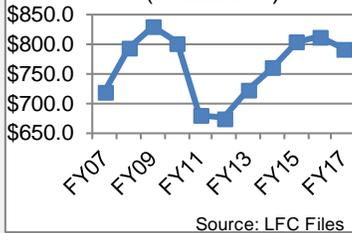
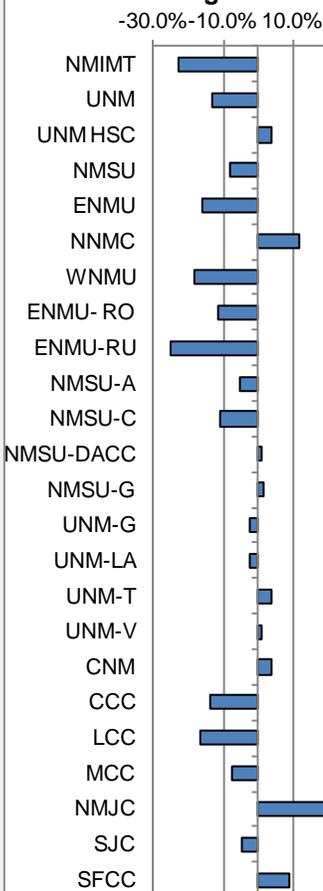




**Higher Education
General Fund
Support**
(in millions)



**FY16 to FY17
Unrestricted
Expenditure Percent
Change**



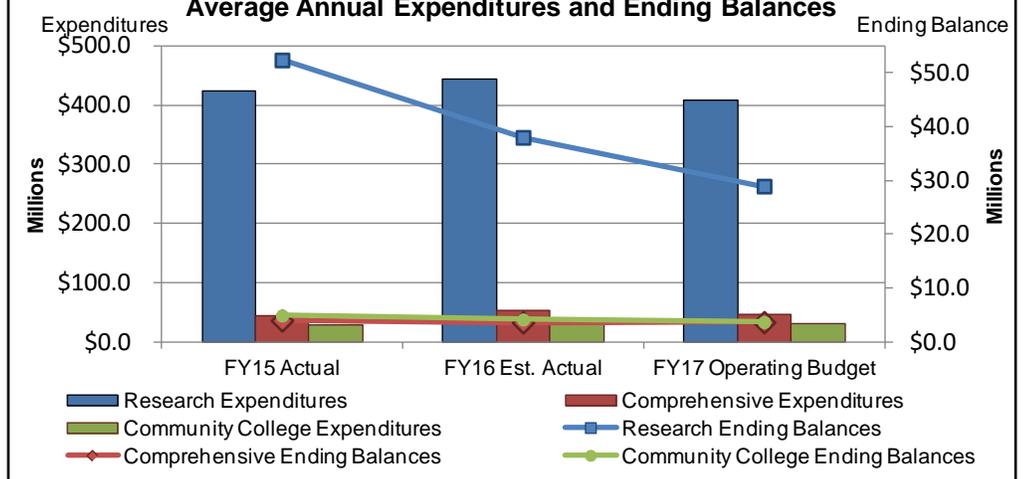
Note: FY16 revised budget/estimated actual to FY17 operating budget

Source: IHE FY17 OpBuds

The higher education landscape is seeing turbulent times as reduced appropriations and dwindling enrollment threaten college and university budgets. Institutions must be prepared to dip into cash balances and make unpopular decisions, which may include closing programs or raising tuition, or both. Colleges and universities will need to confront these challenges while continuing to respond to New Mexico's low postsecondary attainment rates and training the state's workforce to fill high-need positions, such as nurses, engineers, and primary care physicians.

