



LOOKING AT HIGHER EDUCATION AS A COMMON GOOD IN NEW MEXICO

INTRODUCTION

New Mexico is leading the nation in developing higher education policies that consider the needs and the real costs of college for students in the state. Increased enrollment trends across New Mexico demonstrate that traditional, non-traditional, and returning adult learners are entering college and university classrooms in higher numbers and seeking out credentials that will improve individual economic mobility, provide pathways to family-sustaining incomes, and strengthen overall community wealth. The Higher Education Department emphasizes the whole student experience by supporting financial access to college and providing wraparound services once students are on campus. By addressing the true costs of college and cultivating a sense of belonging, New Mexico's students will access college, persist, and graduate with high-need certificates, associate, and bachelor's degrees. Graduates will be poised to enter the workforce trained and ready to be a part of the state's economic prosperity, and this not only positively impacts individuals, but it also impacts the well-being of New Mexico's public health.

Research shows that graduating from college has a positive impact on employment options, improved health, and overall well-being, decreased use

of publicly funded social services, as well as reduced risk for premature death. The U.S. Department of Health and Human Services "Healthy People 2030" campaign identifies higher education as a social determinant of health under the domain Education Access and Quality. Understanding how higher education provides students access to better paying jobs with fewer safety hazards, improved health, access to higher-quality housing and food, and more psychosocial resources, such as time for recreation, is critical to New Mexico's public health.

Higher education is a common good.

When individuals are supported through graduation, they become the skilled workers who make industry, business, and government function and the empowered citizens who make communities thrive. In a state where many students come from high poverty contexts, access to higher education is the mechanism that moves students in the lowest quintiles of wealth into higher quintiles, helping new generations of New Mexico establish a foundation of wealth that can be carried on to future generations.

DATE:

December 14, 2022

PURPOSE OF HEARING:

Budget Recommendations for the Higher Education Department and Higher Education Institutions

PREPARED BY:

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The risk of unemployment and underemployment is higher for those with less education. During the COVID-19 pandemic, the more education workers had, the more likely they were to keep their jobs and work remotely. Studies have shown that individuals with an associate degree are more likely to embark on a path of economic security and true economic success in comparison to those who have only completed high school. The average graduate with a bachelor's degree will earn double what the average individual without a degree will make in their lifetime.



Source: U.S. Department of Health and Human Services (2021, August 21). Enrollment in Higher Education. Healthy People 2030.



**BUDGET RECOMMENDATION:
 HIGHER EDUCATION INSTITUTIONS**



OVERALL RECOMMENDATION

FY24 Proposed General Fund Support

- Instruction & General Funding:
\$840,530,800 (FY23: \$800,505,400)
 - 5% increase
 - Protected Base:
 \$717,100,000 (FY23: 636,100,00)
- Research & Public Service
 Projects: **\$207,828,100**
 - FY23: \$177,292,800
- Total: **\$1,048,358,900**
 - FY23: \$977,798,200

ENROLLMENT

The National Student Clearinghouse Research Center published national higher education enrollment trends in October. Enrollment has decreased nationally by 1.1% according to data collected by 42 states. **However, in New Mexico, the report shows that enrollment has increased by more than 4% - the second highest enrollment gain in the nation behind New Hampshire.**

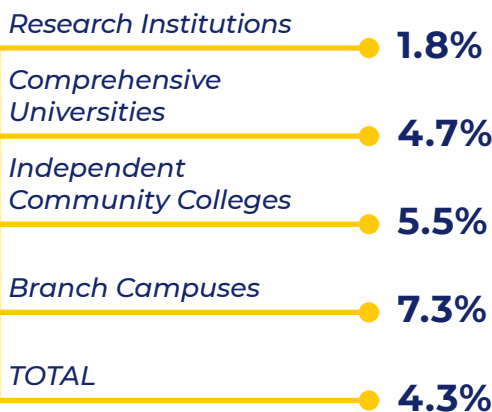
Governor Michelle Lujan Grisham and the Higher Education Department announced this fall that college enrollment has increased for the first time in over a decade, growing by 4.3% as a result of substantial higher education investments in the state's tuition-free college programs, the Opportunity and Lottery Scholarships, in addition to each higher education institution's submission of a strategic enrollment management plan. Each strategic enrollment management plan included specific and quantifiable performance goals to recruit and retain students in addition to increasing graduation through a commitment of services, courses, and programs that support student success.

