



**STRENGTHENING NEW MEXICO'S
COMMUNITIES & WORKFORCE**

DATE:

December 13, 2023

PURPOSE OF HEARING

Budget Recommendations for the Higher Education Department and Higher Education Institutions

PREPARED BY

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INTRODUCTION

In a groundbreaking era of historic investments and strategic policy implementation, New Mexico has emerged as a beacon for new and returning students pursuing a brighter future, and of national excellence in higher education. Picture this: increasing enrollments, a triumphant resurgence that defies a decade-long trend of decline, and a resounding lead over states just beginning to recover.

But the story doesn't end there. Imagine a second consecutive year of remarkable progress, a testament to our unwavering commitment to college access, affordability, and workforce development. New Mexico is not just witnessing change; it is catalyzing a transformation.

Before you is a brief of the New Mexico Higher Education Department's FY25 budget request—a framework that not only sustains but amplifies the states' accomplishments across 25 public institutions and 4 tribal colleges and universities. This is not merely a financial proposal; it represents the collaborative foresight of the Executive and the Legislative policy makers willing to fund proven programs, innovate expansions that support students, families, and industry, while strengthening the department's capacity to support and envision the higher education landscape statewide.

From increasing dual credit funding to fortifying the Graduate Scholarship program, and from advancing investments in loan repayment initiatives for our dedicated educators and healthcare professionals to the continued working together to develop education-to-workforce pipelines, the FY25 budget centers continued progress for New Mexicans. As we go through the process of budgetary analysis, we understand the critical importance of fiscal responsibility and accountability because we know it's about sculpting a future where education is a door to prosperity and

success, where New Mexico continues to lead the nation by example.

The stage is set, and the spotlight is on us. As we work together to set a budget for higher education; in addition to funding, let's endorse a narrative of educational triumph, workforce empowerment, and a legacy that defines our great state for generations to come.

**FROM COLLEGE ACCESS TO
STUDENT SUCCESS**

Demographic shifts, including decreasing high school student populations and a steadily increasing need for a highly skilled workforce underscore the need to realign higher education resources with today's student populations. While the Opportunity and Lottery Scholarships have been successful in breaking down barriers, continued investments in programs that support the needs of first-generation, low-income, rural, and other diverse populations are needed to ensure that college enrollment translates to increased graduation rates.

According to a recent program evaluation by the Legislative Finance Committee, New Mexico will need to graduate at least 1,000 additional students per year to reach the national average college graduation rate. Research shows that increased state funding for higher education can be linked to increases in degree production. A 10% increase in state funding per student corresponds to a 4.6% increase in bachelor's degrees and a 14.6% increase in associate degrees and certificates. The LFC program evaluation on the Opportunity and Lottery Scholarships found that expansions to state scholarship programs have been successful in increasing enrollment at a rate higher than the rest of the country.

**JOBS,
EDUCATION,
& WORKFORCE**

Projections through 2031

65,000 jobs annually in New Mexico will require a postsecondary credential by 2031, or 64 percent of all jobs.



47,000

New jobs in New Mexico between 2021 and 2031 requiring **education beyond a high school diploma**

9%

Share of jobs requiring an **associate degree or some college** by 2031.

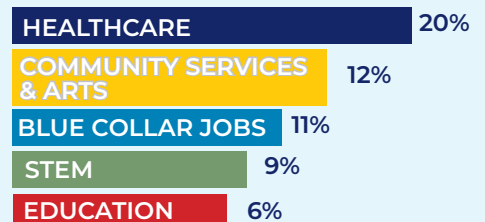
49%

Share of jobs requiring a **bachelor's degree** by 2031.

32%

Share of jobs requiring a **graduate degree** by 2031.

Fastest Growing Sectors
By jobs added through 2031



Source: Georgetown University McCourt School of Public Policy Center on Education and the Workforce, After Everything Projections of Jobs, Education, and Training Requirements through 2031. State Report. 2023.



