



NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Funding Performance through the Higher Education Funding Formula

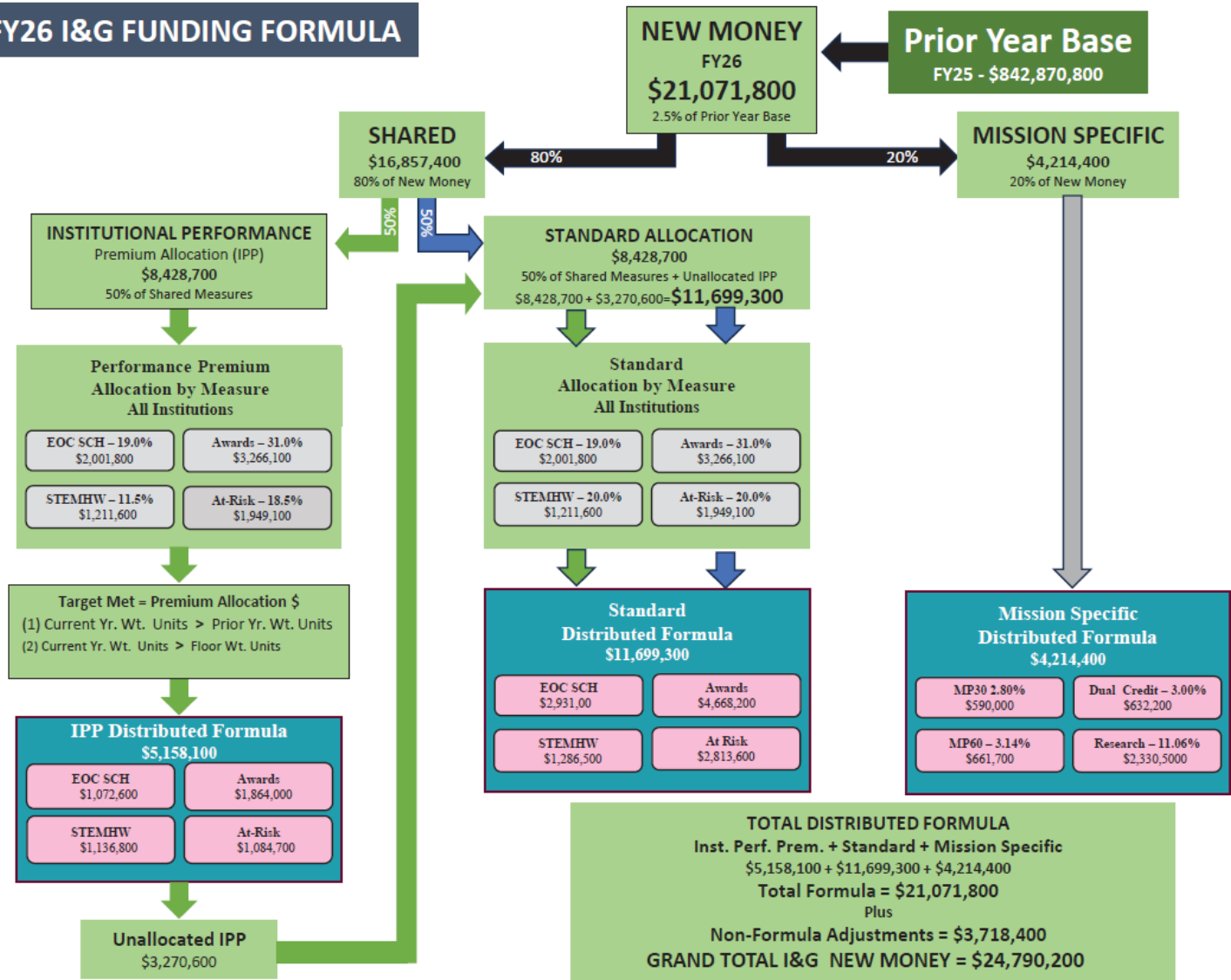
Presenter, Connor Jorgensen, LFC Analyst
Presentation for Higher Education Funding Formula
August 20, 2025

