

Short-Term Undergraduate Certificates

Unlike colleges degrees (bachelor's or masters' degree for instance), tremendous confusion surrounds undergraduate certificate programs because there is no standard framework to categorize the requirements for completion. Colleges can create, with approval from their governing board only, a certificate for any academic program they envision. The Higher Education Department's approval is not required. The Legislature is likely not consulted, but takes on some of the financial liability for these programs through the I&G funding formula.

HED requires all other academic programs to receive approval prior to offering courses to students. Universities provide to HED an analysis of proposed academic programs including pro-forma student enrollment and industry demand, degree requirements with specific particularized curriculum and analysis of duplication to other institution's degrees, and financial rates of return. Further, universities are required to seek approval from their governing boards before seeking HED approval. For graduate programs, universities must receive State Board of Finance Approval as well.

None of this analysis is required for sub-baccalaureate certificate programs.

Awards Growth Statewide

Much has been written about the growth in college credentials since the introduction of the outcomes-based higher education funding formula. The performance-based formula is designed to provide additional funding to those institutions which produce the largest increase in awards from year to year.

The definition of awards in the funding formula includes (1) conventional degrees (associate, bachelor's, master's, PhDs and terminal degrees such as law, pharmacy or physician) and (2) short-term certificates for a broad scope of disciplines including general education, which may require fewer than two years to complete.

A simple count of the nominal awards produced annually shows that certificates have grown rapidly. In fact, growth of sub-baccalaureate certificates has rapidly outpaced conventional college degrees, such as bachelor's and masters' degrees. Short-term certificates grew 42 percent from 2016 to 2020. In 2021, certificates awarded declined by 13 percent, a result of and aligned with considerable enrollment declines at two-year community colleges.

Students who attend two-year community colleges have the opportunity to earn an associate degree or a certificate. The less-defined, sub-baccalaureate certificate competes with an associate degree. Examining the historical trend of associate degree compared with certificates shows the inverse nature of the relationship and points to the competition of these credential alternatives.

Fewer associate degree awards could point to declining student transfers to four-year universities.

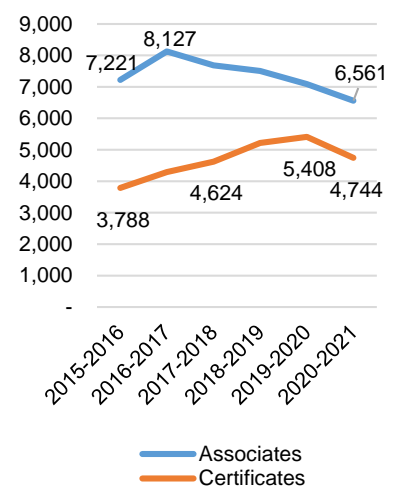
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Community College

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PURPOSE OF HEARING:
Discussion of the Sub-Baccalaureate Certificates

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**Two-Year Colleges:
Associate Compared with
Certificates**



Source: HED Formula Data on Total Awards, 2014 to 2021

Certificates Are Unregulated

Certificate programs have increased markedly throughout two-year college campuses in New Mexico. Four-year universities are beginning to follow a similar pattern, but not yet to the level of two-year institutions. More of these academic programs are being developed because of the ease of program creation and inclusion of these awards in the funding formula. To some extent, the degree and certificate expansion reflect an effort of institutions to be nimble in meeting workforce demand. But, the expansion may also increase overhead costs and create confusion about learning opportunities.

Not all sub-baccalaureate certificates are created equally. Very little guidance or governance surrounds certificates. The New Mexico Administrative Code requires colleges to provide to HED inventories academic programs, which includes certificate programs. The inventories are not provided to the Legislature, unless requested, and HED does not provide analysis of the efficacy of certificate programs.

Some certificates can be earned within a single academic semester with only one completed course, others require completion of as many as 63 credits. Some are terminal, conferring on the student a valuable step prior to employment, others are stackable on the path to completing a more comprehensive academic degree.

Similar disciplines have vastly different completion requirements for certificates. For instance, UNM's branch campuses require eight credits to earn a nursing assistant certificate; NMSU branch campuses that offer the same program require 16 credits. At Mesalands, a student can earn 4 credits to become a nursing assistant while at the New Mexico Junior College, a student can only pursue 60-credit registered nurse associates degree.