OVERALL RECOMMENDATION
FY25 Proposed General Fund Support

- Instruction & General Funding: **\$929,385,705** (FY24: \$875,109,500)
o 5% increase
- Research & Public Service Projects: **\$231,418,500** (FY24: \$209,162,600)
- Total: **\$1,160,804,640**
o (FY24: \$1,084,272,100)

ENROLLMENT

New Mexico's total enrollment grew by an additional **2.3 percent** over last year, marking two straight years of increase after many years of decline. Since the enactment of the Opportunity Scholarship Act in 2022, New Mexico has enrolled an additional 6,700 students, a nearly **7 percent** enrollment increase over the last two years. According to data published by the National Student Clearinghouse, fall enrollment declined in Colorado by 0.9 percent and in Utah by 1.7 percent. Arizona and Texas did increase, but New Mexico continues to lead in enrollment growth.

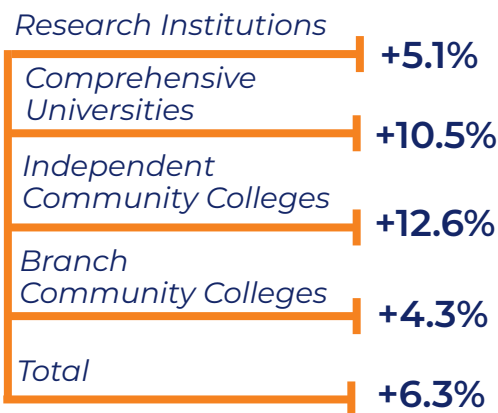
Governor Michelle Lujan Grisham and the Higher Education Department announced this fall that over 110,000 New Mexicans are pursuing career training certificates, associate, bachelor's and graduate degrees at state public and tribal colleges and universities, an increase of 2.3 percent over last year. Over 11,000 New Mexicans are pursuing higher education for the first time and as full-time students. In FY23, all formula-funded institutions submitted Strategic Enrollment Management plans to NMHED and submitted updates in FY24 to identify successful strategies, strategies needing improvement, and future changes. While enrollment and graduation rates will take several years to stabilize as students move through the system, all indications show that progress is occurring.

2019-2021: First-Time, Full-Time, Degree Seeking Enrollment **-14%**

2021-2023: First-Time, Full-Time, Degree Seeking Enrollment **+6.7%**

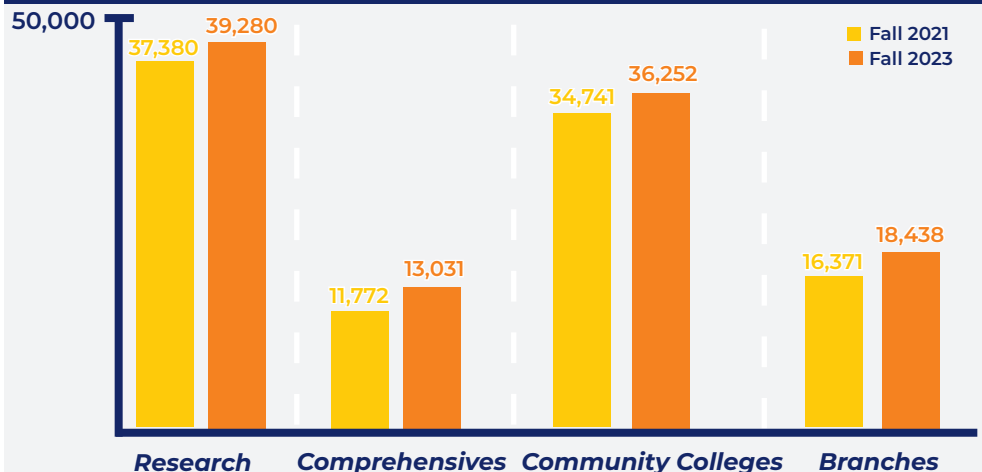
Source: HED (2023). Census Enrollment Headcount Report.

TOTAL CENSUS HEADCOUNT ENROLLMENT BY HIGHER EDUCATION SECTOR 2021-2023



Source: HED (2023). Census Enrollment Headcount Report.