Funding Formula

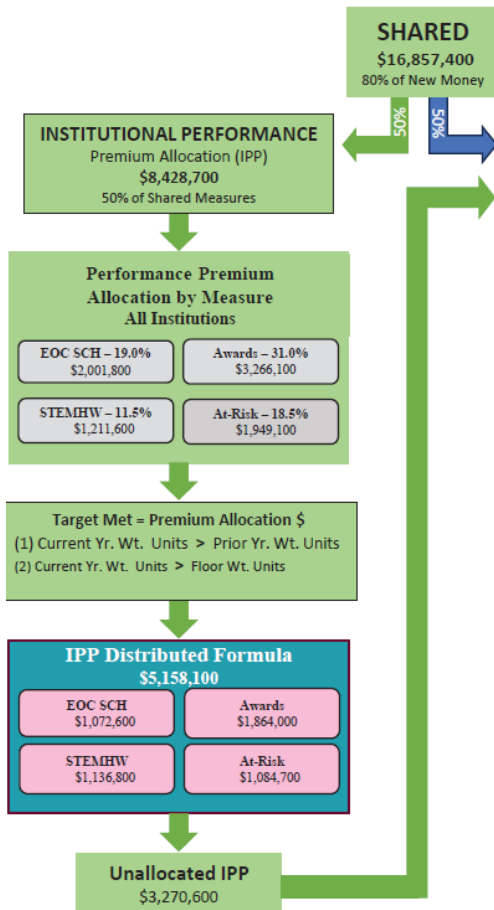
FY26 I&G FUNDING FORMULA

The Higher Education Funding Formula is a base-plus allocation model for new higher education I&G appropriations.

- Formula is not defined in statute and is altered annually by HED, DFA, LFC, and institutional staff.



Institutional Performance Premium



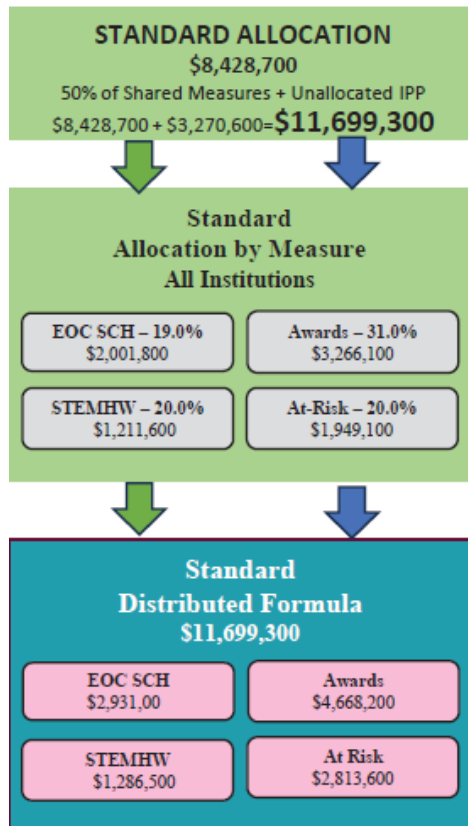
Institutional Performance Premium Measures (IPP) are intended to provide additional funding for increased performance.

- There are currently four measures:
 - End of course student credit hours
 - Total awards
 - Awards in STEM, Health or Workforce programs
 - Awards received by at-risk students defined by Pell grant eligibility
- To qualify for IPP funding, an institution must achieve a minimum performance threshold.
- Unallocated IPP funding is then redistributed based on standard allocation.

Issues:

- Three of four measures are based on awards, which lag by several years.
- Enrollment is not counted for IPP increases, nor is retention.

