

NEW MEXICO HIGHER EDUCATION
COLLEGE AFFORDABILITY AND ACCESS



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UPDATE TO THE LEGISLATIVE EDUCATION STUDY COMMITTEE
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SECTION 1



COLLEGE AFFORDABILITY AND
NATIONAL STUDENT DEBT



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Recent research from the Lumina Foundation indicates that nationally:

- College prices have increased by 45% on average over the past decade, while household income has declined by 7% in the same period.
- At 2011-12 prices, students taking four years to complete a bachelor's degree would pay an average net price between \$59,400 (if they transferred from a two-year institution) to \$111,600 (if they attended a private non-profit institution).

Lumina Foundation. 2015. "A Benchmark for Making College Affordable." *Lumina Foundation White Paper*. p.1-9



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FOUNDATION

- National student loan debt is currently more than \$1 trillion.
- The average loan debt for completers (at all degree levels) was \$14,100 in 2011-12, which is a 120% increase from \$6,400 in 1995-96.

Lumina Foundation. 2015. "A Benchmark for Making College Affordable." *Lumina Foundation White Paper*. p.1-9

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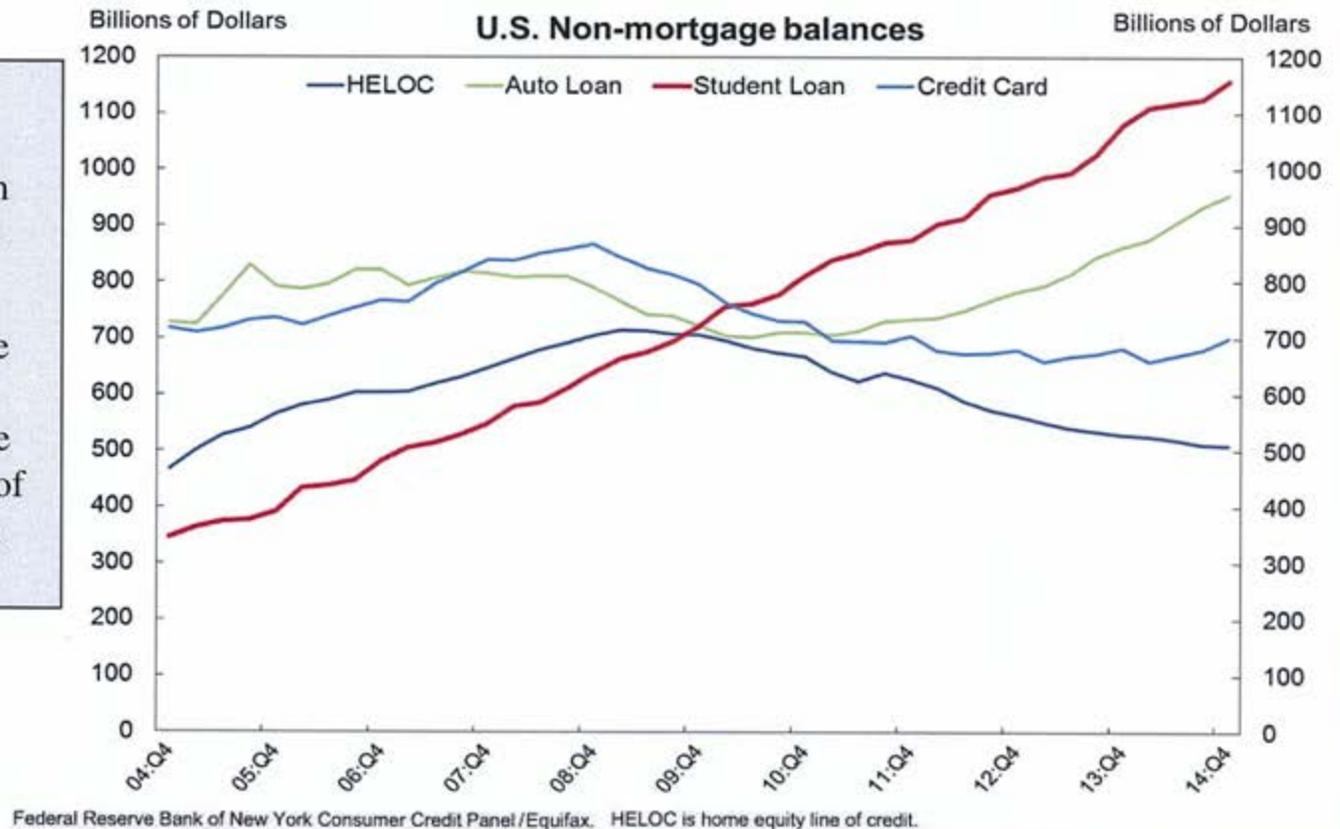


NATIONAL STUDENT LOAN TREND

From 2005 through 2008, student loans were the lowest form of household debt in the United States.

After the onset of the Great Recession, student loans became the largest category of household debt from 2011 through 2014.

Brown, Haughwout, Scally, & van der Klaauw. 2015. "The Student Loan Landscape" *The Federal Reserve Bank of New York*.