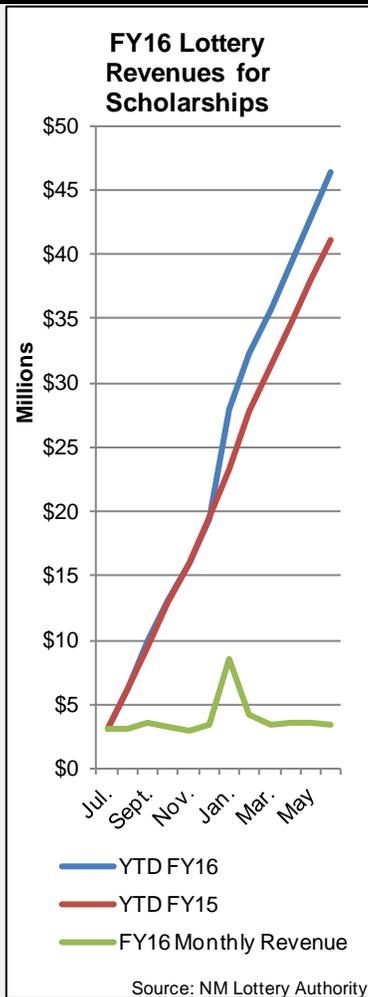
FY17 Operating Budgets. Unrestricted institutional spending is set to decline in FY17 by at least \$157.8 million, or about 6.4 percent of overall expenditures, as institutions grapple with reduced appropriations and declining enrollment. Some institutions raised tuition to help balance their budgets: New Mexico Highlands University (NMHU) raised in-state, undergraduate tuition by 17.9 percent. Institutions, such as New Mexico State University (NMSU), eliminated positions and programs to achieve cost savings. Other institutions may tap unused cash balances in combination with tuition increases and staffing reductions. Non-capital, unrestricted ending balances between FY16 estimated actuals and FY17 operating budgets show an 18.8 percent decline in these balances. This is largely attributable to research institutions, specifically the University of New Mexico, which demonstrates a 75.8 percent decline in unrestricted ending balances between FY15 actual and FY17 budgeted balances.

Average Annual Expenditures and Ending Balances

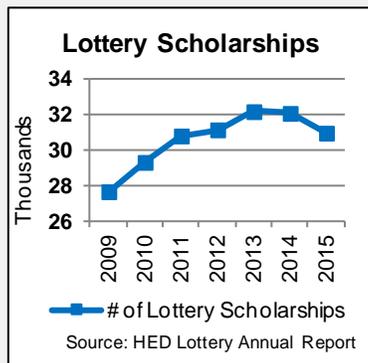


New Mexico Highlands University (NMHU) does not yet have an approved FY17 operating budget and is therefore not reflected in the chart to the left. According to the Higher Education Department (HED), this is due to mathematical errors in the budget submission, negative beginning balances in line-item expenses, and a \$500 thousand loss in the Highlands Stable Isotopes Corporation program, which has translated to several issues throughout the rest of the institution's budget. HED has set a deadline in late August 2016 to correct these issues. According to NMHU, the university "has received provisional approval" on its FY17 operating budget and "NMHU and HED mutually agreed to delay a final review of the FY17 operational budget given numerous priorities being worked on by both agencies...."

Federal Financial Aid. Last year, New Mexico students at public institutions relied on \$177.9 million in federal Pell Grant awards and \$255.6 million in Direct Loan



Due to a large run-up of the Powerball prize pool, lottery revenues spiked toward the middle of the fiscal year, although revenues appear to have evened out for the remainder of the year. According to the June monthly turnover report, lottery revenues for scholarships closed FY16 at \$46.3 million, up \$5.2 million over FY15.



support. This came to an average of \$3,500 in Pell Grants and \$5,200 in Direct Loans per New Mexico student.

