



BUILDING LOCAL ECONOMIES OF SCALE:

THE IMPACT OF TRIBAL COLLEGES & UNIVERSITIES IN RURAL AMERICA

AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

SOUTH DAKOTA TRIBAL COLLEGES & UNIVERSITIES

ECONOMIC IMPACT STUDY

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AT-A-GLANCE: SOUTH DAKOTA TCUs ECONOMIC IMPACT



Impact of South Dakota TCUs

South Dakota Tribal Colleges & Universities (TCUs) generate more benefits for national taxpayers than the TCUs cost to support. (FY2022-2023 Data)



South Dakota TCUs

There are three (3) Tribal Colleges located in the state of South Dakota out of 35 total Tribal Colleges & Universities across the nation. Those three colleges include: Oglala Lakota College, Sinte Gleska University, and Sisseton Wahpeton College.



Return on Investment

For every dollar of public money invested in South Dakota TCUs, national taxpayers will receive a cumulative value of \$2.30 over the course of the students' working lives. (FY2022-2023 Data)



\$182.8 Million & 2,839 Jobs

South Dakota TCUs added \$182.8 million in income to the South Dakota economy during the analysis year, equal to the sum of operations and construction spending impacts; the student spending impact; and the alumni impact. The \$182.8 million impact supported 2,839 state jobs, using the jobs-to-sales ratios specific to each industry in the state. (FY2022-2023 Data)

EXECUTIVE SUMMARY

South Dakota Tribal Colleges and Universities (South Dakota TCUs) create value in many ways. The institutions play a key role in helping students increase their employability and achieve their individual potential. The institutions draw students to the state, generating new dollars and opportunities for South Dakota. The institutions provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the institutions are places for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

South Dakota TCUs influence both the lives of students and the state economy. The institutions support a variety of industries in South Dakota, serve state businesses, and benefit society as a whole from an expanded economy and improved quality of life. Additionally, the benefits created by South Dakota TCUs extend to the local, state, and federal government through increased tax revenues and public sector savings.

This study measures the economic impacts created by South Dakota TCUs on the business community and the benefits the institutions generate in return for the investments made by their key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

- Economic impact analysis
- Investment analysis

All results reflect employee, student, and financial data, provided by the institutions, for fiscal year (FY) 2022-23. Impacts on the South Dakota economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society are reported under the investment analysis.

1 South Dakota TCUs consist of Oglala Lakota College, Sinte Gleska University, and Sisseton Wahpeton College.

SOUTH DAKOTA TCUs ECONOMIC IMPACT SUMMARY

South Dakota TCUs promote economic growth in South Dakota through their direct expenditures and the resulting expenditures of students and state businesses. The institutions serve as employers and buyers of goods and services for their day-to-day and construction operations. The institutions’ activities attract students from outside South Dakota, whose expenditures benefit state vendors. In addition, the institutions are primary sources of higher education to South Dakota residents and suppliers of trained workers to state industries, enhancing overall productivity in the state workforce.

TCU OPERATIONS SPENDING IMPACT

South Dakota TCUs add economic value to South Dakota as employers of state residents and large-scale buyers of goods and services. In FY 2022-23, the institutions employed 651 full-time and part-time faculty and staff, 97% of whom lived in South Dakota. Total payroll at South Dakota TCUs was \$29.2 million, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the institutions spent \$36.0 million on expenses related to facilities, supplies, and professional services (excluding construction). The operations spending of South Dakota TCUs added \$37.9 million in income to the state during the analysis year. This figure represents the institutions’ payroll, the multiplier effects generated by the in-state spending of the institutions and their employees, and a downward adjustment to account for funding that the institutions received from state sources. The \$37.9 million in added income is equivalent to supporting 728 jobs in the state.

IMPACTS CREATED BY SOUTH DAKOTA TCUs

(FY2022-23)

\$37.9 million

Operations Spending Impact

\$0.3 million

Construction Spending Impact

\$9.7 million

Student Spending Impact

\$134.9 million

Alumni Impact

\$182.8 million

Total Impact

2,839

Total Jobs Supported

SOUTH DAKOTA TCUs ECONOMIC IMPACT SUMMARY

CONSTRUCTION SPENDING IMPACT

South Dakota TCUs invest in capital projects each year to maintain facilities, create additional capacities, and meet growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2022-23, the institutions' construction spending generated \$322.1 thousand in added income, which is equivalent to supporting four jobs.

