

SENATE FINANCE COMMITTEE BUDGET PRESENTATION: HIGHER EDUCATION

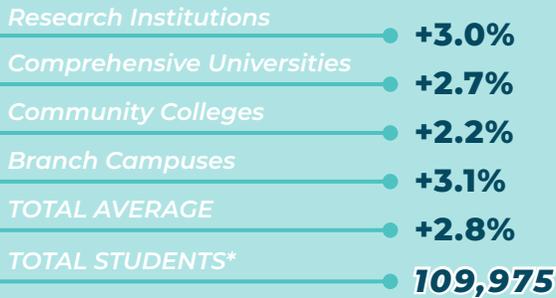
Presenters: *Stephanie M. Rodriguez, Cabinet Secretary*
Gerald Hoehne, Chief Financial Officer



NEW MEXICO
HIGHER
EDUCATION
DEPARTMENT

ENROLLMENT & OPPORTUNITY SCHOLARSHIP DATA SPOTLIGHT

While college enrollment is trending downward nationwide and in neighboring states across most categories, **college enrollment in New Mexico has grown each of the last three years.**



*Formula-Funded Higher Education Institutions

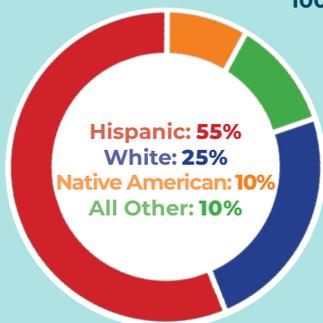
2019-2021: First-Time, Full-Time, Degree Seeking Enrollment **-15%**

2021-2024: First-Time, Full-Time, Degree Seeking Enrollment **+23.5%**

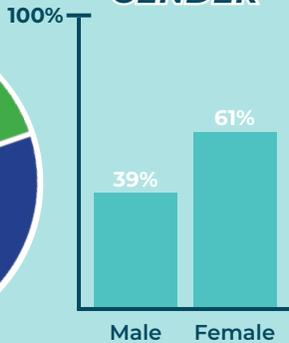
Source: Census Enrollment Headcount Report (HED, 2019-2024)

The Opportunity Scholarship is projected to support 40,000 New Mexicans this fall, the majority of whom come from traditionally underserved communities.

RACE & ETHNICITY



GENDER



Source: Preliminary eDEAR System Data (HED, Fall 2023)

Graph 1: Since the 2018-2019 academic year, many awards have been completed in Humanities and General Education, reflecting the value of these fields. Additionally, nearly 68% of all awards are in other areas of study, including 33% in Health Professions and Science, Technology, Engineering, and Math (STEM).

Over 65,000 jobs annually will require a postsecondary credential in 2031.

New Mexico leads the nation in college access and affordability and has been cited by the federal government and expert third-party organizations as a gold standard for tuition-free college programs.