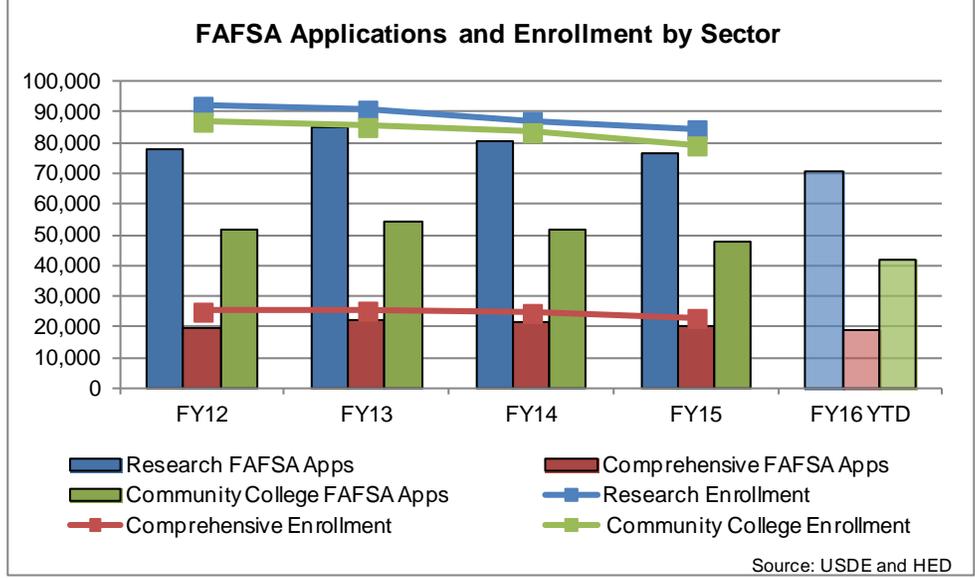
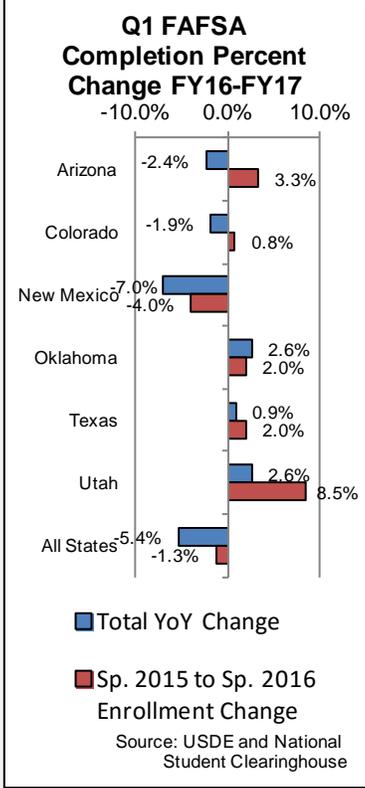
Pell Grant and Direct Loan data for branch community colleges are reported through each college's parent institution.

2014-2015 Award Year Federal Pell Grants and Direct Loans						
A	B	C	D	E	F	G
Institution	Pell Recips.	Pell Disburs. (in thousands)	Pell Grants Per Recipient (C/B) (in thousands)	Direct Loan Recips.	Direct Loan Disburs. (in thousands)	Direct Loans Per Recipient (F/E) (in thousands)
CCC	1,061	\$3,276.4	\$3.1	280	\$787.4	\$2.8
CNM	11,617	\$28,029.2	\$2.4	5,127	\$13,669.8	\$2.7
ENMU	3,062	\$11,379.0	\$3.7	3,309	\$16,790.2	\$5.1
LCC	515	\$1,874.0	\$3.6	105	\$282.2	\$2.7
MCC	181	\$634.9	\$3.5	-	-	-
NM Tech	506	\$2,165.3	\$4.3	921	\$4,009.3	\$4.4
NMHU	1,355	\$5,364.2	\$4.0	1,969	\$11,961.6	\$6.1
NMJC	732	\$2,553.9	\$3.5	244	\$723.1	\$3.0
NMMI	165	\$652.3	\$4.0	169	\$538.7	\$3.2
NMSU	11,328	\$44,760.1	\$4.0	13,197	\$59,113.2	\$4.5
NNMC	648	\$2,586.8	\$4.0	199	\$632.0	\$3.2
SFCC	2,036	\$7,039.7	\$3.5	1,056	\$3,928.2	\$3.7
SJC	3,194	\$10,801.7	\$3.4	1,355	\$4,353.7	\$3.2
UNM	13,159	\$50,780.6	\$3.9	18,978	\$124,734.1	\$6.6
WNMU	1,477	\$5,966.5	\$4.0	2,473	\$14,069.0	\$5.7
Total/Avg.	51,036	\$177,864.5	\$3.5	49,382	\$255,592.5	\$5.2