GRAPH 1: TOTAL CENSUS ENROLLMENT HEADCOUNT BY SECTOR 2021-2023





BUDGET RECOMMENDATION: HIGHER EDUCATION INSTITUTIONS

CUMULATIVE DEGREE PRODUCTION

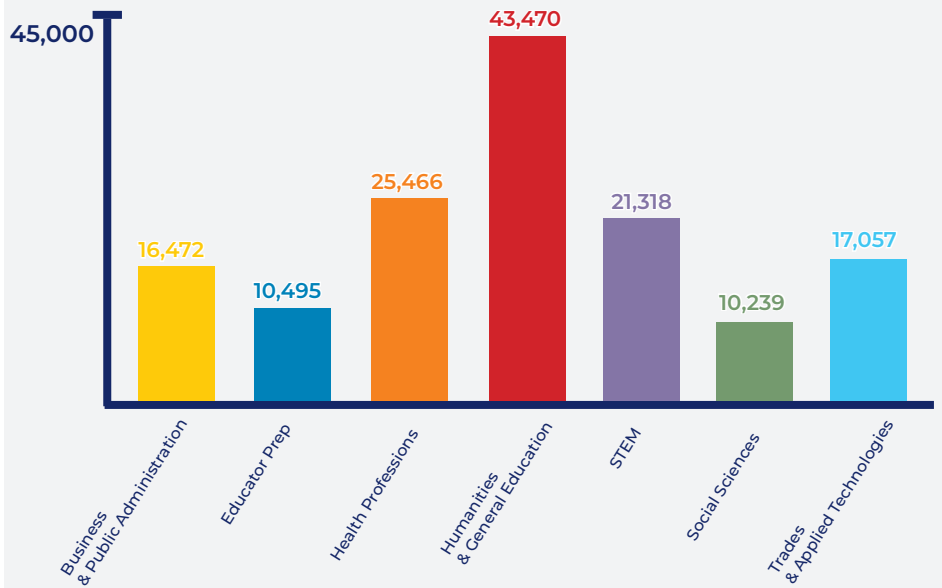
From 2018 to 2023, 144,517 students have completed a postsecondary credential at a public higher education institution in New Mexico. The highest rate of completion is within STEM and healthcare fields at 46,784, followed by humanities and general education at 43,470. Data for awards in the most recent year, 2022-23, shows a large increase in undergraduate certificate awards – up 33.3% in 2022-23 from 2021-22. Many of these certificates can be completed in one or two semesters, and this increase could be a result of the Opportunity Scholarship. NMHED will continue to track this data over the next several years.

HIGHER EDUCATION FUNDING FORMULA

Instruction & General Funding:
\$929,385,705
○ 5% increase

The higher education funding formula, also referred to as the Instruction and General (I&G) Funding formula, has been in existence since 2016. The most current version of the formula distributes new money based on eight different performance measures. These measures are separated into two categories, four shared measures and four mission specific measures. Any new funding provided to the I&G base is distributed through the formula. During the interim, the Higher Education Department convened the Higher Education Funding Formula Technical Committee to discuss and develop and recommend changes to the formula. The following items were amended in this year’s formula:

GRAPH 2: CUMULATIVE DEGREE PRODUCTION
Academic Years 2018 to 2023



1 Use the highest level of weighted production within the prior five years of weighted data to establish the benchmark for the Institutional Performance Premium (IPP). The FY24 formula used the prior six years excluding the first year.

2 Modify the IPP from two performance levels and one award level to four performance levels and four award levels.

3 Increase the IPP award amount percentage from 10% to 20% of new money allocated to shared measures and reduce the standard award percentage from 90% to 80%.

4 Use the dual credit weighting on a 3-year average of the resident undergraduate part-time tuition rate per student credit hour instead of the most recent part-time rate per student credit hour.

LOOKING AHEAD:

The NMHED issued a Request for Proposals on December 1, 2023 to study and assess the current I&G funding formula. The Higher Education Funding Formula Technical Committee established a parking lot of items to discuss during the next interim and will include review of the outcomes of the study.



