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LEGISLATIVE
FINANCE
COMMITTEE

Program
Evaluation
Unit

Program Evaluation: Online Higher
Education in New Mexico

April 18, 2024

Report #24-02

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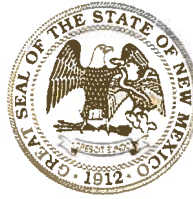
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Charles Sallee
Director

April 18, 2024

Stephanie Rodriguez, Cabinet Secretary
New Mexico Higher Education Department
2044 Galisteo Street, Suite 4
Santa Fe, NM 87505-2100

Dear Secretary Rodriguez:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation, *Online Higher Education in New Mexico*. The program evaluation examined online course-taking patterns, student outcomes in online courses, and the implications of online course-taking on higher education operations, finances, facilities, and capital outlay. An exit conference was held with you, your staff, and representatives of New Mexico higher education institutions on April 3, 2024 to discuss the contents of the report.

The report will be presented to the LFC on April 18, 2024. LFC would like plans to address the recommendations within this report from the Higher Education Department within 30 days of the hearing.

I believe this report addresses issues the LFC asked us to review and hope the department and state higher education institutions will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "CSallee".

Charles Sallee, Director

Cc: Senator George K. Muñoz, Chair, Legislative Finance Committee
Representative Nathan Small, Vice-Chair, Legislative Finance Committee
Daniel Schlegel, Chief of Staff, Office of the Governor
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Higher Education Institutions are Missing Opportunities for Increased Enrollment and Efficiencies with Online Education

Higher education institutions (HEIs) nationwide significantly scaled up online education in response to the Covid-19 pandemic. Four years later, online course-taking remains a substantial part of higher education. In academic year 2022-23, 45 percent of New Mexico college credit hours were taken online, a 34 percent increase in online course-taking since academic year 2019-20. Online course-taking varies widely across institutions, with some branch community colleges providing more than 75 percent of their credit hours online. Online higher education is not likely to go away anytime soon, with national surveys indicating that students appreciate the flexibility of online classes and that colleges continue to expand online offerings.

With this expansion of online higher education, New Mexico HEIs are well positioned to reach the roughly 120 thousand working-age adults in the state with some college but no credential, as online courses tend to suit older students who often perform better with self-directed learning than traditional college-age students. Adult learners also frequently drop out of college because of difficulty balancing work and school simultaneously—a situation that online college courses could help alleviate.

However, New Mexico HEIs are missing the opportunity to use online education to reach this expanded student body. From fall 2019 to fall 2022, the number of students age 25 and older enrolled at New Mexico HEIs actually decreased by 9 percent (or 4,200 students) even as online higher education expanded. Furthermore, over 11,000 New Mexico residents are enrolled in out-of-state online colleges and exporting \$58 million in tuition revenue, suggesting New Mexico HEIs are being outcompeted in the online education market.

The New Mexico higher education system is also not realizing millions of dollars in efficiencies with online education. Online higher education classes in New Mexico, even common general education courses, have few students on average. However, by sharing online courses across college systems and increasing lower-level online class sizes to 30 students, HEIs could save up to \$5.7 million annually. New Mexico HEIs also collectively pay at least \$356 thousand annually in unnecessary costs by negotiating price agreements for the same software system to deliver online courses separately. If HEIs could harness these efficiencies, they could then use the savings to raise their relatively low faculty and instructor salaries.

Finally, the expansion of online education in New Mexico has profound implications for higher education facilities, spanning 18.6 million square feet and costing at least \$178 million per year. The number of New Mexico college students taking all their classes on-campus decreased 63 percent over the past decade, yet building space only decreased by 2 percent. The result is that New Mexico HEIs are most likely underusing building space. As New Mexico continues to provide online higher education in the future, HEIs, the state Higher Education Department (HED), and the Legislature will all need to better consider the impacts of online course-taking on higher education capital outlay requests and decisions.

Evaluation Objectives:

- Analyze enrollment and course-taking patterns in online higher education;
- Examine research on how online higher education impacts student outcomes; and
- Study the implications of online course-taking on higher education operations, finances, facilities, and capital outlay.

Key Findings

As out-of-state schools recruit thousands of state residents, New Mexico HEIs are not fully reaching adults without a credential.

State HEIs are missing opportunities to achieve efficiencies with online education.

Online education contributes to low space utilization at New Mexico HEIs.

Key Recommendations

The Higher Education Department should

- Amend the department's capital outlay manual and administrative rules (Section 5.3.10 NMAC) to include benchmarks for space utilization metrics for HEIs that would be used as a criterion to assess space and facility needs at HEIs during the capital outlay process.

New Mexico Higher Education Institutions should

- Increase the size of online lower-level general education courses with fewer than 30 students through the combining of course sections and online course sharing within and across college systems; and
- Report on the efficacy of their targeted recruitment campaigns for former students who did not complete their studies to the Legislature.

The Higher Education Department and state Higher Education Institutions should

- Develop a statewide online course sharing agreement which enables students at member institutions to take lower-level general education courses (with a common course number) online at participating institutions.

New Mexico Higher Education Institutions and the New Mexico Consortium for Higher Education Computing/Communication Services should

- Negotiate a joint price agreement for learning management system services after the University of New Mexico's current contract expires in 2028 and identify additional opportunities for collective price agreements.

BACKGROUND



Online course-taking rapidly expanded during the pandemic and remains a substantial part of higher education.

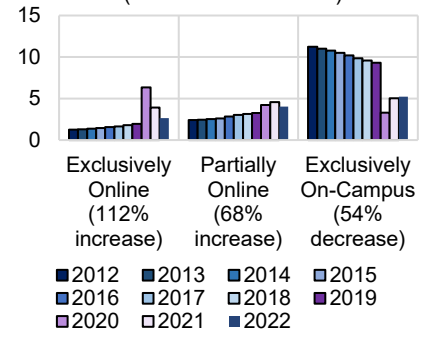
After the onset of the Covid-19 pandemic, state colleges and universities quickly shifted from offering in-person courses to fully online courses. As the pandemic waned, so did enrollment in online college classes. However, online and hybrid college classes have not yet returned to prepandemic levels.

After peaking in 2020, national enrollment in online higher education remains above prepandemic levels. From 2012 to 2019, online college enrollment steadily increased while on-campus enrollment continuously decreased. After the onset of the Covid-19 pandemic, HEIs across the nation transitioned to exclusively online education. From fall 2019 to fall 2020, the national number of college students exclusively enrolled online increased by 4.4 million students (or 229 percent). Since peaking in 2020, online enrollment decreased and on-campus enrollment increased but did not return to prepandemic levels. Over the past decade from 2012 to 2022, fully online enrollment increased by 1.4 million students (or 112 percent) while on-campus enrollment decreased by 6.2 million students (or 54 percent).

In New Mexico, the percent of college credit hours taken online went from 30 percent before the pandemic to roughly 45 percent in academic year 2023. In academic year 2019-20, students took 2.3 million college credit hours (or roughly 771 thousand courses) from New Mexico universities and community colleges. Roughly 30 percent of those college credit hours were taken online. After the onset of the Covid-19 pandemic, online credit hours rose to 58 percent of total college credit hours taken in 2020-21. As the Covid-19 pandemic waned, online credit hours decreased but did not return to prepandemic levels. In academic year 2022-23 (the most recent data), students took 2.1 million college credit hours and online courses were 45 percent of college credit hours. Online college credit hours were 243 thousand credit hours (or 34 percent) higher in 2022-23 than prepandemic levels. New Mexico patterns of online college course-taking have followed national trends.

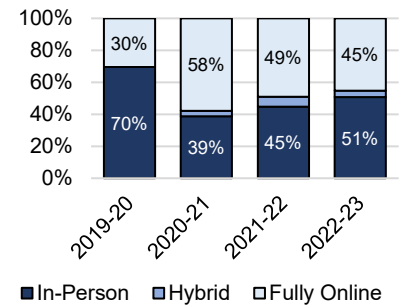
The percentage of college credit hours taken online varies widely across HEIs, ranging from 84 percent to 7 percent. Public higher education institutions varied widely in their percentage of college credit hours taken online, ranging from 84 percent at New Mexico State University - Grants Community College to 7 percent at the New Mexico Institute of Mining and Technology. Online credit hours were mostly delivered at branch community colleges, comprehensive universities, and some independent community colleges.

Chart 1. Fall Enrollment in U.S. Public Colleges and Universities by Distance Education Status, 2012-2022
(in millions of students)



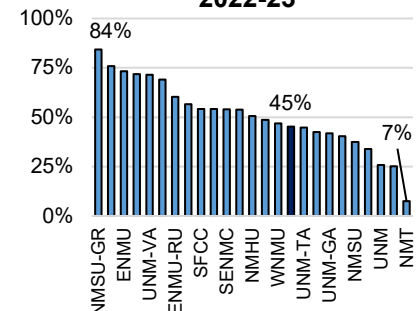
Source: LFC analysis of National Center for Education Statistics data

Chart 2. Percent of New Mexico College Credit Hours Taken Online



Source: LFC analysis of HED data

Chart 3. Percent of College Credit Hours Delivered Online by HEI, 2022-23



Source: LFC analysis of HED data

Table 1: Percent of New Mexico College Courses Delivered Online by Field of Study, 2022-23

Category	Field of Study	Percent of course sections delivered primarily online
Top Five	Business	57.5%
	Education	53.2%
	Social Sciences	53.2%
	Psychology and Social Work	52.9%
	Communications and Journalism	52.0%
Bottom Five	Biology and Life Sciences	27.1%
	Architecture and Engineering	24.8%
	Industrial Arts and Consumer Services	24.6%
	Physical Sciences	19.6%
	Arts	19.2%

Source: LFC analysis of HED college course data

Table 2: Percentage of New Mexico Courses Taken Online by Racial or Ethnic Group, 2022-23

Race/Ethnicity	Percentage of credits taken online
Native American	43.6%
Asian	41.2%
Black or African American	54.3%
Hispanic	49.6%
Native Hawaiian	53.2%
White	46.9%
Two or More Races	46.5%

Source: LFC analysis of HED college course data

Online classes are commonly “asynchronous” (self-paced and without set class times) rather than “synchronous” (with scheduled class meeting times). In interviews with LFC staff, New Mexico higher education officials reported online courses taken by students were mostly asynchronous courses rather than synchronous or hybrid courses. National survey information indicates a similar pattern in online education across the country. Based on the survey responses of 317 online education directors at HEIs nationwide, the report found that asynchronous online courses were the most common type of online course taken by traditional undergraduate students, nontraditional adult students, and graduate students.

Students most commonly take online courses in business, humanities, and social science fields of study. Science, engineering, and arts courses were least likely to be taken online. Among academic credit courses, lower-level (1000-2000 level) courses were more likely to be offered online (42 percent of course sections) compared to upper (36 percent) and graduate level courses (39 percent). Vocational courses were the least likely to be offered online (11 percent).

Online students are more likely to be female, older, and from a racial or ethnic minority background. According to academic year 2022-23 student data, the average female student at New Mexico HEIs took approximately 51 percent of their courses primarily online, compared to 41 percent for the average male student. The average age of New Mexico students taking most of their classes online (30 years old) was three years older than the average age of students taking most of their classes in-person (27 years old).

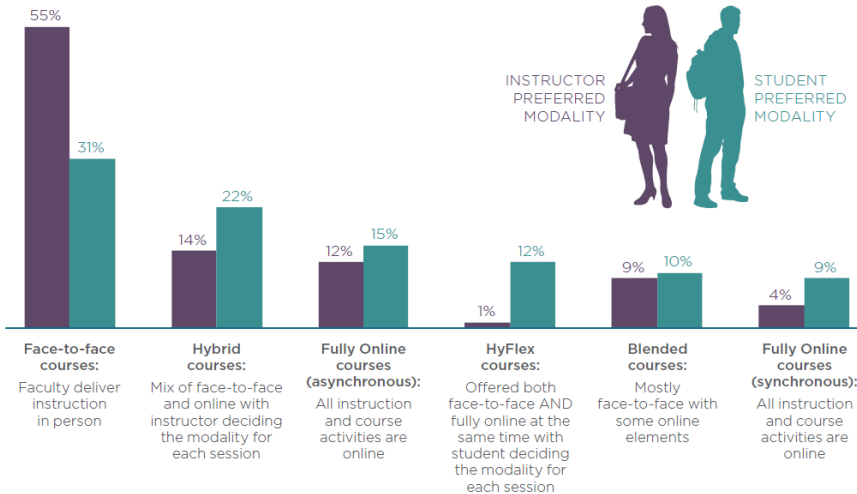
Across racial and ethnic demographic groups, New Mexico students took between 40 percent to 50 percent of their courses online. Black or African American students took the highest percentage of their courses online, with the average student taking 54 percent of their courses online. Asian students and Native American students had the lowest rates of online course taking, with the average student taking 41 percent and 44 percent of their courses online respectively.

National surveys indicate students appreciate the flexibility of online classes and HEIs are expanding online offerings.

Student enrollment decisions will ultimately determine whether online education returns to prepandemic levels. However, national survey data from students and HEIs indicate online and hybrid courses are likely to remain a substantial part of higher education offerings in future years.

Nationally, students vary in their preferences for in-person, hybrid, or online courses whereas faculty tend to prefer traditional face-to-face courses. In spring 2023, Tyton Partners, a consulting firm, conducted national surveys of 2,048 undergraduate students, 1,748 faculty, and 306 higher education administrators across 900 higher education institutions. In these surveys, 41 percent of students reported a preference for face-to-face or mostly face-to-face courses with some online aspects, 34 percent preferred a hybrid or “HyFlex” approach with a mix of online and in-person instruction, and 24 percent preferred fully online instruction. A majority of faculty (55 percent) reported a preference for traditional courses with face-to-face instruction.

Figure 1. College Student and Instructor Preferences for Online, Hybrid, and Face-to-Face Courses



Source: Bharadwaj et al. (2023). *Time for Class 2023: Bridging Student and Faculty Perspectives on Digital Learning*

Students report choosing online course options to balance college with existing work and family commitments. BestCollege’s 2023 Online Higher Education Trends Report collected national survey responses from 1,800 college students with online college experience. Forty-two percent of students indicated they chose online courses and programs because of existing work or family commitments. The convenience of studying around existing commitments was the largest reported motivator for online college enrollment.

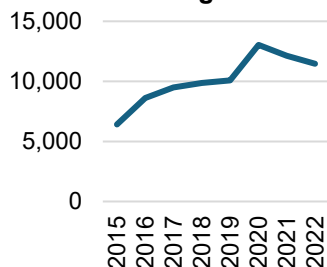
Many HEIs report planning to add online programs in response to student demand. BestCollege’s report surveyed 131 college administrators. Almost half, 47 percent, of college administrators reported their institutions were planning to increase spending on online programs while only 3 percent of respondents said their institutions were planning to decrease spending on online programs. In the 2023 Changing Landscape of Online Education report, 66 percent of responding chief online officers reported they would be “adding new online programs based on student demand” to enroll future online students.

Proposed changes to federal rules would require HEIs to separately meet the requirements of each state where they offer online classes, increasing oversight and administration.

Currently, HEIs with interstate online programs only need to be authorized and overseen by their home state. However, proposed changes to federal rules would instead require HEIs to be separately approved and overseen by each state where they offer online courses. This proposed federal change would give HED more oversight authority over out-of-state online programs offering online courses here. New Mexico HEIs would need to seek approval from other states to offer online courses to students located out-of-state.