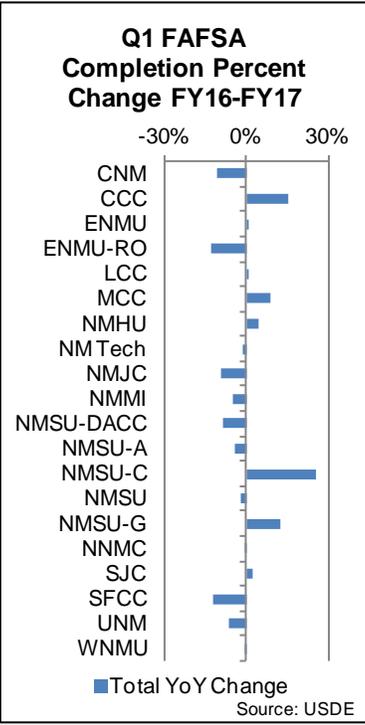
Source: USDE

To qualify for these grant and loan programs, students must first complete the Free Application for Federal Student Aid (FAFSA), for which the U.S. Department of Education provides regular data for each institution. Both FAFSA submissions and enrollment have declined across New Mexico's higher education institutions in recent years. Although there are a variety of factors affecting FAFSA submissions, such as how many institutions a student chooses to list on his or her FAFSA, this data is useful in understanding student trends. For example, changes in FAFSA submissions often track with changes in enrollment, providing a potential predictor for enrollment.

In instances where enrollment significantly exceeds FAFSA applications, institutions demonstrate capacity to improve FAFSA completions among their student populations. Federal student aid data for branch community colleges are reported through each community college's parent institution. As a result, FAFSA completion data for branch community colleges are reflected in the research and comprehensive institution sectors.



Community colleges demonstrate significant opportunity to improve FAFSA applications, largely attributable to San Juan College (SJC) and Central New Mexico Community College (CNM). SJC saw only 4,549 out of 15.3 thousand students apply. The institution indicated many of its students are in specific training programs sponsored by their employers or are enrolled in non-credential or non-degree training and therefore uninterested in pursuing financial aid.



CNM underwent a study to better understand why more students do not fill out the FAFSA. The institution found 8,955 out of 38.7 thousand students did not complete the FAFSA in academic year 2014-2015, which is about 23.1 percent of CNM's student population. Among the reasons these students do not submit the application are outstanding debts at previous institutions, students who are ineligible for Pell Grants because they already have a bachelor's degree, and students who have not declared a major. Further, some students are already receiving financial aid at another institution, such as students who are enrolled at the University of New Mexico taking a course or two at CNM. Out of the 8,955 students, the institution found 5,468 students without pre-existing barriers that can be targeted for increased FAFSA completion initiatives.

Higher Education Funding Formula Status. Since 2012, New Mexico has appropriated an increasing amount of funding for instruction and general (I&G) purposes to colleges and universities based on performance metrics such as graduation, mission specific measures, and degree production in targeted workforce areas. The formula used to calculate I&G funding levels has seen several modifications since its inception, although the core formula remains similar. For the 2016 interim, higher education stakeholders agreed on stability in the formula, calling for a technical committee to review minor formula issues but calling for only one full steering committee meeting at the end of the interim.

Over the interim, the technical committee has discussed qualification criteria for certain components of the formula; for example, whether students who complete courses with grades of "incomplete," D, or F should count toward the student credit hour measure. The committee has so far concluded the insignificant number of "incomplete" grades assigned has little bearing on formula outcomes. Further, it is unclear whether removing grades of D and F from counting toward the student credit

Medical Loan-for-Service Program

Each year, the Higher Education Department provides loans to UNM School of Medicine students who agree to practice in the state after completing their medical education. According to the department, the FY16 budget for the program provided funding for 63 percent of total applicants for the program, and as of academic year 2015-2016, participants included:

- five first-year students;
- six second-year students;
- four third-year students; and
- four fourth-year students.

