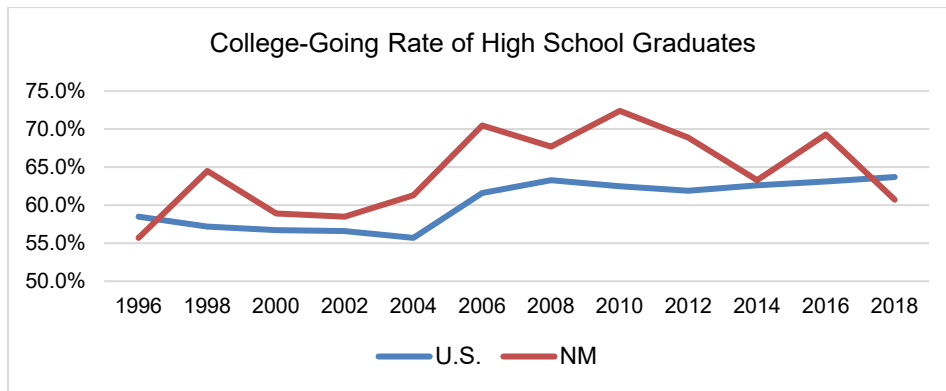


New Mexico has long struggled with educational attainment and the corresponding issues of poverty and slow economic growth. According to the Barbara Bush Foundation for Family Literacy, New Mexico ranks 50th in the U.S. for adult literacy with 29.1 percent of New Mexico adults having low literacy. This likely contributes to New Mexico having the lowest labor force participation rate in the nation as well as a median income well below the national average. Troublingly, the low adult literacy comes despite the fact that New Mexico's college going rate was higher than the national average from 1998 through 2008.



In order to develop the New Mexico economy, the state must improve educational outcomes for students at all levels. For higher education institutions, this means both improving access as well as working to improve retention and graduation rates. New Mexico HEIs have pursued strategies to boost enrollment and improve graduation and retention rates including increasing online course offerings, expanding course availability into evenings and weekends, offering shorter-duration courses, and expanding offerings of short-term credential programs.

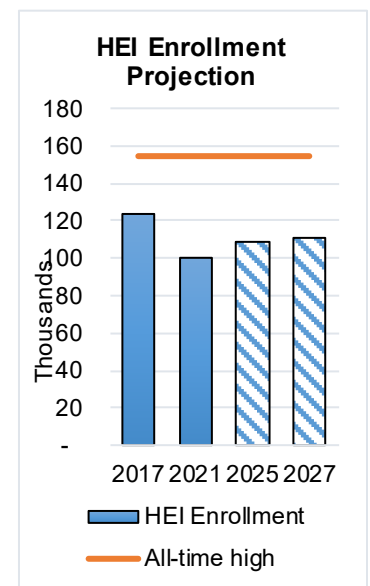
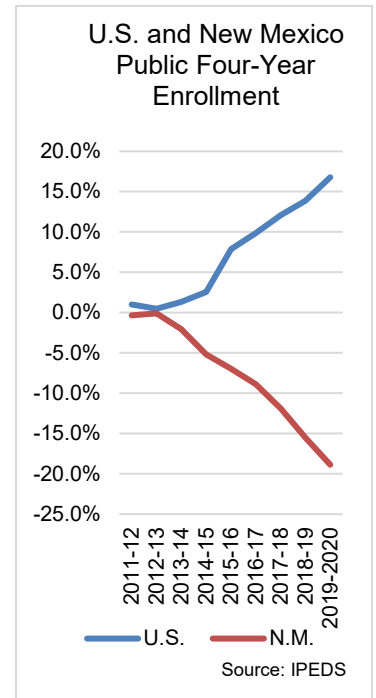
Despite these efforts, enrollment at New Mexico HEIs has fallen over the past decade. While overall K-12 student population in New Mexico is declining, the number of high school seniors graduating increased and will continue to do so for the next several years. The increase in high school graduates makes it unlikely that enrollment declines can be linked to falling enrollment.