Forty-nine states, including New Mexico, participate in a multi-state reciprocity agreement for the approval and oversight of online college programs. The National Council for State Authorization Reciprocity Agreements (NC-SARA) was established in 2013 for the purpose of allowing member states to share approval and oversight of interstate online college

Chart 4. New Mexico Residents Enrolled in Out-of-State Online Colleges



Source: LFC analysis of NC-SARA data

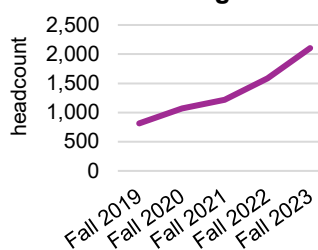
Possible federal changes would require HEIs to be approved and overseen by any state where they offer online courses.

programs. All states except California participate in the NC-SARA reciprocity agreement. In New Mexico, the Legislature passed the Interstate Distance Education Act in 2015 which authorized HED to enter into the NC-SARA reciprocity agreement (Laws 2015, Chapter 23; Senate Bill 446). HED is responsible for approving whether New Mexico HEIs can offer out-of-state online education and resolving student complaints about New Mexico online college programs.

Proposed changes to federal regulations would undo the reciprocity agreement and require HEIs to receive approval separately from each state where they operate online programs. The U.S. Department of Education recently proposed changes to its regulations on online and distance education. Specifically, the proposed rules would require HEIs to meet the approval and oversight regulations of each state where they operate. In other words, the proposed federal rules would require New Mexico HEIs to receive approval from each state where they operate online programs. Additionally, the proposed changes would require HED to authorize and oversee each college that wants to offer online programs in New Mexico.

The proposed federal rule changes would increase each state’s ability to oversee online higher education but would also make it more difficult for HEIs to offer online education to out-of-state students. On the one hand, these federal regulations would increase state-level consumer protections for students. In 2021, a group of 25 attorneys general (including New Mexico’s attorney general) wrote a letter saying NC-SARA policies encouraged “schools to locate in states with weaker education-specific consumer protection laws.” On the other hand, the federal regulations would require HEIs to complete additional administrative processes to offer online programs in multiple states. If the proposed federal rules are adopted, then they will take effect on July 1, 2025.

Chart 5. Student Enrollment in NMSU Online Programs



Source: LFC analysis of NMSU global campus enrollment data

NMSU established an online global campus in 2020-21 which has since experienced significant enrollment increases.

Prior to 2020, NMSU had a small online presence. However, NMSU established its online “global campus” in 2020-21. The NMSU global campus is the online course provider for the university. NMSU global campus currently offers 70 different degree programs and primarily asynchronous courses. Since its inception, NMSU global campus has experienced an expansion in its online student enrollment, which increased from 814 students in fall 2019 to 2,104 students in fall 2023, a 158 percent increase.



As Out-of-State Schools Recruit Thousands of State Residents, New Mexico HEIs are not Fully Reaching Adults without a Credential

New Mexico has a large population of people with some college experience but who have not yet completed a degree or credential. Adults with some college but no degree have lower earnings, employment rates, and labor force participation than adults who completed a college degree. People most commonly report dropping out of college because of the difficulty of balancing work and school at the same time. Research indicates the flexibility of online education can be well-suited for adults who cannot attend college full-time because of employment, family, or other commitments. State HEIs have an opportunity to further help the New Mexico economy by reaching this potential market through online education.

At the same time, out-of-state HEIs are recruiting a significant number of New Mexico residents through online education offerings. Over 11 thousand New Mexico residents are enrolled in online programs at out-of-state institutions at an estimated loss of \$58 million per year in tuition revenue for New Mexico HEIs. These data suggest New Mexico HEIs are not fully reaching the state’s potential population of online college students, whether they are adults who have some college but no credential, are taking out-of-state college classes, or both.

New Mexico has roughly 120 thousand adults with some college but no credential, suggesting a large potential market for online higher education.

Adults with more education tend to have higher average incomes and employment rates, even though earnings vary considerably by field of study, occupation, and other factors. On average, adults with some college and no degree have lower employment outcomes and, in turn, fewer resources to address any college debt accumulated.

New Mexico ranks twenty-seventh in the nation in its percentage of people with some college but no credential. Thousands of New Mexico residents age 25 to 64 years had some college credits but no degree or credential in 2022, according to the Lumina Foundation. New Mexico’s share of people age 25 to 64 years with some college but no credential (11.4 percent) ranked the 27th in the nation and was close to the national average of 11.7 percent. At the same time, New Mexico’s percentage of people age 25 to 64 years with an undergraduate or graduate degree was 40 percent and ranked 43th in the nation. According to the National Student Clearinghouse, students with some college but no degree are more likely to be female or from an ethnic minority background than the overall undergraduate student population.

Chart 6. U.S. Average Annual Earnings by Degree Attainment, 2022
(in thousands)

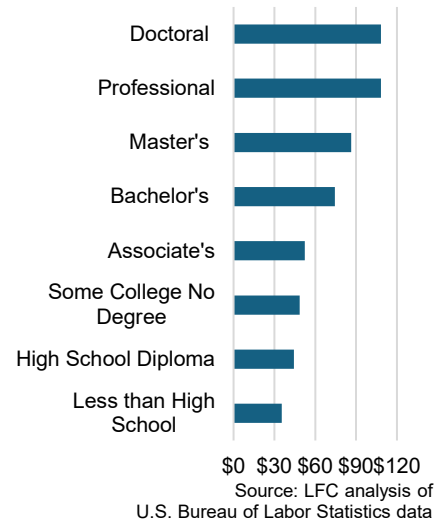
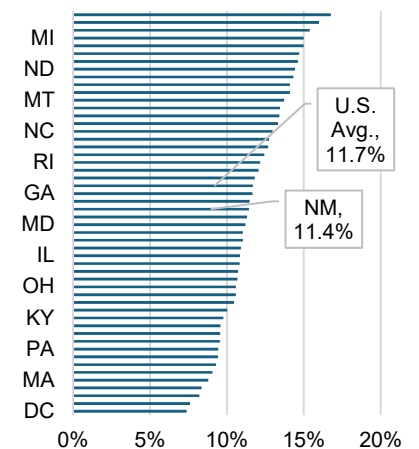


Chart 7. Percent of Population Age 25-64 Years with Some College but no Credential, 2022



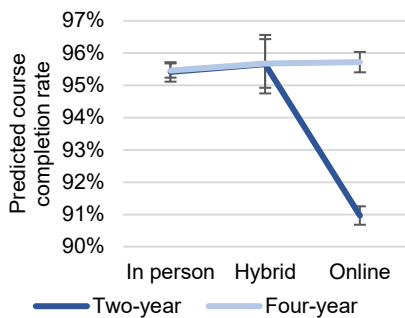
Source: LFC analysis of Lumina Foundation data

Research suggests older college students are more likely to enroll in online courses than in-person courses.

Students most commonly report dropping out of college because of the difficulty of balancing work and school at the same time. In a national survey of over 42 thousand adults with some college but no degree, the most common reason why people reported dropping out of college was the difficulty of simultaneously balancing work and school. Only 19 percent of respondents reported no longer being interested in continuing their studies. Survey respondents cited cost and time pressures as the primary obstacles preventing them from reenrolling in college.

Adults with some college and no degree with other time commitments (such as jobs and children) are more likely to enroll in online higher education than in-person education. Research has found adults with jobs, children, or past higher education experience are more likely and more motivated to enroll in online higher education than in-person courses. Research has also observed increased enrollment of working adults when online higher education options are made available. A 2014 study of online community college students found flexibility was the most cited reason for why students attended college online.

Chart 8. Impact of Course Delivery on Course Completion by Level of Institution



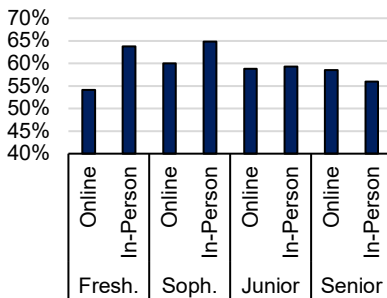
Source: LFC analysis of HED course level data for 2022-2023

The number of older students enrolled at New Mexico HEIs has decreased by 9 percent since 2019. Students aged 25 and older are most likely to be returning to school to finish a degree. From fall 2019 to fall 2022, the number of students aged 25 and older enrolled at New Mexico HEIs decreased by 9 percent (or 4,200 students) from 46.7 thousand students in 2019 to 42.5 thousand in 2022. These data suggest New Mexico HEIs have not been expanding their adult student population and reaching the student population with some college no degree, even as online higher education has expanded.

Research suggests online courses tend to work better for older and more experienced students.

Online courses require more self-directed learning than in-person courses, which tends to suit older students better than younger students. Research indicates online courses are associated with lower average course grades and completion rates because online education does not equally suit all students. Online courses are also associated with shorter time-to-degree and increased graduation rates because of scheduling flexibility.

Chart 9. Pass Rates for Lower-Level Courses by Student Year and Type of Course Delivery, Fall 2020-Fall 2023



Source: LFC analysis of UNM data

Older students tend to be more successful in online courses than younger and less experienced students. Online courses often require students to be more self-directed to succeed than in-person courses. This requirement means online courses may not be suited to all students as indicated by the mixed research on short-term outcomes (such as grades and completion rates) in online courses. A regression analysis of New Mexico course level data conducted by LFC staff found the marginal effect of a course being delivered fully online was a reduction in the average end-of-course GPA of .20 grade points, roughly equivalent to shifting from an A to an A- or C+ to a C, and a reduction in the likelihood of completing a course by 1.4 percent percentage points. These effects were less severe at the state’s four-year institutions. Research studies find older and more experienced students tend to be more successful in online courses than younger and less experienced college students.

University of New Mexico (UNM) course completion data substantiates the broader research findings on how older and more experienced students tend to have more success with online courses than younger students. UNM staff

compared the pass rates of lower-division undergraduate courses at UNM main campus either taken fully online or in-person. From fall 2020 through fall 2023, first-year freshman passed a higher percentage of their in-person classes than online classes. While college seniors were a small proportion of students taking lower-division courses, the pass rate of college seniors in lower-division online courses was higher than the pass rate of college seniors in lower-division in-person courses.

The flexibility associated with online higher education leads to decreased time-to-degree and a higher likelihood of graduation. Several academic research studies have established that online education is associated with an increased likelihood of college graduation. Researchers generally identify flexibility as the primary driver of this phenomenon, as online courses allow students more freedom in when and where students can complete their coursework. This flexibility makes online coursework particularly well-suited for adults, who may have job or familial commitments that may prevent them from attending college full time.

Over 11 thousand New Mexico residents enroll in out-of-state online college programs, mostly at private colleges from surrounding states.

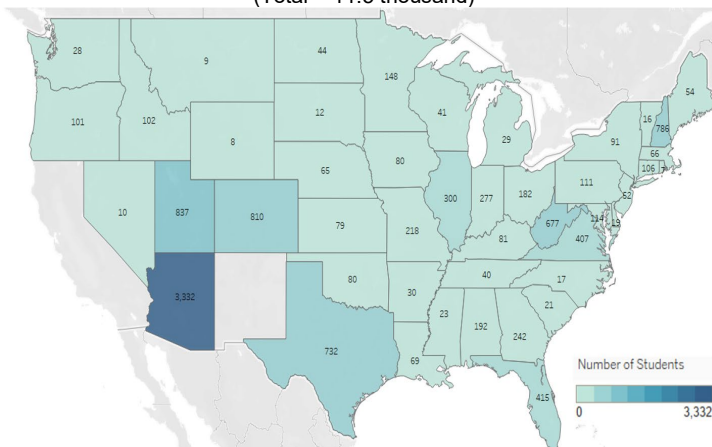
In fall 2022, 11.5 thousand New Mexico residents enrolled in out-of-state online college programs exporting an estimated \$58 million in tuition revenue to other states. Of the 11.5 thousand New Mexico residents, 57 percent were enrolled in online programs in either Arizona, Utah, Colorado, New Hampshire, or Texas. Additionally, 73 percent of New Mexico residents enrolled in out-of-state online programs were enrolled at private colleges. The five out-of-state HEIs with the most New Mexico online students were Grand Canyon University, Western Governors University, Southern New Hampshire University, University of Phoenix, and American Public University. Although the number of New Mexico residents in out-of-state online programs has decreased 12 percent (or 1,573 students) since peaking in 2020, the number of residents in out-of-state online programs has increased 79 percent (or 5,047 students) since 2015. The total tuition revenue lost to out-of-state online colleges from 2015 through 2022 equates to \$405 million.

Table 3. Out-of-State Online Institutions Educating the Most New Mexico Residents

Institution	State	Headcount
Grand Canyon University	Arizona	1,209
Western Governors University	Utah	782
Southern New Hampshire University	New Hampshire	781
University of Phoenix	Arizona	686
American Public University System	West Virginia	623

Source: LFC analysis of data from the National Council for State Authorization Reciprocity Agreements (NC-SARA)

Figure 2. Number of New Mexico Students Enrolled in Out-of-State Online Programs by State, Fall 2022
(Total = 11.5 thousand)



Notes: California does not report data to NC-SARA. There were 15 NM residents enrolled in online college programs from Alaska and 13 NM residents enrolled in online programs from Hawaii.

Source: LFC analysis of data from the National Council for State Authorization Reciprocity Agreements (NC-SARA)

Targeted recruitment and tuition waivers increase reenrollment of students with some college but no degree. Researchers found targeted recruitment campaigns combined with free tuition encouraged more former community college students to reenroll in college. Former community college students (with 30 credit hours but no degree and at least a 2.0 GPA) were contacted with targeted text-messages informing them about reenrollment processes, support services, and waived tuition. Former college students who were contacted with targeted recruitment information and waived tuition reenrolled at a modestly higher rate (8.6 percent) than the control group (7 percent), but the difference was statistically significant.

New Mexico enacted free tuition for returning adults with the opportunity scholarship but the number of college students age 25 and older decreased 9 percent from 2019 to 2022. As some New Mexico HEIs report that they already conduct targeted recruitment campaigns for former students, New Mexico HEIs should report on the efficacy of their targeted recruitment campaigns for former students to the Legislature. HED should require New Mexico HEIs to include targeted online offerings for older students in higher education strategic enrollment plans.

Recommendations

New Mexico HEIs should

- Report on the efficacy of their targeted recruitment campaigns for former students who did not complete their studies to the Legislature.

HED should

- Require New Mexico HEIs to include targeted strategies for enrolling or re-enrolling older students in higher education strategic enrollment plans.

State HEIs are Missing Opportunities to Achieve Efficiencies with Online Education

Across all course delivery types, New Mexico HEIs have smaller average class sizes for lower-level courses (approximately 20 students per course) than what research identifies as a medium size (30 students per course) for a course. Research indicates a class size between 31 to 40 students may be the upper limit before an instructor has to incorporate more time saving, but less academically meaningful assignments. Although no one class size suits all college courses, New Mexico HEIs could realize up to \$5.7 million annually in efficiencies by increasing class sizes for lower-level online courses to a medium 30 students per online course through course sharing and combining smaller courses. State HEIs could reinvest the cost savings from efficiencies into raising comparatively low faculty salaries.

New Mexico HEIs are missing other opportunities for efficiencies, such as jointly negotiating and using a price agreement for online learning management systems and other IT purchases. Additionally, the state is subsidizing online college programs that generate net revenue. The New Mexico State University (NMSU) online global campus transfers millions in net revenue to main campus operations but will receive millions in state subsidies this fiscal year.