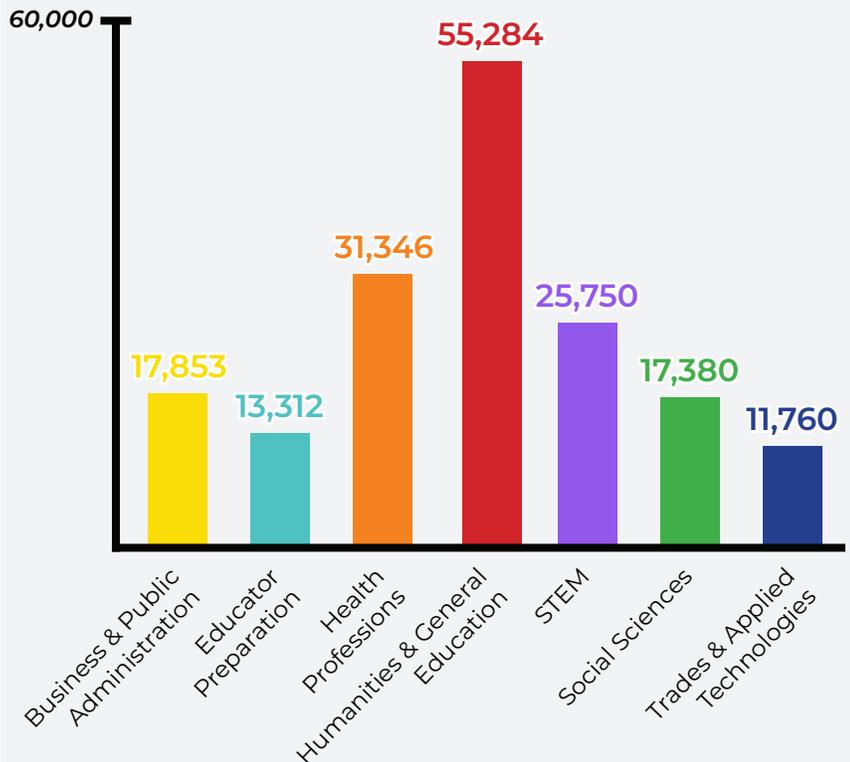
This past year, over 41,088 New Mexicans benefited from the Opportunity Scholarship and 14,091 received the Lottery Scholarship.

As of Spring 2024, 20,921 New Mexicans have completed their undergraduate credentials – ranging from certificates to bachelor's degrees – with the help of the Opportunity Scholarship.



GRAPH 1: CUMULATIVE DEGREE PRODUCTION

Academic Years 2018-19 to 2023-24



Source: eDEAR System Data (HED, 2024)

Total Awards: 172,685

REQUEST

Higher Education Department

Our philosophy is simple: Higher education is a collective good.

Investments in individual student success pay off as benefits to the larger community. Providing education and trainings to people who want a better life for themselves and their families ultimately boosts the function of our cities, industries, and government. These principles are particularly efficacious in a state where so many students are working not only to get ahead for themselves but also their families, and with the help of the Opportunity and Lottery scholarships, higher education is a transformative choice for so many in New Mexico. It can – and with continued support will – continue to provide an exponential springboard out of generational poverty and into a more stable and prosperous future.

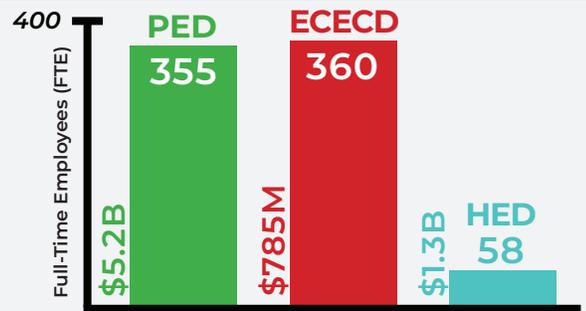


FULL-TIME EMPLOYEES & VACANCIES

The Higher Education Department has 43 state-funded, 12 federally-funded, and three fee-supported full-time employees (FTE) positions, with a budget portfolio of over \$1.3 billion. The agency's vacancy rate is at 24%, representing 14 vacancies, and all positions are posted or in the process of review, interviewing, or hiring. With monumental investments in state financial aid programs and institutional funding, the agency will need further support in several areas to achieve sufficient staffing capacity for current initiatives and further support successful programs.

The agency is requesting four full-time employees, one each in Research and Planning, Academic Affairs and Policy, Adult Literacy, and Constituent Services to ensure outstanding service to students and their families, and to further support a robust data and research team.

GRAPH 2: STAFFING BY STATE EDUCATION AGENCY



Source: House Bill 2 and SHARE (FY2025)

Graph 2: Despite the Higher Education Department overseeing 13% of the state's budget, it has fewer FTE than other cabinet-level education agencies.

