



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 15 percent of general fund revenues to support 25 colleges and universities that deliver workforce training, adult education, and undergraduate and graduate degrees. At that level, 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

In addition to student financial aid programs, the state spends close to \$1 billion annually in state general fund revenues, other state revenues, and state-backed bonds on colleges and universities.

The schools fund instruction, academic support, student services, and related expenses – collectively called I&G for instruction and general – with state general fund appropriations, other state funding, local mill levy revenues, and student tuition and fees. For most four-year institutions, the state provides between 40 percent and 60 percent of I&G revenues, 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 50 percent.

In FY13, the state revised the I&G formula to increasingly base state support on student outcomes. Building on the prior-year appropriation, the formula is based on

- a percent of end-of-course completed student credit hours (the total number of student credit hours reduced by a rate of completion);
- a three-year rolling average of the total number of certificates and degrees awarded over the most recent three academic years, with bonuses for science, technology, engineering, math, and health degrees and degrees awarded to financially at-risk students; and
- outcome measures specific to each institutional type.

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. It is too early to tell if New Mexico degree rates have caught up with national averages.

Research and Public Service Projects

The state also uses the general fund to support a variety of programs and projects attached to colleges and universities but funded outside the formula and in separate items in the General Appropriation Act. This includes the nine 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, the state's land grant university.

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

- State statutes concerning colleges and universities are in Chapter 13.
- National statistics about colleges are at completecollege.org and nces.ed.gov/collegenavigator.
- The Higher Education Department website is hed.state.nm.us.