SECTION 2



TUITION AND FEES:
THE RELATIVE AFFORDABILITY OF COLLEGE
IN NEW MEXICO



THE COST OF HIGHER EDUCATION: NEW MEXICO'S COMPARATIVE AFFORDABILITY

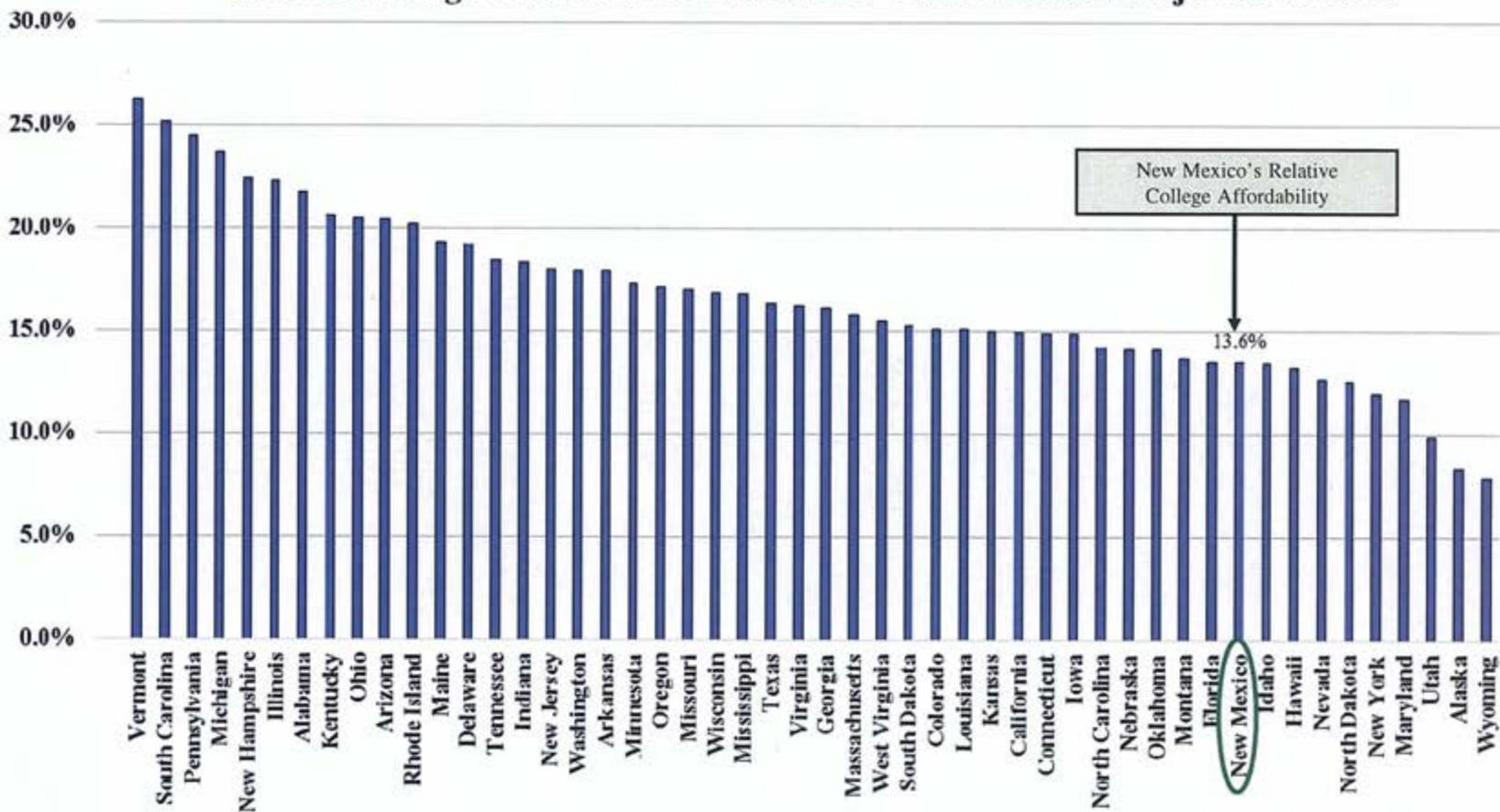
- According to recent data from the Western Interstate Commission on Higher Education (WICHE), New Mexico's average tuition and fees were among the lowest of the western states in academic year (AY) 2014-15.
- New Mexico's tuition and fees were comparatively low for the western region across both four-year and two-year higher education institutions in AY2014-15.
- This data suggests that higher education in New Mexico is relatively affordable when compared to the tuition and fee costs of other states.

Resident Undergraduate Tuition and Fees at Public Four-Year Institutions, State Averages and WICHE Average, 2014-15



WICHE. May 2015. "Tuition and Fees in the West 2014-15." *WICHE Policy Insights*, p. 1

In-State Public Four-Year Institution Average Tuition & Fees (AY2013-14) as a Percentage of State Median Income - 2014 Inflation Adjusted Dollars



