

NEW MEXICO
HIGHER EDUCATION
DEPARTMENT



Fostering Student Success from Cradle to Career

NEW MEXICO'S HIGHER EDUCATION FUNDING FORMULA

JUNE 22, 2021

**PRESENTATION TO THE HIGHER EDUCATION
SUBCOMMITTEE**

CABINET SECRETARY

STEPHANIE M. RODRIGUEZ



RUIDOSO, NM

HIGHER EDUCATION
SUBCOMMITTEE

**HIGHER EDUCATION FUNDING
FORMULA**

*THE FUNDING FORMULA
KEY DISCUSSION POINTS
WORKING GROUP*



NEW MEXICO

HIGHER EDUCATION DEPARTMENT

THE NEW MEXICO HIGHER EDUCATION DEPARTMENT IS COMMITTED TO A COMPREHENSIVE REVIEW OF THE CURRENT FUNDING FORMULA IN COLLABORATION WITH THE LEGISLATIVE FINANCE COMMITTEE AND NEW MEXICO'S PUBLIC HIGHER EDUCATION INSTITUTIONS.

FY13: First year for student-outcomes funding

FY15: Formula established; cost factors treated equally

FY16 (1): Separate cost factors for Awards, At-Risk, STEM-H incorporated for the different sectors

FY16 (2): A hold harmless plus and stop-loss component integrated

FY17: Continued hold harmless plus funded with non-recurring funding, and eliminated the stop-loss component

FY20: Formula consistent with FY19, but adjusted the percentage of funding to end of course student credit hours, awards, and at-risk

FY21: Consistent with some modifications, including an increase in awards and at-risk percentages, and new money for dual credit outside of the formula

FY22: Consistent with some modifications, including \$20 million restoration for the CARES Act swap and a hold harmless provision for schools with negative funding

