

SOUTH DAKOTA BOARD OF REGENTS

Planning Session

**AGENDA ITEM: 2 – C
DATE: August 7-8, 2019**

SUBJECT

Reshaping and Reintroducing Dakota’s Promise

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND / DISCUSSION

The state of South Dakota requires a consequential need-based scholarship program for its citizens. South Dakota ranks last out of 50 states and the District of Columbia in terms of average grant aid provided by the state. The lack of state investment in need-based funding, will likely continue to place a college education out of reach for students from low income families. This has significant long-term effects on economic mobility opportunities for individuals as well as long-term workforce implications for South Dakota.

In 2019 the Dakota’s Promise Scholarship program proposal was presented to both Governor Dugaard and newly elected Governor Noem. Neither Governor included it in the 2019 general bill. However, at the end of the 2019 session, a trial, one-time expenditure based on the original request nearly received the support it needed to pass, but it was ultimately unsuccessful.

The proposed 2020 Dakota’s Promise version attempts to address some of the legislators’ concerns. In an effort to re-examine the program to ensure it is designed to best serve the higher education needs of the state, Dr. Beran formed a workgroup to reinvent the Dakota’s Promise proposal, including representatives from the public university system, private universities, technical institutes and tribal colleges. The group met on June 21, 2019 and July 19, 2019 to develop the parameters for a revised scholarship program that would be offered to the Board of Regents for consideration at its August retreat.

Members of the workgroup included the following:

1. Dr. Paul Beran, BOR Executive Director and CEO
2. Jay Perry, BOR VP of Academic Affairs
3. Monte Kramer, BOR VP of Finance and Administration
4. Nathan Lukkes, BOR General Counsel
5. Tasha Dannenbring, BOR Director of Institutional Research
6. Jim Morgan, Regent
7. Sharon Kienow, NSU – Director of Financial Aid

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INFORMATIONAL ITEM

8. Michaela Willis, SDSU – VP Student Affairs
9. Heather Forney, SDSMT – VP Finance
10. Carmen Simone, CCSF – Executive Director
11. Sheila Gestring, USD – President
12. Kurt Hackemer, USD – Provost
13. RyAnne Blau, Student Federation Chair
14. Tiffany Sanderson, Governor's office, Policy Analyst*
15. Brittini Skipper, Governor's office, BFM*
16. Theresa Kriese, DWU, CFO/Executive VP
17. Shannan Nelson, Augustana, VP for Finance and Administration/CFO
18. Kelly Oehlerking, WDI, VP for Institutional Effectiveness and Student Success
19. Scott DesLauriers, SD Board of Technical Education
20. Randy Smith, Sisseton Wahpeton College, President
21. Natalie Anderson, Lower Brule College, President

*Governor's staff participation does not mean automatic support for the scholarship and any final proposal will work through the traditional budget and/or legislative processes.

IMPACT AND RECOMMENDATIONS

As a result of the Dakota's Promise Workgroup discussions, the scholarship proposal and budget for the reshaped Dakota's Promise Scholarship program has been developed for discussion by the Board. The program proposal can be found as Attachment I.

ATTACHMENTS

Attachment I – 2020 Dakota's Promise Workgroup Proposal

SCHOLARSHIP NAME:

Dakota's Promise Scholarship (2020 Version)

SCHOLARSHIP NEED:

South Dakota's Workforce Needs More Educated People. The state of South Dakota requires a consequential need-based scholarship program for its citizens. South Dakota ranks last out of 50 states and the District of Columbia in terms of average grant aid provided to students by the state. The lack of state investment in need-based funding, will likely continue to place a college education out of reach for students from low income families. This has significant long-term effects on economic mobility opportunities for individuals as well as long-term workforce implications for South Dakota.

South Dakota has a Competitive Disadvantage. It is increasingly difficult for students from low income families to attend South Dakota universities, due in part to the lack of available aid options for South Dakota students. As evidence of this, the number of Pell Grant recipients at state universities is sharply declining. More specifically, the university system has lost 2,400 Pell recipient students between 2010 and 2018. Furthermore, between 2008 and 2016, states that border South Dakota all increased their available grant aid at higher percentage rates than South Dakota, leaving the state at a growing disadvantage in recruiting students from low income families in comparison to our neighbors (ND, MT, WY, NE, IA, MN).