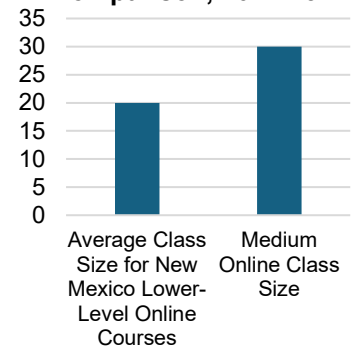
Class sizes and faculty salaries are more important drivers of instructional costs than whether courses are online or in-person.

After initial development costs, online courses have comparable (or modestly lower) recurring instructional costs to in-person courses. However, instructional salaries are the main cost of delivering any course. For example, Arizona State University has an average class size of 50 students per online course and 28 students per in-person course, making the instructional costs per student lower in online courses.

Startup costs of online courses can be more expensive than in-person courses, but online courses then have comparable to lower recurring costs. Online courses have initial start-up costs (such as technology purchases, instructional material design, and faculty training) which are more expensive than starting up a traditional in-person course. For example, a cost study of courses in the University of North Carolina system found the average startup cost of developing an online course (\$5,387) was 6 percent (or \$284) higher than the average startup cost of developing an in-person course (\$5,103). However, some studies indicate online courses are less costly to deliver than in-person courses on a recurring basis after the courses have been scaled up. Researchers analyzing national college data found HEIs with higher percentages of students enrolled in online programs tended to charge lower tuition than comparable institutions with fewer online students, suggesting scaled up online courses are less costly to operate on a recurring basis.

Based on a study of department-level cost data from 594 HEIs between 2000 and 2017, researchers found instructional costs were primarily driven by class sizes and faculty pay and varied widely across academic departments. Additionally, the study found starting up online classes was associated with a 0.4 percent increase in instructional costs while scaling up online class offerings was associated with a 1.4 percent cost decrease. However, the study found the overall association between online instruction and instructional costs

Chart 10. Online Class Size Comparison, 2022-23



Source: LFC analysis of HED data

Arizona State University has an average class size of 50 students per online course and 28 students per in-person course, making the costs per student lower in online courses

to be statistically negligible. This research indicates class sizes and instructor salaries are more important factors to instructional costs than whether courses are delivered online or in-person.

New Mexico higher education could realize millions of dollars of efficiencies through increased online class sizes from the sharing of online courses across college systems.

On average, New Mexico HEIs have small class sizes in lower-level online courses. Research indicates 30 students per course is a medium size for lower-level online courses. HEI are missing opportunities to efficiently share and scale up general education online courses. The flexible schedules of online courses make them easier to share and consolidate than in-person courses. The cost savings from these efficiencies could be reinvested into faculty salaries.

New Mexico HEIs have an average class size of 20 students for lower-level online courses, which research says could be increased without sacrificing academic integrity. New Mexico HEIs had an average class size of 20 students in lower-level (level 1000-2000) courses in academic year 2022-23. Research studies indicate a class size of 30 students is appropriate for introductory and lower-level online courses. Research studies also indicate larger class sizes are appropriate for lower-level, lecture-based courses whereas smaller class sizes are more appropriate for higher-level, discussion-based courses. In academic year 2022-23, 48 percent of lower-level online courses and 67 percent of in-person courses offered at New Mexico HEIs had class sizes of 19 students or fewer.

Table 4: Class Sizes of New Mexico Online and In-Person Lower-Level Courses, Academic Year 2022-23

Students per Course	In-Person Courses	Percent of In-Person Courses	Online Courses	Percent of Online Courses
2-9	3,254	31.8%	1,627	18.2%
10-19	3,581	35.0%	2,669	29.9%
20-29	2,296	22.4%	3,529	39.6%
30-39	482	4.7%	721	8.1%
40-49	225	2.2%	199	2.2%
50-99	316	3.1%	144	1.6%
Over 100	76	0.7%	32	0.4%
Total	10,230	100.0%	8,921	100.0%

Note: The analysis excludes course sections with a single student (such as research project or independent study courses), ungraded course sections, and laboratory classes.

Source: LFC analysis of HED course data for 2022-23.

In academic year 2022-23, 534 lower-level online courses with common course numbers had fewer than 10 students. LFC staff reviewed course-level data for academic year 2022-23 from HED and found 534 online common course numbered courses offered by New Mexico institutions with fewer than 10 students. Many of these courses could be combined without sacrificing instructional quality—for example two criminal law (CJUS 1120) courses offered in the same semester at NMSU main and NMSU-Grants with two and three students enrolled respectively. As another example, Eastern New Mexico University’s Roswell branch and Ruidoso branch delivered an online microeconomic principles class with eight students and seven students, respectively, in Spring 2023.

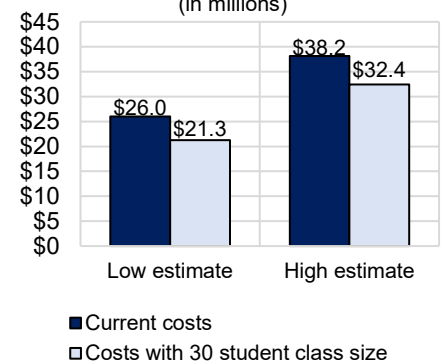
Multiple New Mexico HEIs offered the same introductory accounting course online and 35 percent of those courses had fewer than 15 students. In the spring 2022 semester, 10 different HEIs offered 20 online sections of an introductory accounting course (Principles of Accounting I) across the state with common learning objectives and a common course number (ACCT 2110). The average class size for Principles of Accounting I was 25 students per online course, but some class sizes were as low as eight students per course (at a Luna Community College online course) or six students per course (at an NMSU main campus online course). These data indicate New Mexico HEIs are offering duplicative lower-level courses online with small class sizes rather than efficiently scaling up or sharing courses.

New Mexico HEIs could save from \$4.7 million to \$5.7 million in instructional labor costs by raising the class sizes of undergraduate online college courses to a medium class size. LFC staff estimated the cost savings from raising actual class sizes in lower-level online courses to a medium size of 30 students (see Appendix C). By increasing the class sizes of undergraduate online courses to 30 students, New Mexico college could reduce its number of lower-level online course sections by 554 courses (or 17 percent) from 3,187 thousand online course sections with current class sizes to 2,633 thousand online courses with a class size of 30 students. The reduction in labor hours would result in cost reductions of \$4.7 million (if courses are taught by adjunct instructors) to \$5.7 million (if courses are taught by tenured professors).

Nearly 5 percent of New Mexico students already enroll in college courses across multiple state HEIs, indicating course sharing across institutions is possible. Some students proactively enroll in courses across multiple HEIs, which indicates course sharing across HEIs is possible. According to academic year 2022-23 student data, 4,876 out of 98.9 thousand current students took courses at multiple New Mexico institutions, roughly 5 percent of the total student population. Of the students taking courses across multiple HEIs, most had taken courses at two HEIs, with a smaller number having taken courses at three or more HEIs. An overwhelming majority of these students, 94.8 percent, were not high-school students taking dual credit courses. Most of these students were taking courses within either the NMSU system (39 percent of students) or the UNM system (40 percent), but this still leaves a portion of students taking courses across other higher education systems.

Other states have implemented course sharing agreements and web portals to make lower-level online courses more accessible to students statewide. Idaho and Montana have both developed online portals, Online Idaho and the Montana Online Course Exchange, to facilitate course sharing within the state. Students enrolled at one institution within the Idaho or Montana state university systems can use these portals to seamlessly find and enroll in an online course offered by another institution within the state system. The University System of Georgia (USG), through the USG eCampus, developed a cooperative arrangement to offer low-cost online general education courses taught by USG staff through the eCore program. Students at any participating institution within the USG system can enroll in an eCore course and apply the credit to the degree at their home institution or, if they transfer, another institution within the USG system. As other states have developed agreements and online portals to share lower-level online courses, New Mexico lacks a statewide online course sharing agreement. HED and

Chart 11. Salary Costs of Lower-Level Online Courses by Class Size, 2022-23
(in millions)



Note: The low cost estimate assumes courses are taught by adjunct instructors and the high cost estimate assumes courses are taught by tenured faculty.

Source: LFC analysis of HED data

As other states have developed agreements and online portals to share lower-level online courses, New Mexico lacks a statewide online course sharing agreement.

New Mexico HEIs should develop a statewide online course sharing agreement allowing students at member institutions to take lower-level general education courses with a common course number online at participating institutions.

Rather than promoting course sharing and efficiencies, some New Mexico institutions prohibit course sharing between their main campus and branch campuses. In 2020, NMSU prohibited students enrolled at its main campus and NMSU online global campus from enrolling in courses offered by its branch campuses except for remedial courses. NMSU communication recognized this was “a significant change from previous practice.” Although students at the NMSU main campus and global campus are prohibited from taking branch campus courses, NMSU still allows students at branch campuses to take courses at the NMSU main campus or global campus. In fall 2023, the in-state cost of tuition and required fees was \$1,185 per course at NMSU global, \$958 per course at NMSU main campus, \$267 per course at the NMSU Alamogordo and Grants branch campuses, and \$230 per course at the NMSU Dona Aña branch campus. To increase course accessibility, improve system efficiency, and reduce costs for students and state scholarships, NMSU should rescind its policy prohibiting students at NMSU main campus from taking lower-level general education courses at NMSU branch campuses.

Cost savings from efficiencies could be redirected into faculty salaries and raising faculty salaries in New Mexico by 1 percent costs \$5.4 million statewide. New Mexico’s average faculty salary was \$77 thousand in 2022, ranking 39th in the United States. Faculty salaries are an important factor in faculty recruitment and retention. Raising New Mexico faculty salaries by 1 percent would be \$5.4 million based on total statewide faculty salary and benefits costs of \$541 million, the general fund cost of raising state funded faculty salaries would be \$4.3 million. The cost savings and efficiencies identified in this program evaluation could be reinvested directly into the instructional mission of New Mexico higher education and used to raise faculty salaries.

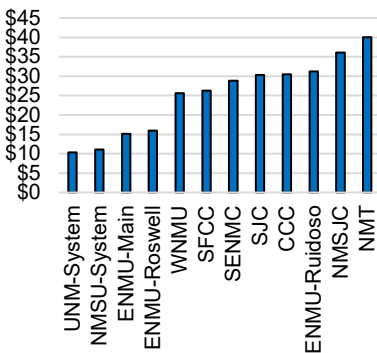
Most state HEIs use the same learning management system for online courses but do not jointly negotiate or share a price agreement.

The 2017 LFC program evaluation, *Higher Education Cost Drivers*, recommended New Mexico HEIs engage in group purchasing to save costs. However, state HEIs are not using their collective purchasing power to reduce costs for learning management systems to deliver online courses.

New Mexico HEIs using the same learning management system pay different per-student subscription rates, leading to at least \$392 thousand in additional costs. Nineteen out of 24 New Mexico HEIs use the Canvas learning management system for the hosting and delivery of online courses. LFC staff requested and reviewed the current costs and contracts for state college learning management systems. Subscription costs for Canvas (not including other support services) are based on a college’s student full-time equivalent (FTE) enrollment. HEIs with larger student enrollments receive lower per-student subscription prices.

New Mexico HEIs had base per-student subscription costs ranging from a low of \$10.30 per-student (for the UNM main campus and its branches) to a high

Chart 12. Canvas Subscription Costs per Student FTE, 2023



Note: UNM and NMSU data include branch campuses.
Source: LFC analysis of New Mexico HEI data

of \$40 per student (for the New Mexico Institute of Mining and Technology). These data indicate different HEIs and sometimes even institutions within the same university system (like in the Eastern New Mexico University system) pay different per-student subscription rates for the same product. In 2023, New Mexico higher education institutions collectively paid a little over \$1 million for Canvas subscriptions (not including additional costs for technical support). If every institution had paid UNM’s per-student rate instead on a shared price agreement, New Mexico HEIs would have collectively paid only \$667 thousand for base Canvas subscriptions and saved \$356 thousand (or 35 percent).

New Mexico HEIs have already formed an education technology consortium called the New Mexico Council for Higher Education Computing/Communication Services (CHECS). CHECS has the goals of enabling “collaborative technology planning and implementation” among New Mexico HEIs. New Mexico HEIs and CHECS should negotiate a joint price agreement for learning management system services after UNM’s current contract expires in 2028 and identify additional opportunities for collective price agreements. These types of collaborative initiatives are not unprecedented in New Mexico higher education. For example, a different consortium of six New Mexico HEIs, the Collaborative for Higher Education Shared Services (CHESS), facilitated the joint purchase and implementation of a shared finance, human resources, and payroll system.

New Mexico HEIs have an education technology consortium which could facilitate group IT purchases.

Florida saved \$2.2 million in higher education costs through group purchasing and licensing of distance learning software. The Florida Virtual Campus (FLVC) is a state agency responsible for delivering online support to institutions within the Florida College System and State University System. Part of these services include maintaining the states catalog of online courses and programs, FloridaShines.org, and negotiating joint purchase agreements for distance learning software, such as learning management systems or instructional design frameworks. These joint purchases saved Florida \$2.2 million in FY23. The FLVC also negotiates group licensing agreements for other e-resources, such as access to online academic journals, and runs the state’s integrated library system. Altogether, FLVC estimates that its group licensing and centralized services for distance learning and the state library saved a total of \$58 million in FY23.

NMSU’s online global campus is cost-effective and profitable on its own, but has received millions in state subsidies.

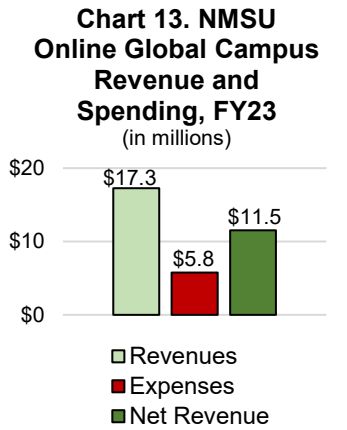
Enrollment growth at NMSU’s online global campus indicates student demand for online programming from New Mexico HEIs. From fall 2019 to fall 2023, NMSU’s online global campus grew enrollment by 1,290 students (or 158 percent) from 814 students in fall 2019 to 2,104 students in fall 2023. NMSU global campus generated millions in net revenue in FY23, demonstrating online programming is cost-effective. However, at the same time, the state has appropriated millions in special appropriations to subsidize NMSU online programming that generates net revenue for the university.

From fall 2019 to fall 2023, NMSU’s online global campus grew enrollment by 158 percent or 1,290 students.

The NMSU online global campus is more cost-effective than other main campus operations and has growing enrollment. In FY23, NMSU global campus spent \$5.8 million to provide online education to 1,679 online students taking 37 thousand academic credit hours. During the same year, NMSU main campus spent \$221 million on instruction and general operations (excluding the global campus) to serve 12.6 thousand students taking 132 thousand

student credit hours. On a per-student and a per-credit hour basis, NMSU global campus operations were less costly than NMSU main campus operations. At the same time, NMSU online global campus charges more per credit hour than main campus. In fall 2023, NMSU’s online global campus charged undergraduate students \$395 per course credit hour and graduate students \$444 per credit hour. These tuition rates were comparatively higher than the NMSU main campus tuition rates for resident undergraduates (\$319 per credit hour), resident graduate students (\$345 per credit hour), non-resident undergraduates (\$385 per credit hour), and non-resident graduate students (\$417 per credit hour).