DEFICIENCY REQUEST

» \$238,000

LOTTERY TUITION FUND BAR LANGUAGE

Additional BAR Language for the Lottery Tuition Fund and Category Transfer Language Between the 400 (Other) Category and 500 (Other Financing Uses) Category: The Higher Education Department is requesting BAR language for the Lottery Tuition fund for FY2025 and category transfer language for both Fiscal Year (FY) 2025 and FY2026. The request fills the gap between what was appropriated in FY25 and actual expenditures. **Expenditures for the Lottery Tuition fund are estimated to be about \$77 million for the Lottery Scholarship; however, only \$46 million was appropriated in FY25.** This is primarily due to increases in first-time, full-time student enrollment on average of nearly 10 percent the past three years. **The category transfer is not an additional funding request.** The agency is simply requesting the ability to transfer between the 400 and 500 categories. Current category transfer language is limited to the 200's, 300's, and 400's. This flexibility will only apply to the programs listed in the 400 (other) category line item in the budget. From an accounting perspective, we are required by the accountants and auditors to send out funding from the 500 category to the research and comprehensive universities as they are considered component units of the state. This additional language will provide flexibility to most effectively distribute the funding without audit findings in our accounting.

ADULT EDUCATION & LITERACY IN NEW MEXICO

REQUEST

- **Adult Education: \$9,828,000**
 - **\$3,000,000 increase**
- **Adult Literacy: \$2,000,000**
 - **\$1,250,000 increase**
- **High School Equivalency: \$1,250,000**

Adult education and adult literacy programs help build New Mexico's workforce and improve outcomes in public health, safety, and children's reading proficiency. These education systems provide instruction in reading, academic and digital skills, and English as a second language, while also preparing students for high school equivalency tests and workforce training.

The need is great: New Mexico ranks last nationally in adult literacy, and with current funding these systems are able to serve less than four percent of prospective learners. These increases would allow the Higher Education Department to serve many more students; increase the number of programs; recruit, retain, and train highly skilled teachers; increase statewide awareness of services offered; increase high school equivalency testing; and create new testing centers, including mobile centers.



HOUSE BILL 167

HIGHER ED. PAYMENTS FOR CERTAIN TESTS

Sponsored by Representative Joy Garratt

New Mexico is ranked 47th nationally for the number of adults with a high school diploma or high school equivalency credential. House Bill 167 offers **high school equivalency testing free for all New Mexicans**. In 2023, approximately 190,000 New Mexicans were in need of a high school equivalency credential, however, less than three percent earned their credential. If enacted into law, **this will help eliminate the financial barrier of the \$145 exam fee**, making it more accessible.

New Mexico's adult education system has improved rapidly and significantly in the last three years, rising from the bottom quartile nationally to being on the verge of the first quartile. In Fiscal Year 2024, adult education had the highest outcomes in the last five years for all federal performance indicators, meeting or exceeding national averages.

In Fiscal Year 2024:

- **12,128 students served**
- **1,287 students transitioned to post-secondary education**
- **1,471 students attained a high school equivalency credential**
- **29 Integrated Education and Training (IET) programs administered**
- **536 IET students attained 338 industry-recognized credentials**

New Mexico Adult Literacy programs serve adults with the highest level of literacy, numeracy, and English language learning needs statewide, often in small, community-based and rural programs.

In Fiscal Year 2024:

- **18 Adult Literacy Programs across New Mexico, an increase of over 100% since 2021**
- **18 programs shared only \$750,000 in state funding**
- **18 counties served**
- **1,417 students served**
- **3,753 learning goals met**

Source: LACES (HED, 2024)

NEW MEXICO'S LOAN REPAYMENT PROGRAMS

The Higher Education Department's **loan repayment programs provide repayment for the outstanding student loans** of practicing health professionals, teachers, and minority professors with doctorate degrees in New Mexico. These programs have helped thousands of workers providing services in New Mexico communities achieve greater financial stability and contributes to the overall productivity of our state economies.