STUDENT SPENDING IMPACT

Around 4% of students attending South Dakota TCUs originated from outside the state in FY 2022-23, and some of these students relocated to South Dakota to attend the institutions. These students may not have come to the state if the institutions did not exist. In addition, some in-state students, referred to as retained students, would have left South Dakota if not for the existence of South Dakota TCUs. While attending the institutions, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. Also attributable to South Dakota TCUs is the increased spending of in-state students who would have remained in South Dakota even if the institutions had not existed. Because of the federal scholarships and grants these students received, they spend more money in the state while attending college than they would have had they not attended the institutions. In total, South Dakota TCU student spending generated \$9.7 million in added income for the state economy in FY 2022-23, which supported 171 jobs in South Dakota.



Photos courtesy of Oglala Lakota College, Sinte Gleska University, and Sisseton Wahpeton College

SOUTH DAKOTA TCUs ECONOMIC IMPACT SUMMARY

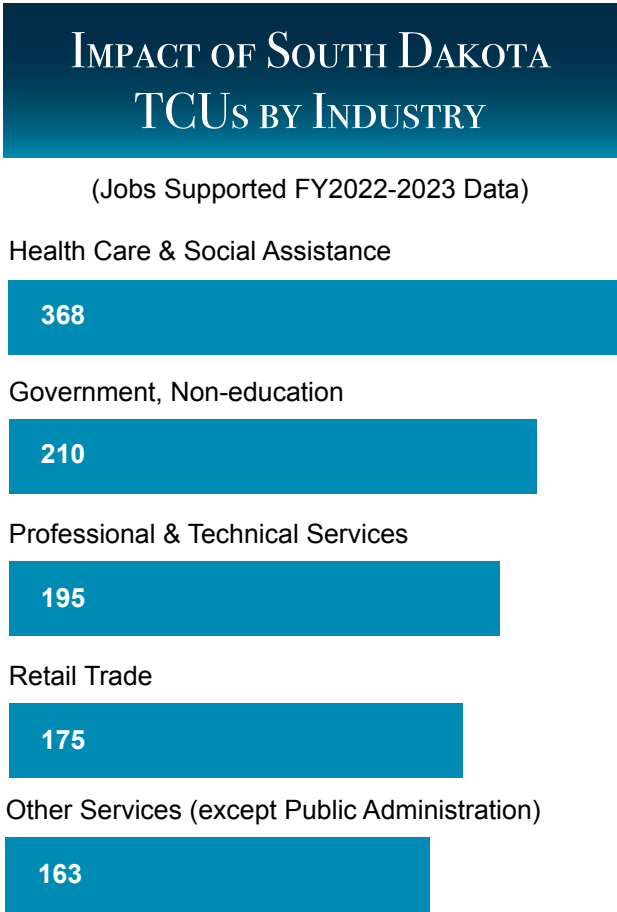
ALUMNI IMPACT

The education and training the institutions provide for state residents has the greatest impact. Since the institutions were established, students have studied at South Dakota TCUs and entered the state workforce with greater knowledge and new skills. Today, thousands of former South Dakota TCU students are employed in South Dakota. As a result of their education from South Dakota TCUs, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, South Dakota TCU alumni generated \$134.9 million in added income for the state economy, which is equivalent to supporting 1,936 jobs.



TOTAL TCU ECONOMIC IMPACT IN SOUTH DAKOTA

South Dakota TCUs added \$182.8 million in income to the South Dakota economy during the analysis year, equal to the sum of operations and construction spending impacts; the student spending impact; and the alumni impact. The total impact of South Dakota TCUs can also be expressed in terms of jobs supported. The \$182.8 million impact supported 2,839 state jobs, using the jobs-to-sales ratios specific to each industry in the state. In addition, the \$182.8 million, or 2,839 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of South Dakota TCUs and their students and the activities of their alumni in the Health Care & Social Assistance industry sector supported 368 jobs in FY 2022-23. If the institutions did not exist, these impacts would not have been generated in South Dakota.