NMSU’s online global campus made \$11.5 million in net revenue in FY23 and NMSU will have received \$17 million in state subsidies by the end of FY25 to expand online education. In FY23, NMSU’s global campus provided online education to 1,679 students and received \$17.3 million in revenue in FY23. NMSU’s online global campus spent \$5.8 million in the same year, primarily on student recruitment (50 percent or \$2.9 million) and compensation for instructional and academic support personnel (33 percent or \$1.9 million). NMSU’s online global campus yielded a net revenue of \$11.5 million in FY23, which was mostly transferred back to the NMSU’s main campus. These data indicate NMSU’s online global campus is a cost-effective program for the university. NMSU received \$10.5 million in FY24 and \$6.5 million in FY25 in special appropriations from the state for online education.



Source: LFC analysis of NMSU data

Recommendations

The Legislature should consider

- Not continuing special appropriations for profitable online programming.

The HED and New Mexico HEIs should

- Develop a statewide online course sharing agreement allowing students at member institutions to take lower-level general education courses (with a common course number) online at participating institutions.

New Mexico HEIs should

- Increase the size of online lower-level general education courses with fewer than 30 students through the combining of course sections and online course sharing within and across college systems.

New Mexico HEIs and the New Mexico Council for Higher Education Computing/Communication services (CHECS) should

- Negotiate a joint price agreement for learning management system services after UNM’s current contract expires in 2028 and identify additional opportunities for collective price agreements.

New Mexico State University should

- Rescind its policy prohibiting students at NMSU main campus from taking lower-level general education courses at NMSU branch campuses.

Online Education Contributes to Low Space Utilization at New Mexico HEIs

Even as online higher education has expanded and the number of students taking classes on-campus has decreased, New Mexico HEIs maintain a significant facilities footprint. New Mexico HEIs, particularly institutions with a higher percent of online enrollment, are under using building space. At the same time, HED has not adopted space utilization standards and does not require state HEIs to report on space utilization metrics as part of the capital outlay process.

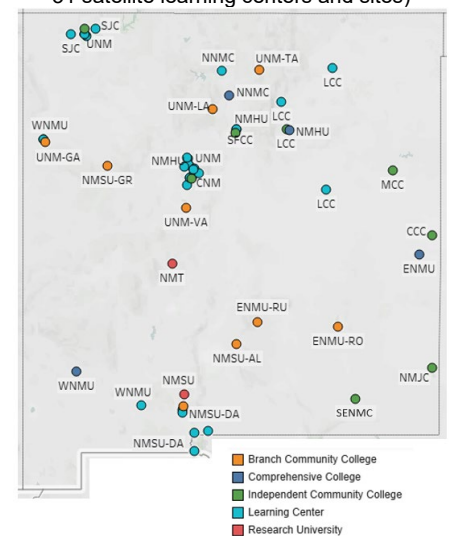
On-campus course-taking has significantly decreased over a decade, yet the higher education facilities footprint remains relatively unchanged

New Mexico HEIs have 18.6 million square feet of building space dedicated to instruction and general purposes. In FY23, state HEIs collectively spent \$178 million on existing facilities dedicated for instruction and general purposes, according to financial reports submitted to HED. Specifically, state HEIs spent \$134 million on the operation and maintenance of building space and \$44 million on the renewal and replacement of buildings and equipment. This \$178 million spent on maintaining existing facilities in FY23 does not include the additional \$312 million state HEIs spent on capital outlay projects (\$220 million) and facilities-related debt service (\$91 million) during the same fiscal year. Based on these data, it costs an average of \$9.60 to maintain a square foot of higher education building space per year.

The number of New Mexico college students taking all their classes on-campus decreased by 61.2 thousand students (or 63 percent) over the past decade. Traditional in-person instruction requires a certain amount of physical space to accommodate the instructor, students, and instructional materials. By comparison, courses delivered through online instruction require less space because students and instructors can attend class in a space of their choosing. In the fall 2012 semester, 97 thousand students at New Mexico HEIs took all their courses in-person on campus. By the fall 2022 semester, only 36 thousand students at New Mexico HEIs took all their courses on-campus which equates to a 63 percent decrease over a decade. Both NMSU and UNM require their first year, first-time students to live on campus, but these students may take some, all, or none of their courses in-person.

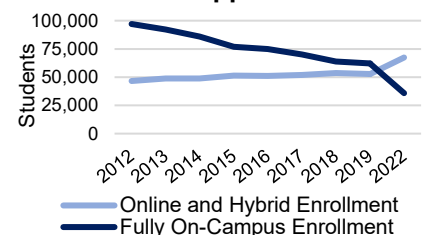
The decreasing number of students taking all their courses on-campus reduces how often instructional and general building space is used but the decline in in-person students has not been accompanied by reductions in instruction and general space. Between 2012 and 2022, the total amount of instruction and general space at New Mexico HEIs declined by only 2.3 percent. This disparity led to a significant increase in the square feet of building space per on-campus student, which increased from 219 square feet per on-campus student during in academic year 2011-12 to 699 square feet per on-campus student during in academic year 2022-23.

Figure 3. New Mexico Higher Education Campus and Learning Center Locations
(15 main campuses, 9 branch campuses, and 31 satellite learning centers and sites)



Source: LFC analysis of college websites, Google Maps, and Higher Learning Commission information

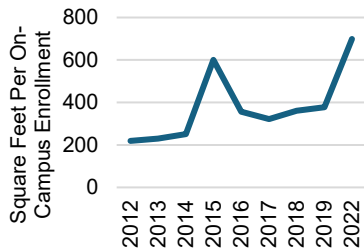
Chart 14: New Mexico Students Taking All College Classes On-Campus has Substantially Dropped



Note: 2020 and 2021 data are excluded from this graph due to the impact of campus closures during the Covid-19 pandemic. See Appendix F for more data.

Source: LFC analysis of U.S. Integrated Postsecondary Education System (IPEDS) data

Chart 15: Instruction and General (I&G) Square Feet per On-Campus Student has Increased 219 Percent



Note: 2020 and 2021 data are excluded from this graph due to the impact of campus closures during the Covid-19 pandemic.

Source: LFC analysis of IPEDS fall enrollment data and HED summer hearings data

New Mexico HEIs, especially those with high rates of online course-taking, report low space utilization.

Understanding how an institution’s current facilities space is being used, in combination with demographic and enrollment trends, can help an HEI determine if it needs to grow, maintain, or shrink its physical footprint. Available facilities master plans for New Mexico HEIs show low building space utilization and an excess of instructional space. Two commonly reported measures of space utilization are the room utilization rate, which assesses how frequently a room is used, and the station occupancy rate, which assesses how full a room typically is when it is used. Benchmarks for these space utilization measures for higher education facilities range from 30 to 40 hours a week for room utilization and between 60-70 percent for station occupancy.

For the New Mexico HEIs with reported room utilization rate data, room utilization rates are consistently below benchmark meaning HEIs have underutilized instructional space. All HEIs featured in Table 5, except for Eastern New Mexico University Roswell (ENMU-Roswell) and UNM, delivered a higher percent of their college credit hours online than the statewide average. The increase in online enrollment since the Covid-19 pandemic likely means space utilization has decreased since data were collected at ENMU Roswell and NMSU Alamogordo.

Table 5: Available Space Utilization Metrics for New Mexico HEIs

Institution	Time Collected	Average percentage of stations/seats filled (Station Occupancy Ratio - SOR)	Average weekly hours room is in use (Room Utilization Rate - RUR)	Percent of credit hours delivered online (2022-2203)
Benchmark		60-70%	30-40	45%
NMHU	Fall 2022	18.2%	8.0	47%
NMSU-Alamogordo branch	Fall 2019	38.2%	11.2	72%
NMSU-Dona Aña branch	Fall 2022	53.2%	5.8	57%
CNM	Fall 2022	60.6%	13.9	69%
ENMU-Roswell branch	Spring 2019	61.6%	27.0	40%
WNMU	Fall 2022	29.3%	14.0	47%
NMSU-Grants branch	Spring 2022	70.0%	14.4	84%
UNM	Fall 2023	71.1%	14.5	26%

Note: Santa Fe Community College (SFCC) and ENMU Ruidoso have published other space utilization data that is not directly comparable to RUR and SOR, but their facilities master plans note that they have a significant amount of excess instructional space. NMSU Grants SOR of 70 percent appears to be a statistical anomaly—the prior five semesters had an average SOR of 26 percent. Benchmarks for utilization are derived from industry standards. Benchmark for credit hours delivered online is the percent of total state credit hours delivered online. Red indicates a value is below standard, yellow that a value is close to standard, and green that a value meets standard. The last column is not color coded because there is not a target for the percent of credit hours delivered online.

Source: Available facility master plans for New Mexico HEIs and Architectural Research Consultants Inc.

Other institutions do not appear to collect consistent information on space utilization. For example, when LFC staff requested space utilization statistics from the state’s independent community colleges, only Central New Mexico Community College (CNM) reported space utilization statistics, with the other institutions either not providing the information or reporting that they do not collect it or that they could not collect it at the time.

LFC staff found low space utilization during six site visits to higher education branch campuses and learning centers.

To directly observe how space is used at different higher education facilities, LFC staff conducted unannounced site visits to two branch campuses and four higher learning centers in March 2024. Of New Mexico's 24 higher education campuses and 31 learning centers and satellite locations, LFC staff selected the NMSU Grants branch campus and the UNM Los Alamos branch campus for site visits because of their high percentages of college credit hours delivered online in academic year 2022-23, 84 percent and 76 percent respectively. LFC staff also selected four learning centers for site visits based on location and proximity to other learning centers or campuses. During these site visits, LFC staff found multiple instances of unused instructional and general building space. Although these site visits do not represent all space use at state HEIs at all times, these site visits (in combination with facility master plan data) provide evidence of underused building space in higher education.

Figure 4. Santa Fe Higher Education Center
(1950 Siringo Rd; Mon. 03/04/24; 2:30 p.m.; 2:45 p.m.
Annual Cost: \$327 thousand)



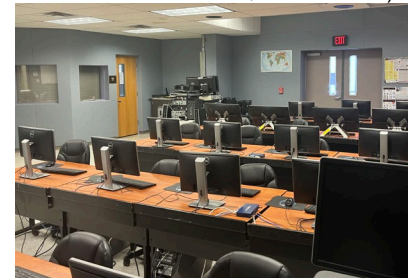
Note: LFC staff estimated the annual cost by multiplying the building's 34,067 square feet by the FY23 average annual cost of maintaining a square foot of higher education building space (\$9.60). NMHU leases space within the higher education center for \$78.4 thousand per year.

Source: LFC site visit

LFC staff found low space utilization on a site visit to the Santa Fe Community College Higher Education Center (HEC), which costs \$327 thousand annually. LFC staff conducted a site visit to the Santa Fe Community College (SFCC) HEC on the afternoon of March 4, 2024. SFCC and New Mexico Highlands University (NMHU) both offer classes at the HEC. LFC staff found that, of approximately 17 instructional classrooms and labs, only two were in use. The HEC also houses a Procurement Technical Assistance Center and a small business development center which were also observed to have unused space. LFC staff estimate the HEC costs \$327 thousand to maintain and operate on an annual basis. NMHU leases office and classroom space within the HEC at a cost \$78.4 thousand per year. Building space utilization data from 2018-19 in SFCC's 2021 master plan suggest a small number of classrooms used by SFCC were used an average of between 12 and 17 hours a week.

LFC staff found unused instructional space on a site visit to the NMSU-Grants campus, which spends \$649 thousand annually on facilities. LFC staff conducted a site visit to the NMSU-Grants branch campus on the afternoon of March 5, 2024. LFC staff found multiple unused classrooms in Martinez Hall, the main instructional building. Two other academic buildings, McClure Hall and Lucy Ma Bell Hall, contained multiple empty classrooms and labs. NMSU-Grants delivered 84 percent of its credit hours in 2022-23

Figure 5. NMSU-Grants
(1500 3rd St; Tue. 03/05/24; 2:29 p.m.
Annual Facilities Cost: \$649 thousand)



Source: LFC site visit

online, the highest rate of online enrollment of any institution in New Mexico. NMSU-Grants spent \$649 thousand on operations and maintenance for their campus in FY23. NMSU-Grants staff reported it is planning to address its under-utilization of space by redeveloping unused classrooms into workshop space for trades programs.

LFC staff found unoccupied instructional and general space at the UNM-Los Alamos campus which spends \$436 thousand on facilities. LFC staff conducted a site visit to UNM-Los Alamos on March 7, 2024. LFC staff entered all open spaces on the campus and found unused classroom and laboratory space. On-site staff reported the campus was open for regular business and classes were taking place as scheduled (except in building six which was closed for construction). UNM-Los Alamos reported 76 percent of its credit hours in 2022-23 were delivered online, the second highest online enrollment rate of New Mexico HEIs. UNM-Los Alamos spent \$436 thousand on facility operations and maintenance in FY23.

Figure 6. UNM-Los Alamos

(4000 University Dr., Thu. 03/07/24; 10:00 a.m.; 10:30 a.m.
Annual Facilities Cost: \$436 thousand)



Source: LFC site visit (photos of campus plaza and building four)

LFC staff found unused classrooms at the UNM Health Sciences Center Rio Rancho site, which spends \$647 thousand annually on facilities upkeep. LFC staff conducted a site visit to the Rio Rancho campus of UNM's Health Sciences Center on the afternoon of March 7, 2024. The building was open and was occupied by some staff and students, but LFC staff found all classrooms unoccupied. UNM reports utilities, facilities, and maintenance costs amount to \$647 thousand annually for the Health Sciences Center site. When LFC staff requested UNM to provide utilization data on the building, UNM did not provide space utilization data for the site location.

Figure 7. UNM Health Science Center Site

(2600 College Blvd NE, Rio Rancho; Thur. 3/07/24; 1:52 p.m.
Annual Facilities Cost: \$647 Thousand)



Source: LFC site visit

LFC staff found four out of 24 classrooms in use at the CNM Rio Rancho location, which spends \$637 thousand annually on facilities. LFC staff conducted a site visit to CNM’s Rio Rancho Campus on the afternoon of March 7, 2024. CNM reports the building hosts a variety of credit-granting and vocational training programs, such as a teacher education and a lineworker program. The building was open and in use, but LFC staff found only four of the 24 classrooms were occupied during that period. CNM did not report on the annual utilities, facilities, and maintenance costs of the Rio Rancho Campus building, but LFC staff estimate the campus costs \$637 thousand annually to maintain. CNM reported the building has a utilization rate of 40 percent.

LFC staff visited an almost empty learning center in Rio Rancho of NMHU which is owned by the university foundation and is being purchased by the university for \$3.5 million in installments of \$55 thousand per month. New Mexico Highlands University (NMHU) has a learning center in Rio Rancho with 23 thousand square feet which was established in 1997 to offer distance learning classes to students and still offers online and in-person classes. During a site visit to the learning center during normal business hours on March 7, 2024, LFC staff found all classrooms were empty and nearly all staff and faculty offices were empty as well. Information posted on the doors and the presence of three staff indicate the building was open yet nearly empty during the time of the site visit. LFC staff photographed class schedule information posted in the lobby and next to classrooms, which indicated classrooms were only being used for three hours per day on Mondays through Thursdays. This information indicates NMHU has significant underutilized space at its Rio Rancho site.¹

Figure 8. CNM-Rio Rancho
(2601 Campus Blvd NE; 03/07/24; 2:06 p.m.
Annual Facilities Cost \$637.4 thousand)



Note: LFC staff estimated the annual cost by multiplying the building’s 66,393 square feet by the FY23 average annual cost of maintaining a square foot of higher education building space (\$9.60).
Source: LFC site visit

Figure 9. NMHU-Rio Rancho
(Rio Rancho, 1700 Grande Blvd. SE; 03/07/24; 3:00 p.m.; 3:30 p.m.,
Annual Facilities Cost \$666.2 thousand)



Source: LFC site visit

According to the NMHU foundation’s FY23 financial audit, the foundation was leasing the building to NMHU but the foundation is now transferring ownership of the building to the university for a total of \$3.5 million to be paid through monthly installments of \$55.5 thousand until 2029. NMHU is scheduled to pay \$666 thousand (\$490 thousand in principal and \$176 thousand in interest) to the foundation for the building in FY24.