HEALTH PROFESSIONAL LOAN REPAYMENT PROGRAM FISCAL YEAR 2025 AWARDS



The **Health Professional Loan Repayment Program** provides **repayment up to \$25,000 for outstanding student loans of practicing health professionals**. As a condition of the program, a health professional must make a three-year service commitment to practice full time in a designated medical shortage area in New Mexico. This year, the agency granted student debt relief to more than 500 health professionals working in New Mexico to further strengthen recruitment and retention in the state. In addition to the new awardees, the program is providing student loan repayments to 745 additional health professionals working in New Mexico who began receiving the debt relief in previous fiscal years, bringing **the total number of health professionals statewide currently receiving program benefits to 1,269**.

TEACHER LOAN REPAYMENT PROGRAM FISCAL YEAR 2025 AWARDS

Total Number of Awardees	537
Total Funding	\$5,893,000
Average Award Amount	\$6,000
Average Recipient Debt	\$46,539

REQUEST
\$10,000,000 nonrecurring

New Mexico licensed **teachers working in high-need fields and schools statewide are eligible for up to \$6,000 per year for two years** toward principal debt and interest on federal student loans related to teacher education through the **Teacher Loan Repayment Program**. This year, the Higher Education Department awarded 537 new applicants and renewed funding for 424 applicants. The program has grown enormously as Governor Michelle Lujan Grisham and the Legislature have prioritized debt relief for New Mexico educators. In 2019, the department provided loan forgiveness to only ten teachers in New Mexico, but **since 2020, the program has awarded debt relief to 2,533 teachers**.

SENATE BILL 8 VETERINARY MEDICINE LOAN REPAYMENT PROGRAM

\$5,000,000 nonrecurring
A bill providing debt relief for veterinarians in designated shortage areas throughout New Mexico.



The **Minority Doctoral Loan Repayment** program is dedicated to increasing the number of Black, Indigenous, Hispanic, people of color, and women teaching at colleges and universities in New Mexico. On average, only two recipients receive an award each year; however, a funding increase for the program would allow for the retention of more professors – approximately 15 to 20 – teaching at New Mexico's public higher education institutions.

REQUEST
\$250,000 recurring



GRADUATE SCHOLARS FUND — \$1,000,000

The **Graduate Scholars Fund** supports the Graduate Scholarship and **awardees can receive up to \$7,200 per academic year** in any academic field. Its purpose is to increase enrollment amongst underrepresented students in graduate programs at public colleges and universities. The Graduate Scholarship supported 59 students in Fiscal Year 2024.



HIGHER EDUCATION SPENDING STATUS REPORT



WORKFORCE TRAINING

GRO, FY2025: \$20,000,000

Status: A total of \$60 million over a three-year period in funding was appropriated this past legislative session and must support students in pursuing workforce training courses, apprenticeships, and internships at New Mexico's public community colleges and regional universities. A guidance memo was sent to all eligible higher education institutions during the summer. The Higher Education Department required an implementation plan and, currently, all memoranda of understanding and funding for Fiscal Year 2025 has been distributed. Both the Department of Workforce Solutions and the Legislative Finance Committee were consulted in the drafting of the guidance.



INTEGRATED EDUCATION TRAINING (IET)

GRO, FY2025: \$2,000,000

Status: Most funding was distributed to adult education programs for the development of new Integrated Education Training (IET) programs. To date, IET enrollment has increased over 30 percent and we anticipate a sharp increase of over 100 percent in types of credentials offered as the year progresses and programs are designed, including new credentials in welding, solar technician, dental assistant, and broadband technician. A portion of funding was also budgeted by the Adult Education Division to provide professional development on workforce training to adult education teachers, for tests that demonstrate learning gains within IET programs, and for tuition in workforce training programs that are part of IETs.