Standard Allocation



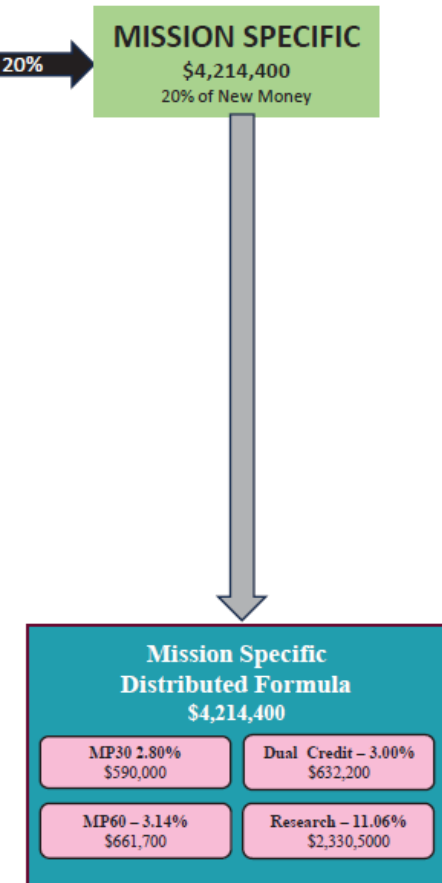
The standard allocation is distributed based on the share of student credit hours and awards that are produced by each institution.

- The market share approach means that additional funding will be awarded to institutions regardless of changes in performance.
- Enrollment and awards have generally been declining over the past decade, though are up in recent years. This dynamic meant that few institutions qualified for IPP allocations.
- As IPP distributions fell, the standard allocation share of formula funding increased.

Issues:

- Using market share reduces performance incentives.
- The focus on awards creates a lag in formula reactivity to changes at institutions.
 - Bachelor's degrees often take 6+ years to complete while associate degrees often take 3+ years.

Mission Specific Measures



There are four mission specific performance measures designed to reflect the different educational missions of the higher education sectors.

- Research: applicable to R1 institutions only (UNM, NMSU, NM Tech) based on the set percentage by institution.
- MP60: applicable to comprehensive institutions only (ENMU, NMHU, NNMC, WNMU) based on students achieving 60 credit hours.
- MP 30: Applicable to comprehensive, branch, and independent community colleges based on students achieving 30 credit hours.
- Dual credit: Applicable to comprehensive, branch, and independent community colleges based on end of course dual credit hours.

Issues:

- Research measure is a set distribution regardless of R1 performance.
- Dual credit will no longer be a requirement for high school graduation beginning in 2029.

Defining Performance

Qualification for institutional performance funding requires institutions to hit performance thresholds that determine the amount of the award.

Institutional Performance Premium		
Level	Criteria	Award
1	>=95%	100%
2	90% - 94.9%	75%
3	85% - 89.9%	50%
4	Crnt Yr > Prior Yr	25%

- The criteria are based on performance relative to a 5-year average.
- IPP awards allow an institution to produce up to 15 percent fewer awards or credit hours and still qualify.

Additionally, the formula weights all credits by the type of credit e.g. upper division or lower division and subject area e.g. English versus engineering.