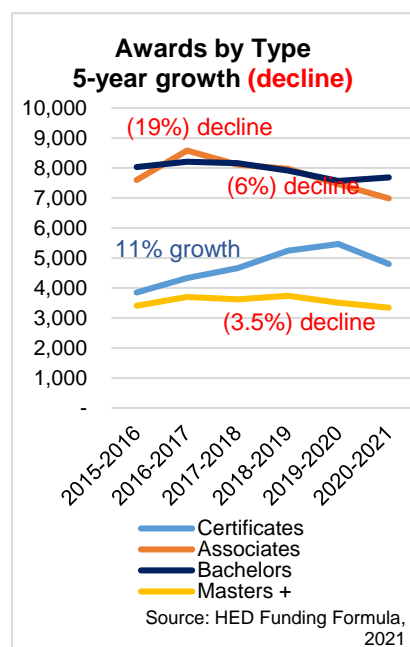
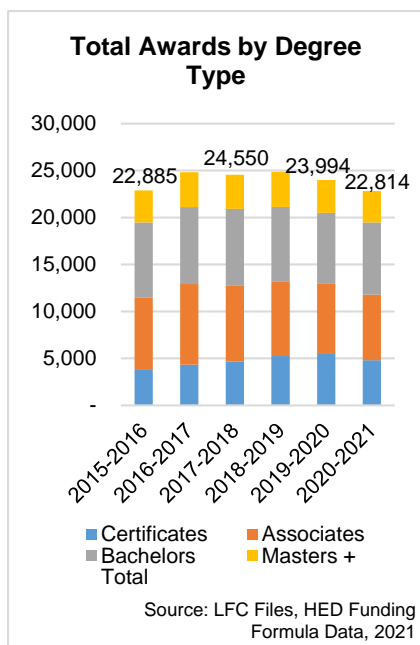
One important distinction among these programs is ability of a student to use financial aid to enroll in a program. The primary distinction is that non-credit certificate programs, often called workforce certificates, are not eligible for financial aid. Commercial truck driving programs provide a good example. CNM is the only two-year community college to offer a credit-bearing certificate program for truck driving, requiring 18 credits for completion. All other CDL programs are non-credit workforce certificates, which impacts a student's ability to apply for and use state or federal financial aid.

Certificates and the Funding Formula

Of the credit-bearing certificate programs offered by New Mexico colleges or universities, 62 percent require fewer than 30 credits to complete, which can be finished within a year or less. Of those that require more than 30 credit hours, the majority of those programs average under 40 credits to completion to earn a certificate award.

The funding formula is almost entirely based on award outcomes, so institutions are rewarded for increasing the number of awards conferred to students. Certificates are included in the total awards, in the STEM awards, and the at-risk student awards calculations. More certificate awards improve a college's ability to gain a larger share of the performance funding.

A policy challenge is that the funding formula is constrained in its ability to address the wide variation in certificate designs, and the formula allocates state



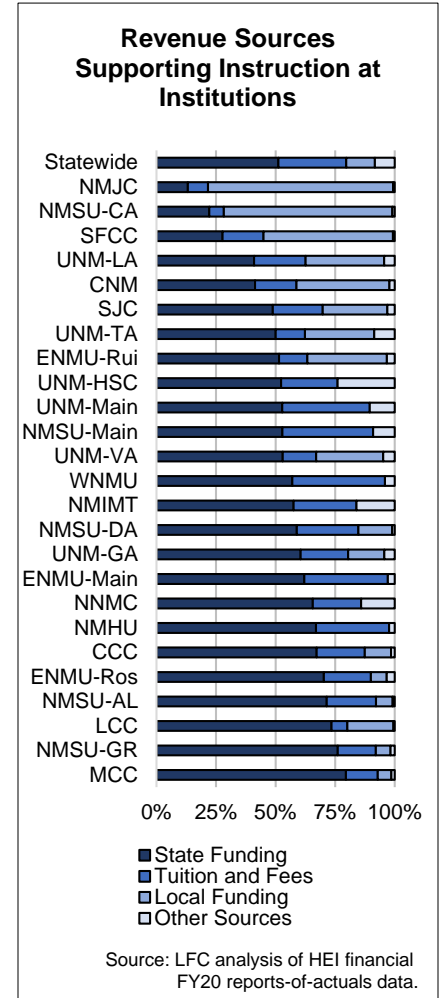
appropriations only. A community college, by statute, is created from local financial support for local education and workforce needs. Local appropriations may be more suitable to fund workforce-based short-term certificates.