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 110,000 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 38 state-funded full-time employees, 12 federally-funded FTE, and three FTE supported by state authorization fees in the agency's Private Postsecondary Schools Division. NMHED staff are dedicated to the operation of nine divisions supporting New Mexico's higher education sector. Although the agency's vacancy rate is 8%, or 4 vacancies, all positions are posted or in the process of review, interviewing, or hiring. With monumental support for scholarships, loan repayment programs, and institutional funding from both Governor Michelle Lujan Grisham and the Legislature, the agency will need further support in several areas to achieve staffing capacity for current initiatives and scale up successful programs. Moving into 2024, the Higher Education Department is requesting eight (8) full time employees in the following areas:

- **1 FTE - Institutional Finance Auditor**

To support the agency's oversight and accountability of higher education institution budgets and spending.

- **1 FTE - Capital Outlay Auditor**

To support the agency's oversight and accountability of higher education institution and special school capital outlay.

- **2 - FTE - Financial Aid Outreach and Loan Repayment Administration**

To enable NMHED to conduct greater community outreach regarding state financial aid programs and to support administration of the agency's rapidly growing loan repayment programs for working professionals in education, healthcare, and social work.

- **1 FTE - Research & Planning Division**

To build the agency's capacity to process and analyze institutional data toward improving student outcomes.

- **1 FTE - Academic Affairs & Policy Division**

To build the agency's capacity to process and analyze institutional data toward improving student outcomes.

- **1 FTE - Indian Education**

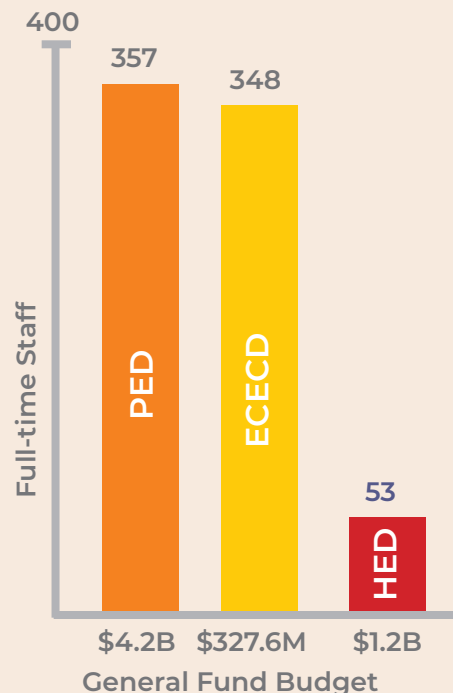
To expand the Indian Education Division from one staff member to two and support consultation, policy, and advocacy benefiting New Mexico's tribal colleges and communities.

- **1 FTE - Communications**

To expand the Communications Division from one staff member to two and to support statewide outreach and public awareness of higher education opportunities.

EDUCATION FUNDING & STAFFING BY AGENCY

Despite overseeing 12% of the state's budget, NMHED has fewer full-time employees than other education agencies.





BUDGET REQUEST: State Financial Aid Programs



OPPORTUNITY SCHOLARSHIP:
\$146 million

To support tuition-free college for 36,000 New Mexico students in FY25.

OPPORTUNITY SCHOLARSHIP:
FY24

	Expenditure	Awards
Fall	\$81,569,599	35,339
Spring (Projected)	\$65,423,748	33,577
Total	\$146,993,347	68,916

*An additional 10,596 Opportunity Scholarship Recipients in summer 2023, accounting for an additional \$10,952,696 in expenditures in FY 24.

LOTTERY SCHOLARSHIP: Expanding Budget Authority

Fall 2023 expenditure: \$29,096,039
3,469 Students supported

The funding for the \$130 million was transferred to the Lottery Fund July 1, 2022. That appropriation became fund balance for FY2024. Due to the language within the fund, we are not able to bring in the funding without specific Budget Authority Language. The NMHED had a fund balance in the lottery tuition fund at the end of FY23 in the amount of \$133.3M. Projections have been made for FY24 through FY32 using actual student enrollment for Spring/Fall 2023 as the baseline. The NMHED does not anticipate an increase in enrollment in all future years with this projection, however we are calculating a 1% increase in tuition year over year. This provides for a conservative estimate of funding needed over the next nine years, understanding that enrollment increases have been due to non-traditional student enrollment.



