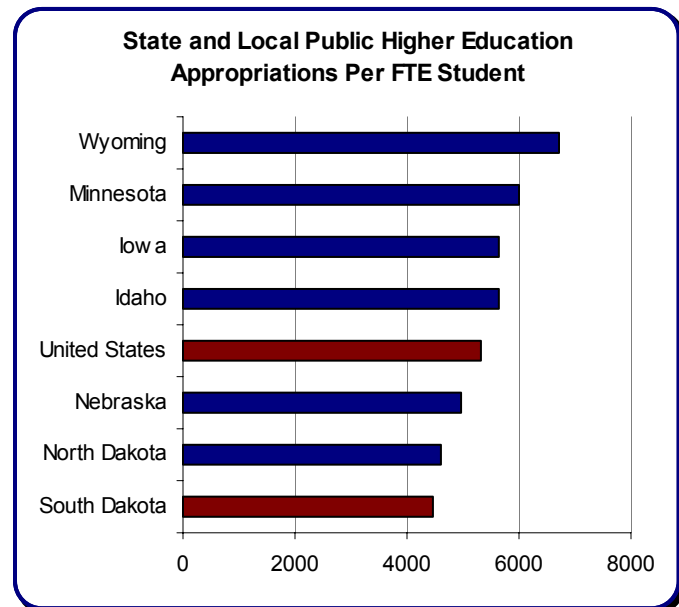
Across this country, most states are cutting back on their investment effort in higher education. Sharp reductions were most noticeable in the economic recessions of the early 1980s and 1990s and now again during the current economic uncertainty.

In South Dakota, the national economic situation further compounds an already limited general investment in higher education.

State Higher Education Support per FTE

The *National Information Center for Higher Education Policymaking and Analysis* reports South Dakota spends an average of \$4,479 in state and local resources on each full-time equivalent student in public higher education (1998 data). The national average is \$5,304 per FTE student.

This is an important measure, because state government is a major funding source for higher education. When viewed over time, it indicates whether state support is being sustained. It is considered a more accurate barometer of state support than "total" support, which includes tuition paid by students.



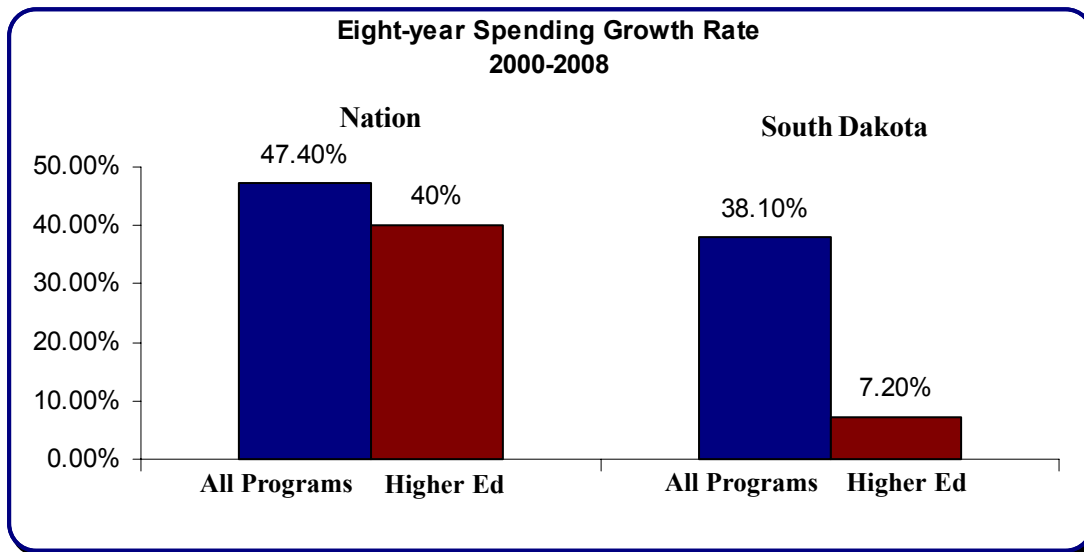
Source: The National Information Center for Higher Education Policymaking and Analysis

Higher Ed Spending vs. Spending for Other Programs

Another measure that the *National Information Center for Higher Education Policymaking and Analysis* looks at is the rate of spending for higher education to spending for all other programs.

Projecting to 2010, the national center says the eight-year spending growth rate for all programs across the country is estimated at 47.4 percent, compared to just 40 percent for higher education.

But in South Dakota, the projection is even bleaker. It estimates a 38.1 percent growth in spending for all programs in South Dakota, but only 7.2 percent growth in higher education spending.



Source: The National Information Center for Higher Education Policymaking and Analysis

The research publication, *Postsecondary Education OPPORTUNITY*, reports:

“The general state budget problem for higher education (and everything else in state budgets) is that Medicaid and corrections have been crowding out other budget priorities for at least the last four decades.”

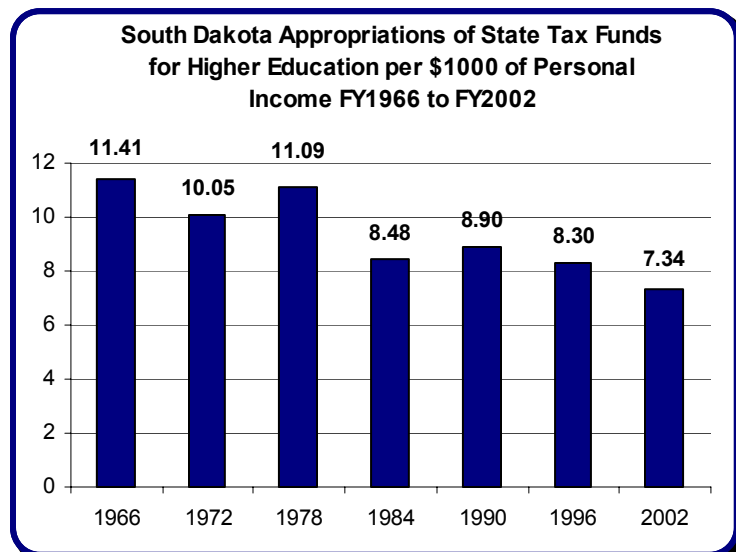
The 1999 report, *State Spending for Higher Education in the Next Decade: The Battle to Sustain Current Support*, states:

“Over the past decade the percentage increases in state support for higher education have been smaller than the percentage increases in total state budgets. . . . In other words, higher education isn’t competing successfully with the attentions of other forms of state funding.”

State Commitment to Higher Education—A Downward Spiral

State-funded appropriations for higher education in relation to South Dakota’s personal income have shrunk from a high of \$11.41 per \$1,000 of personal income in Fiscal Year 1966 to \$7.34 in Fiscal Year 2002.

Nationwide, states’ investment effort in higher education last year was the weakest since FY1967.



Source: *Postsecondary Education Opportunity*, December 2002

For more information, contact Tracy Mercer at 605-773-3455 or send email to tracym@ris.sdbor.edu.