While it is true that higher education enrollment has fallen nationwide, the impact of enrollment reductions has varied by sector. Nationally, data indicate that two-year institutions lost nearly 30 percent of enrollment, similar to the loss of 27 percent experienced by New Mexico institutions. However, four-year institutions experienced enrollment *growth* of 17 percent over the past decade while New Mexico four-year institutions *lost* 19 percent of enrollment.

Recognizing the enrollment challenges, the Legislature required all New Mexico HEIs to submit enrollment management plans in order to receive their full FY23 budget allocation. The plans were to include projections of enrollment for the fall 2025 and fall 2027 semesters. Based on the projections submitted, HEIs anticipate an increase of 7.2 percent on average by FY25, and a 10 percent increase by fall

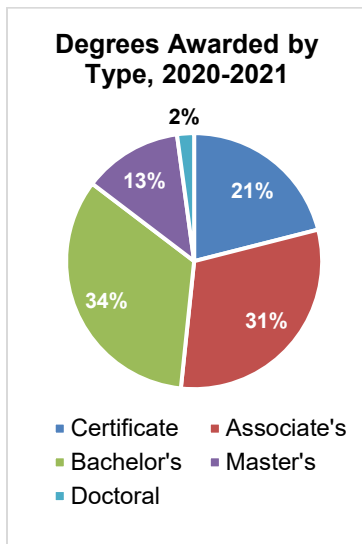
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes



2027. Even if each HEI reached the projected target, the total HEI enrollment would be 44 thousand less than the all-time highs experienced by each HEI.

New Mexico HEIs, particularly four-year schools, will be challenged to increase enrollments, though all New Mexico institutions are very well positioned to meet their goals. In addition to increasing numbers of high school graduates, the Legislature passed the Opportunity Scholarship to pay tuition of part-time and non-traditional students. The combination of increasing numbers of high school graduates and expanded tuition assistance should lead to increased enrollment. However, this data will not be available until the fall semester begins.



Awards

New Mexico HEIs serve a diverse student population, from high school students taking courses as required for graduation to working adults returning to college to improve their skills and employment prospects. The outcomes-based formula was designed to incentivize HEIs to increase degree production and emphasizes program completion rather than simply enrollment. The change is thought to have increased certificate production over the past decade, but over the past 5 years, the share of certificates to total degrees has been stable at around 21 percent. While the number of degrees awarded fall by 14.5 percent over the past 5 years, the decline was less than the 18 percent decline in enrollment over the same time period.

One effect of removing enrollment from the funding formula is that base budgets of institutions were preserved no matter how much enrollment the institution lost. The individual changes in enrollment led to widely varying costs per award produced.

Cost Per Award by Institution Type

FY16-FY21

	FY16 Awards	FY21 Awards	FY16 I&G	FY21 I&G	FY16 Cost per Award	FY21 Cost per Award	% Change
Research	9,212	8,698	334,254,100	327,622,500	36,285	37,666	4%
Comprehensive	2,664	2,811	83,271,400	83,720,400	31,258	29,783	-5%
Branch	2,976	2,319	72,718,700	69,646,900	24,435	30,033	23%
2-Year	8,033	8,986	117,645,600	114,904,200	14,645	12,787	-13%
Total	22,885	22,814	607,889,800	595,894,000	26,563	26,120	-2%

Source: HED Data

The Legislature prioritized degree production in science, technology, engineering, mathematics, and health care fields (STEM-H), and the funding formula directs additional funding to institutions based on STEM-H award production. In the 2020-21 academic year, 8.5 thousand, or 37 percent of total awards were classified as STEM-H. The proportion of STEM-H awards was similar to the 2016-17 academic year when 35 percent of total awards were STEM-H.

Higher education institutions will be challenged to leverage the new opportunity scholarship and improve their recruiting efforts to increase enrollment. Additionally, HEIs must increase their focus on degree completion to ensure New Mexico students are able to fully participate in economic life upon completion. Data on degree awards and fall 2022 enrollment will be available in November 2022.