TEACHER LOAN REPAYMENT PROGRAM: \$20 Million

Includes \$15.4 Million in non-recurring funding to replenish the fund.

- Total number of awardees FY2024: **454**
- Total dollars awarded: **\$4,997,000**
- Average amount of award: **\$5,500**
- Average debt of recipients: **\$48,000**

HEALTH PROFESSIONAL LOAN REPAYMENT PROGRAM: \$19.3 Million

(\$15.1 Million non-recurring)



FY24 Awards

- Registered Nurse : **257**
- Mental Health: **153**
- Allied Health: **91**
- Physician Assistant: **75**
- Physician: **72**
- Nurse Practitioner: **72**
- Dental: **4**

In FY24, NMHED awarded student debt relief to the largest number of working health professionals in program history. A **record 724 health care professionals** received \$14.6 million as a condition of maintaining a three-year commitment to working in high-need communities across the state. For comparison, 44 awards were given in FY23. The FY25 budget request sustains the expansion of the program to support new and existing awards.



GRADUATE SCHOLARSHIP FUND: \$480,800

The Graduate Scholarship program supports students underrepresented in graduate education to pursue advanced degrees in accredited graduate programs, particularly in academic fields of high regional and national priority and fields where underrepresentation is most severe. The state will benefit by increasing the number of professionals for industry, business, research and development, economic development, and public service. In FY24, 68 students benefited from the scholarship.



MINORITY DOCTORAL LOAN REPAYMENT FUND: \$1 Million

This program is dedicated to increasing the number of Black, Indigenous, Latino, and People of Color (BILPOC) and women teaching in the fields of engineering, science, mathematics, and other academic disciplines at colleges and universities in New Mexico. Historically, the program has only funded two to four applicants per year. With the recent successes of increasing participation of all the agency's loan repayment programs, the agency is requesting a pilot to increase the number of awardees in tenure-track positions and retaining them in the state's higher education system.



BUDGET REQUEST: Adult Education & Family Literacy Programs

\$7.45 MILLION

To support 26 adult education programs and 18 adult & family literacy programs statewide

- **\$200,000**
For High School Equivalency (HSE) Test fee vouchers
- **\$150,000**
For upgraded instructional materials



New Mexico Adult Education Division had a record-breaking year, with increased outcomes for every federal performance indicator and an enrollment increase of 11% statewide. These outcomes included the highest learning gains, the highest credential attainment, and the highest employment outcomes of the last five years. NMHED achieved a 17% increase in high school equivalency (HSE) completions among students participating in state-funded adult education programs by providing free test vouchers and efforts to increase testing statewide. The successes of FY23 are a sizable return on the investment of an additional \$250,000 from the state in that fiscal year and lay the groundwork for even better outcomes for adult learners in FY24.

Expanding New Mexico's Skilled Workforce

With a \$3 million infusion of TANF funding beginning in FY24, the NMHED Adult Education Division funded key local initiatives that strategically served state priorities, including teacher professional development for higher quality service to students and the expansion of Integrated Education and Training (IET) programs. IET is a national, evidence-based model that combines academic preparation with simultaneous workforce preparation and training; it is key to building the state's capacity to fill in-demand, front line positions across economic sectors with qualified New Mexican professionals. The Adult Education Division also used new TANF funding to prioritize teacher pay raises and promotions to promote retention, since low wages and teacher pay increases in the K-12 system have led to a 21% decrease in AE teachers compared to FY19, even as student enrollment rapidly increases.

ACHIEVING RESULTS for ADULT LEARNERS



High School Equivalency (HSE) attainment in New Mexico increased by 17% among students in state-funded Adult Education programs. The Corrections program more than doubled their HSE completions, exceeding the LFC's target by more than 20%.



Program enrollment grew by 11% statewide and students achieved the highest learning gains in the last 5 years, topping even pre-pandemic outcomes.



NMHED-funded programs issued the first National External Diploma Program (NEDP) credentials in FY24.



