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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/21
 SPONSOR Gonzales LAST UPDATED 02/09/21 HB _____
 SHORT TITLE Create Higher Ed Coordinating Council SB 169
 ANALYST Valenzuela

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY21 | FY22 | FY23 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|--------|--------|-------------------|---------------------------|---------------|
| Total | | \$50.0 | \$50.0 | \$150.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

FY22 LFC Appropriation Recommendation, Volumes I, II, III
 LFC Program Evaluation: *Higher Education Cost Drivers and Cost Savings*, October 2017
 LFC Program Evaluation: *Review of the Higher Education Funding Formula*, August 2018
New Mexico Higher Education Governance Report in Response to Senate Joint Memorial 8, 2017 Legislative Session, October 26, 2018

Responses Received From
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 169 creates a 16-member statewide coordinating council to support HED’s statewide higher education initiatives focused on improving student outcomes. The council will be staffed by HED. The bill also streamlines certain existing processes by then into HED from other agencies, such as the State Board of Finance.

FISCAL IMPLICATIONS

Senate Bill 169 does not contain an appropriation. Enactment of the bill would have a minor financial impact on HED, estimated at \$50 thousand annually, to provide for HED staff support of the council, travel and per diem costs for public members, and miscellaneous operational costs.

SIGNIFICANT ISSUES

No single entity within state government practices consistent oversight of the \$3 billion higher

education sector in New Mexico. SB169 would provide the HED more statutory authority to exercise oversight by creating a coordinating council of experts. The coordinating council would meet routinely, in public, and discuss strategic and operational issues confounding higher education in New Mexico.

Colleges and universities operate almost completely independent of one another or independent of a statewide goal for higher education. In 2017, the Legislature passed Senate Joint Memorial 8 requiring HED to assess the multilayered-governance structures at the state's 31 public colleges and universities throughout New Mexico. In its report, HED recommended either restructuring the entire higher education system – requiring nine amendments to New Mexico's Constitution – or guiding statewide governance through a coordinating body overseeing the entire system.

SB169 follows through on HED recommendation to create a coordinating council. The higher education system consists of 31 public colleges or universities:

- 4 tribal colleges, (Dine College, Navajo Technical University, Southwestern Indian Polytechnic Institute, and Institute of America Indian Arts),
- 3 special schools, established in the New Mexico Constitution (New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf),
- 3 research four-year universities (University of New Mexico, New Mexico State University, New Mexico Institute of Mining and Technology),
- 4 regional, comprehensive four-year universities (New Mexico Highlands University, Northern New Mexico College, Eastern New Mexico University, and Western New Mexico University),
- 7 independent two-year community colleges (Central New Mexico CC, Santa Fe CC, San Juan College, New Mexico Junior College, Mesalands CC, Clovis CC, and Luna CC), and
- 10 branch two-year community colleges (UNM – Gallup, Los Alamos, Taos, Valencia; NMSU – Alamogordo, Carlsbad, Dona Ana, and Grants; ENMU – Roswell and Ruidoso).

These institutions were created by constitutional amendment, state statute, or local voter referendum, and therefore, the decision-making authority for each is vastly different. The special schools are not colleges at all, and instead provide kindergarten through 12th grade education for visually impaired or deaf students. The tribal colleges are funded either by the federal government or by tribal governments. The operations of community colleges in New Mexico, established by local school districts, are required to be funded with local property taxes , but the majority in New Mexico are highly reliant on state appropriations.

Coordinating 31 public colleges or universities, 21 boards of regents (appointed by the governor or congressionally appointed at tribal colleges) and 10 local advisory boards is challenging when HED has little authority and minimal staff to compel participation or compliance. In its 2018 report, HED states:

“Despite this significant state financial investment, there is a lack of a cohesive, independent voice that advocates on behalf of the state, and ultimately, the students of New Mexico.”