2019-2022: First-Time, Full-Time, Degree Seeking Enrollment **-6.4%**

2021-2022: First-Time, Full-Time, Degree Seeking Enrollment **9.8%**

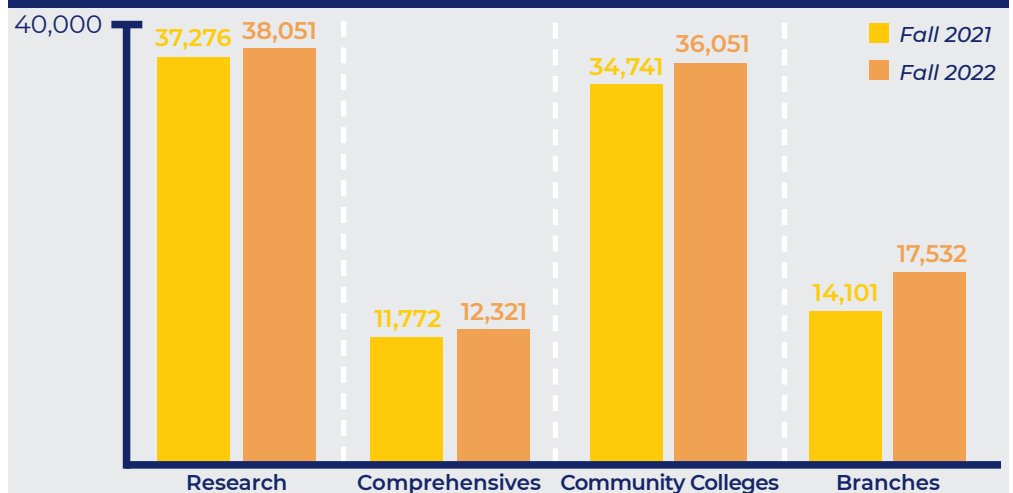
Source: HED (2022). Census Enrollment Headcount Report.

TOTAL CENSUS HEADCOUNT ENROLLMENT BY HIGHER EDUCATION SECTOR



Source: HED (2022). Census Enrollment Headcount Report.