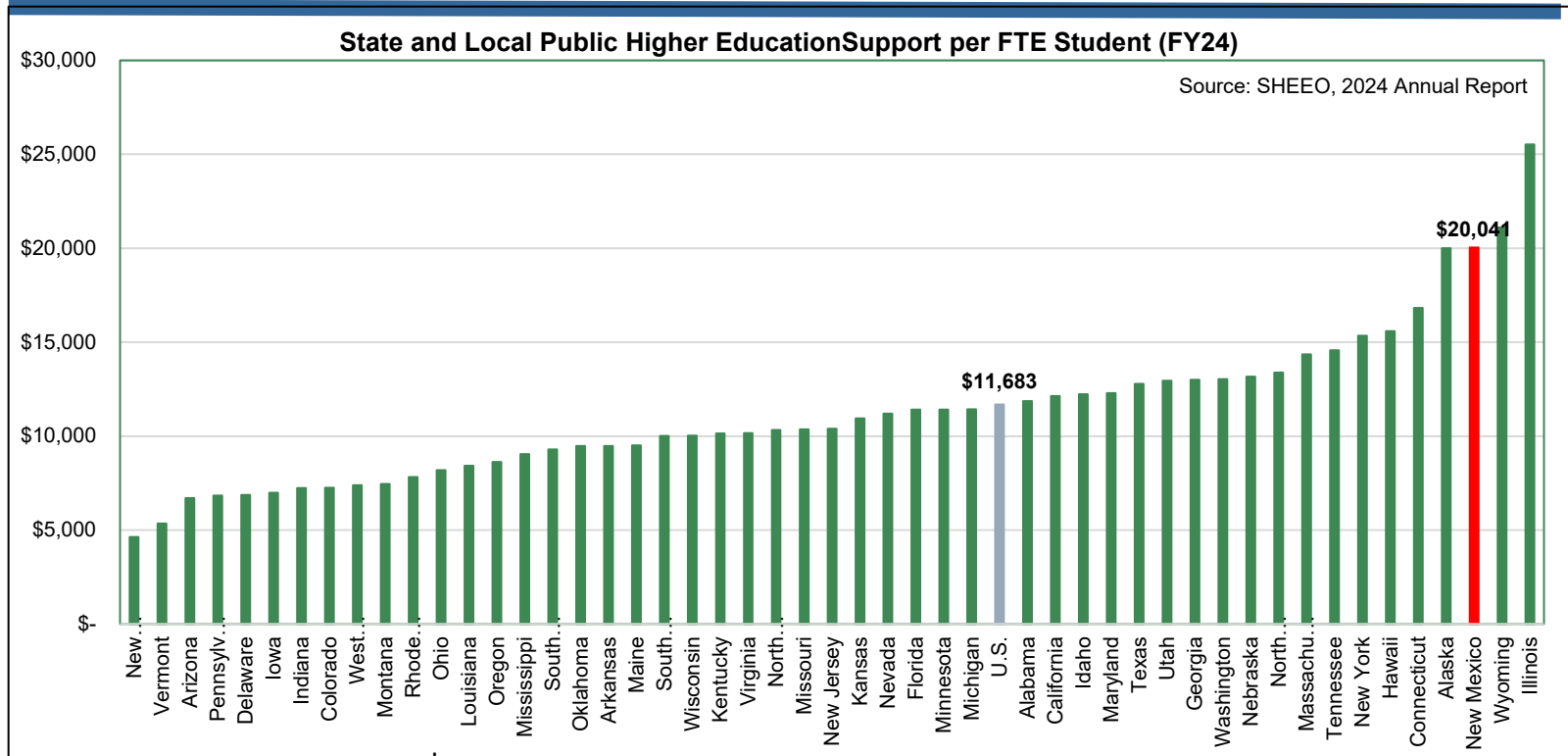
Funding Formula Equity

Institution	FY20 GF I&G	Fall '19 FTE	State I&G per FTE Student	FY25 Base	Fall '24 FTE	State I&G per FTE Student
NMT	28,301.7	1,510	18.7	38,028.4	1,376	27.6
NMSU	120,020.6	11,723	10.2	164,341.5	12,701	12.9
UNM	194,435.8	18,641	10.4	264,831.4	19,662	13.5
Sector	342,758.1	31,874.0	10.8	467,201.3	33,739.0	13.8
ENMU	28,730.9	3,710.0	7.7	43,361.8	3,931	11.0
NMHU	28,669.1	2,159.0	13.3	38,763.2	1,939	20.0
NNMC	10,403.2	768.0	13.5	13,390.6	837	16.0
WNMU	18,151.1	1,986.0	9.1	27,690.2	2,294	12.1
Sector	85,954.3	8,623.0	10.0	123,205.8	9,001.0	13.7

Institution	FY20 GF I&G	Fall '19 FTE	State I&G per FTE Student	FY25 Base	Fall '24 FTE	State I&G per FTE Student
ENMU-RO	11,899.8	1,466.0	8.1	15,402.5	1,297	11.9
ENMU-RU	2,106.4	339.0	6.2	2,525.7	387	6.5
NMSU-AL	7,323.8	673.0	10.9	8,922.9	537	16.6
NMSU-DA	23,658.3	4,774.0	5.0	30,138.2	4,344	6.9
NMSU-GR	3,526.1	302.0	11.7	4,409.0	355	12.4
UNM-GA	8,884.7	1,438.0	6.2	11,155.4	1,235	9.0
UNM-LA	1,887.6	362.0	5.2	2,417.8	301	8.0
UNM-TA	3,764.7	534.0	7.1	4,930.3	476	10.4
UNM-VA	5,729.9	919.0	6.2	7,262.6	742	9.8
Sector	68,781.3	10,807.0	6.4	87,164.4	9,674.0	9.0
CNM	59,961.4	11,872.0	5.1	79,826.8	9775	8.2
CCC	9,837.3	1,341.0	7.3	12,851.8	1148	11.2
LCC	7,012.9	511.0	13.7	9,046.9	415	21.8
MCC	4,081.0	220.0	18.6	5,105.7	265	19.3
NMJC	5,713.1	1,598.0	3.6	7,634.7	1520	5.0
SJC	24,573.0	3,169.0	7.8	31,506.5	2904	10.8
SFCC	10,421.9	2,195.0	4.7	14,072.3	1751	8.0
SENMC	4,271.2	802.0	5.3	5,254.6	673	7.8
Sector	125,871.8	21,708.0	5.8	165,299.3	18,451.0	9.0