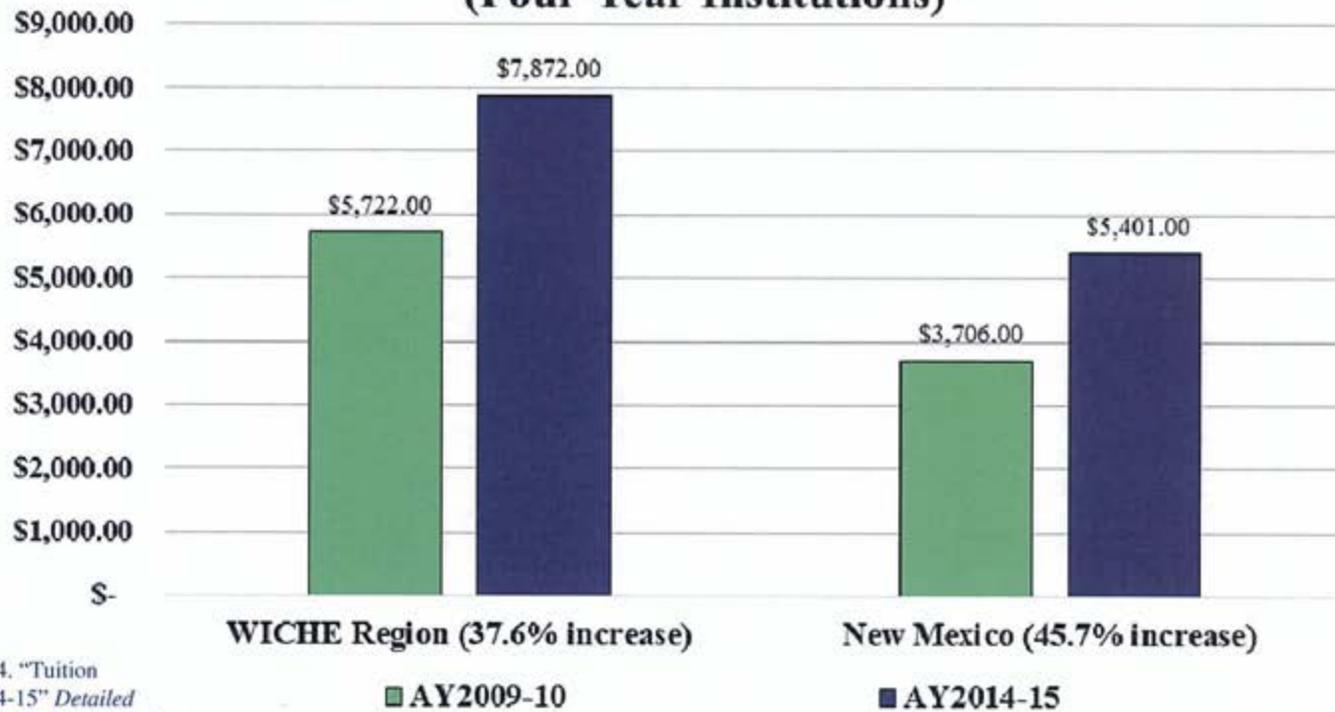
The College Board, Annual Survey of Colleges, Trends in College Pricing: Average Tuition and Fees (Table 5)

U.S. Census, American Community Survey 2014 (1-year estimates) – Selected Economic Characteristics Table – Median Household Income



FIVE YEAR CHANGE IN AVERAGE TUITION AND FEES: NEW MEXICO COMPARED TO WICHE REGION AVERAGE

Average Undergraduate Resident Tuition and Fees (Four-Year Institutions)

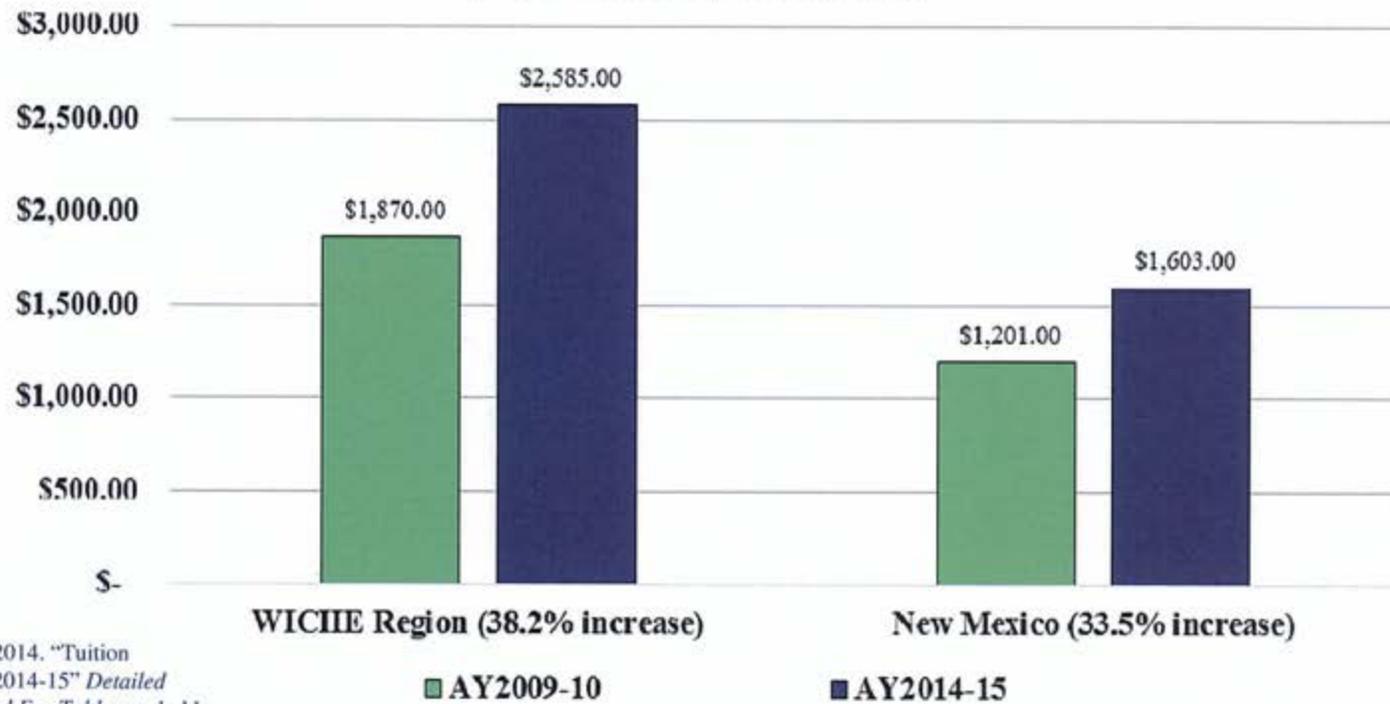


WICHE. 2014. "Tuition and Fees 2014-15" *Detailed Tuition and Fee Tables*. p. 1, 3



FIVE YEAR CHANGE IN AVERAGE TUITION AND FEES NEW MEXICO COMPARED TO WICHE REGION AVERAGE

Average Resident Tuition and Fees (Two-Year Institutions)



WICHE. 2014. "Tuition and Fees 2014-15" Detailed Tuition and Fee Tables. p. 1, 11



NATIONAL TRENDS IN HIGHER EDUCATION COLLEGE COSTS AND FAMILY INCOMES

- From academic year 2009-10 to 2014-15, in-state tuition and fees at public 4-year institutions increased an average of 17% nationwide. (The College Board, Annual Survey of Colleges).
- The most recent available U.S. Census data shows that over a similar timespan the national median household income declined by 4.6% after adjusting for inflation. (U.S. Census, Historical Household Income Tables – Table H.6, accessed September 2015).
- A growing gap between college costs and family incomes will limit the accessibility and affordability of higher education nationally and in New Mexico.