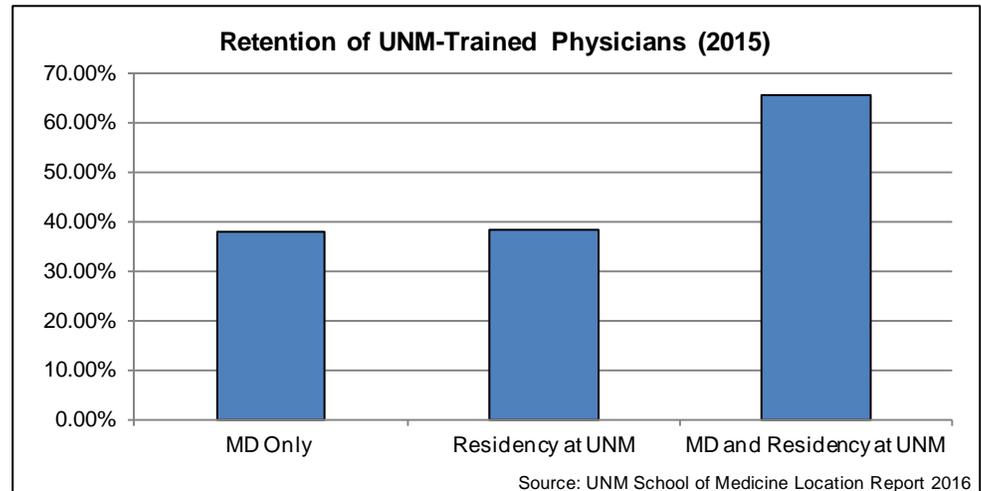
UNM-Trained MDs by County

Bernalillo	1,300
Catron	-
Chaves	27
Cibola	3
Colfax	5
Curry	7
De Baca	2
Dona Ana	79
Eddy	4
Grant	17
Guadalupe	4
Harding	-
Hidalgo	1
Lea	6
Lincoln	6
Los Alamos	22
Luna	1
McKinley	18
Mora	-
Otero	14
Quay	2
Rio Arriba	12
Roosevelt	4
San Juan	54
San Miguel	10
Sandoval	65
Santa Fe	130
Sierra	2
Socorro	4
Taos	21
Torrance	1
Union	1
Valencia	16
Total	1838

Source: UNM School of Medicine Location Report 2016

hour metric would result in grade inflation. Other issues discussed include audits of program information to ensure a degree awarded at the associate level is classified consistently at the bachelor's, master's, and doctorate level.

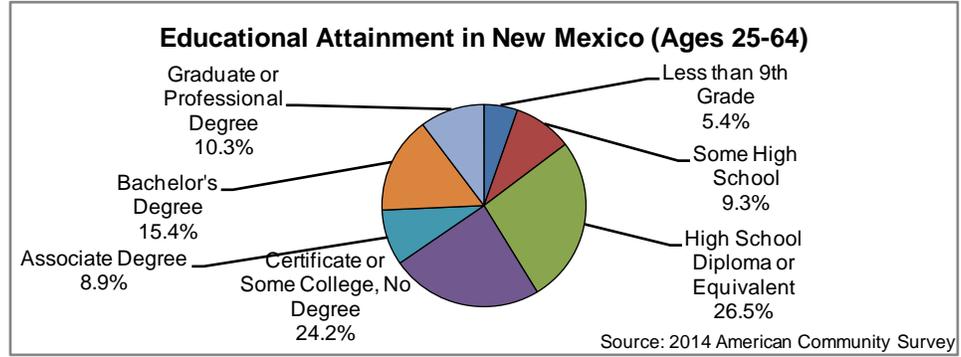
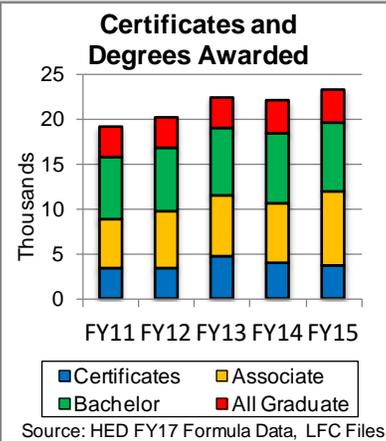
Healthcare Workforce. Each year, the University of New Mexico (UNM) Health Sciences Center publishes its *UNM School of Medicine Location Report*, providing information about UNM-trained physicians licensed to practice in the state. These physicians include those who obtained their medical doctorate from UNM (MD only), those who were medical residents at UNM (medical residency only), and those who both obtained their MD and received residency training at UNM (MD and medical residency).