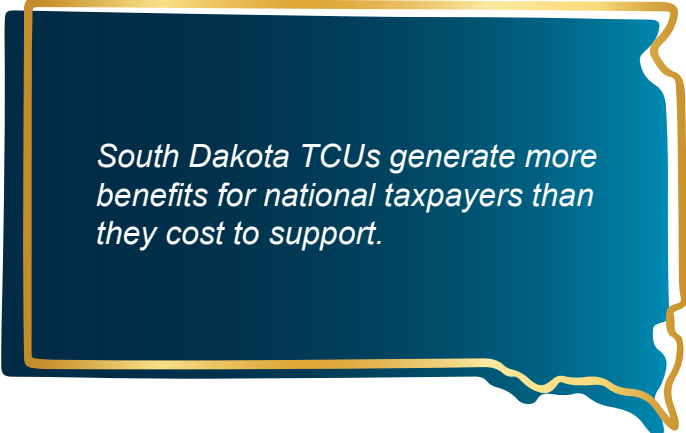
INVESTMENT ANALYSIS

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates South Dakota TCUs as an investment from the perspectives of students, national taxpayers, and society. In addition, benefits received by South Dakota taxpayers are measured. As with the economic impact analysis, this analysis considers only FY 2022-23 activities.

TAXPAYER PERSPECTIVE

South Dakota TCUs generate more in national tax revenue than they receive. These benefits to taxpayers consist primarily of taxes that the government will collect from the added revenue created in the nation and state. As South Dakota TCU students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. At the national level, the government will have collected a present value of \$92.5 million in added taxes by the end of the FY 2022-23 students' working lives. At the state level, South Dakota will have collected a present value of \$7.0 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of students attending South Dakota TCUs and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that South Dakota TCU students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. South Dakota TCU students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. Altogether, the present value of the benefits associated with an education through South Dakota TCUs will generate \$20.1 million in savings to national taxpayers. Taxpayers in South Dakota will experience \$7.3 million in government savings.



South Dakota TCUs generate more benefits for national taxpayers than they cost to support.

For every dollar of public money invested in South Dakota TCUs, national taxpayers will receive a cumulative value of \$2.30 over the course of the students' working lives.

Total national taxpayer benefits amount to \$112.6 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$49.2 million, equal to the amount of government funding South Dakota TCUs received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 2.3. This means that for every dollar of public money invested in South Dakota TCUs in FY 2022-23, taxpayers will receive a cumulative present value of \$2.30 over the course of the students' working lives. In other words, South Dakota TCUs generate more benefits for national taxpayers than they cost to support.

Although it is not recommended to directly compare benefit-cost ratios between institutions since many factors influence them,

INVESTMENT ANALYSIS

TAXPAYER PERSPECTIVE (CONTINUED)

any benefit-cost ratio above 1.0 is significant and indicates that the institution generates a surplus of benefits. Additionally, the average annual internal rate of return for national taxpayers is 6.0%, which compares favorably to other long-term investments in the public sector.

From the state perspective, South Dakota taxpayer benefits amount to \$14.2 million, which

will accrue in the future as long as the FY 2022-23 student population of South Dakota TCUs remains in the state workforce. Taxpayers in South Dakota provided South Dakota TCUs \$13.4 thousand of funding in FY 2022-23.²

² Because South Dakota taxpayer costs are so low, it is not appropriate to calculate a benefit-cost ratio or internal rate of return.

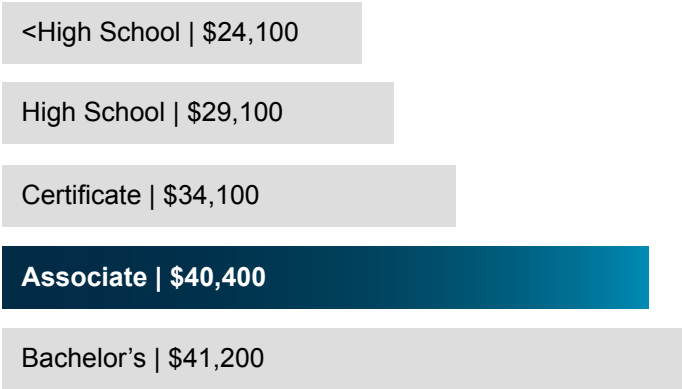
STUDENT PERSPECTIVE

In FY 2022-23, South Dakota TCUs served 3,027 credit and 368 non-credit students. In order to attend the institutions, the students paid for tuition, fees, books, and supplies. Students' out-of-pocket expenses came to \$4.4 million. South Dakota TCU students also gave up money (\$14.4 million) they would have otherwise earned had they been working instead of attending college; however, this opportunity cost was more than offset by the residual aid students received (\$15.8 million).³ The total investment made by South Dakota TCU students in FY 2022-23 amounted to a present value of \$3.1 million.