GRAPH 1: TOTAL CENSUS ENROLLMENT HEADCOUNT BY SECTOR





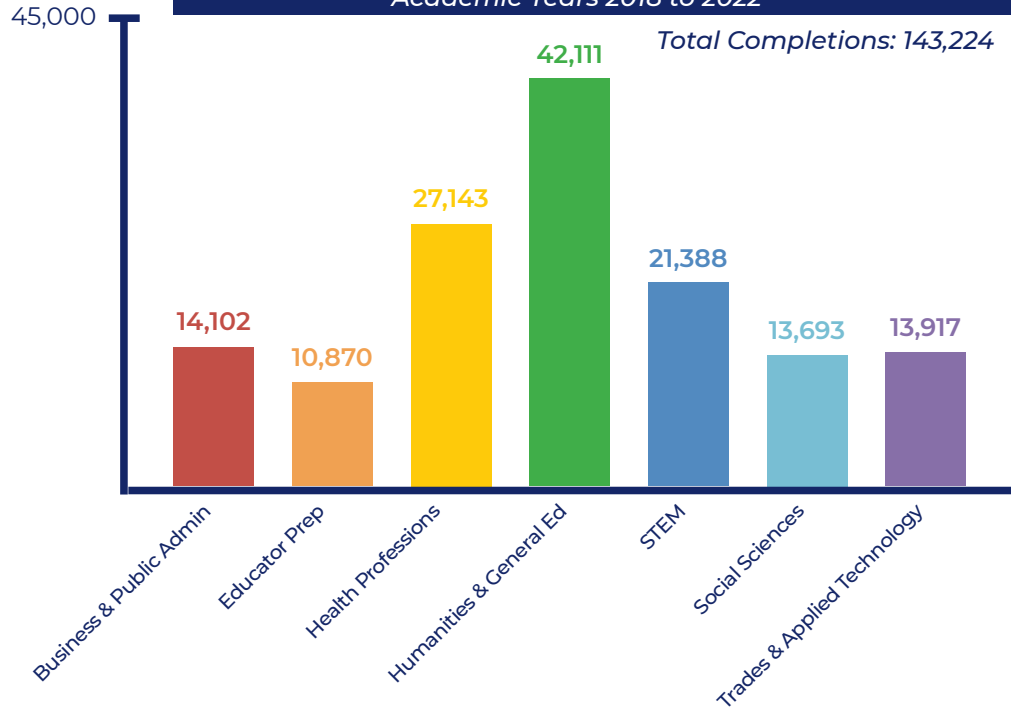
BUDGET RECOMMENDATION: HIGHER EDUCATION INSTITUTIONS

CUMULATIVE DEGREE PRODUCTION

From 2018 to 2022, 143,224 individuals have completed a postsecondary credential at a public higher education institution in New Mexico. Although the highest rate of completion is within the humanities at over 42,000 students, health professions surpass STEM degree production by 5,755. Add the two, STEM-H makes up for 34% of degree production in New Mexico. Adding other high-need fields - educator prep, trades and vocational education, and STEM-H - make up for over 50% of all completed credentials in New Mexico from 2018 to 2021.

GRAPH 2: CUMULATIVE DEGREE PRODUCTION

Academic Years 2018 to 2022



HIGHER EDUCATION FUNDING FORMULA

Instruction & General Funding:

\$840,530,800

o 5% increase

The current higher education funding formula, commonly referred to as Instruction and General (I&G) Funding, was established in 2016 and replaced the previous input-based formula with an outcomes-based formula that funds public colleges and universities based on results. While small adjustments have been made to the formula since 2016, the current effort under the Lujan Grisham Administration represents the first thorough reexamination of the formula since its inception. During the interim, the Higher Education Funding Formula Technical Committee discussed and developed a model that amends the outcome-based components as follows:

Source: Higher Education Department (2022). eDEAR.

- 1 Inclusion of in-demand workforce credentials as identified by data at the Department of Workforce Solutions for Total Awards, At-Risk Awards, and STEM-H Awards (now STEM-H+W)
- 2 Removal of General Education certificates
- 3 Addition of two more improvement measures to At-Risk Awards and STEM-H+W Awards - this was adjusted for Total Awards and End-of-Course Student Credit Hours (EOC-SCH) in FY23
- 4 Increase the At-Risk Award threshold to \$6,206 Expected Family Contribution (EFC) to match the current federal Pell Grant award
- 5 Incentivizes enrollment by increasing EOC-SCH by 4% and reduce the latter measures by 2%

NEXT YEAR, THE HIGHER EDUCATION DEPARTMENT AND OUR PARTNERS WILL CONSIDER:

- Addition of appropriate, meaningful demographic data to the At-Risk category beyond EFC to incentivize wraparound student services
- Incentivizing successful transfer of students through changes to the Momentum Point (MP30 and MP60) outcome measure
- Weighting of course and degree data tiers to accurately reflect the current cost of instruction and delivery



AGENCY OVERVIEW

The Higher Education Department's mission is to provide financial, academic, and policy oversight and support to New Mexico's public higher education institutions and our formal community partners for the purpose of promoting efficiency, accountability, and, most importantly, student success. To accomplish this work, the agency has nine public-facing divisions providing academic, financial, capital outlay support, and more to:

- Over 107,000 college students
- Over 25,000 faculty and staff
- Twenty-four (24) public colleges and universities
- Three (3) special schools
- Four (4) tribal colleges and universities
- University of New Mexico's Health Sciences Center



BUDGET RECOMMENDATION: HIGHER EDUCATION DEPARTMENT



FULL-TIME EMPLOYEES (FTE) AND VACANCIES

The Higher Education Department has 52 full-time employees dedicated to the operation of nine divisions supporting New Mexico's higher education sector. Although the agency's vacancy rate is 13%, all positions are posted or in the process of review, interviewing, or hiring. With monumental support for scholarships, loan repayment programs, and wraparound student supports from both Governor Michelle Lujan

Grisham and the Legislature, the agency will need further support for the Financial Aid Division moving into 2023. Therefore, the Higher Education Department is requesting two full-time employees (FTE) - a Financial Aid Director and a position dedicated to student and family outreach and engagement to promote a college-going culture in New Mexico.

→ Early Childhood Education and Care Department: **304 FTE**

→ Public Education Department: **350 FTE**

● Higher Education Department: **52 FTE**

- General Fund: 36.5 FTE
- Federal Funds: 12 FTE
- Private School Fees: 3.5 FTE
- Vacancy Rate: 13%

Note: Seven (7) vacant positions, all posted or in the interview process

HIGHER EDUCATION DEPARTMENT'S FINANCIAL OVERSIGHT

In FY23, The Higher Education Department and higher education institutions received \$1.025 billion during the 55th Legislature, 12% of the overall state budget. Governor Michelle Lujan Grisham, the agency, lawmakers, and partners prioritized passing the most comprehensive tuition-free college package in the nation, the Opportunity Scholarship Act, in addition loan forgiveness programs for teachers and health professionals, healthcare workforce supports, faculty endowments, capital outlay investments, and more. The agency has oversight of and administers more than a billion dollars of state and federal funds. This includes:

- **\$800.5 million (FY23) in Instruction and General (I&G) Funding, New Mexico's higher education funding formula**
- **\$177.3 million (FY23) in Research and Public Service Projects (RPSPs)**
- **\$977.8 million (FY23) in General Fund recurring funds for the agency**
- **Over \$150 million per year of capital outlay**
- **Nearly \$200 million in financial aid programs including scholarships and loan forgiveness for high-need fields**
- **Over \$10 million in federal grants per year**



BUDGET REQUEST: \$100,000,000

- Covers tuition and fees at any New Mexico public college or university
- Accepts students pursuing high-demand certificates, associate degrees, and bachelor's degrees
- Allows students to attend part time or full time
- Requires students to maintain a 2.5 GPA while enrolled in a college or university



NEW MEXICO'S FINANCIAL AID PROGRAMS

SCHOLARSHIPS

Many jobs in today's economy requires an education beyond a high school diploma. With the ever-changing workforce environment, proximity to the bases and national laboratories, and employment shortages in critical fields, New Mexicans will need opportunities to continue to learn and grow their skills for career success and family-sustaining wages in their home state. But for too many, earning a degree or other credential after high school is oftentimes unaffordable. For others, financing their education saddles them with so much debt it prevents them from buying a home or saving for retirement. Scholarships, such as the Opportunity and Lottery Scholarships, promote access to higher education programs, limits or eliminates student loan debt, and promotes economic prosperity.