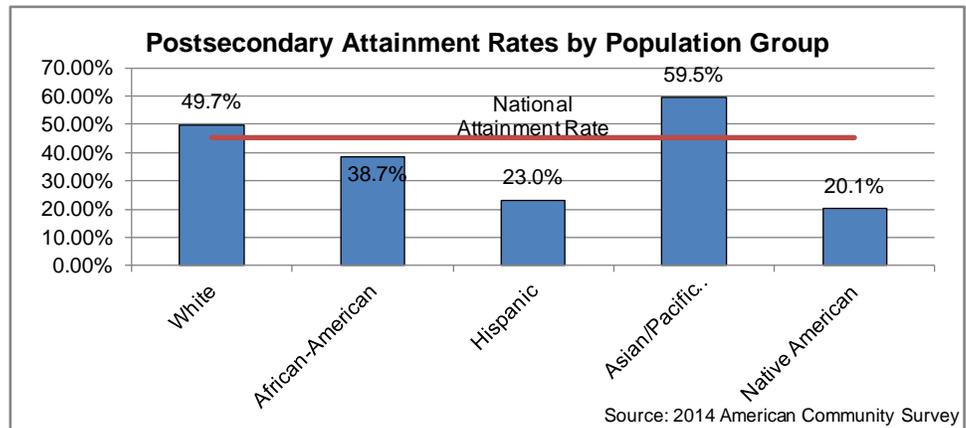
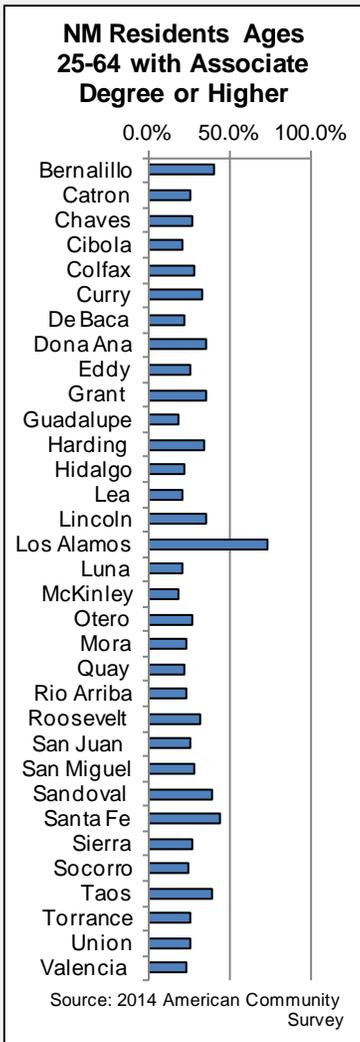
Among physicians who received at least some medical training at UNM, those most likely to maintain licensure in New Mexico are those who attended the UNM School of Medicine and served their residency at UNM Hospitals. UNM reports roughly half of all UNM-trained MDs in New Mexico are licensed to practice primary care specialties of family medicine, internal medicine, obstetrics and gynecology, or pediatrics. Meanwhile, about 24 percent of UNM-trained MDs in New Mexico are licensed to practice one of four specialties: anesthesiology, general surgery, emergency medicine, or psychiatry. The overwhelming majority of these physicians are located in Bernalillo county. Three counties – Catron, Harding, and Mora – do not have a UNM-trained physician.

Educational Attainment. Of New Mexico adults aged 25 to 64, 43.6 percent hold some type of postsecondary credential; 9.0 percent of these New Mexicans hold a certificate, while 34.6 percent have completed at least an associate degree. While at least 26 other states have set state-wide attainment goals, New Mexico does not yet have a clearly defined goal specifying the desired percentage of residents who hold a postsecondary credential.

On August 18, 2016, the HED hosted a meeting with stakeholders as the first step to developing a statewide strategic plan for higher education. This is a welcome move, as LFC program evaluations dating back to at least 2010 have noted New Mexico's fragmented higher education landscape needs improved coordination and planning. As part of this strategic plan, the department discussed development of a statewide postsecondary attainment goal.



Of the different population groups in New Mexico, the two with the lowest attainment rates among residents ages 25 to 64 are Hispanics and Native Americans. Any future attainment goal must focus on these two groups.



Graduation Rates. Many colleges saw improved graduation rates in recent years. There are several factors that may have influenced these rising rates, including increased enrollment during the recession, a higher education funding formula that rewards program completion, and institutional efforts to improve advising, retention, and credit hour efficiency. These rates reflect the most recently available data. Because the 2015-2016 academic year ends with the summer session(s), institutions are currently gathering data for this graduating cohort. Updated graduation rates will be available in *Volume I* of the LFC's annual session publications.

Graduation rates are for first-time, full-time students completing a degree in 150 percent of normal graduation time (e.g. three years for an associate degree). HED, as a member of Complete College America, notes measuring graduation rates at 150 percent of normal time to completion is inconsistent with HED's policy initiatives and impedes the department's ability to promote national standards for on-time graduation.