Undergraduate Full Time (12 SCH) Resident Cost per Semester for FY15			
NM Institutions	Tuition	Fees	Tuition & Fees
NMIMT	\$2,648.90	\$474.00	\$3,122.90
NMSU	\$2,406.00	\$568.80	\$2,974.80
UNM	\$2,823.00	\$600.00	\$3,423.00
ENMU	\$1,532.40	\$896.40	\$2,428.80
NMHU	\$1,596.00	\$654.00	\$2,250.00
NNMC	\$1,374.00	\$656.00	\$2,030.00
WNMU	\$1,781.04	\$891.84	\$2,672.88
ENMU Roswell	\$720.00	\$120.00	\$840.00
ENMU Ruidoso	\$468.00	\$50.00	\$518.00
NMSU Alamogordo	\$936.00	\$48.00	\$984.00
NMSU Carlsbad	\$444.00	\$86.00	\$530.00
NMSU Dona Ana	\$720.00	\$84.00	\$804.00
NMSU Grants	\$900.00	\$48.00	\$948.00
UNM Gallup	\$727.20	\$124.80	\$852.00
UNM Los Alamos	\$831.00	\$64.00	\$895.00
UNM Taos	\$864.00	\$51.00	\$915.00
UNM Valencia	\$735.60	\$45.00	\$780.60
CNM	\$600.00	\$88.00	\$688.00
CCC	\$468.00	\$140.00	\$608.00
LCC	\$420.00	\$23.00	\$443.00
MCC	\$576.00	\$154.00	\$730.00
NMJC	\$420.00	\$204.00	\$624.00
SJC	\$492.00	\$155.00	\$647.00
SFCC	\$474.00	\$57.60	\$531.60
Institutional Data Submitted to HED's Institutional Finance Division			

HED Institutional
Finance Division, FY15
data from NM institutions.

SECTION 3



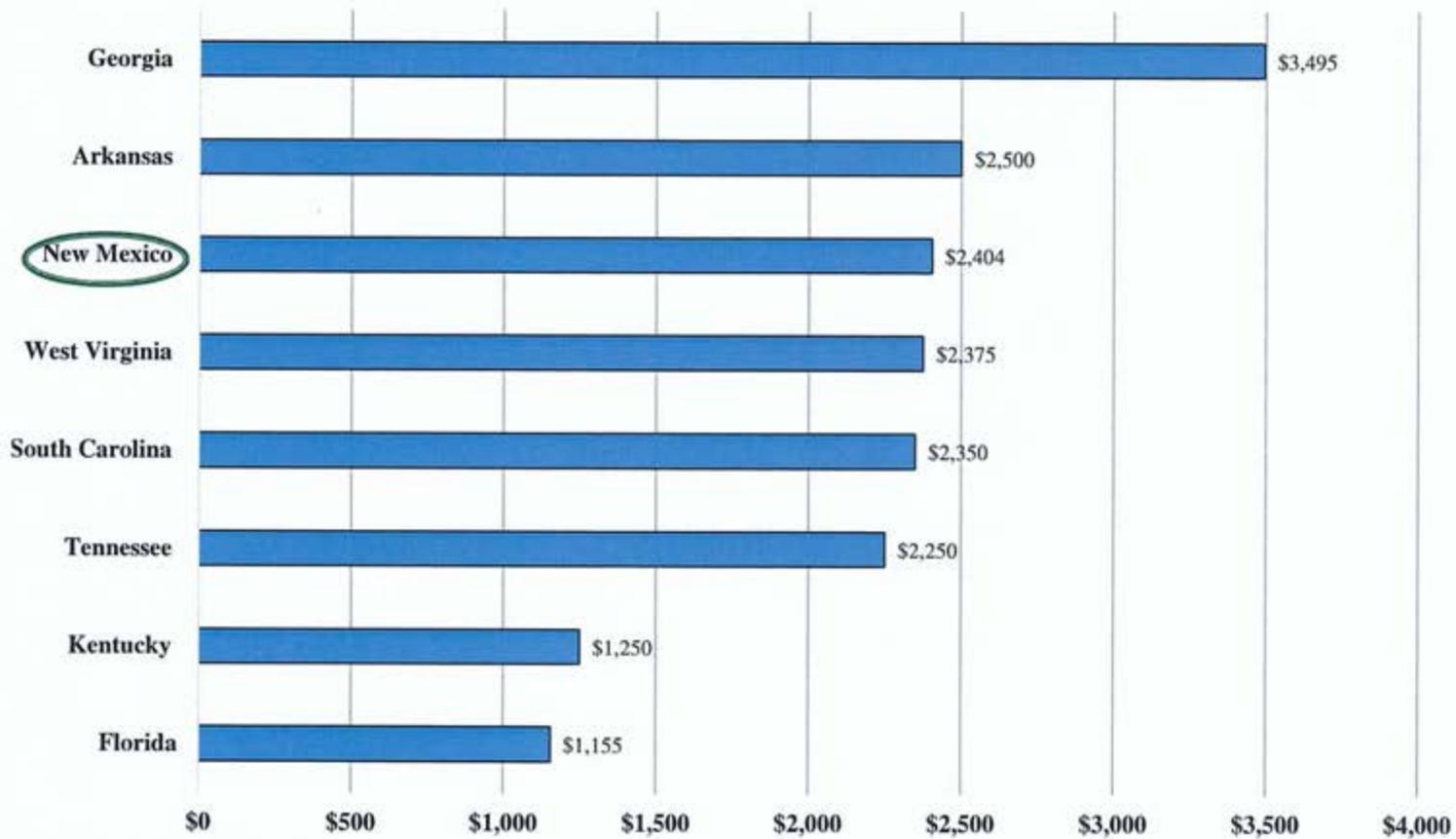
OTHER FACTORS IMPACTING
COLLEGE AFFORDABILITY