The formula no longer includes redistribution which provides financial stability but may contribute to longer-term inequities given changes in enrollment.

Appropriation Comparison



New Mexico ranks 3rd in the nation for state and local appropriations for higher education. However, the state has the 4th lowest tuition and fees in the nation and ranks 8th when all revenue sources are accounted for.

Undergraduate Full-Time Resident Tuition and Fees per Semester									
Research Institutions	FY21	FY22	FY23	FY24	FY25	FY26	Change FY21 to FY26		
MMKIT	Tuition/Fees	\$4,210.42	\$4,212.40	\$4,528.84	\$4,528.84	\$4,727.8	\$5,080.5		
	y-o-y Change		0.0%	7.5%	0.0%	4.6%	7.2%		
NMSU	Tuition/Fees	\$4,022.20	\$4,022.20	\$4,204.10	\$4,228.00	\$4,251.80	\$4,278.50		
	y-o-y Change		0.0%	4.5%	0.6%	0.5%	0.6%		
UNM	Tuition/Fees	\$4,431.32	\$4,614.06	\$5,439.80	\$5,562.90	\$5,604.90	\$5,727.50		
	y-o-y Change		4.1%	17.9%	2.3%	0.8%	2.2%		
Sector Avg	Tuition/Fees	\$4,221.31	\$4,282.89	\$4,724.25	\$4,773.58	\$4,864.83	\$5,028.83		
	y-o-y Change		1.5%	10.3%	1.0%	1.9%	3.4%		
ENMU	Tuition/Fees	\$3,284.00	\$3,284.00	\$3,389.00	\$3,389.00	\$3,537.00	\$3,537.00		
	y-o-y Change		0.0%	3.2%	0.0%	5.0%	0.0%		
NMHU	Tuition/Fees	\$3,201.00	\$3,360.00	\$3,482.00	\$3,552.00	\$3,552.00	\$3,640.20		
	y-o-y Change		5.0%	3.9%	1.7%	0.0%	2.5%		
NNMC	Tuition/Fees	\$2,411.86	\$2,411.86	\$2,532.00	\$2,532.00	\$2,532.00	\$2,532.00		
	y-o-y Change		0.0%	5.0%	0.0%	0.0%	0.0%		
WNMU	Tuition/Fees	\$3,698.06	\$3,688.75	\$4,785.80	\$4,817.30	\$4,834.70	\$4,881.70		
	y-o-y Change		-0.3%	29.7%	2.7%	0.4%	-0.1%		
Sector Avg	Tuition/Fees	\$3,143.73	\$3,181.15	\$3,544.73	\$3,592.58	\$3,638.93	\$3,680.23		
	y-o-y Change		1.2%	11.4%	1.3%	1.3%	0.6%		
ENMU-Ros	Tuition/Fees	\$1,128.00	\$1,128.00	\$1,128.00	\$1,128.00	\$1,128.00	\$1,128.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	0.0%		
ENMU-Ru	Tuition/Fees	\$688.00	\$688.00	\$688.00	\$1,010.00	\$1,010.00	\$680.00		
	y-o-y Change		0.0%	0.0%	47.2%	0.0%	-5.0%		
NMSU-A	Tuition/Fees	\$1,032.00	\$1,032.00	\$1,068.00	\$1,068.00	\$1,068.00	\$1,068.00		
	y-o-y Change		0.0%	3.5%	0.0%	0.0%	0.0%		
NMSU-DA	Tuition/Fees	\$888.00	\$888.00	\$921.00	\$921.00	\$921.00	\$921.00		
	y-o-y Change		0.0%	3.7%	0.0%	0.0%	0.0%		
NMSU-GR	Tuition/Fees	\$1,032.00	\$1,032.00	\$1,068.00	\$1,068.00	\$1,068.00	\$1,068.00		
	y-o-y Change		0.0%	3.5%	0.0%	0.0%	0.0%		
UNM-GA	Tuition/Fees	\$968.00	\$968.00	\$968.00	\$968.00	\$968.00	\$968.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	0.0%		
UNM-LA	Tuition/Fees	\$1,048.00	\$1,048.00	\$1,048.00	\$1,048.00	\$1,048.00	\$1,048.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	0.0%		