Case Studies: Other states are closing learning centers and campuses in response to online enrollment.

The University of Iowa board of regents approved plans in March 2024 to close three learning centers saying, “offering both in-person and online has become an inefficient use of resources.”

The University of Wisconsin announced plans to close one branch campus and end in-person instruction at two other branches by June 2024 in response to increased online enrollment.

¹ According to NMHU’s 2023 facility master plan, the typical classroom at the Rio Rancho Center was used an average of 13.8 hours a week and, when in use, had only 9 percent of its stations used in fall 2022. These data only include scheduled classrooms, classrooms not scheduled for classes were not included in the data.

Despite low space utilization, the state has continued to provide significant funding for capital projects at HEIs. The General Appropriation Act of 2024 appropriated \$76 million in general fund dollars, provided \$30 million from the public school capital outlay fund, and authorized \$217 million in bonding capacity for higher education capital outlay projects. Only 9 percent of the general fund dollars (\$6.8 million) are designated for projects with some demolition component. A larger portion of the bonding capacity, 25 percent or \$55 million, is earmarked for projects with a demolition component, but this amount is explained by the authorization (\$52 million) for a new humanities and social sciences complex at UNM. Of the 27 higher education capital outlay projects with authorized bonding capacity, only two have a demolition component.

Case Study: Some HEIs are taking steps to repurpose unused space due to online education

Some HEIs facilities master plans address the impact of online enrollment. For example, NMSU-Grants (the institution with the highest online enrollment in the state) outlined its plan to redevelop unused classroom space into workshops for in-person trades programs. NMSU-Alamogordo, also facing increasing online enrollment, attempted to improve its space utilization by relocating some of Alamogordo High School to its campus and reducing the overall square footage of its campus. As another example, CNM and Rio Rancho public schools have entered into an agreement where more public school students will use CNM's Rio Rancho location in school year 2024-25.

Several other states, such as North Carolina, California, and Utah have adopted space utilization standards and reporting requirements for their institutions and integrated them into their capital outlay process

At the same time, facilities and construction costs have escalated in recent years. The 2024 LFC policy spotlight report, *Escalating Costs of Public Construction*, noted nonresidential construction costs increased by 43 percent nationwide since 2019 because of high demand, rising material prices, and construction workforce shortages. The report found that education capital funding needs to link goals to facility needs, reward efficiencies, and promote cost-effectiveness. As facility and construction costs escalate, it will become increasingly important for HEIs to efficiently use and plan their building space.

New Mexico lacks space utilization standards for higher education, leading to unsystematic planning.

While other states have space utilization standards, New Mexico has not adopted space utilization standards and does not require HEIs to incorporate space utilization data in the capital outlay process. Although some HEI facility master plans take the impacts of online education into account, other HEI facility master plans do not outline ways to adapt facility footprints to the trend of increased online education.

HED has not adopted space utilization standards nor does the department require institutions to report standardized space utilization data. Space utilization data allows higher education leaders and policymakers to understand whether HEIs need to expand, reduce, or maintain their building space. HED requires HEIs to report on square footage per full-time equivalent (FTE) student but this metric does not describe how efficiently space is used. Although the department encourages HEIs to submit space utilization data as a part of capital outlay requests, the department does not require HEIs to provide space utilization data on existing facilities. HED's instruction manual for annual capital outlay funding requests (which outlines the criteria the department uses to score capital projects requests) does not include discussion of space utilization nor is space utilization included as a criterion for assessing capital projects.

Several other states, such as North Carolina, California, and Utah have adopted space utilization standards and reporting requirements for their institutions and integrated them into their capital outlay process. For example, Utah's Board of Higher Education, which governs the state's higher education system, requires institutions to submit annual reports on space utilization, has set room utilization rates and station occupancy rates standards, requires institutions to submit five-year facility master plans, and requires facility master plans to incorporate space utilization. Utah also requires institutions to demonstrate how new capital projects will improve space utilization. This aligns with the

recommendations offered by the 2019 *New Mexico Higher Education Capital Outlay Process Review*, an HED-contracted report from a consulting firm, which recommended HED and HEIs standardize and use space utilization data. HED should amend its capital outlay manual and administrative rules (Section 5.3.10 NMAC) to include benchmarks for space utilization metrics for HEIs that would be used as a criterion to assess facility needs at state colleges during the capital outlay process.

In the absence of required space utilization standards, some New Mexico HEIs are not incorporating the impacts of online learning into their long-term facilities planning. Facility master plans are management and budget tools that allow an institution to centralize data on facilities in a single document, analyze current usage of facilities, examine demographic trends that might impact facilities, and lay out a strategy for addressing current and future facility needs. Facility master plans should be conducted regularly—for example, state law requires school districts develop a facility master plan every five years (Section 22-24-5 NMSA 1978). However, not all New Mexico HEIs have an up-to-date facilities master plan. Forty-three percent (10 institutions) of New Mexico’s HEIs either did not have a facility master plan on file with HED or had a facility master plan on file that was more than five years out of date. For example, the facility master plan on file for the New Mexico Institute of Mining and Technology was from June 2000. Of those institutions with plans on file with HED, 40 percent made no mention of online enrollment and another 30 percent mentioned changes in online enrollment but did not specify how online enrollment would impact facility needs.

Of the 20 facility master plans reviewed by LFC staff, 40 percent (8 plans) made no mention of online enrollment.

UNM projects less than 3 percent enrollment growth at its Albuquerque campus over the next decade but its integrated campus plan includes over a dozen potential new buildings at its central campus. According to the Association of Physical Plant Administrators (a professional organization of education facility administrators), campus master plans should include analyses of historical student enrollment patterns to develop “reasonable extrapolations of growth alternatives” for planning future facility needs. UNM officials provided LFC staff with enrollment projections indicating anticipated student headcount enrollment growth of 2.65 percent (or 1.1 thousand students) at the university’s main campus from FY23 to FY32. UNM officials noted the enrollment projection data was used for fiscal planning scenarios, but its primary purpose was not for capital planning. UNM’s integrated campus plan currently includes over a dozen potential new buildings including three new student housing buildings and six new student life buildings. Although the university may decommission other building space when developing potential new buildings, the preliminary integrated campus plan recommendations did not mention the decommission of existing building space. These data indicate a disconnect between UNM’s enrollment projections and integrated campus planning process. According to board of regents meeting minutes from May 23, 2023, UNM officials testified the integrated campus planning process “did not include looking at, for example, data related to the students that will attend in 2035” and did not include “that level of futurism” (p.3). New Mexico HEIs should incorporate analyses of historical enrollment and reasonable extrapolations of enrollment growth alternatives into planning future facility needs.

Figure 10. UNM Preliminary Vision for Central Campus



Source: UNM integrated campus plan preliminary recommendations

UNM is planning to make its internal processes for scheduling classrooms more centralized to improve classroom space utilization. UNM provided LFC staff with documentation of proposed changes to its internal space management policy. The proposed policy changes would make UNM's processes for scheduling classrooms more centralized at the university rather than decentralized across different departments. The proposed policy changes are likely to improve the efficient use of available space. UNM should adopt the proposed changes to its internal space management policy.

Recommendations

The Legislature should consider

- Using benchmarks for space utilization metrics for HEIs as a criterion to assess facility needs at HEIs during the capital outlay process.

HED should

- Amend the department's capital outlay manual and administrative rules (Section 5.3.10 NMAC) to include benchmarks for space utilization metrics for HEIs that would be used as a criterion to assess facility needs at HEIs during the capital outlay process.

New Mexico HEIs should

- Incorporate analyses of historical enrollment and reasonable extrapolations of enrollment growth alternatives, including online enrollment, into planning future facility needs.

The University of New Mexico should

- Adopt the proposed changes to its internal space management policy.

**NEW MEXICO
HIGHER EDUCATION
DEPARTMENT**



Fostering Student Success from Cradle to Career

Michelle Lujan Grisham, Governor
Stephanie M. Rodriguez, Cabinet Secretary
Patricia Trujillo, Deputy Secretary

April 15, 2024

Charles Sallee, Director
New Mexico Legislative Finance Committee
325 Don Gaspar Avenue, Suite 101
Santa Fe, NM 87501

Dear Director Sallee,

The New Mexico Higher Education Department appreciates the opportunity to respond to the New Mexico Legislative Finance Committee’s program evaluation titled “Online Higher Education in New Mexico” provided to the department on April 12, 2024. The department recognizes the work of the program evaluation team in their independent research and coordination of sector leaders and experts, which we hope will support continued efforts to improve college access and outcomes for New Mexicans.

Throughout the New Mexico Higher Education Department’s response, you will note multiple references to the systems of governance in place throughout the higher education system in New Mexico. New Mexico has a highly fragmented higher education system, and each higher education institution and/or system has its own governing board. As such, while the department can encourage colleges and universities to participate in system-wide policy changes, communal agreements, and other non-legislatively mandated actions, final decisions ultimately left up to each governing board if there is no statute attached to requirements.

The New Mexico Higher Education Department’s response to the report also adds context to the information contained within the program evaluation and expands it to a broader conversation outside of the parameters listed. We look forward to collaboration with the Legislature to sustain the momentous progress and investments New Mexico has made in higher education. Below is the agency’s response to the New Mexico Legislative Finance Committee’s performance evaluation.

Key Finding 1: As out-of-state schools recruit thousands of state residents, New Mexico higher education institutions are not fully reaching adults without a degree

Reaching more of New Mexico’s nearly 120,000 residents age 25 to 64 years with some college but no credential is an important part of the state’s continuing efforts to increase educational attainment statewide, improve the workforce, and to reach more of New Mexico’s nearly 270,000 residents with high school diplomas or equivalent but no postsecondary education. Across the state’s higher education system, higher education institutions are working to reach these groups. Several examples include the University of New Mexico’s (UNM) long-standing program to reach out to former students who are in good academic standing but have not completed their degree. A key part of these efforts is the ability to leverage online options, which, for some New Mexicans, may be the only option available for them to pursue a postsecondary education or training certificate.

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However, the extent to which online options can have an impact on recruiting students and helping them find postsecondary success is not immediately clear. As mentioned, online options may work well for some individuals but may be a poor fit for others. Some potential students may lack comfort with the required technology or have interest in program areas that align poorly with online coursework. Furthermore, some New Mexicans without a formal postsecondary credential may not see much benefit in completing further postsecondary training depending on their professional circumstances.

We acknowledge that New Mexico and its higher education institutions must balance the ability to enroll additional students with the ability to guide those students to success in their coursework, and not every student is guaranteed to find success through online coursework. A recent analysis by the New Mexico Higher Education Department revealed that, statewide, students at New Mexico's public higher education institutions do slightly worse (six-percentage points in 2022 to 2023) in online courses than in in-person courses by earned credit rate.

The New Mexico Higher Education Department recognizes that, at present, the number of students from New Mexico enrolling at higher education institutions located in other states is greater than students from other states enrolling at New Mexico HEIs. It is important to consider the factors which may be driving this enrollment pattern. For instance, it is unclear what type of students are enrolling in these out-of-state programs, which programs they are enrolling in, and what their motivations are for pursuing programs at higher education institutions in other states. These students may be pursuing online programs which are unavailable at New Mexico colleges and universities, the pathways provided may be more appealing to these students, stronger opportunities may be offered for earning credit for prior learning, or these higher education institutions may have greater outreach with the marketing of their online programs. It is also unclear how much tuition revenue is lost to out-of-state institutions given the variability in tuition by program and higher education institution.

What is clear is that the greatest number of New Mexican students are enrolling at for-profit higher education institutions. The state has a clear interest in ensuring New Mexicans receive a high-quality education that provides a healthy return on investment for their tuition dollars. As such, we should take New Mexicans' enrollment in these programs seriously as the for-profit sector has been under scrutiny for potentially predatory behavior, potentially poor returns on investment, and higher levels of student debt.

Key Finding 2: State higher education institutions are missing opportunities to achieve efficiencies with online education

The New Mexico Higher Education Department supports efforts to increase efficiency across the higher education sector, including more effectively leveraging online offerings. However, we must be cautious, as some of the recommendations come with challenges and the possibility for unintended consequences.

The recruitment of out-of-state students to study at New Mexico higher education institutions is important. However, doing so with online programs provides little benefit to the state as a whole. The millions of dollars in efficiencies as noted in the performance evaluation by increasing online class sizes would need



to be reviewed from two different perspectives. Should this increase be from the recruitment of out-of-state online students, a higher tuition would need to be implemented in order to support the cost of instruction. Doing this requires segregation of data to ensure out-of-state students who are exclusively taking online classes are not counted in the funding formula. There is little potential for these students to live or work here in New Mexico, reducing the tie between higher education and economic development for the state.

It is important to develop high-quality online programs that serve New Mexicans. Many potential students live in rural or frontier communities without convenient access to a higher education institution, are working full-time, or have family obligations. These students are often unable to attend in-person classes and online courses can serve them well. In addition, online classes can help a student fill in their class schedule and preclude multiple trips to campus. Many students taking in-person classes are also taking online classes.

A course sharing consortium could benefit students by eliminating some of the roadblocks created by transfer that can impede students' progress. Rather than students needing to take action to ensure their coursework from one institution is counted at another, students' online coursework from the approved list would potentially be automatically transcribed at their home institution. As indicated by the performance evaluation, this type of consortium agreement has been implemented in various places around the country and is feasible in theory. Course sharing within systems (e.g., the New Mexico State University system and University of New Mexico system) is already taking place. However, given New Mexico's fragmented higher education environment, there are several obstacles to overcome for this to be implemented across higher education institutions and systems.

Importantly, New Mexico's higher education institutions have their own systems of governance and would need to voluntarily participate in such arrangements. Other challenges include higher education institutions using differing data management systems, Family Educational Right and Privacy Act (FERPA) concerns, and concerns regarding upfront and ongoing costs, and how this might impact the funding formula. Furthermore, ensuring that students have appropriate wrap-around services to help ensure their success is critical, and, if students are enrolled from multiple institutions, determining how these support services are provided would require additional collaboration.

Consolidating classes into larger sections poses its own set of challenges which are not well accounted for in this performance evaluation findings. As online learning efficacy and student success is multifaceted, with multiple stakeholders and perspectives to consider, the New Mexico Higher Education Department urges caution in moving forward with consolidating classes. We recommend using the information provided in this report in combination with other, outside data to make well-informed decisions on this matter. Much of the research on online learning in higher education supports that there is no "one-size-fits-all" approach to online learning. For example, student groups like first-time freshman or those who have been out of higher education for some time may struggle in an online environment and may require a higher-touch learning format. We must make every effort to ensure our students are set on a strong path for success.