Our goal is clear: there is no wrong door to higher education in New Mexico. The Opportunity Scholarship is our state's newest tuition-free scholarship program that allows flexibility for all students toward their postsecondary credentials. Based on data collected by the agency in November, over 36,000 New Mexicans are benefitting from the Opportunity Scholarship this

semester, and on average, over 10,000 students benefit from the Lottery Scholarship each year. Because of the infusion of federal funding earlier this year, the Lottery Scholarship received an appropriation of \$130 million to ensure sustainability over the course of four years for recent high school graduates and recently discharged veterans pursuing associate and bachelor's degrees full time at a public college or university in New Mexico. The Opportunity Scholarship received \$75 million of nonrecurring funds, meaning to sustain the most flexible scholarship program in the state the agency is requesting \$100 million of recurring funds, one percent of the overall state budget. Please note that the Higher Education Department requested financial aid "draws" from participating colleges and universities and is working through analyzing and calculating the final recommendation for the Executive Budget.

Opportunity Scholarship

Over 36,000 students have already benefitted from the Opportunity Scholarship this fall semester, and we are seeing students from all walks of life benefitting from the

award. First-time freshmen had the balance of fall tuition and fees paid after institutional bridge awards; returning learners and transfer students reaped the benefits as these students usually do not have scholarships available to them; and continuing students who received the Lottery Scholarship received this award to cover the cost of student required fees. Additionally, Opportunity and Lottery Scholarship recipients averaged almost \$2,500 of additional scholarships and grants which can be used to cover other costs associated with college attendance, such as books, materials, and transportation.

Of all the Opportunity Scholarship recipients, nearly 27% were first-time freshmen. The scholarship supplements any bridge award they have received and covers tuition and fees in their first semester. In spring 2023, those who meet the required credit hour and grade point average requirements will earn the Lottery Scholarship. Approximately 14% of Opportunity Scholarship recipients were either students readmitted to a college or university (6.3%) or transfer students (7.6%). For example, New Mexico State University announced earlier in the fall semester that students who had stopped out of higher education but reenrolled increased significantly by 64.8%.

Most Opportunity Scholarship recipients (61.7%) were students already enrolled at their college or university. Demographically, over a quarter of the Opportunity Scholarship awardees were 25 years old or older. The distribution of awardees by gender was almost identical to the statewide enrollment percentages and a higher percent of awardees were Hispanic than the statewide enrollment percentage (56.7% versus 47.5%) and a slightly lower percent of awardees were Native American (7.6% versus 9.6%).



BUDGET RECOMMENDATION: HIGHER EDUCATION DEPARTMENT

LOAN REPAYMENT PROGRAMS

Because of an increase in application submissions for state loan forgiveness programs by 477%, the Higher Education Department requests **\$10 million for the Teacher Loan Repayment Program** and **\$15 million for the Health Professional Loan Repayment Program** for next year.

The Teacher Loan Repayment Program and Health Professional Loan Repayment Program provide repayment assistance of outstanding student loans of practicing professionals. The agency prioritizes awardees based on subject area, high-need geographic areas, area health statistics, and more. The total awardees in state loan forgiveness programs have increased by 184% in the Lujan Grisham Administration. Additionally, in the past year, the agency has awarded \$7.8 million in loan forgiveness to over 1,000 professionals in teaching and healthcare.

ADULT EDUCATION

\$9,000,000

With a \$250,000 increase to the agency's Adult Education Division in FY23, enrollment in adult education programs increased from over 8,000 students to 10,157 adult learners in New Mexico. Additionally, 1,880 New Mexicans earned a high school equivalency (HSE) credential in 2022. Adult education benefits New Mexicans through preparation for HSE exams, and additionally, these programs welcome new citizens through English language instruction and preparation for citizenship courses. Thirty-two percent of enrolled of adult education students in were English language learners this past year.

What is less known, however, are the demonstrable benefits adult education programming brings to New Mexico children, families, and communities. One of the most important determinants of a child's future success in school is their mother's level of education; a majority of adult education participants are parents and in FY22, 14% identified as single parents. Adults with a high school diploma earn at least \$10,000 more

than those without such a credential, and in a state where nearly 30% of adults have low literacy, the services adult education provides are crucial and have the potential for deep impact.