COLLEGE TUITION AND THE LEGISLATIVE LOTTERY SCHOLARSHIP

- The New Mexico Legislative Lottery Scholarship currently covers 90% of each higher education sector's average tuition for Fall 2015 and Spring 2016.
- All other factors being equal (e.g. lottery proceeds, enrollment levels, and liquor excise taxes), tuition increases lower the percentage of tuition that the Lottery Scholarship is able to cover.

Lottery-Funded Higher Education Scholarship Programs Maximum Scholarship Award Amounts in Fall 2015 Semester



State program websites for AY15-16 (Accessed September 2015).



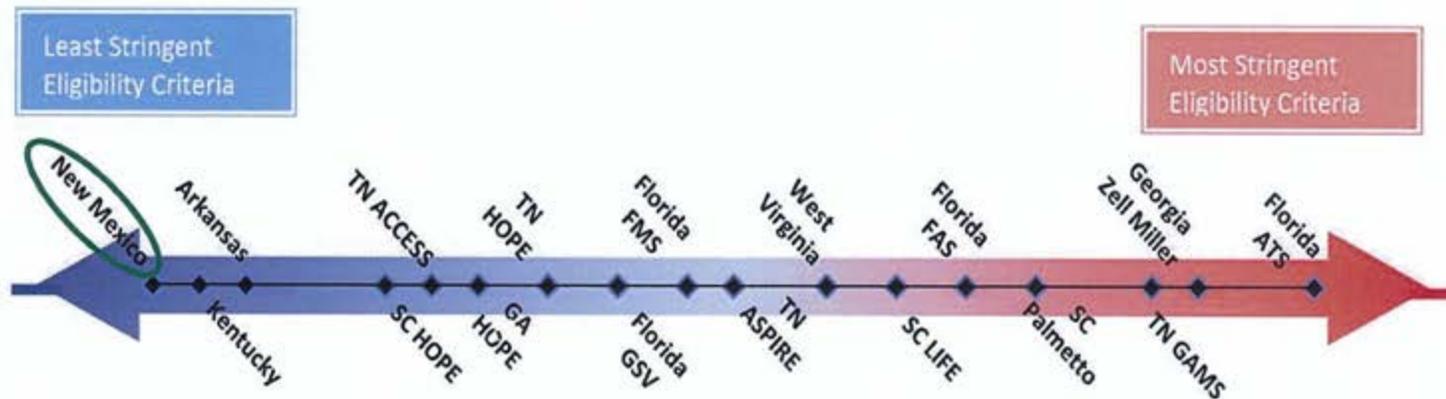
LEGISLATIVE LOTTERY SCHOLARSHIP INCOME DISTRIBUTION OF QUALIFYING RECIPIENTS

FY15 Lottery Recipients Annual Gross Income				
Higher Education Sector	≤ \$25K	\$25-50K	\$50-75K	≥ \$75K
RESEARCH	4,150	3,939	2,517	12,277
COMPREHENSIVE	699	675	503	1,159
TWO-YEAR	2,163	1,360	735	621
Total Students	7,012	5,974	3,755	14,057
Lottery Students who Completed a FAFSA (77% of all Lottery Recipients)				

HED Financial Aid Files.

10/29/2015

Continuum of State Lottery Scholarship Programs based on Academic Eligibility (Composite ACT score and high school GPA) and Financial-Need Requirements



Tennessee Higher Education Commission. 2012.
A Comparison of States' Lottery Scholarship Programs. p.21.

Distribution of Lottery Recipient Degree Awardees FY 2000 through FY 2014				
Total Number of Semesters Receiving Lottery Scholarship	No Degree Received	Degree or Certificate Awarded	Total	Percent With an Award
1	21,743	3,919	25,662	15.3%
2	8,124	3,207	11,331	28.3%
3	8,591	3,378	11,969	28.2%
4	3,443	4,192	7,635	54.9%
5	4,231	2,380	6,611	36.0%
6	1,607	2,544	4,151	61.3%
7	3,839	9,182	13,021	70.5%
8	2,363	10,766	13,129	82.0%

82% of those who received the lottery scholarship for eight consecutive semesters ended up graduating. 15.3% of those who only received one semester of the lottery scholarship ended up graduating.



TUITION AND TOTAL COST OF ATTENDANCE

- New Mexico's six-year graduation rate for four-year higher education institutions is roughly 46%, which is below the national average of 69%. (David Longanecker. 2015. Presentation at Governor's Higher Education Summit. p.7)
- Students accumulate more tuition costs and debt when they take longer to graduate from college.
- New Mexico's students could end up with a high total cost of attendance despite relatively low tuition and fees.