In return for their investment, South Dakota TCU students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average South Dakota TCUs associate degree graduate from FY 2022-23 will see annual earnings \$11,300 higher than a person with a high school diploma or equivalent working in South Dakota. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$395,500 in higher earnings per graduate. The present value of the cumulative higher future earnings that South

Dakota TCU FY 2022-23 students will receive over their working careers is \$75.2 million.

The students' benefit-cost ratio is 24.5. In other words, for every dollar students invest in an education at South Dakota TCUs in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$24.50 in higher future earnings. Annually, the students' investment in South Dakota TCUs has an average annual internal rate of return of 57.3%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.



³ Residual aid is the remaining portion of scholarship or grant aid distributed directly to a student after the institution applies tuition and fees.

INVESTMENT ANALYSIS

SOCIAL PERSPECTIVE

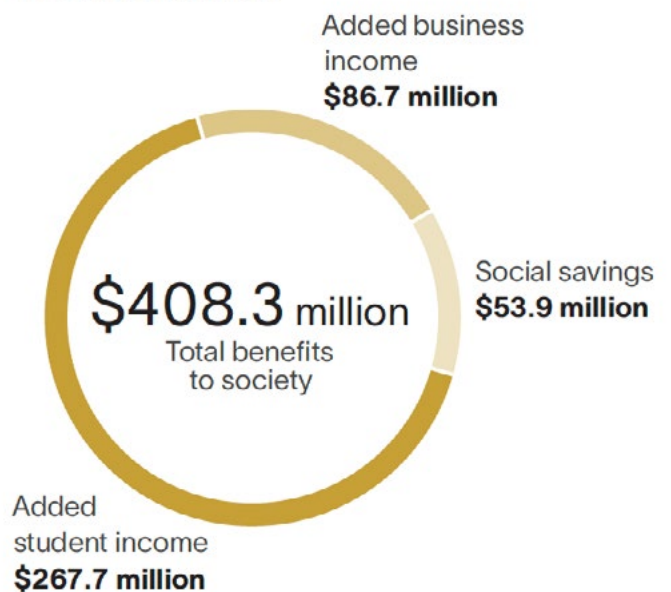
Society as a whole benefits from the presence of South Dakota TCUs in two major ways. Primarily, society benefits from an increased economic base in the nation. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in the U.S. Benefits to society also consist of the savings generated by the improved lifestyles of South Dakota TCU students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims.

Altogether, the social benefits of South Dakota TCUs equal a present value of \$408.3 million. These benefits include \$267.7 million in added student income, \$86.7 million in added business income, as well as \$53.9 million in social savings related to health, the justice system, and income assistance in the U.S. People in the U.S. invested a present value total of \$56.1 million in South Dakota TCUs in FY 2022-23.

The cost includes all government funding and student costs. The benefit-cost ratio for society is 7.3, equal to the \$408.3 million in benefits divided by the \$56.1 million in costs. In other words, for every dollar invested in South Dakota TCUs, people in the U.S. will receive a cumulative value of \$7.30 in benefits. The benefits of this investment will occur for as long as South Dakota TCU FY 2022-23 students remain employed in the workforce.