BUDGET RECOMMENDATION: ADULT & FAMILY LITERACY PROGRAMS

BUDGET REQUEST: \$1 Million (\$250,000 increase)

In tandem with Governor Michelle Lujan Grisham's statewide Literacy Initiative, NMHED seeks increased funding for the 18 state-funded programs it supports. Currently funded at \$750,000, this system serves 1,392 learners. In a state with the lowest rates of adult literacy in the nation, this number represents significantly fewer than 1% of the New Mexicans in need of services. NMHED requests an increase of \$250,000 to directly fund adult literacy programs, provide high quality professional development and training for tutors, and fund instruction.

Adult and family literacy programs funded by the New Mexico Higher Education Department provide a full spectrum of literacy, numeracy, English as a Second Language (ESL), and digital literacy services. Our Adult Literacy Programs specifically focus on serving adults with a 6th grade reading level and below. All services are available free of charge to New Mexicans.



New Mexico ranks 50th in the U.S. for the number of adults with low literacy skills

7 in 9 counties in New Mexico have populations where 25% of residents or more demonstrate below basic literacy skills





STUDENT SUPPORT

SERVICES: College Food Security, Mental & Behavioral Health **\$2 Million**

As an agency partnership with the University of New Mexico Basic Needs Project, the State of New Mexico surveyed over 15,000 students, faculty, and staff and revealed that 60 percent of students identified as food insecure and 63 percent reported housing insecurity, with nearly 20 percent of students being homeless in the last 12 months. A \$1 million appropriation is estimated to support more than 30,000 college students in New Mexico and expand opportunities for the agency to support students beyond food security. The agency is also requesting \$1 million to support mental and behavioral health initiatives at colleges and universities to support student well-being and academic success.

C2 REQUEST

RISE NM: NEW MEXICO'S LONGITUDINAL DATA SYSTEM **\$3.725 Million**



HED is requesting \$3,725,000 of General Fund funding for the first year of the NMLDS project, Phase II which will begin in July 2024 and is scheduled to conclude in September 2026. The system will help educators and policymakers identify student challenges early on, make targeted interventions and investments, and determine what educational practices and programs drive student success from the early years into the workforce. For more information, visit rise.nm.gov.

TRIBAL EDUCATION TECHNICAL ASSISTANCE CENTERS: **\$2.25 Million**

House Bill 280 establishes two Tribal Education Technical Assistance Centers in New Mexico.

The centers will focus on supporting Tribes, Nations, and Pueblos to spend down state funding; develop culturally and linguistically relevant materials; enhance recruitment of Indigenous educators; professional development; and more.

Tribes, Nations and Pueblos are eligible to receive services as well as any institution serving Native American students, including school districts, charter schools, early childhood centers, colleges and universities, and Bureau of Indian Education schools. A recurring appropriation of \$2.25 million is required to sustain and support the two centers in perpetuity.

DUAL CREDIT PROGRAMS **\$3.725 Million**

Higher education institutions are required not to charge tuition or fees for dual credit students and this loss of potential revenue hinders the ability of colleges and universities to offer specialized course opportunities and student support services for dual credit students. This funding will ensure dual credit students receive appropriate advisement to ensure they are taking courses that are consistent with their future education and career plans. In academic year 2022–2023, 18,524 unduplicated students enrolled in dual credit courses. These students enrolled in a combined total of 45,823 dual credit courses.

ANTI-HAZING DIVISION & REPORTING PORTAL: **\$500,000**

A priority of Governor Michelle Lujan Grisham, the agency is requesting \$500,000 in the interest of preventing and addressing incidents of hazing on New Mexico college campuses and programs. Multiple students have come forward to report incidents of hazing, sexual assault, and abuse within athletic programs at New Mexico public higher education institutions. This funding will establish a division with full-time support and a reporting portal to ensure students are supported and referred to the correct reporting entities at the local, state, and federal level.

Supporting New Mexico's Healthcare Workforce



Nursing Program Expansion **\$10 Million**

For funding activities expanding enrollment in and graduation from nursing programs at public higher education institutions.

UNM School of Medicine Faculty Endowment **\$15 Million**

To recruit, retain, and promote faculty in the School of Medicine.