Four-Year Institutions. While New Mexico's research institutions – UNM, NMSU, and New Mexico Tech – maintain graduation rates above 40 percent, with two institutions nearing 50 percent, comprehensive institutions have significant room for improvement. This includes two institutions, NMHU and Northern New Mexico College, which graduate less than 20 percent of their first-time, full-time degree seeking students in six years.

FY17 Higher Education Department General Fund Support for Student Financial Aid (in thousands)	
Program	FY17 Allocation
Firefighter Scholarship	\$25.0
Nursing Loan-for-Service	\$720.0
Teacher Loan-for-Service	\$24.0
Nurse Educators Fund	\$65.0
Health Professional Loan Repayment	\$1,061.9
Minority Doctoral Loan-for-Service	\$75.0
Social Worker Loan Repayment	\$450.0
Graduate Scholarship	\$619.0
Work Study	\$5,142.1
NM Scholars Program	\$300.0
Student Incentive Grant	\$11,108.0
WICHE Loan-for-Service	\$2,267.5
Dentistry Loan-for-Service	\$43.2
Public Service Law Loan Repayment	\$281.2
Primary Care Physician Tuition Waiver	\$150.0
Medical Student Loan Repayment	\$375.0
Dental Residency	\$1,000.0
Teacher Loan Repayment	\$60.0
Allied health Student Loan-for-Service	\$244.0
Wartime Veterans Scholarship	\$117.1
Vietnam Veterans Scholarship	\$100.0
Total	\$24,228.0

Source: HED FY17 OpBud

Six-Year Completion Rates for First-Time, Full-Time Degree-Seeking Students	Fall 2007 to Summer 2013 Actual	Fall 2008 to Summer 2014 Actual	Fall 2009 to Summer 2015 Target	Fall 2009 to Summer 2015 Actual	Rating
NM Tech	44.2%	45.1%	48.0%	49.0%	G
NMSU	43.0%	46.0%	47.0%	42.0%	R
UNM	48.2%	47.6%	48.0%	49.0%	G
ENMU	28.4%	27.1%	30.0%	31.8%	G
NMHU	18.4%	17.2%	20.0%	17.9%	Y
NNMC	50.0%	52.0%	25.0%	16.0%	R
WNMU	22.7%	20.9%	23.0%	25.0%	G
Program Rating					Y

Community Colleges. Two-year institutions have implemented several programs to help students complete certificate and degree programs in recent years, partially in response to the performance-based I&G funding formula. Although some of these efforts include improved advising and academic supports, other efforts are more administrative in nature, such as removing requirements for students to submit an application for their degree.

Three-Year Completion Rates for First-Time, Full-Time Degree-Seeking Students	Fall 2009 to Spring 2012 Actual	Fall 2010 to Spring 2013 Actual	Fall 2011 to Spring 2014 Target	Fall 2011 to Spring 2014 Actual	Rating
ENMU – Roswell	21.2%	23.3%	17.0%	23.6%	G
ENMU – Ruidoso	13.5%	18.9%	20.0%	16.3%	R
NMSU – Alamogordo	9.9%	8.2%	14.0%	11.0%	Y
NMSU – Carlsbad	9.4%	3.5%	10.0%	3.9%	R
NMSU – Dona Ana	13.6%	12.7%	15.0%	11.2%	R
NMSU – Grants	16.1%	18.3%	22.0%	9.3%	R
UNM – Gallup	5.5%	6.1%	10.0%	8.6%	Y
UNM – Los Alamos	44.9%	57.6%	60.0%	47.4%	R
UNM – Taos	23.6%	4.2%	20.0%	10.9%	R
UNM – Valencia	10.4%	7.6%	10.0%	9.7%	G
Central New Mexico	10.4%	9.7%	11.0%	13.1%	G
Clovis CC	10.2%	7.5%	14.0%	12.0%	Y
Luna CC	16.9%	19.9%	20.0%	16.9%	R
Mesalands CC	53.5%	25.6%	45.0%	39.6%	Y
NM Junior College	12.8%	13.4%	33.0%	16.6%	Y
San Juan College	15.2%	12.6%	15.0%	13.8%	Y
Santa Fe CC	10.1%	8.6%	11.0%	10.1%	Y
Program Rating					Y

Note: Graduation rate data for UNM-Los Alamos appears to capture transfer students in addition to graduates. LFC staff are working to validate the data.