SOCIAL BENEFITS FROM SOUTH DAKOTA TCUs NATIONWIDE

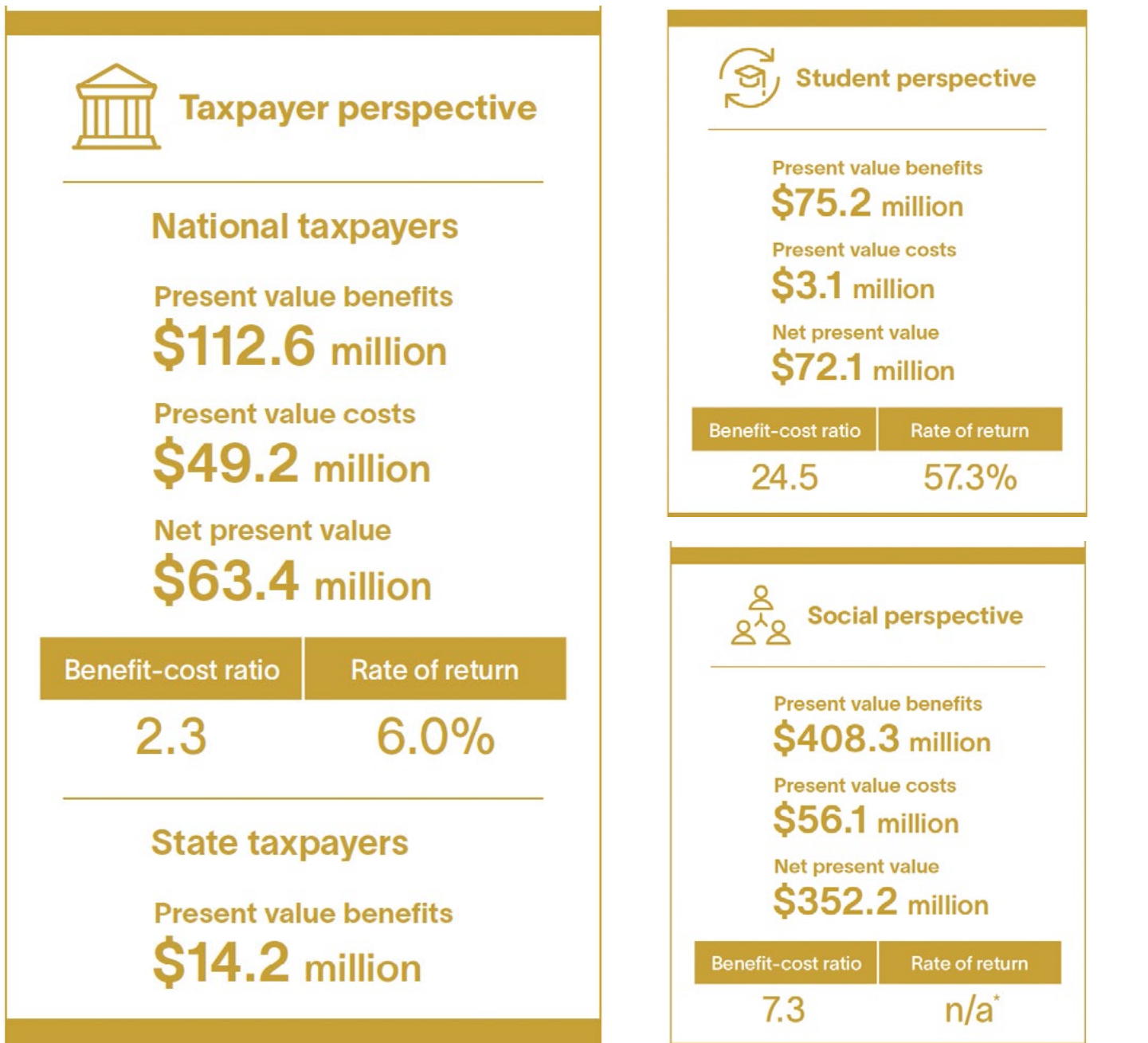
Social benefits from South Dakota TCUs nationwide



INVESTMENT ANALYSIS

SUMMARY OF INVESTMENT ANALYSIS RESULTS

The results of the analysis demonstrate that South Dakota TCUs are a strong investment for all major stakeholder groups—students, national taxpayers, and society. As shown, students receive a great return for their investments in an education through South Dakota TCUs. At the same time, taxpayers’ investment in South Dakota TCUs returns more to government budgets than it costs and creates a wide range of social benefits throughout South Dakota and beyond.



CONCLUSION

The results of this study demonstrate that South Dakota TCUs create value from multiple perspectives. The institutions benefit state businesses by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. South Dakota TCUs enrich the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The institutions benefit taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, South Dakota TCUs benefit society as a whole by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.



ABOUT THE STUDY

This study is part of a series of Economic Impact Studies conducted in partnership with the American Indian Higher Education Consortium (AIHEC) and Lightcast. Lightcast provides colleges and universities with labor market data that helps create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and resumes. Visit lightcast.io/solutions/education to learn more or connect with us.

Data and assumptions used in the study are based on several sources, including the FY 2022-23

academic and financial reports from South Dakota TCUs, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness.

For a full description of the data and approach used in the study, please contact the American Indian Higher Education Consortium for a copy of the main report.

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