SECTION 4



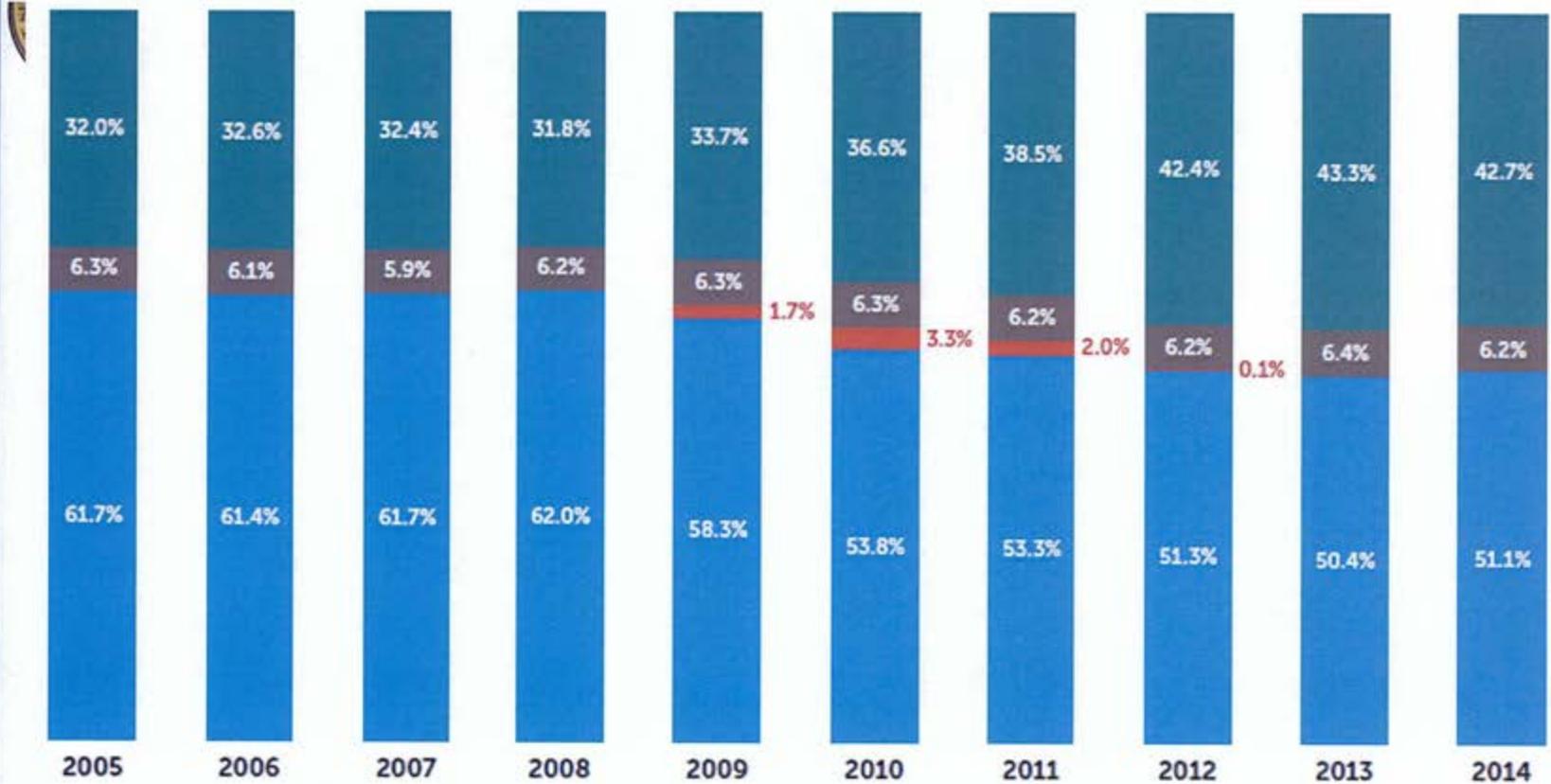
TUITION IN THE CONTEXT OF
NATIONAL TRENDS



TUITION IN A MACROECONOMIC CONTEXT

- National data from the State Higher Education Executive Officers (SHEEO) Association, show that state appropriations and tuition have historically been the two primary revenue sources for U.S. public higher education.
- The national data indicate that state appropriations for public higher education declined from 2008 through 2014 due to the economic downturn. Consequently, public higher education revenues increasingly came from tuition. (SHEEO. 2015. "State Higher Education Finance Report: FY14." p.9).