South Dakota Students have a Daunting Financial Gap. The average *total* price of attendance (e.g., tuition, fees, books, housing, etc.) at South Dakota public universities is competitive nationally and within the region. However, the average *net* price (average net price = total price of attendance minus average grant aid*) for South Dakota's public universities is the highest in the region by at least \$2,000 annually due to low average grant aid. Limited grant aid opportunities make the gap between Pell Grants and the net price out of reach for low income families. *"Grant aid" includes non-loan aid awarded to first-time, full-time, degree-seeking undergraduates and includes all federal, state, local, and institutional grants and scholarships.

Financial Reasons are a Major Graduation Barrier for Pell Grant Recipients. Often due to an inability to stay enrolled for financial reasons, students receiving Pell Grants regardless of academic aptitude are statistically less likely to graduate than those who are not eligible for Pell Grants. In fact, the six-year graduation rate at South Dakota's public universities is 10% lower among South Dakota Pell recipients who received the Opportunity Scholarship than those who received the Opportunity Scholarship but did not qualify for Pell Grants.

ELIGIBILITY CRITERIA:

Pell Grant Eligible. Paying for college is difficult for all students; however, students from low income families face additional barriers to degree completion. For the purpose of the proposed Dakota's Promise Scholarship, the initial requirement for eligibility for the Dakota's Promise Scholarship is eligibility to receive a federal Pell Grant as that demonstrates significant financial need.

Academic Criteria. It is responsible to invest South Dakota dollars where they can make the biggest impact. Therefore, in addition to significant financial need, students also must meet certain academic criteria to be eligible for the Dakota's Promise Scholarship. This criteria includes a minimum ACT score of 18 (or Accuplacer equivalent) AND a minimum high school GPA of 3.0. The data shows that students who meet this academic criteria graduate at a 25% higher rate than those with lower academic credentials.

First Time, Full Time Freshman. Research shows that time and money are the biggest barriers to graduation. In fact, when students attend college at a full-time status they are 15% more likely to persist to graduation. Given these statistics on student success, students must attend an institution full-time to receive the Dakota's Promise Scholarship. For the purpose of this scholarship, "full-time" will be considered 30 credit hours over the course of a full academic year, including the summer term. Additionally, a student must be a first-time student in order to be eligible for the Dakota's Promise Scholarship.

South Dakota Residents. In order to be eligible for the Dakota's Promise Scholarship a student must be a resident of South Dakota.

Attending SD Higher Education Institution. In order to be eligible for the Dakota's Promise Scholarship a student must attend a South Dakota public university, South Dakota not-for-profit private university, or South Dakota tribal college.

Two and Four Year Scholarship. Students who receive the Dakota's Promise Scholarship will be awarded the scholarship for two and four consecutive years depending on the course of study. If students transfer from one participating institution to another, the scholarship will follow them.

BUDGET NEEDED:

South Dakota resident, Pell-eligible students have an average financial gap of \$6,884.42 per year of school to pay for their South Dakota higher education. A student's financial gap is the difference between the cost of education and what the student can reasonably be expected to pay through work, scholarships, etc.

Average Total Cost to student	\$23,260.42
Pell amount	\$6,095.00
Average Scholarship award	\$4,467.00
Expected Student Contribution	\$5,814.00
	\$6,884.42

The Dakota's Promise Scholarship is designed to help fill the financial gap of eligible students by \$2,500 per student per year. This scholarship will provide students with the means to be successful in South Dakota higher education. Additionally, it makes South Dakota higher education institutions competitive regionally.

To determine the total budget needed to fund the scholarship program, the number of eligible students entering the public universities, private universities, and tribal colleges during Academic Year 2016 were calculated. Because the student population is projected to be flat over the next several years, it is reasonable to believe this number is a valid prediction for the near future.

Recognizing that not all participants will successfully escalate to the next year of their education, an estimated retention rate of 80% per year is projected. Therefore, the dollar amount required to fund the scholarship program for year 1 is higher than the dollar amounts needed in subsequent years. The ongoing eligibility requirements are yet to be determined.

Below is the budget for the scholarship program as proposed.

	Funded at \$2,500 per student per academic year			
	BOR	Private	Tribal	
FTFT	526	187	68	\$1,952,500
So	421	150	54	\$1,562,000
JR	337	120	44	\$1,249,600
SR	269	96	35	\$999,680
				\$5,763,780

SUCCESS RATES:

The current four-year graduation rate at South Dakota public universities is 43% for full time, resident Pell recipients who earned a minimum of an 18 ACT and 3.0 high school GPA. This scholarship is projected to produce a 51% four-year graduation rate for the same population. Any intervention that creates an increase of 12% in graduation rates is considered a major success. This would be life changing for the people who graduate with a university degree. It would be game changing for the South Dakota workforce and economy.