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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

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and

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date 2024-01-30

Bill No: SB235

Sponsor: Maestas, Antonio
Short HIGHER ED STUDENT
Title: RETENTION &

Agency Name and Code NMHED
Number: _____
Person Writing Chisholm, Mark
Phone: 5052716754 **Email** mark.chisholm@hed.n

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	\$1,000.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

SB235 appropriates one million dollars (\$1,000,000) from the General Fund to the New Mexico Higher Education Department (NMHED) for use in FY25 to expand existing efforts to retain students and improve graduation rates at all public institutions of higher education.

FISCAL IMPLICATIONS

SB235 appropriates one million dollars (\$1,000,000) from the General Fund to the New Mexico Higher Education Department (NMHED) for use in FY25. Any unexpended or unencumbered balance remaining at the end of FY25 reverts to the General Fund.

SB235 assigns new functions and duties to NMHED. These additional functions and duties will likely increase NMHED's administrative costs, but further review is needed to ascertain the full financial impact of SB235.

This appropriation was not included in NMHED's funding recommendation. NMHED submitted its higher education funding recommendation to the New Mexico Department of Finance and Administration (NMDFA) and the Legislative Finance Committee (LFC) on November 1, 2023, as is required by statute. (9-25-9 NMSA 1978)

SIGNIFICANT ISSUES

Retention and graduation within one hundred fifty percent (150%) of normal time for students in New Mexico are lower than national averages.

Data from the National Center for Education Statistics (NCES) provide one hundred fifty percent (150%) graduation rates and fall-to-fall retention rates for all colleges and universities in the country. For New Mexico universities, graduation rates vary from a low of twenty-five percent (25%) to a high of fifty-five percent (55%), average of forty-two percent (42%), compared to a national average of fifty-nine percent (59%) for public universities. The graduation rates for independent and branch community colleges ranges from a low of sixteen percent (16%) to a high of fifty-two percent (52%), average of twenty-eight percent (28%), compared to a national average of thirty-one percent (31%). Seven out of 17 two-year colleges have a rate that exceeds the national average.

For retention rates, New Mexico universities range from fifty-three percent (53%) to seventy-five percent (75%), average of sixty-six percent (66%), compared to a national average of seventy-five-point-seven percent (75.7%). For two-year colleges, retention rates range from forty percent (40%) to a high of seventy-one percent (71%), average of fifty-eight percent (58%). The national average is sixty-one percent (61%).

While both graduation and retention rates in New Mexico fall below national averages, it is important to note that both graduation and retention rates, as defined by NCES, represent only a small proportion of all students being served. They are computed only on first-time students who enroll for a full-time load in their first semester of college. Many students in New Mexico have previous college experience or are returning to college, and these students are not considered in calculating these rates. Also, other factors such as ability to pay and family responsibilities affect the ability of students to stay in college and/or complete their program within one hundred fifty percent (150%) of normal time. Nevertheless, all students who choose to enroll in college should be supported so that they are able to complete their program, and improved graduation rates are one way of measuring that students are able to successfully complete their programs.

The New Mexico Higher Education Department (NMHED) required all public higher education institutions (HEIs) to submit Strategic Enrollment Management Plans in fall 2022 and updates to those plans in fall 2023. One of the required sections in each plan is for the HEI to describe how they plan to improve retention and graduation rates for their students. The availability of this appropriation would give NMHED the option of issuing a Request for Applications (RFA) to HEIs for proposals to improve their retention and/or graduation rates. This extra funding could help them implement initiatives in their Strategic Enrollment Management Plans.

PERFORMANCE IMPLICATIONS

SB235 does not outline specific performance measures.

If funded, the New Mexico Higher Education Department (NMHED) could develop performance measures to track improvements in higher education institutions' retention and graduation rates.

ADMINISTRATIVE IMPLICATIONS

The New Mexico Higher Education Department (NMHED) will administer these funds involving receipt, disbursement, and tracking to higher education institutions (HEIs). There will be some administrative costs related to preparing a Request for Applications (RFA), evaluating proposals, and measuring the effect on retention and graduation at HEIs receiving funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB235 were not passed, then one million dollars (\$1,000,000) would not be appropriated from the General Fund to the New Mexico Higher Education Department (NMHED) to support retention and graduation at New Mexico public postsecondary education institutions.

AMENDMENTS

N/A