Key Finding 3: Online education contributes to low space utilization at New Mexico higher education institutions

The New Mexico Higher Education Department created the Space Policy in 2022. Within that policy, the department provides an excerpt from the APPA (formerly the Association of Physical Plant Administrators) Body of Knowledge which notes that a variety of higher education councils and national organizations have published space guidelines and design standards as reference points, but, for most higher education institutions, there is no universal set of guidelines that are applicable. Accordingly, many higher education institutions develop their own space profile factoring in both the particular program requirements and unique facility requirements of each college and university. The department strongly encourages higher education institutions to develop their own space planning guidelines and standards that fit the needs and mission of the higher education institution.

With the structure of New Mexico’s higher education governing bodies as independent entities and the disparity in available funding and expertise across higher education institutions, codifying benchmarks for space utilization metrics for schools could lead to unintended consequences. The current process being used by the New Mexico Higher Education Department has required higher education institutions to provide support for their capital funding requests, which has driven them to complete facility assessments and start the process of creating or updating their facility master plans. The department has also created a centralized space inventory within the department’s Capital Funding Request and Management System (CFRMS). This system is updated by higher education institutions and tracks both Instruction and General (I&G) and non-I&G spaces.

Over the past few years, NMHED has begun the process of supporting the continued stewardship of existing facilities. Asset renewal needs have continued to outpace available funding, and this strategy of providing building renewal and replacement funding has allowed the state to offset use of capital dollars towards renewal needs. To date, the state has invested \$23 million in building renewal and replacement funding. This funding is provided as a supplement to the dollars set aside every year by the higher education institutions for this purpose.

The New Mexico Higher Education Department also has a long-standing commitment to reducing the footprint of higher education facilities statewide. To support this, the department requires an equal or greater offset of square footage prior to the construction of any new facility. The support from the Governor Michelle Lujan Grisham and Legislature for demolition funding over the past two years has allowed higher education institutions to remove space that is no longer needed on their campuses. This not only reduces the square footage but also minimizes the state’s liability if these facilities were vacant and no longer in use.



Key Recommendation 1

The Higher Education Department should:

- Amend the department’s capital outlay manual and administrative rules (Section 5.3.10 NMAC) to include benchmarks for space utilization metrics for higher education departments that would be used as a criterion to assess space and facility needs at higher education institutions during the capital outlay process

The New Mexico Higher Education Department conducted a Capital Outlay Process Review in 2019 that included all higher education institutions. This report highlighted the complexity of systems at the largest universities and the simplicity of the processes at smaller schools related to master planning and space management as well as processes for condition assessments and deficiencies of facilities. The report also recommended the development and implementation of project prioritization standards to score and rank capital outlay funding requests, including overall space utilization, classroom efficiency and utilization, and facilities condition. The findings and recommendations from this report were used by New Mexico Higher Education Department to develop a new process for capital outlay funding recommendations. This included the establishment of three key components in the review of all proposals: project need, stewardship, and energy and sustainability. Within each of these components lies individual measures which are used by the department to evaluate and assess each proposal.

To address classroom utilization, the department has three measures: promotion of enrollment growth, retention, and degree production; support of facility master plans; and impact on on-campus and off-campus instruction. Information provided by higher education institutions is reviewed and scored for each of these measures and is calculated into the overall score of the proposal. Since the implementation of these measures, many of the project funding requests reviewed by the New Mexico Higher Education Department include projects that are designed to support both in-person and online learning. Hybrid spaces allow opportunities for students to choose what style meets their needs, and colleges and universities are renovating existing spaces and building new spaces to support these different learning modalities. The New Mexico Higher Education Department Capital Outlay Manual was created to guide higher education institutions in the development of internal processes which would support the new project prioritization standards developed by the department.

It is also important to note that although space is not explicitly evaluated during institutional accreditation, specialized accreditation of programs such as engineering, nursing, and trades which require laboratories, clinical spaces, and specialized facilities are assessed to ensure they meet industry-specific standards. Specific industry standards may vary from one higher education institution to another depending on their location and specific fields served.

Last, while New Mexico has seen an increase in online activity, particularly in the wake of the COVID-19 pandemic, the New Mexico Higher Education Department urges caution in making changes to the amount of available classroom space. The rate at which students enrolled in coursework with online delivery methods was outpaced by the decline in in-person-only enrollment, suggesting that a major driver of this decline was the broader decline in enrollment across the state rather than a major shift in student



preferences. As enrollment has once again begun to increase in light of the Opportunity Scholarship, we may see in-person activity increase. Additionally, in the years following the 2020-2021 academic year, changes in enrollment patterns by delivery method have trended back toward pre-pandemic norms. New Mexico and its higher education institutions should monitor these trends as they evolve in order to remain better informed on how potential changes to space utilization should proceed, if at all. As online course technology becomes more robust and learners become more comfortable with this option, it is likely that students will continue to choose to take at least some of their courses online, but changes to space utilization and facility footprints should be taken with great care. The department continues to promote our long-standing commitment to reducing the footprint of higher education facilities statewide.

Key Recommendation 2

New Mexico Higher Education Institutions should:

- **Increase the size of online lower-level general education courses with fewer than 30 students through the combining of course sections and online course sharing within and across college systems and;**
- **Conduct targeted recruitment campaigns for former students who did not complete their studies informing them of online offerings, reenrollment processes, support services, and free tuition.**

It is important to reiterate that New Mexico's public higher education institutions each have their own governing boards. As such, while the New Mexico Higher Education Department will provide support and coordination to higher education institutions as they make potential adjustments to their policies and activities as recommended by this and similar performance evaluations, the New Mexico Higher Education Department cannot unilaterally direct higher education institutions to enact such recommendations unless established by statute.

As previously discussed in response to Key Finding 2, the New Mexico Higher Education Department urges caution in efforts to consolidate online classes into larger sections as the differential effects of class size by discipline, course objective, instructor type, and student type must be considered. For example, most research on class size does not distinguish among disciplines and/or course design, so it is easy to assume that an increase or decrease in class size will have the same effect in every online class. However, a class that assesses student learning with multiple choice tests may be able to expand in size more readily than a class that assesses student learning with written essays and requires faculty time and adequate feedback for maintaining student learning outcomes.

Furthermore, any efforts to make changes to class sizes and course delivery methods would require engagement with faculty at the state's higher education institutions. Faculty are central to academic decision making in higher education. Hearing faculty voices and gaining their buy-in are both essential to the success of this or similar efforts. At present, the state may lack any formal insight into how such changes may be received by the faculty, although it is likely there will be diverse opinions on the matter.



The New Mexico Higher Education Department will continue to support both the state’s and higher education institutions’ targeted recruiting campaigns for former students who did not complete their studies – such as those who previously lost their Lottery Scholarship but would now be Opportunity-eligible – as part of ongoing efforts to increase attainment across the state and improve the quality of our workforce. This includes encouraging students to take advantage of online offerings where appropriate. The department’s Reach Higher New Mexico initiative (ReachHigherNM.com), launched during the summer of 2022, is one such effort conducted at the state level that provides key information to new and former students about the Lottery and Opportunity Scholarships, regaining scholarship eligibility, available programs, Free Application for Federal Student Aid (FAFSA) completion, and more. Likewise, New Mexico State University’s Global Campus has launched a comprehensive marketing campaign leveraging free tuition provided by the Opportunity Scholarship to advertise online program offerings to New Mexico residents via digital ads on social media and other avenues.

The department also encourages higher education institutions to look to the future for enrollment and recruitment strategies as part of their Strategic Enrollment Management Plans. These plans, which higher education institutions previously provided to the New Mexico Higher Education Department in 2021 and 2023, provide an important opportunity for colleges and universities to think critically about how to better reach students in their areas and across New Mexico while also providing the department needed information to coordinate with and support them in their efforts. As part of our ongoing efforts to support higher education institutions in their enrollment and recruitment strategies, the New Mexico Higher Education Department can require future Strategic Enrollment Management Plans to include discussions on the effectiveness of targeted recruiting campaigns for adults with some college and no credential among others.

The New Mexico Higher Education Department does collect a flag on the Electronic Data Editing and Reporting (eDEAR) system’s course file that indicates if the course is in-person, hybrid, or online. Some of this data could fit with current eDEAR specifications, but the department would likely need to extend the information it requires related to courses to monitor and evaluate dynamically changing approaches to online education in the state. The department would need time to collaborate with higher education institutions on the right information to gather and report on and then to support colleges and universities as they build out capacity to handle the increased reporting requirements. Higher education institutions may not currently gather the course data that the department may need, so they will need time to make changes to accommodate new requirements.

Key Recommendation 3

The Higher Education Department and state Higher Education Institutions should:

- **Develop a statewide online course sharing agreement which enables students at member institutions to take lower-level general education courses (with a common course number) online at participating institutions.**

As previously discussed in response to Key Finding 2, a course-sharing consortium would potentially benefit students. However, there are several roadblocks to its implementation in New Mexico, including a



fragmented higher education system where higher education institutions are governed by their own independent governing boards. If such a recommendation were to be enacted in New Mexico, it would require the voluntary participation of higher education institutions and extensive work to overcome challenges in areas such as data sharing, cost sharing, and impacts on the funding formula. Additionally, provisions to provide student services would need to be coordinated across multiple higher education institutions.

The New Mexico Higher Education Department has long recognized the potential benefit of course sharing arrangements and has language in 5.3.12 NMAC (Instructional Funding) that relates to this issue.

5.3.12.9.D. Collaborative efforts, consortia, and extended learning instruction: The department supports efforts to promote the sharing of resources by existing public post-secondary educational institutions to provide quality educational services. Where appropriate, the development of collaborative approaches to deliver courses and programs to students is encouraged. In order to ensure the efficient and effective provision of such services, public post-secondary institutions engaging in such joint ventures must have written agreements clarifying the various responsibilities and benefits of the collaborating parties. These agreements must address, but need not be limited to, the following points:

1. cost and revenue sharing arrangements;
2. student credit hour reporting arrangements;
3. accommodations for alternative delivery methods at the receiving site;
4. arrangements and responsibilities for evaluating the effectiveness of the joint venture;
5. provision of student support services; and
6. provision of academic support services.

While there are not formal course-sharing agreements in place, students are already taking advantage of online courses from multiple higher education institutions. Students can set up a consortium agreement with their home campus financial aid office to ensure that all the courses they are taking apply toward meeting scholarship requirements. Streamlining these processes would benefit students and potentially simplify the calculations of scholarship eligibility for financial aid offices.

Key Recommendation 4

New Mexico Higher Education Institutions and the New Mexico Consortium for Higher Education Computing/Communication Services should:

- **Negotiate a joint price agreement with Instructure, Incorporated for Canvas (or an alternative learning management system) after the University of New Mexico's current contract expires in 2028 and identify additional opportunities for collective price agreements.**

The New Mexico Higher Education Department recognizes that a joint price agreement for a shared learning management system (LMS) provider across higher education institutions who are already using the chosen LMS makes sense and would likely result in lower licensing and hosting costs for the LMS itself.



For higher education institutions not already using the chosen LMS, there are a number of concerns related to transitioning from a different system. Colleges and universities would need to go through thorough planning and implementation for the new system, including reviews of current systems. Large changes in core technologies are often expensive and require significant planning, implementation, and support. There will be one-time, but significant, fiscal costs for making the transition before higher education institutions could take advantage of lower LMS costs due to the joint price agreement.

Higher education institutions may need to hire new full-time staff or contractors to oversee and implement the LMS transition. They will need to transfer large amounts of current LMS data into the new system, possibly incurring extra data-related costs depending on their current solution. For data that cannot be translated into the new system, colleges and universities will need to recreate current courses, workflows, and other items in the new LMS. They will also need to retrain faculty, staff, and students on the new system.

Additionally, higher education institutions will need to evaluate and potentially replace current student information systems (SIS) and enterprise resource planning (ERP) systems that integrate with their current LMS, adding in more major IT system changes that all share their own separate transition costs of similar scope. If they do not change out other core systems, they will still need to build integrations between those remaining systems and the new LMS. Following the transition, there will likely be an extended period of reduced performance as staff, faculty, and students learn how to best utilize the new LMS.

To realize the largest gains from the joint price agreement, it helps to have a larger number of higher education institutions participate in the agreement, but this participation would need to be voluntary. As stated earlier, each institution has its own governing board, so the decision to switch to a new LMS would need to be approved by those governing boards. Further, despite financial savings and standardization due to many higher education institutions using a shared LMS provider, there is a risk of the state higher education system as a whole becoming too dependent on a single provider. It might be more beneficial to support collective negotiation with multiple LMS providers. That would give institutions the option of remaining with their existing system and forego the costs of converting while still providing the benefit multi-institution price agreements.

Conclusion

New Mexico is working hard to develop higher education policies that consider the needs of students as they pursue their postsecondary education both on-campus and online. The COVID-19 pandemic required a rapid pivot to dramatically increase online course activity, and, in the following academic terms, while that activity has somewhat declined, it remains higher than pre-pandemic levels. Going forward, online courses and programs will continue to be a key part of how New Mexicans prepare for the future.

With your partnership, the New Mexico Higher Education Department will continue to support students as they pursue their educational aspirations, whether they enroll on campus or online. By making an honest



assessment of the changes to our higher education landscape and the impacts these changes have on our higher education institutions and communities, we seek to better serve the students in New Mexico.

Thank you for your attention to the New Mexico Higher Education Department's response to the accuracy and tone of the "Online Higher Education in New Mexico" program evaluation, and we look forward to working with the Executive and the Legislature going forward.

Sincerely,

A handwritten signature in black ink that reads "Stephanie M. Rodriguez". The signature is fluid and cursive.

Stephanie M. Rodriguez
Cabinet Secretary

cc: Mariana Padilla, Children's Cabinet Director, Office of the Governor
Patricia Trujillo, Deputy Cabinet Secretary, New Mexico Higher Education Department
Gerald Hoehne, Chief of Staff, New Mexico Higher Education Department
Senator George Muñoz, Chair, Senate Finance Committee
Representative Nathan Small, Chair, House Appropriations and Finance Committee
Micaela Fischer, Deputy Director, New Mexico Legislative Finance Committee
Clayton Lobaugh, Program Evaluator, New Mexico Legislative Finance Committee
Same Leemann, Program Evaluator, New Mexico Legislative Finance Committee



April 15, 2024

Charles Sallee, Director
Legislative Finance Committee
325 Don Gaspar Ave., Suite 101,
Santa Fe, NM 87501

Re: Council of University Presidents (CUP) Response to LFC Evaluation of Online Learning

Dear Director Sallee:

First, we would like to thank the Legislative Finance Committee evaluation team for giving us an opportunity to review the draft report and provide comments and feedback in preparation of the final report. The evaluators have been professional, knowledgeable, and very approachable and we appreciate their hard work and collaboration during this process.

The Council of University Presidents agree that the *recommendations* in this report provide opportunity for improvement and growth. We would like to take this moment to highlight additional commentary and examples for clarification on several of the *key findings*.

The following represents responses from CUP/HEIs and The New Mexico Council for Higher Education Computing and Communication Services (CHECS), as well as representative examples and responses from individual institutions.

LFC Key Findings:

As out-of-state schools recruit thousands of state residents, New Mexico HEIs are not fully reaching adults without a degree.