FUNDING FORMULA HISTORY

A history of the current student outcome-based formula in New Mexico

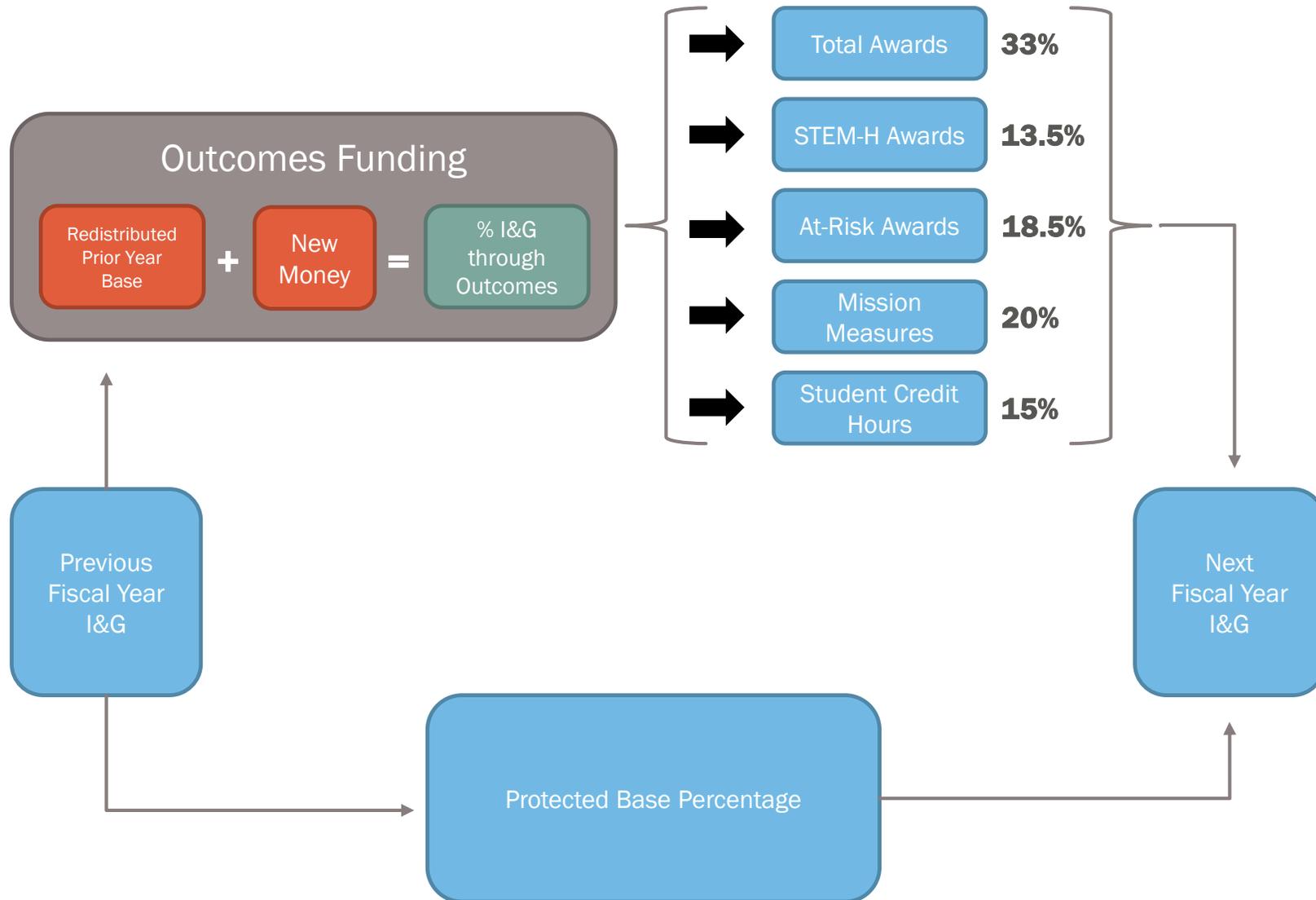


FUNDING FORMULA

STUDENT OUTCOME BASED-FORMULA

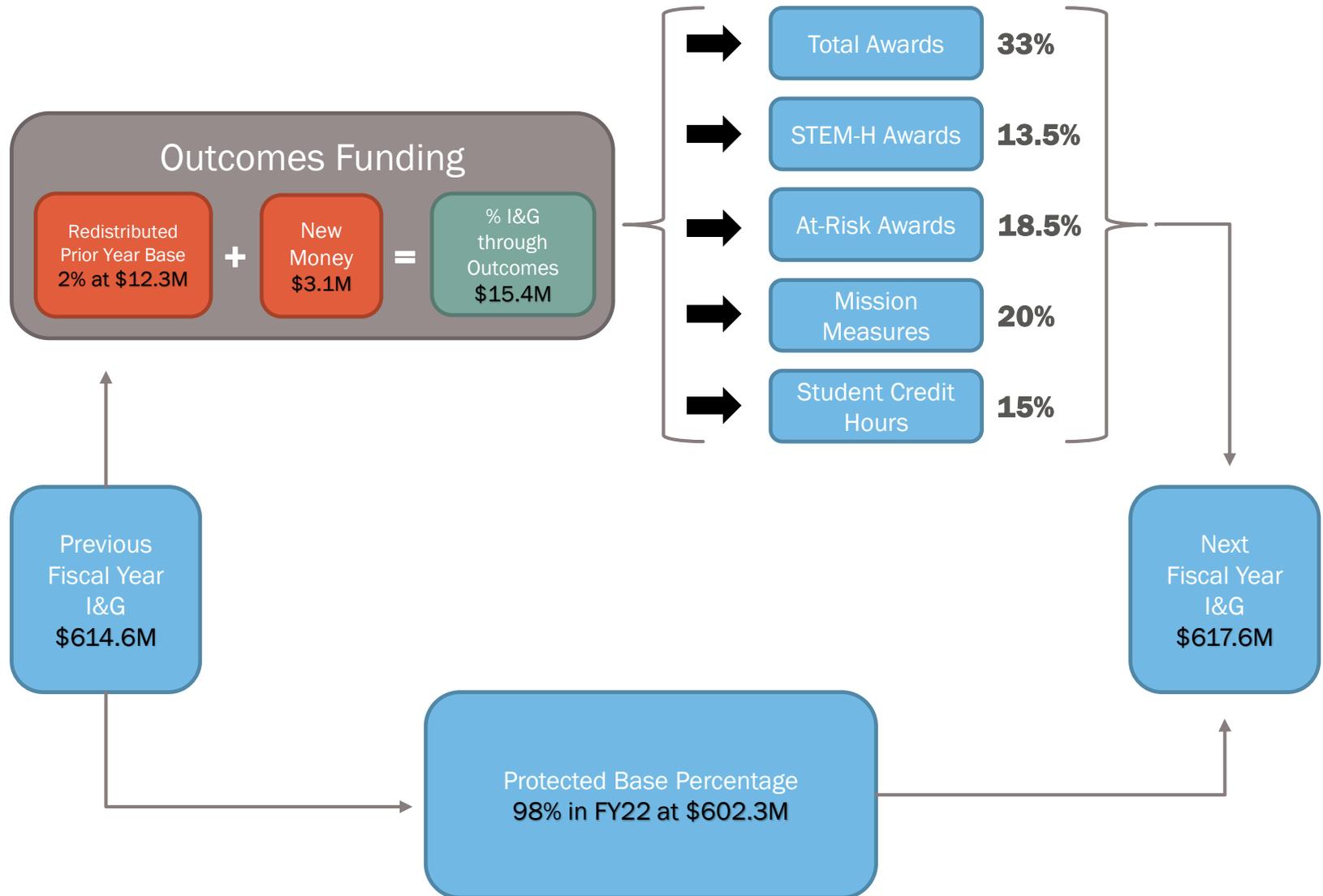
The Instruction and General (I&G) funding formula is a model that is influenced by student-centered outcomes while considering individual sector missions and goals across New Mexico.

The current formula has been in place since FY16 with only minor changes occurring over consecutive years.