DISTRIBUTION OF PUBLIC HIGHER EDUCATION FUNDING SOURCES, FISCAL 2005-2014



SHEEO (2015),
 "State Higher
 Education Finance
 Report: FY2014", p.9

■ STATE SUPPORT
 ■ ARRA
 ■ LOCAL SUPPORT
 ■ NET TUITION REVENUE

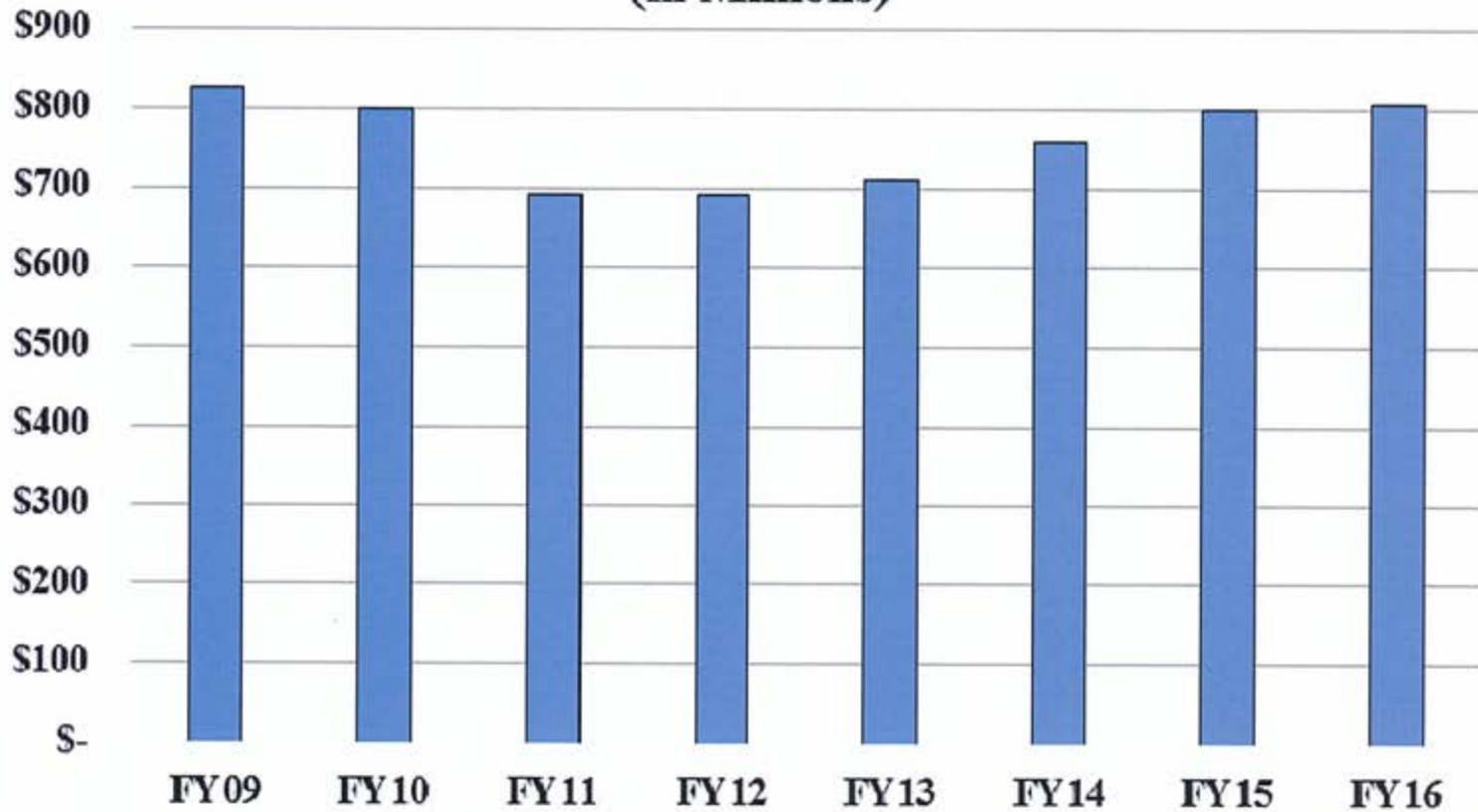
ARRA: American Recovery and Reinvestment Act

NET TUITION AS A PERCENT OF PUBLIC HIGHER EDUCATION TOTAL EDUCATIONAL REVENUE, U.S., FISCAL 1989-2014



SHEEO (2015), "State Higher Education
Finance Report: FY2014", p. 24

Higher Education Institutions' General Fund Support (in Millions)

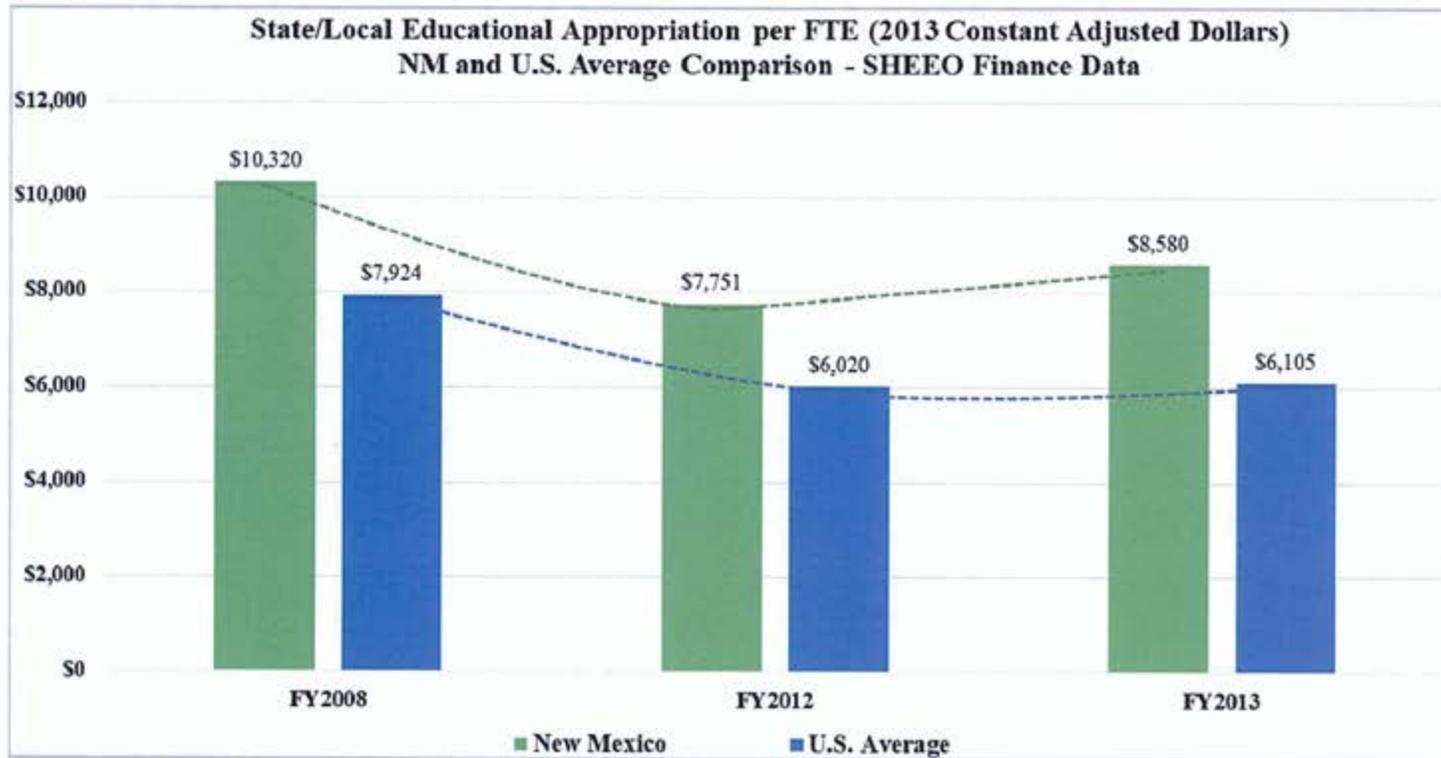


Legislative Finance Committee, "May 2015 Post-Session Review", p.13.

