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FISCAL IMPACT REPORT

SPONSOR Kernan ORIGINAL DATE 1/24/21
LAST UPDATED _____ HB _____
SHORT TITLE Two Plus Two Pilot Project SB 77
ANALYST Valenzuela

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$250.0	\$250.0	\$750.0	Recurring	Institutional Operating Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Legislating for Results: Appropriation Recommendation, Report to the Fifty-Fifth Legislature, First Session, Volume 2, pages 346 – 347, January 2021 for the 2022 Fiscal Year.

Responses Received From

New Mexico Higher Education Department (HED)
Eastern New Mexico University (ENMU)
New Mexico Junior College (NMJC)
New Mexico Independent Community Colleges (NMICC)

SUMMARY

Synopsis of Bill

Senate Bill 77 allows six public colleges and universities to enter into “two-plus-two” agreements creating a simple, clear pathway for students seeking a bachelor’s degree. The model – two plus two – allows first-time freshman to complete the first two years at a community college, then transfer to a four-year university to finish the remaining two years where the student would earn a bachelor’s degree. The pilot would include the following institutions: Eastern New Mexico University, Clovis Community College, New Mexico Junior College, New Mexico Military Institute, New Mexico State University-Carlsbad, and Eastern New Mexico University- Ruidoso, Eastern New Mexico University- Roswell.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

SIGNIFICANT ISSUES

As used in higher education, “two plus two” programs are typically defined as those in which the curriculum at a community college is aligned with the curriculum at a university so that a student can complete the first two years of study at the community college and the last two years of study at a university in order to meet a defined set of requirements for a bachelor’s degree.

The program allows other institutions to participate, an important point because students may not want to pursue a program at Eastern New Mexico University, which is the only four-year university included in the list of institutions.

The two-plus-two pathway aims to reduce student debt, credit accumulation and remediation while increasing graduation rates, increasing educational attainment levels and graduating students more quickly. Secondary benefits come in the form of greater collaboration and cooperation between regional institutions, potential cost savings, and a replicable model that other higher education institutions and/or regions of the state can employ.

PERFORMANCE IMPLICATIONS

SB77 provides for a data component that will evaluate the pilot program on a variety of outcomes based on student cohorts. Three freshman classes will be tracked to understand student degree velocity toward and at graduation. Presumably, the data from this control group will be evaluated and compared with freshman cohorts, who are not part of the two-plus-two program to develop insight to the efficiency of two-plus-two programs.

ADMINISTRATIVE IMPLICATIONS

The participating institutions could experience additional administrative costs from the program, but already have the infrastructure to manage a two-plus-two program. If additional costs develop, the institutions could balance the impact with additional tuition and student fee revenue accruing to them from a successful program. Additionally, public colleges and universities have almost half a billion in cash balances in their operating instructional funds.

**Table 2. New Mexico Higher Education
End-of-Year Operational Fund Balances, FY07-FY20**
(in millions)

Fiscal Year	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
I&G Funds	\$91.8	\$115.4	\$115.6	\$127.6	\$151.6	\$156.7	\$144.6	\$139.2	\$140.6	\$159.7	\$145.9	\$170.4	\$189.6	\$235.8
Other Funds	\$135.3	\$141.1	\$149.1	\$140.3	\$162.3	\$160.6	\$160.1	\$158.9	\$168.4	\$175.0	\$168.2	\$180.1	\$197.5	\$238.5
Total	\$227.1	\$256.5	\$264.7	\$267.9	\$313.8	\$317.3	\$304.7	\$298.1	\$308.9	\$334.7	\$314.1	\$350.5	\$387.1	\$474.3

Source: LFC analysis of HEI financial reports of actuals (Exhibit 1).
Notes: Chart only includes unrestricted (discretionary) funds.

OTHER SUBSTANTIVE ISSUES

Implementing the tenets of the Postsecondary Education Articulation Act, HED introduced a series of reforms, called the trifecta of reforms, to simplify and create commonality among individually complex systems

(3 research universities, 4 regional universities, 10 branch community colleges and 7 independent community colleges). The complexity made transfer between institutions cumbersome for students, resulting in inefficient pathways to degree completion. The HED initiatives are incomplete. New leadership has restarted the reforms:

- Implementation of a common course numbering system at all higher education institutions in the state. Common course numbering ensures a course taken at one institution meets the graduation requirements of that same course at another institution.
- Implementation of a common general education core. The general education core is a set of common courses required as a part of most undergraduate degree programs, including both associate's and bachelor's degrees.
- Definition and creation of "metamajors." Metamajors allow for the expansion of the general education core to high level discipline areas. For example, a student might be interested in a healthcare related degree, but perhaps they have not yet decided which specific healthcare degree (e.g. nursing, respiratory technician, physical therapist, etc.) The healthcare metamajor would define a set of courses beyond the general education core common to all healthcare degrees. Students could continue to progress by taken courses that will count toward their degree, be assured that those courses count even after they transfer to another institution, and ultimately streamline the amount of time necessary to complete a degree once they settle on a major.

Recently, the HED established the Academic Advisory Council to push forward the trifecta initiatives as well as other initiatives designed to streamline and facilitate student transfer and ultimately student completion/success. The findings of the two-plus-two pilot outlined in this bill could provide useful information to the HED and its Academic Advisory Council going forward.

MFV/al