IET PILOT – H.B. 303

GRO, FY2025: \$1,000,000

Status: Eligibility guidelines have been drafted and the Adult Education Division is engaged in the rule-making process as directed by the legislation, with a rule hearing scheduled for December 10, 2024. Additionally, the division has initiated the development of a Request for Proposals (RFP) for a contractor to assist with distributing the stipends and that will conclude in January, ahead of the April deadline in legislation.



ADULT EDUCATION

\$3,000,000 in TANF funding

Status: Temporary Assistance for Needy Families (TANF) funding was distributed to adult education programs for the first time in 2023. Since then most of these funds were used to increase teacher pay, improve professional development programming, support enrollment increases, develop high-quality curriculum, set up career navigation services for students, and expand Integrated Education and Training (IET) programs statewide. As a result, there was a 27 percent increase in the number of IET participants, with students attaining 317 industry-recognized credentials. The majority of credentials earned were in child development, emergency medical services, certified nursing assistance, and wildland firefighting.



STEM GRADUATE SCHOLARSHIPS

\$10,000,000

Status: New Mexico residents who are enrolled in graduate STEM programs have the opportunity to access state funds up to \$7,200 per academic year. Public colleges and universities reported 291 students who benefited from this appropriation in Fiscal Year 2024. A guidance memo was sent to financial aid directors this summer for disbursement in the 2024-25 academic year.



SOCIAL WORK

\$10,000,000

Status: This funding must support endowed faculty teaching positions and student financial aid, including scholarships and paid practicums in bachelor's and master's degree social work programs at public colleges and universities in New Mexico. A guidance memo was sent to financial aid directors during the Fall 2024 semester. All higher education institutions must submit an implementation plan to the Higher Education Department so the agency can better understand the intended use and distribution of these funds in the three designated areas – endowments, scholarships, and practicums.



DUAL CREDIT PROGRAM

\$1,000,000

Status: Thousands of New Mexico high school students have accessed dual credit courses. The Dual Credit Program serves as a vital starting point for students to consider pathways that lead them to certifications or two-year and four-year degrees, while also providing them a glimpse of education opportunities beyond high school. A guidance memo was sent to public colleges and universities discussing best practices, prioritizing General Education coursework, and focusing on high-need, high-demand workforce fields. To date, all memoranda of understanding have been signed by all participating higher education institutions.



TECHNOLOGY ENHANCEMENT FUND

\$15,000,000 transfer from fund

Status: This year, a total of \$14.2 million was distributed to research institutions focused on statewide economic impact and research. Quarter 1 awards letters were sent to higher education institutions in the Fall 2024 semester and memoranda of understanding are in process for the final distribution of funds. After recent awards, approximately \$10.8 million remains in the Technology Enhancement Fund.



NEW MEXICO LONGITUDINAL DATA SYSTEM

\$3,000,000

Status: This longitudinal data system is a modern, cloud-based, centralized data platform for reliable statewide, cross-agency data, reports, visualizations, and analysis. A total of \$1.2 million was certified for use through the Department of Information Technology's Project Certification Committee (PCC) in July 2024 to finish paying out completed deliverables and cover the first year of maintenance and operations. The Higher Education Department presents to PCC this month to certify the remaining funds for upcoming project work next year and hiring independent verification and validation (IV&V) services. Additionally, approximately \$1.5 million in federal grant funding will be certified to supplement state investments.



CONTINUED...



BUILDING RENEWAL & REPLACEMENT

\$32,500,000

Status: Building Renewal and Replacement (BR&R) is distributed based on a reimbursement process in which colleges and universities must expend their funds then submit a draw request to be reimbursed. To date, this appropriation – which is relatively new to the institutions – has reimbursed \$123,661.56 of the \$32,500,000; however, the entirety of the appropriation has been encumbered via purchase orders.



EQUIPMENT RENEWAL & REPLACEMENT

\$5,000,000

Status: All distributions for Equipment Renewal and Replacement funding was paid out on November 18, 2024, meaning all funding has been fully distributed to the New Mexico's higher education institutions.