Source: 2015 GAA, LFC Budget Documents

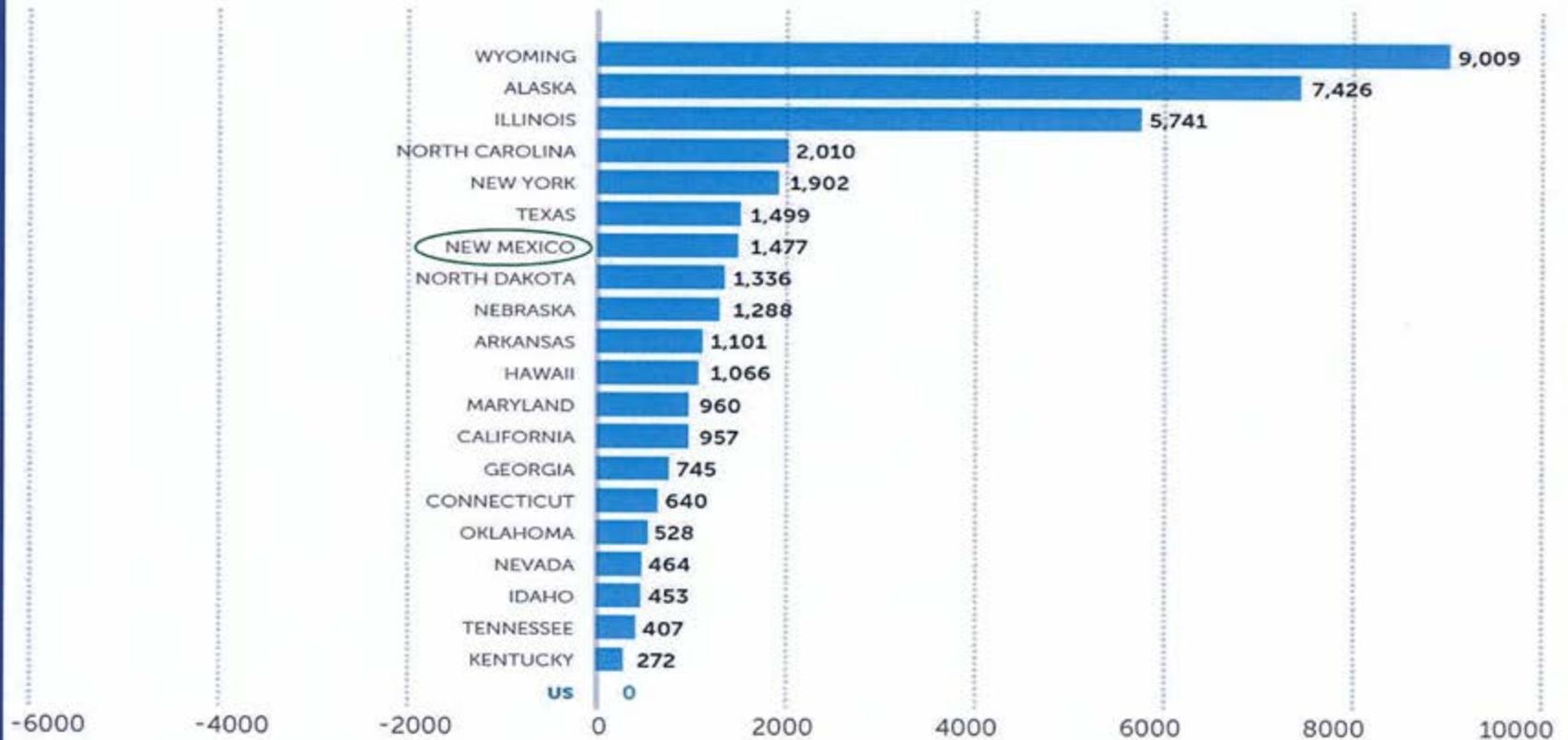


NEW MEXICO'S INVESTMENT IN PUBLIC HIGHER EDUCATION



SHEEO. 2014. "State Higher Education Finance Report: FY13" p.32

EDUCATIONAL APPROPRIATIONS PER FTE—STATE DIFFERENCES FROM U.S. AVERAGE, FISCAL 2014



SHEEO (2015), "State Higher Education Finance Report: FY14", p. 39

Note: Dollars adjusted by Cost of Living Adjustment and Enrollment Index. All other states were below U.S. average.

SECTION 5



CONCLUSIONS



CONCLUSIONS

- Higher education in New Mexico is relatively more affordable compared to other states in terms of tuition and fees.
- As state appropriations to higher education decreased nationally since 2008, public higher education institutions have become increasingly reliant on tuition revenue. In New Mexico, state general fund support has nearly recovered to pre-recession levels.
- Tuition is only one factor that impacts college affordability, other factors include: median income, total cost of attendance, and lottery scholarships.
- Policymakers and educational leaders will need to collaborate in order to ensure that New Mexico higher education remains affordable if national trends continue to raise college costs.