STUDENT OUTCOME BASED-FORMULA

*FY22 Funding Formula
Distribution*



END OF COURSE STUDENT CREDIT HOURS AWARDS MATRIX

*Each dollar of state support
relative to each tier level*

AWARDS MATRIX: End of Course Student Credit Hours *Funding Formula Outcome Measure*

TIER	Lower Division	Upper Division	Graduate Level
1	\$1.00	\$2.20	\$4.76
2	\$1.49	\$3.45	\$6.55
3	\$2.41	\$3.96	\$10.48



BEST PRACTICE:
***MONITORING THE
EFFICIENCY OF THE
FUNDING FORMULA***

Since the current formula is relatively new, the New Mexico Higher Education Department must continue to monitor and review its efficiency and effectiveness over time. Since 2016, adjustments have been incorporated as needed and the agency is dedicated to comprehensive reviews of the funding formula every two to three years.

KEY TOPICS IDENTIFIED FOR DISCUSSION

- Address redistribution of the base
- Evaluate workforce measures that support current state trends and needs
- Better define and support at-risk students
- Evaluate and simplify coding and weighting measures
- Examine dual credit distributions

KEY TOPIC:

**ADDRESS
REDISTRIBUTION
OF THE BASE**

Address redistribution of the base

- The current formula is designed to equalize funding among institutions based on student outcomes; however, base redistribution, combined with historical differences in funding per student, causes mathematical advantages and disadvantages among schools.
- Due to the diversity of New Mexico's public higher education institutions, the interim work must include examining better methods of rewarding performance gains and improved outcomes.



KEY TOPIC:

EVALUATE WORKFORCE MEASURES

Evaluate workforce measures & consider state workforce needs

- The STEM-H measure that incentivizes science, technology, engineering, math and healthcare degrees is a current proxy for New Mexico's workforce needs.
- We can broaden the measure from STEM-H to a "STEM-H Plus Workforce" measure where additional degrees can be measured and included within the current measure, e.g., incentivizing teaching degrees and other high-demand fields.

KEY TOPIC:

**BETTER DEFINE
AT-RISK**

Better define and support at-risk students

- “At-Risk Awards” identifies students based on Pell Grant eligibility and the student’s Expected Family Contribution (EFC).
- This does not fully capture at-risk student demographics in our public colleges and universities. Incorporating other risk factors into the definition, such as first-generation college students and other non-traditional students in the higher education system, should be a consideration.
 - Note: This will require enhanced data collection.

KEY TOPIC:
**EVALUATE &
SIMPLIFY
MEASURES**

Evaluation and reconsider historical coding and weighting measures

- Weighting tables in the formula are based on historical costs of instructional delivery.
- These weights are only used for the student credit hour calculation within the formula and should be replaced with a simpler calculation methodology.



KEY TOPIC:

EXAMINE DUAL CREDIT DISTRIBUTIONS

Examine dual credit distributions within the formula

- The distribution of dual credit course completions in the formula does not sufficiently reimburse higher education institutions for the cost of delivery of dual credit instruction.
- An equitable mechanism for funding dual credit should be developed either within the funding formula or funded apart from the funding formula.



WORKING GROUP

GUIDING PRINCIPLES OF THE REVIEW PROCESS

1. Reflect the Executive and Legislative priorities for higher education
2. Reward student success while remaining focused on equity and attainability for all New Mexicans
3. Encourage attainment in high-demand and high-reward disciplines
4. Use clearly defined, currently available data
5. Maintain clarity, simplicity, and stability

NEXT STEPS

The New Mexico Higher Education Department is committed to a comprehensive review of the current funding formula in collaboration with the Legislative Finance Committee and New Mexico's public higher education institutions.

- We will convene a targeted working group with partners from the State of New Mexico and the higher education associations to discuss the higher education formula.
- The State Higher Education Executive Officers Association, commonly referred to as SHEEO, will serve as an external facilitator with expertise in national trends of higher education funding and will assist the working group in guiding the discussion through a series of structured, meaningful conversations.
- There will be four (4) to five (5) virtual meetings that will be recorded and available for the public to view.
 - Note: Input will be collected from all stakeholders throughout the process.
- The New Mexico Higher Education Department will prepare and present its recommendations for improvements to the funding formula.

WORKING GROUP MEMBERS

1. Secretary of Higher Education, State of New Mexico
2. Secretary of Finance and Administration, State of New Mexico
3. Director of the Legislative Finance Committee, New Mexico Legislature
4. Director of the New Mexico Council of University Presidents
5. President of the New Mexico Council of Presidents (Western New Mexico University)
6. Director of the New Mexico Independent Community Colleges
7. President of the New Mexico Independent Community Colleges (Santa Fe Community College)
8. Director of the New Mexico Association of Community Colleges
9. President of the New Mexico Association of Community Colleges (University of New Mexico – Los Alamos)

THANK YOU

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Photo courtesy of Central New Mexico Community College