- While not acknowledged in the report, NM HEIs already conduct targeted recruitment campaigns for students who did not complete and non-traditional students seeking a degree. However, the current online, non-traditional education environment is extremely competitive and NM HEI budgets are not comparable to the institutions referenced in the LFC report. For example, according to an EAB report, Grand Canyon University is spending \$164M/year on advertising and recruitment services. Similar numbers are true for the other providers.



- More information and better data are needed to effectively target those who have the desire and ability to succeed, which will also allow us to understand how we can meet these students where they are.
- The report does not recognize that New Mexico residents may be taking on-line courses that are not available in New Mexico. In comparing institutions and online programs, it is useful to identify degree completion rates and availability of specific degree programs. New Mexico institutions do not offer a dentistry school or degree (they do offer dental hygiene, including a UNM online advanced dental hygiene program) or a veterinary medicine school or degree and New Mexico HEIs are not currently resourced to offer them. How many New Mexico residents pursuing out of state online degrees are pursuing degrees that do not exist and are not funded to exist in New Mexico? What are the degree completion rate and college debt rate for students completing online degrees at for profit online institutions outside of New Mexico? Degree completion, debt, and access to relevant degrees are important considerations.
- UNM already conducts year-round recruiting of former students who didn't complete the required number of credits to graduate. "Recruit former students" is one of the eleven (11) "Enrollment, Recruitment, and Marketing Priorities" listed in the UNM Strategic Enrollment Plan provided to HED, with several strategies and tactics aligned with that priority.
- WNMU has recently run a report of students who have not completed their studies, going back five years. They have specific marketing plans and advertising targeting older students and are creating both email and text message communications that are sent out to each student with encouragement and information about returning to school, options and processes of being able to reenroll and attend, and services available. A landing page is being built for the students to reference, which will also list information about tuition savings based on the students' situation.
- We are all aware that outside variables and events have a direct impact on enrollment, so we appreciate the evaluators removing the Covid years (Fall 20 and Fall 21) from their data set. In the past, other events included: the enrollment peak during the recession and decline in the post-recession years; major changes to the Lottery Scholarship; new funding formula; deep cuts to higher ed in FY16 and FY17 and so on. The Opportunity Scholarship has definitely shown a direct correlation to increasing enrollment in the present. For instance: UNM has seen an historic all-time increase in enrollment of first-time freshmen in Fall 23. Since this most recent data is not included in the report, we believe that adding Fall 23 and Spring 24 will be more informative and help provide for better recommendations.



State HEIs are missing opportunities to achieve efficiencies with online education.

- CUP agrees that there are opportunities to explore possible cost savings through the negotiation of collective price agreements, with several caveats:

Instructional Design Agreements Necessary:

- Course sharing will be beneficial IF all state institutions can subscribe to an instructional design practice/standard to reduce unnecessary cognitive load elements.
 - A service level agreement by the faculty teaching in these courses will also need to be agreed upon as students in an online environment need to have a high touch model.
 - The wraparound services, including the advisors/mentors, will need to be discussed as support still needs to be provided by and from the home university.
 - There are a variety of other models that can be evaluated to analyze challenges and considerations related to consortium or system models that involve multiple institutions operating in a common framework.
 - There are concerns about the complexities of aligning separate institutions with separate Student Information Systems, separate Learning Management Systems, different business practices, different integrated academic technology systems and licensing, and different needs. A desire to analyze challenges and considerations related to consortium or system models that involve multiple institutions operating in a common framework.
- Higher Education funding is complicated, but simply, the lower-level courses help support the cost of the more expensive upper division courses. According to ENMU, if those courses are removed from their course offerings, additional state support would be needed to offset the need for a tuition increase. One of ENMU's strengths is the smaller class sizes and direct access to Faculty. Furthermore, although a particular course may have the same number and description, the emphasis of subject matter within the course may vary. This is often to build a foundation specific to the major for which it is intended. Although many institutions already share and accept courses in transfer through 2+2 or MOUs, we do depend on the delivery of our own general education courses as a source of revenue to support the overall educational enterprise.



- More broadly, it is important to consider how participating in general education and lower-division courses at an institution is the portal to engagement with the institution that allows the student to persist: in other words, access to credit hours for courses does not add up to degree completion because, to persist in their degrees, students need connection between courses, strong advising, and engagement opportunities, as well as social connectedness, community, and environments that enable skill-building.
- Access to online credit hours is not equivalent to access to educational opportunity. Advisement, support, degree pathway structures, financial aid coaching, student services—all of which are offered on the institutional level and require staff and space—are critical to enabling students to complete degrees. Online credit-hour consortia that are not accompanied by investment in degree support infrastructure risk delaying students in their educational attainment and frustrating them as they see credit hours mount up without resulting in degree completion. Moreover, only some courses and degrees can be delivered effectively online.

Online education contributes to low space utilization at New Mexico HEIs.

- Space utilization is a critical and highly variable planning component for an institution's long-term strategic planning, which affects areas such as education delivery, research, campus living, service to New Mexico communities and, in the case of UNM, patient care. However, it is also only a single factor and should not be taken out of the context of each institution's mission-driven strategies.
- The tone expressed in LFC evaluation is somewhat misleading and lacks a comprehensive perspective, as it assumes that online learning is directly leading to low and poor space utilization. This type of characterization could have an adverse effect on this year's General Obligation Bond for higher education, which has been approved by both the NM Legislature and the Governor.
- Online education will continue to evolve with technology and student needs. The space utilization needs and definitions must consider the nature and demands for teaching and learning in all modes of delivery. The assumption that online delivery, in all its forms, overall requires less space is inaccurate. The analysis also does not convey a full understanding/appreciation of how today's students use the flexibility of online education, as it is not just students learning at a distance.
- The report ignores the percentage of students partially online, which increased by 68%, representing additional on-campus students. We see this with many on-campus students using online courses (partially or fully) to provide flexible schedules for work, athletics, etc. This complexity also exists when attempting to interpret and link SCH data to the findings in this



report. What we believe has grown post pandemic and will continue to grow is the mixed student course loads, i.e. students living on campus and taking a mix of online and face-to-face courses. Students choosing to do so provides a balance of flexibility and in-person academic support. HEIs will continue to respond to this growing market segment.

- Online instruction may take away the need for classroom space, but they have found a shift in purpose of the space is necessary. Increased online instruction requires additional support, in IT as well as training for faculty. For example, WNMU has begun repurposing empty classrooms into offices. Not only has support for online instruction increased the need for additional staffing and office space, but other areas such as professional development and compliance have been able to grow into these spaces. Using online instruction to decrease capital funding implies face-to-face and on campus instruction will not grow, a displacement that would depend on reaching some identified scale. This exchange would not necessarily replace the ongoing need for capital project maintenance of existing facilities and possible continuing need for non—instructional space.

We look forward to continued dialogue and collaboration in advancing successful online learning for our four-year institutions and the students they serve.

Respectfully,

Marc H. Saavedra
Executive Director, CUP
(505) 426-4674

Cc:

Micaela Fischer, Deputy Director of Program Evaluation, LFC
Clayton Lobaugh, Program Evaluator, LFC
Sam Lesemann, Program Evaluator, LFC

NMICC

NEW MEXICO INDEPENDENT COMMUNITY COLLEGES

Central New Mexico Community College • Clovis Community College • Luna Community College
Mesalands Community College • New Mexico Junior College • New Mexico Military Institute
Northern New Mexico College • San Juan College • Santa Fe Community College
Southeast New Mexico College • Western New Mexico University

April 15, 2024

Charles Sallee, Executive Director
cc: Micaela Fischer, Deputy Director
Clayton Lobaugh, Program Evaluator
Sam Lesemann, Program Evaluator
New Mexico Legislative Finance Committee
325 Don Gaspar Avenue, Suite 101
Santa Fe, NM 87501

The New Mexico Independent Community Colleges (NMICC) wish to thank the Legislative Finance Committee for continuing to examine New Mexico's public post-secondary education institutions and to provide suggestions on how our institutions can improve as we serve New Mexico and our communities. We appreciate the availability and professionalism of the LFC Evaluation Team: Clayton Lobaugh, Sam Lesemann, and Deputy Director Micaela Fischer as they worked on the "Online Higher Education in New Mexico" program evaluation.

Below you will find NMICC responses to this evaluation.

Recommendation:

New Mexico Higher Education Institutions should increase the size of online lower-level general education courses with fewer than 30 students through combining of course sections and online course sharing within and across college systems.

NMICC Response:

Class Size –

Institutions can have more students in online classes and more high-capacity classes, so long as prior to increasing class sizes faculty receive additional training to redesign both the classes and the accompanying assessments. Significantly large classes must have embedded advisors or tutoring support within the online classes.

The evaluation states HEIs could save between \$4.7 million to \$5.7 million in instructional labor costs by raising the class sizes of undergraduate online college courses and these savings could be redirected into faculty salaries (page 16) – this statement only examines one side of the equation, reduced direct instructional cost – it does not consider the additional indirect instructional cost, such as embedded tutoring, which may be needed to facilitate student

success. In addition, this assumed cost savings is calculated across all HEIs and all undergraduate online courses. This does not reflect the reality of multiple HEIs teaching many different undergraduate courses. Actual institutional savings will vary significantly.

Course Sharing –

Regarding online course sharing within and across college systems, examples from Idaho, Montana, and Georgia were noted. There is, however, at least one similar initiative that failed. In the early 2000s the Kentucky Virtual University (KYVU) was launched. The concept behind KYVU was to have online courses shared across public post-secondary institutions. It was launched with much fanfare; however, it met its demise after the expenditure of several million dollars. If it is the will of the New Mexico Legislature to fund online course sharing within and across post-secondary institutions, it would be prudent to learn why KYVU failed simultaneously following examples of the successes.

Recommendation:

New Mexico Higher Education Institutions should conduct targeted recruitment campaigns for former students who did not complete their studies informing them of online offerings, reenrollment processes, support services, and free tuition.

NMICC Response:

Targeted Recruitment –

These can be quite effective and inexpensive with new technologies and data sources (e.g., CollegeApp <https://www.yourcollegeapp.com/>). With the appropriate knowledge and training, HEI staff can do this work. Resources to facilitate training and access to needed tools and data would be appreciated. Working towards reducing or eliminating the barriers our former students face to assist them in completing their education will benefit New Mexico. NMICC suggests targeted recruitment campaigns include both the credit programs and the non-credit workforce training programs.

It must be noted not all New Mexicans enrolled in a post-secondary education program are eligible for state aid. The Opportunity Scholarship which can be accessed by returning adults **cannot** be used for non-credit workforce training courses. Many returning adult students opt for non-credit training.

Recommendation:

The Higher Education Department and the state Higher Education Institutions should develop a statewide online course sharing agreement which enables students at member institutions to take lower-level general education courses (with a common course number) online at participating institutions.

NMICC Response:

Online Course Sharing Agreement –

While a statewide online course sharing agreement has the potential to expand access and promote collaboration, there will be challenges, from the administrative complexity of developing and maintaining the agreements, to ensuring students receive credit, to technological challenges related to the LMS, to differences in tuition rates. If the Legislature and

the Governor would like to support this work, NMICC suggests funding a targeted pilot program or perhaps funding a pilot within the institutions participating in the Collaborative for Higher Education Shared Services (CHESS).

Recommendation:

New Mexico Higher Education Institutions and the New Mexico Consortium for Higher Education Computing/Communication Services should negotiate a joint price agreement with Instructure, Incorporated for Canvas (or an alternative learning management system) after the University of New Mexico's current contract expires in 2028 and identify additional opportunities for price agreements.

NMICC Response:

Joint Purchasing/Contracts –

- Anything the state of New Mexico which will incentivize joint purchasing contracts, from learning management systems, data sources, licenses, supporting services (such as 24/7 tech help, tutoring, etc.), electronic journals and other library materials, would be appreciated.
- The state could mandate new institutional contracts be negotiated to include provisions to allow other post-secondary institutions to join the contract. There are examples from various institutions and CHESS allowing this.

Recommendation:

The Legislature should consider using benchmarks for space utilization metrics for HEIs as a criterion to assess facility needs at HEIs during the capital outlay process.

HED should amend the department's capital outlay manual and administrative rules (Section 5.3.10 NMAC) to include benchmarks for space utilization metrics for HEIs that would be used as a criterion to assess facility needs at HEIs during the capital outlay process.

NMICC Response:

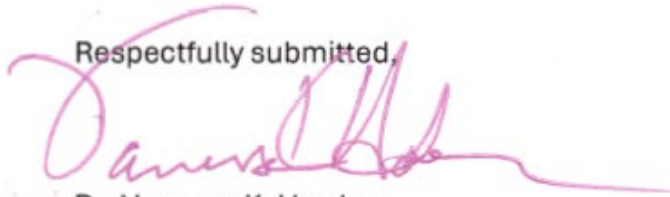
Space Utilization –

Campus facility needs are ever changing, space utilization is complex. Depending upon when a campus is visited, there can be significant swings in classroom usage – from empty campuses to vibrant student life. Students are evolving in how they wish to participate in post-secondary. Covid-19 gave a significant jolt to this evolution – however, the process to change public capital facilities is slow. NMICC institutions have been modifying their capital plans, working towards adapting facilities to provide the needed physical infrastructure. Facility change cannot be done overnight – securing funding through project approval – can take years.

As capital facilities are a significant investment, New Mexico's post-secondary education institutions must follow the required Higher Education Department facility processes; which includes all facets of capital planning from new construction, renewal, renovation, and demolition. As in the past, our campuses modify their capital planning to adapt to the educational needs of our students.

New Mexico's independent community colleges are responsible to our communities and to New Mexico. Our students range from dual credit students, first-time enrollees, returning adult students, to work force training students, to name a few. In serving our students, we serve our communities. We work closely with our community partners: K-12 (school districts and charter schools), other post-secondary institutions, local governments, and industry. NMICC looks forward to continuing conversations with the Legislature and the Executive as we serve our communities and New Mexico.

Respectfully submitted,



Dr. Vanessa K. Hawker
Executive Director
New Mexico Independent Community Colleges



NEW MEXICO
**ASSOCIATION of
COMMUNITY
COLLEGES**

MEMORANDUM

To: Charles Sallee, Director
New Mexico Legislative Finance Committee

CC: Micaela Fischer, Deputy Director for Program Evaluation
Clayton Lobaugh, Program Evaluator and Project Lead
Sam Lesemann, Program Evaluator
New Mexico Legislative Finance Committee

From: Mónica F. Torres, President, Board of Directors
New Mexico Association of Community Colleges (NMACC)

Subj: Response to LFC Evaluation, “Online Higher Education in New Mexico”

Date: April 15, 2024

The Value of the Report

There is no denying that the pandemic radically altered the reality of higher education. The rapidity with which institutions scaled online teaching and learning, and the persistent student interest in online educational opportunities post-pandemic, are, arguably, among the most dramatic shifts. This assessment by LFC evaluation staff is both timely and critical.

Of particular note,

- an assumption in the report that higher education is of value for New Mexicans (including adults 25 years and older, women, and people of color) and that increasing access to higher education opportunities for New Mexicans is paramount;
- a focus on increasing college completion for New Mexicans especially those with “some college but not degree”;
- a broad range of data and other information that provides something of the “state of affairs” for online education;
- an emphasis on creating efficiencies—online education course offerings and capital outlay processes—that potentially free funds for reinvestment in other higher education priorities (e.g., faculty salaries); and

- an interest in establishing common structures or standards—online education and capital outlay—that potentially enhance accessibility and consistency across higher education institutions.