UNM-T	Tuition/Fees	\$951.00	\$951.00	\$1,002.00	\$1,002.00	\$1,002.00	\$1,002.00		
	y-o-y Change		0.0%	5.4%	0.0%	0.0%	0.0%		
UNM-V	Tuition/Fees	\$939.00	\$939.00	\$939.00	\$939.00	\$939.00	\$939.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	0.0%		
Sector Avg	Tuition/Fees	\$963.33	\$963.33	\$980.67	\$1,016.67	\$1,016.67	\$1,011.11		
	y-o-y Change		0.0%	1.8%	3.7%	0.0%	-0.5%		
CNM	Tuition/Fees	\$825.00	\$842.00	\$929.00	\$967.00	\$1,030.00	\$1,110.00		
	y-o-y Change		2.1%	10.3%	4.1%	6.5%	7.8%		
CCC	Tuition/Fees	\$688.00	\$688.00	\$736.00	\$736.00	\$796.00	\$796.00		
	y-o-y Change		0.0%	7.0%	0.0%	8.2%	0.0%		
LCC	Tuition/Fees	\$505.00	\$505.00	\$565.00	\$601.00	\$622.00	TBD		
	y-o-y Change		0.0%	11.9%	6.4%	3.5%	TBD		
MCC	Tuition/Fees	\$1,068.00	\$1,068.00	\$1,068.00	\$1,068.00	\$1,068.00	\$1,290.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	20.8%		
NMJC	Tuition/Fees	\$895.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00		
	y-o-y Change		1.7%	0.0%	0.0%	0.0%	0.0%		
SJC	Tuition/Fees	\$965.00	\$965.00	\$1,025.00	\$1,045.00	\$1,120.00	\$1,152.75		
	y-o-y Change		0.0%	6.2%	2.0%	7.2%	2.9%		
SFOC	Tuition/Fees	\$1,072.50	\$1,072.50	\$1,072.50	\$1,072.50	\$1,072.50	\$1,030.50		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	-3.9%		
SENNC	Tuition/Fees	\$588.00	\$588.00	\$588.00	\$588.00	\$588.00	\$648.00		
	y-o-y Change		0.0%	0.0%	0.0%	0.0%	10.2%		
Sector Avg	Tuition/Fees	\$824.56	\$828.56	\$860.44	\$872.19	\$899.56	\$989.61		
	y-o-y Change		0.5%	3.8%	0.0%	0.0%	20.0%		

Tuition and fees figures collected from Institutional data submitted to NMHED.

Policy Options

New Mexico compares favorably to the nation in terms of total funding and is among the best funded higher education systems in the nation for state and local funding. However, student completion remains near the bottom of the nation pointing to the need to better target new appropriations to drive student outcomes. To address this, the Legislature may consider:

- Defining base funding adequacy based on existing appropriations, enrollment, academic offerings, and available revenue streams.
- Inclusion of first-year student retention measures.
- Increasing performance premiums and reducing standard allocation.
- Discontinuing mission-specific measures to place additional emphasis on performance premium funding.

The last major revision to the funding formula was conducted in 2012. A new systematic review considering changes in educational delivery and workforce outcomes may help the state improve outcome-based funding for higher education.



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