Pipeline for New Mexico Economy. New Mexico’s economy is transitioning to a high-skills-based economy in which the majority of high-wage jobs demand a college degree. Strategically, New Mexico’s “Route-to-66” attainment goal focused the state’s combined efforts to meet those workforce demands, prompting reform or efficiency initiatives from the state Higher Education Department (HED). The goal of HED’s Route-to-66 initiative is to have 66 percent of New Mexico adults ages 25 to 64 with a higher education credential by 2030. New Mexico has lower educational attainment than surrounding states, despite high proportionate spending on (and per-capita access to) higher education.

Despite an increasing number of high school graduates in New Mexico, pre-Covid-19 enrollment into public colleges and universities declined by 13 percent over the past five years. College enrollments increased in neighboring states. Texas increased its enrollment by 22 percent, as one example.

Unfinished Reform Initiatives. In 2016, HED began implementing the trifecta reform initiative, intended to simplify the transfer of lower-level courses among colleges. The three-pronged program developed (1) a common-course numbering system (CCNS), (2) a revised general education curriculum, and (3) meta-majors designed to assist students in maintaining progress toward degree completion even if students transferred to another institution. The reform program is incomplete and may be impeding student progress to degree completion.

The CCNS – designed by faculty, academic officers, and registrars – cataloged lower-level courses offered by institutions. The exercise was designed to find commonality among the same lower-level courses offered by all the institutions. Instead, the academic officers proliferated unique courses, resulting in a database of 2,643 lower-level courses. Only six of the courses are common to all 24 public colleges and universities in New Mexico. Almost 70 percent of the courses in the CCNS are offered only by one institution.

In New Mexico, if the trifecta had achieved its stated purpose – to simplify transferability of common courses and learning outcomes – the entire general education curriculum would be aligned across all 24 public institutions. Unique courses, which make up more than 88 percent of lower-level courses, would be the exceptions.

The state Postsecondary Education Articulation Act (Section 21-1B-1 NMSA 1978) provides HED with authority to require compliance of institutions. However, HED lacks the resources to coordinate governing body compliance with reform initiatives, and a coordinating body would assist the department to bring focus to these reform initiatives.

The structural challenges in higher education must be addressed by the entire sector to ensure simplicity for students. One noncompliant institution can create confusion and discordance statewide; a higher education coordinating council would be useful to ensuring compliance with all institutions statewide. If effective, student outcomes will improve.

PERFORMANCE IMPLICATIONS

Comparing student outcomes among state institutions, performance varies widely in student retention rates, graduation rates, and the number and types of degrees conferred. When comparing state institutions with regional peers, New Mexico lags in performance.

Oregon, Florida, Virginia, and an estimated 18 additional states have boards, commissions, or committees that coordinate plans and policies across higher education institutions without directly managing them. New Mexico has no such coordinating body, and a 2017 LFC evaluation found that this lack of coordination comes at a cost to the state, which has little ability to check decisions made at the individual postsecondary institutions, outside of a statewide context. Some examples of these costs included

- Duplicative academic offerings across institutions,
- A lack of differentiation or specialization among institutions,
- Unproductive competition among institutions for students and funding, and
- Missed opportunities for collaboration among institutions.

OTHER SUBSTANTIVE ISSUES

Improved Data-Sharing and Predictive Analytics. In its 2019 LFC hearing brief, *Performance Management in Higher Education*, LFC identified the amount of data collected by colleges and universities used for compliance purposes rather than managing for results. The limited use of data hinders collaboration among institutions or participation in consortia that may improve service delivery to students. Turning data into actionable insights for strategic performance management could improve institutional effectiveness and student outcomes.

According to national surveys, students report the single most difficult challenge in higher education is gaining access to the right course at the right time. Any disruptions in a student's pathway can significantly impact their persistence and completion. Several experts report that managing this academic enterprise is complex and requires good planning to balance quality programming for variable student enrollment in multiple pathways against fixed infrastructure and instructional capacity.

Institutions collect a wealth of data, but only a small portion is reported to HED. Minimal data is shared or reported on a statewide level, particularly as it relates to metrics to quantify students' degree velocity – a metric used by some institutions across the country to illustrate student progress through their degree pathways. On a statewide level, policymakers have virtually no insight into constraints that may be obstructing student success at a single institution or in an entire sector of universities. An investment into better systems and data-informed institutional activities could help policymakers target resources to challenged operational areas.

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