



Higher Education Funding

Recognizing the importance of higher education to the financial security of individuals and families, ability to attract and grow the economy, and overall quality of life, New Mexico dedicates about 13 percent of general fund revenues to support 24 colleges and universities that deliver workforce training, adult education, and undergraduate and graduate degrees. New Mexico typically ranks high among the states in state funding for higher education. However, New Mexico lags the nation on the number of college students who earn degrees and the share of the adult population with postsecondary education.

Formula Funding

The state spends more than \$1 billion annually in state general fund revenues, other state revenues, and state-backed bonds on colleges and universities. For most four-year institutions, the state provides between 40 percent and 70 percent of the funding for instruction, academic support, student services, and related expenses – collectively called I&G for instruction and general – with the bulk of the rest coming from tuition and fees. For two-year institutions, heavily subsidized by local taxes, the state provides between 30 percent and 75 percent of I&G.

Although the current version of the funding formula is not in state law or rule, the Higher Education Department and Legislature have been using an outcomes-based formula since FY13. Before then, funding was based on a formula that relied heavily on metrics such as building square footage and credit hour load, inadvertently ignoring measures of student success. The current funding formula rewards measures of student performance. Building on the prior-year appropriation, the formula is based on

- (1) A percent of completed student credit hours;
- (2) A three-year rolling average of the total number of certificates and degrees awarded, with bonuses for science, technology, engineering, math, and health degrees and degrees awarded to financially at-risk students;
- (3) Outcomes specific to each institutional type: four-year research universities (three institutions), four-year comprehensive universities (four institutions), and two-year colleges (17 institutions).

In response, institutions have increasingly reviewed student data, studied best practices and existing programs, and revised or implemented new programs to improve their results. Over time, policymakers and institutional leaders continue to refine the formula, with the goal of adding productivity and institution-specific outcome measures. Between 2009 and 2016, the adult population with a postsecondary credential increased from 32 percent to 35 percent.

Research and Public Service Projects

The state also uses the general fund to support programs and projects attached to colleges and universities but funded outside the formula in the General Appropriation Act. This includes statewide agencies administratively attached to universities, from the Office of the Medical Investigator to the Bureau of Mine Safety, and the agriculture agencies attached to New Mexico State University.

Also funded separately are regional and statewide services provided by colleges and universities. In healthcare, state general fund appropriations support primary care and specialized medical residencies, continuing medical education, expanded nursing and dental health programs, and physical and behavioral health and wellness programs in rural areas.

Research institutions also receive separate state general fund support for research endeavors in science, geology, cybersecurity, oil and gas development, aerospace, manufacturing, and energy development.

Capital Outlay

The state supports construction and equipment for colleges through special appropriations in the General Appropriation Act and other annual capital legislation. In even-numbered years, higher education projects are included in legislation authorizing the sale of general obligation revenue bonds if approved by voters during the November general election. In odd-numbered years, if funded, higher education projects are included in legislation that authorizes the issuance of severance tax bonds, with bond sale revenues going to support an itemized list of capital projects.

For More Information:

- A 2018 report, [Program Evaluation: Review of the Higher Education Funding Formula](#), is available on the LFC website.
- State statutes concerning colleges and universities are in Chapter 13.
- National statistics about colleges are at completecollege.org and nces.ed.gov.
- The Higher Education Department website is hed.state.nm.us.