The Adult Education Division's 26 adult education programs and 16 adult literacy programs are meeting this challenge. Learning gains and credential attainment in FY22 met or exceeded federal targets, despite the ongoing pandemic, and over 10,000 New Mexico residents were served. Our request for a \$2.3 million increase is part of a strategy to address the following:

1. *Direct funding to adult education programs (\$1,505,000)*
2. *Professional development for adult education teachers (\$365,000)*
3. *Testing vouchers covering the cost and fees associated with exams (\$200,000)*
4. *Instructional materials, which was unintentionally eliminated in 2019 (\$160,000)*
5. *On the ground, in-person and remote constituent services (\$70,000)*

TABLE 1

Funding Year	TEACHER LOAN REPAYMENT PROGRAM			HEALTH PROFESSIONAL LOAN REPAYMENT PROGRAM		
	FY21	FY22	FY23	FY21	FY22	FY23
Applicants	165	496	1,134	144	86	649
Awardees	156	584	966	22	21	60
Average Debt	\$48,785			\$95,150		

Table 1: Total number of loan repayment awardees since FY21 and average debt of awardees. Applications for state loan repayment programs have increased by 477% since 2019.



I took medical terminology, and this semester I am taking a phlebotomy course. Participating in dual credit has helped introduce me to the rigor of college courses. It has also helped me explore my interests, which is beneficial because I will have more knowledge of what I want to do. I hope to follow a pre-medical track and gain new experiences.

“

Source: Higher Education Department (2021). Dual Credit Report.

Amy Segura, Senior at Capital High School

DUAL CREDIT PROGRAM

\$4,000,000

Since the beginning of the Dual Credit Program in 2008, thousands of New Mexico students have accessed dual credit courses, and last year, 16,587 students participated in the Dual Credit Program. New Mexico is one of 14 states in which all participating colleges and universities waive tuition and the state supplements services and support for students to persist and enroll in college upon completion. The program serves as a vital starting point for students to consider pathways that lead them to certifications, two-year degrees, and four-year degrees, while providing them a glimpse of education opportunities beyond high school. With proper guidance and advisement, students can participate in courses that align with their chosen pathway, ensuring that they save time, money, and, most importantly, remain on a track that leads them to a secure future.

This past year, the Public Education and Higher Education Departments as co-conveners of the Dual Credit Council administered guidance and reiterated best practices for the state's Dual Credit Program. This included requesting that students:

1. Participate in a career interest inventory and begin academic and career conversations with advisors at colleges and universities
2. Receive support and checklist on the state's established general education courses to allow for enrollment in a four-year university upon the completion of a two-year credential
3. Are encouraged to consider programs in high-need and high-demand fields, such as healthcare, teaching, social work, STEM/IT, renewable energy, construction, and trades

COURSE MANAGEMENT SYSTEM

For the Common Course Numbering System and General Education

\$100,000

The Higher Education Department has been implementing the Common Course Numbering System since 2018.

Much progress has been completed with nearly 3,000 courses mapped with common course prefixes and course numbers. However, the size of the effort makes it difficult to track changes and to display the curriculum to both higher education institutions and the public, including students and faculty. In the next year, the system will continue to grow

with the mapping and completion of engineering, computer science, and vocational education courses into the system. A centralized curricular management system at the agency would benefit all stakeholders to ensure current information and data, in addition to history and edits, are stored in a software system as opposed to outdated computerized spreadsheets. Such a product would provide the ability to centralize course descriptions, indicate which common courses are also general education courses (and at which campus), and provide a structure for grouping courses into pathways and meta-majors. This appropriation request would provide for one year of licensing of a software package as well as consulting services to adapt the system to meet our state's needs.