AGENCY FUNDING: STATUS REPORT

Graduate STEM Scholarship

Budget: **\$10,000,000**

Status: NMHED has awarded \$10 million to three research universities and three comprehensive universities benefiting 3,232 students

The agency has developed a distribution table based on student enrollment in a STEM majors. These funds will continue to be available for expenditure through Fiscal Year 2025 for graduate students who graduated from a New Mexico high school and enrolled full time in a master's or doctoral degree program. Full-time enrollment shall be determined by the higher education institution's program requirements. Although a financial needs analysis is not required as a condition of award, it is encouraged.

Higher Education Endowment Fund

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

Status: The Higher Education Department awarded \$3,416,500 via an RFA process in FY22. The remaining balance of \$1,583,500 was awarded in FY23.

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).

Public Health Programs

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

Status: The Higher Education Department awarded \$2,500,000 to the University of New Mexico and \$2,500,000 to New Mexico State University based on proposals for expenditure, including endowments, to support health programs

The awarded public four-year universities will be responsible for increasing the number of faculty, research staff, student workers, and curriculum focusing on public health in New Mexico. This includes community outreach and allied health and public health workforce development as well as an endowment to support the sustainability of Public Health Sciences programs.

Mesalands Community College Operations

Budget: **\$2,250,500**

Status: The Higher Education Department continues to monitor Mesalands Community College under its Enhanced Fiscal Oversight Program (EFOP).

The Office of the State Auditor has engaged in a Special Audit of the college and has also been working to complete their FY22 annual audit. The Higher Education Department released the Request for Proposals for a feasibility study on November 17, 2023 with the application deadline coming up on December 15, 2023.

Graduate Social Work Scholarship

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

Status: \$15 million has been allocated to two research universities and three comprehensive universities benefiting 1,102 students.

Of the \$20 million dollar appropriation, \$15 million will support scholarships and paid practicums for students in master's level social work programs at an eligible higher education institution. Funding will be available for expenditure through Fiscal Year 2024.

Special Appropriations

Budget: **\$3,775,000**

Status: The Higher Education Department has released \$3,350,000 of this funding to nine public community colleges, branch campuses, and tribal colleges and universities to support Career Technical Education Materials, Nursing Education Materials and program wraparound services, expansion of student support services, job training and high skills workforce training, software for continuing education programs, and equipment.

The Higher Education Department is working to award the remaining funding in SB192 for expenditure in Fiscal Year 2024. This includes the allocation of \$100,000 to study behavioral health education programs and workforce needs, and another \$100,000 to provide scholarships to students entering behavioral health fields.

Supplemental Work Study Funds for In-Demand Fields

Budget: **\$2,250,500**

Status: Fall 2023 Expenditures in the amount of \$1,436,342.81 in support of the original legislation for Work Study for students in high-demand degree fields as determined by the higher education

The agency has developed and reviewed the new reauthorization language for distribution in early August based on student population in these degree fields as identified by the Classification of Instructional Program (CIP) codes and for non-credit course programs. These funds will continue to be available for expenditure through Fiscal Year 2025 for all New Mexico resident students, enrolled at least half-time in a high-demand undergraduate or graduate degree program to include certificate programs and non-degree or non-certificates that result in a recognized credential, endorsement or support, including apprenticeship or internships as required within the appropriation language.

Technology Enhancement Fund

Budget: **\$120,000,000**

Status: The Higher Education Department awarded \$14.3 million in FY23 to three New Mexico public universities, the University of New Mexico Health Science Center and Navajo Technical University to fund 27 research projects in medicine, education, agriculture, transportation engineering and other areas that directly benefit the state. These projects helped bring in over \$100 million in research dollars into New Mexico.

The NMHED updated and implemented a new project review rubric on August 22, 2023 outlining 7 metrics for project review. These include Research Impact, Educational Impact, Economic Impact, Budget Justification, Energy, Equity, and Environmental Justice Impact, Equity, Inclusion and Diversity Impact, and Institutional Funding Source. This new criterion was used to review and score all new proposals by the Technology Enhancement Fund Committee. 18 proposals were recommended and awarded by the Higher Education Department in November in the amount of \$15.9 million. The next quarterly meeting of the Technology Enhancement Fund Committee will be in January 2024.