NEW MEXICO LITERACY INSTITUTE

\$30,000,000

Status: The New Mexico Literacy Institute will house student interventions, a laboratory school, educator trainings and professional development, and family and community engagement opportunities. With support from the General Services Department, New Mexico-based firm Design Plus Architects received the award the complete the design of the New Mexico Literacy Institute. The design will be completed in the spring and a contractor for construction will be selected by the early summer.



OSTEOPATHIC MEDICINE PARTNERSHIP

\$1,500,000

Status: A "Sole Source" purchase was posted by the General Services Department in November 2024. The Burrell College of Osteopathic Medicine in Las Cruces, New Mexico, will develop a comprehensive outreach program to recruit New Mexicans into their osteopathic medical program.

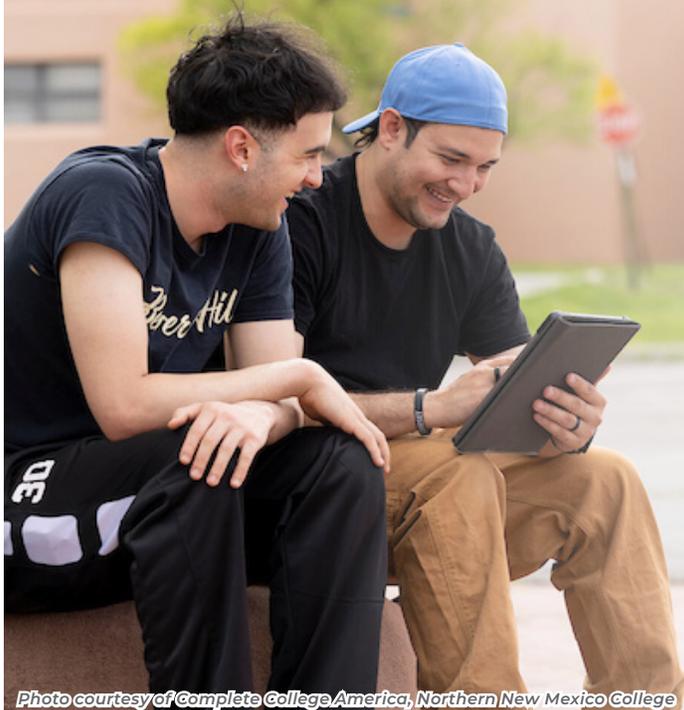


MESALANDS COMMUNITY COLLEGE

\$2,250,000

Status: Legislative language required a special audit by the state auditor and a feasibility study which allowed the Higher Education Department to gather community feedback, study the college's fiscal condition, and make recommendations on solvency measures and governance changes at Mesalands Community College. The special audit is ongoing will be completed in four months. Additionally, the feasibility study is also ongoing with two parts: (1) an economic analysis is done on the impact of the college's day-to-day operations along with student spending and alumni who are still employed in the service area workforce and (2) a stakeholders and investment analysis to determine how the money spent by students' education performs as an investment over time.

AGENCY SPECIAL APPROPRIATION REQUESTS



- **\$8 million** for the Higher Education Retention Fund to support student success services and address student basic needs
- **\$25 million** for the Health Professional Loan Repayment Program
- **\$25 million** for a faculty endowment at the University of New Mexico School of Medicine to supplement current salaries or hire new faculty members
- **\$25 million** for a student endowment at the University of New Mexico School of Medicine to provide scholarships and stipends to New Mexico high school graduates accepted into the program
- **\$10 million** for the Teacher Loan Repayment Program
- **\$10 million** for the state's Dual Credit Program
- **\$3 million** for New Mexico Longitudinal Data System
- **\$10 million** for the Technology Enhancement Fund
- **\$10 million** for cybersecurity efforts at public higher education institutions
- **\$25 million** for deferred maintenance at higher education institutions via Building Renewal and Replacement funding
- **\$5 million** for Equipment Renewal and Replacement funding

Photo courtesy of Complete College America, Northern New Mexico College