The funding formula attempts to normalize among two-year and four-year institutions the investment required to educate a student who engages in a short-term certificate compared with a bachelor's degree or higher. The formula does this by applying a costing approach to a timed investment. For example, a one-year certificate program may be estimated to cost \$12 thousand for an institution, and a four-year bachelor's degree, \$48 thousand (4 years x \$12,000/year). These cost factors are then used to value awards fairly. But the approach is problematic.

The cost estimates are not real or based on actual investments made by institutions to provide the education. Moreover, and mentioned earlier, the cost estimates do not account for local financial support or the tuition revenue. The distortion is carried through the funding formula by seeking to equalize institutional performance among institutions that are funded entirely differently and whose cost profiles for instruction are completely different. Institutions with limited local financial support can often gain state funding by increasing the number of awards, particularly short-term certificates, and offset the cost of tuition or local financial support.

Next Steps

1. HED has the authority to revise the New Mexico Administrative Code. Currently, NMAC does not require HED to approve these certificate programs. A comprehensive study of the certificates could be taken on by HED to recommend an approach for accountability of these programs.
2. HED could revise the funding formula to reflect the state's goal to ensure New Mexican's earn valuable, marketable degrees. A framework, similar to that applied to degree programs, could be developed to ensure that certificate programs are aligned with statewide educational and workforce goals.
3. The Legislature can revise HED enabling act to require the funding formula allocate or take credit for revenues that support instruction on campus, including state appropriations, local revenues, and tuition and student fee revenues.



Academic Program Offerings and Total Awards

Higher Education Institutions	Doctoral Degrees	Masters Degrees	Bachelors Degrees	Associates Degrees	Certificate Programs	Total
NMT	10	19	23	2	5	59
UNM System	47	89	104	92	113	445
NMSU System	31	63	96	108	76	374
ENMU System	-	13	55	32	53	153
NMHU	-	20	37	4	24	85
NNMC	-	-	10	21	15	46
WNMU	-	12	43	16	42	113
CNM	-	-	-	76	105	181
CCC	-	-	-	22	44	66
LCC	-	-	-	16	17	33
MCC	-	-	-	16	11	27
NMJC	-	-	-	13	26	39
SJC	-	-	-	72	60	132
SFCC	-	-	-	59	90	149
Total	88	216	368	549	681	1,902
2020 AWARDS	562	2,779	7,565	7,459	5,629	23,994

Source: LFC analysis of Higher Learning Commission accreditation profiles (compiled July 2020). Awards data provided by HED funding formula, 2020.

	Number of academic programs, organized by earned credits			
Institution	30 credits or fewer	From 31 to 60 credits	More than 60 SCH	Total
ENMU - Roswell	36	30	-	66
ENMU - Ruidoso	20	7	-	27
NMSU - Alamo	17	-	-	17
NMSU - Carlsbad	4	29	-	33
NMSU - DACC	47	13	-	60
NMSU - Grants	14	2	-	16
UNM - Gallup				-
UNM - Los Alamos	6	7	-	13
UNM - Taos	6	15	-	21
UNM - Valencia	9	13	-	22
Branch Campuses	159	116	-	275
CNM	69	34	-	103
Clovis CC	41	10	-	51
Luna CC	4	14	1	19
Mesalands CC	12	3	-	15
NM Junior College	7	11	-	18
San Juan College	16	32	2	50
Santa Fe CC	70	14	-	84
Independents	219	118	3	340
Total Certificate Programs	378	234	3	615
Share of total	61.5%	38.0%	0.5%	

Source: LFC Analysis of Certificate Program Information Provided by Institutions.