NM LONGITUDINAL DATA SYSTEM (C2)

\$1,667,320

Status: 54% complete with Phase 1 deploying Summer 2023 and Phase 2, the final phase, being complete by Summer 2024

Five state entities - Departments of Early Childhood Education and Care, Public Education, Higher Education, Vocational Rehabilitation, and Workforce Solutions - have joined forces to develop a shared statewide longitudinal data system to identify opportunities to improve outcomes for New Mexicans in their journey from cradle to career. Once completed, the system will allow us to analyze the combined data to identify trends and we share actionable insights. With these insights, state government entities, lawmakers, education leaders, and workforce developers can make informed policy and programmatic decisions, and investments to help students and workers succeed. New Mexicans can also use insights to make informed education and career choices.



AGENCY FUNDING STATUS REPORT

Nurse Expansion

Budget: **\$15,000,000**

Status: \$15,000,000 was distributed to 17 public community colleges, branch campuses, and universities.

New Mexico's public colleges and universities received federal funding to expand enrollment in and graduation from nursing programs throughout the state. Funding could be used for a variety of purposes, including:

- Adding slots for pre-licensure nursing students
- Developing tutoring to help students pass the licensure exam
- Recruiting high school students
- Expanding clinical sites to rural communities and providing stipends for students
- Purchasing necessary equipment and investing in capital projects

Social Work, Teaching, and Nursing Faculty Endowments

Budget: **\$130,000,000**

- Social Work: \$50,000,000
- Teaching: \$50,000,000
- Nursing: \$30,000,000

Status: \$110.5 million was distributed to 22 community colleges, branch campuses, and universities. The faculty endowments for teaching and nursing have been fully distributed and social work has a remaining balance of \$19.5 million. Another Request for Applications (RFA) was published last month to spend the remainder of funds.

Faculty endowments address a broad statewide need for faculty positions and retention in critical workforce areas. The intent of these endowments is to expand the capacity of colleges and universities to train future social workers, teachers, and nurses. The

agency estimates that the funding for faculty endowments will enroll 707 new students and support nearly 7,000 existing students at our colleges and universities.

Teacher Education Consortium

Budget: **\$250,000**

Status: A Request for Applications (RFA) was published in October. The agency received applications in November and is finalizing its review and scoring process in partnership with the Public Education Department.

The awarded public four-year university will be responsible for coordinating and collaborating with other colleges of education throughout the state to increase the number of students enrolled into education programs, expand teacher residencies and other experiences in the classroom, develop tutoring and mentoring programming, recruit students in high-need and high-demand education fields, and more.

Higher Education Endowment Fund

Budget: **\$5,000,000**

Status: Appropriation from FY22 nearly spent and the new Request for Applications for FY23 will be published in January

The Higher Education Endowment Fund enhances research and establishes endowed chairs aimed at enhancing high-need areas of study in the state, including agriculture and water conservation, skilled workforce development, and Science, Technology, Engineering, and Math (STEM).

Technology Enhancement Fund

Budget: **\$20,000,000/\$45,000,000**

Status: The Higher Education Department underwent the rulemaking process for the Technology Enhancement Fund. The agency worked with stakeholders on engagement and feedback for the draft during the summer. The hearing took place in September and the effective date of the rule was October 25, 2022. The committee, as established in the rule, is being formed and the Request for Applications (RFA) is being developed.

Four-year public and Tribal universities qualify for the Technology Enhancement Fund, which was established to support innovative research and advance knowledge and production processes in the fields of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science and similar research areas. The fund will also support the state's Established Program to Stimulate Competitive Research (EPSCoR).

College Student Food Security

Budget: **\$1,000,000**

Status: \$900,000 was distributed to 15 public community colleges, branch campuses, and universities and \$100,000 went toward a statewide survey to evaluate hunger and basic needs at college campuses.

As part of Gov. Michelle Lujan Grisham's Food Initiative, the Higher Education Department is a dedicated partner in ensuring that college students have adequate food and nutrition options to succeed in their academics. The agency estimates that more than 15,000 students will benefit from various initiatives around the state.

HIGHER EDUCATION DEPARTMENT

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