Issues to Address as We Move Forward

It is, of course, important to understand that as HEIs in New Mexico work to ensure that quality online education opportunities are available to New Mexicans, it will be necessary to address a number of complexities while doing so.

Access, Enrollment, and Efficiencies

- The report asks a fundamental question: What do 25+ year-old students, prospective students, or returning students need? It will be important for state agencies and institutions to more fully understand these learners, particularly those with “some college but no degree,” and even more particularly, those who have chosen to “leave” the state of New Mexico for other institutions offering online degree programs. What, specifically, is appealing to them: availability of specific programs of interest? aggressive marketing by big, online providers? concierge and other support services? credit for prior learning? accelerated course options? an institution’s placement record? This information will help institutions shape programs that appeal to those prospective students.
- As an association that serves larger and smaller communities, NMACC members are mindful, and LFC noted, that “one size does not fit all”; a proposed solution may work well for one institution and less well for others. A course sharing system devised to increase student access to courses, for example, would need to be structured in a way that doesn’t inadvertently benefit larger institutions to the harm of smaller institutions. If this were to occur, educational opportunities might very well be enhanced for some New Mexicans but limited for others. It is important to note that a number of higher education professionals currently working in New Mexico can bring some expertise to planning for a course-sharing model, as they have had experience in other states (e.g., Colorado and California) or in New Mexico (e.g., Sun Online) with similar structures that have effectively negotiated (or not) institutional differences in tuition, book access, credit hour allocations, etc.
- The evaluation document reports that increasing class size to 30 has no measurable impact on student outcomes. While it is important for HEIs to ensure responsible class sizes, it is also important to consider that different higher education sectors have different missions, and a single solution to efficiencies may not be appropriate for all institutions. Community colleges work with many, many first-generation students. Small class sizes are a critical factor in their college experiences. Small class sizes allow for more regular interaction between students and faculty, which has been shown to be a key factor in retention, especially for students with little personal or family experience in higher education. Furthermore, budget models for community colleges often rely on steady enrollments in lower division, general education courses

to subsidize other programs that are more costly to operate (e.g., nursing or welding). If a course sharing model inadvertently negatively impacts those enrollments, particularly at smaller institutions, there would be a broader impact to educational opportunities in those communities. These factors notwithstanding, as noted above, it is incumbent upon institutions to ensure class sizes that reflect stewardship of state dollars.

- Equitable access was noted in the evaluation. NMACC members, as community college presidents, are committed to equitable access. It is central to the work we do. As we seek to enhance online opportunities, we will need to be intentional around the role that internet access plays in access to higher education. This intentionality will include assessing the impact on learners of such efforts as the Broadband Equity Access and Deployment (BEAD) program as it deploys millions of dollars to serve the unserved and underserved in New Mexico.
- As we noted earlier, the timing is important. On the one hand, it is important to make timely changes to ensure meaningful opportunities for New Mexicans seeking higher education and to do this as efficiently as possible. On the other hand, it is not entirely clear that enrollment patterns have completely stabilized a mere two years post-pandemic.

Space Utilization

- Agreeing that we need to have consistent approaches to assessing and reporting space utilization, we also believe that we need to be mindful of the complexities here as we move forward. Utilization data, particularly snapshots in time, may not capture the complexity of space utilization on a campus. Smaller institutions may have to shift their course schedule to primarily online offerings when major construction takes a significant portion of their instructional space offline, as has been recently true for Los Alamos and Alamogordo. And, as we adapt some of our spaces from “gen ed” to career technical education, as Grants is projected to do, that may require us to think differently about utilization calculations such as gross square footage.
- If higher education in New Mexico could benefit from standardizing space utilization metrics for credit classes and students, we also need to develop metrics that account for dual credit students, non-credit students, and community organizations—all part of the community college mission—and their use of space.

Investments

The evaluation mentions that efficiencies could result in savings that could be reinvested (e.g., faculty salaries). That is, of course, a compelling recommendation. Mindful of higher education reliance on state funding, and state funding reliance on oil and gas, we must look to increase efficiencies to re-allocate, whenever possible, to other needs. Having said that, online education brings its own opportunities for investment and re-investment.

- As institutions continue to gain experience with online learners, as well as what drives (or doesn't) their success, they will develop new structures and supports. It is important to understand that cost savings realized by efficiency measures (e.g., course sharing) may be mitigated by additional investments that will need to be made in online education: keeping up with changing technology; adding new courses and programs; supporting ongoing training of faculty and staff; bolstering infrastructure that supports consistent quality of courses across the state; improving infrastructure that allows students to easily access courses at other institutions, etc.
- In addition, while many students are taking online classes, many of those students are “local,” and those students come to campus for other student activities and services. Furthermore, accreditation standards require institutions to ensure that all students, online/face-to-face, local/non-local, can access the services that support their enrollment and completion. Institutions will need to continue to invest (and perhaps increase investment) to ensure such access.

Other Opportunities

Much of the work done in this report has focused on enrollment data. It will be just as critical for us to look at success data—retention, completion, placement—as we build intentional systems to support online students in New Mexico.

While this evaluation has largely been focused on statewide strategies for several kinds of efficiencies—course scheduling, online platforms, and capital outlay—there are quite likely additional opportunities here for both academics and student services.

Final Comments

There is tremendous value in the extensive research and considered observations in this evaluation: the report prompts questions we are and should be asking and points to some opportunities. The world has changed, and, as this report suggests, New Mexico educators must “lean in” in intentional and productive ways to meet the learning and training needs of 21st century New Mexicans. We must lean in to provide quality online course content, design, delivery, and materials; structural supports including credit for prior learning and accelerated terms; holistic supports for online learners; and technology solutions. We must lean in to work with state agencies and other institutions at the crossroads of innovation, efficiency, and service to operate in a very dynamic educational environment.



Appendix A: Evaluation Scope and Methodology

Evaluation Objectives.

- Analyze enrollment and course-taking patterns in online higher education;
- Examine research on how online higher education impacts student outcomes; and
- Study the implications of online course-taking on higher education operations, finances, facilities, and capital outlay.

Scope and Methodology.

- Reviewed academic studies, policy research, and higher education institution (HEI) data regarding the relationship between online higher education and student outcomes.
- Analyzed enrollment, financial, and facilities data from:
 - The United States Integrated Postsecondary Education Data System (IPEDS);
 - Higher Education Department (HED) reports and files;
 - HEI facility master plans, internal space utilization reports, and facilities square footage data;
 - HEI archived board meeting minutes; and
 - LFC archived files.
- Conducted six site visits of branch campus and learning center facilities.
- Examined applicable laws, administrative rules, regulations, and policies.
- Conducted 16 discussion meetings to interview higher education finance officers, online program directors, registrars, chief information officers (CIOs), academic affairs staff, student representatives, and state higher education department officials.

Evaluation Team.

Clayton Lobaugh, Project Lead, Program Evaluator
Sam Lesemann, Program Evaluator

Authority for Evaluation. LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conferences. The contents of this report were discussed with Stephanie Rodriguez, HED Cabinet Secretary; Dr. Patricia Trujillo, HED Deputy Secretary; Marc Saavedra, Council of University Presidents Executive Director; Dr. Vanessa Hawker, New Mexico Independent Community College Association Executive Director; and Dr. Shawn Powell, New Mexico Association of Community Colleges Board Member on April 3, 2024.

Report Distribution. This report is intended for the information of the Office of the Governor, Department of Finance and Administration, Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Micaela Fischer, CFE
Deputy Director for Program Evaluation

Appendix B: New Mexico Higher Education Institution Abbreviations

New Mexico has 24 state-funded higher education institutions (HEIs) across the state serving 106 thousand students in spring 2024. These HEIs fall into four categories: research focused four-year colleges, nonresearch focused comprehensive four-year colleges, branch community colleges associated with a four-year institution that award two-year associate's degrees and certificates, and independent community colleges that also award two-year degrees and certificates but have no main campus institution. Including tribal institutions and institutions with special missions (such as the school for the deaf), New Mexico has 31 public HEIs. However, this program evaluation focuses on the impacts of online higher education at the 24 nontribal and nonspecial public HEIs. Each HEI has its own governing board and HED provides general oversight over the higher education system.

UNM: University of New Mexico – Main Campus

UNM-GA: University of New Mexico – Gallup Branch Community College

UNM-LA: University of New Mexico – Los Alamos Branch Community College

UNM-TA: University of New Mexico – Taos Branch Community College

UNM-VA: University of New Mexico – Valencia Branch Community College

NMSU: New Mexico State University – Main Campus

NMSU-AL: New Mexico State University – Alamogordo Branch Community College

NMSU-CA: New Mexico State University – Carlsbad Branch Community College (now Southeast New Mexico Community College)

NMSU-DA: New Mexico State University – Doña Ana Branch Community College

NMSU-GR: New Mexico State University – Grants Branch Community College

NMT: New Mexico Institute of Mining and Technology

ENMU: Eastern New Mexico University – Main Campus

ENMU-RO: Eastern New Mexico University – Roswell Branch Community College

ENMU-RUI: Eastern New Mexico University – Ruidoso Branch Community College

NMHU: New Mexico Highlands University

NNMC: Northern New Mexico College

WNMU: Western New Mexico University

CCC: Clovis Community College

CNM: Central New Mexico Community College

LCC: Luna Community College

MCC: Mesalands Community College

NMJC: New Mexico Junior College

SENMC: Southeast New Mexico Community College (previously NMSU – Carlsbad Branch)

SJC: San Juan Community College

SFCC: Santa Fe Community College

Appendix C: Methodology for LFC Analysis of Combining Small Lower-Level Online Classes

LFC staff estimated the fiscal impact of consolidating online courses sections of lower-level (1000-2000) courses using course section-level data from all New Mexico HEIs from the 2022-23 academic year. LFC staff limited the analysis to graded, non-advising, and non-thesis or individual study courses and removed courses that fit the following criteria:

- Courses with no average end-of-course GPA or where the average end-of-course GPA was equal to zero,
- courses with a missing credit value or a credit value of zero,
- remedial and basic life skill courses,
- extended courses, and
- courses with only a single enrolled student.

After estimating average class sizes by delivery method through various frameworks—for example, for institutions, course levels, and at the state level—LFC staff further restricted the sample for the course consolidation analysis. LFC staff removed any course that did not have a course level attached or was not coded as lower-level and removed all sections not coded as delivered primarily online. Lastly, to restrict the course consolidation analysis to courses most able to be consolidated, LFC staff removed any course that was not assigned a common course number. This left a final dataset of 3,187 courses. The goal of the common course numbering system is to facilitate transfer and articulation for New Mexico students across different HEIs, and courses with a common course number are meant to be equivalent across institutions. Broadly, this means that, while the minute details of the course may differ across institutions, the broad learning outcomes are the same, making these courses the most appropriate for consolidating online sections.

To measure the fiscal impact of course consolidation, LFC first estimated the current labor costs for these courses. LFC staff added together the

total number of online course sections taught at each institution and used average faculty salaries for New Mexico HEIs, ranging from full professors to lecturers, and an assumption that full-time faculty teach 18 credit hours a year to calculate current labor costs. A threshold of 18 credit hours for full-time faculty was used because it comprised between the number hours worked by part- or full-time adjunct faculty, full-time teaching faculty, and full-time teaching and research faculty, all of whom may teach lower-level online course sections. LFC staff calculated a maximum and minimum estimate for the total labor cost for each institution based on the highest and lowest average faculty salary at that institution. Once minimum and maximum estimates of current total labor costs had been calculated for each institution, LFC staff added the totals together to arrive at the minimum and maximum estimate for the current statewide labor cost for these 3,187 course sections.

LFC staff then estimated the labor cost of consolidating these courses so that each course would have 30 students. LFC staff identified a size of 30 students as appropriate for lower-level online courses based on the academic literature surrounding course sizes in online higher education. For each common course (for example, ACCT 2110), LFC staff calculated the number of sections of that course being offered statewide at either a two- or four- year institutions in each semester and the number of students enrolled in those sections. LFC staff then divided that number of students by 30 and rounded that number to the next highest value to determine the number of sections that would be needed if each section had thirty students. LFC staff then took the lower of either the number of actual course sections or the newly calculated number of consolidated sections and calculated the labor cost for each course based on the number of sections and the level of institution using the same method as above but using average faculty salaries for four- and two- year institutions. LFC staff then added these figures together to arrive at the minimum and maximum total estimates for total statewide labor costs under a course consolidation framework. LFC staff then compared these estimates with the estimates of current costs to arrive at the cost difference.

Course consolidation dataset as a percentage of courses offered by New Mexico HEIs in 2022-2023

Course consolidation dataset (Lower-level online course sections with a common course number)	3,187 course sections
Category	Dataset as a percentage of category total
Lower-level online course sections	34%
All lower-level course sections	14%
All online course sections	20%
All course sections	7%

Source: LFC analysis of HED course data

Appendix D: NMSU Global Financial Sources and Uses Data

NMSU Global - Financial Sources and Uses Data

Sources/Revenues	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Tuition revenue	\$ 12,554,918	\$ 17,953,533	\$ 25,673,553	\$ 36,713,180	\$ 52,499,848	\$ 75,074,782
NMSU one-time funding	\$ 4,713,443	\$ 4,717,817	\$ 1,387,482	\$ 954,784	\$ -	\$ -
State one-time funding	\$ -	\$ 10,500,000	\$ -	\$ -	\$ -	\$ -
FY25 request	\$ -	\$ -	\$ 6,500,000	\$ -	\$ -	\$ -
Total Sources/Revenues	\$ 17,268,361	\$ 33,171,350	\$ 33,561,035	\$ 37,667,964	\$ 52,499,848	\$ 75,074,782

Uses/Expenses	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Compensation (w ages and fringe)						
Instruction/academic support	\$ 1,924,838	\$ 6,773,850	\$ 7,451,019	\$ 8,196,120	\$ 9,015,732	\$ 9,917,306
Recruitment	\$ 614,162	\$ 1,165,182	\$ 1,284,297	\$ 1,412,727	\$ 1,554,000	\$ 1,709,400
Student success	\$ 315,301	\$ 2,579,108	\$ 2,835,718	\$ 3,119,290	\$ 3,431,219	\$ 3,774,341
Other	\$ 3,091	\$ 1,132,160	\$ 1,239,656	\$ 1,363,622	\$ 1,499,984	\$ 1,649,983
Administrative	\$ 219,406	\$ 126,276	\$ 143,542	\$ 157,896	\$ 173,686	\$ 191,055
Travel	\$ 13,000	\$ 30,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
Recruitment	\$ 2,263,525	\$ 4,850,000	\$ 4,856,000	\$ 4,863,200	\$ 4,871,840	\$ 4,882,208
Instruction/academic support	\$ 29,174	\$ 2,227,102	\$ 2,431,102	\$ 2,431,102	\$ 2,431,102	\$ 2,431,102
student success	\$ 227,162	\$ 274,341	\$ 128,341	\$ 128,341	\$ 128,341	\$ 128,341
scholarships	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
technology	\$ 101,083	\$ 151,290	\$ 66,599	\$ 66,599	\$ 66,599	\$ 66,599
General operations	\$ 41,699	\$ 205,000	\$ 242,000	\$ 286,400	\$ 339,680	\$ 403,616
Uses/Expenses	\$ 5,752,441	\$ 19,714,309	\$ 20,914,274	\$ 22,261,297	\$ 23,748,183	\$ 25,389,951

Net Revenue	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Net Revenue (Revenue minus Expenses)	\$ 11,515,920	\$ 13,457,041	\$ 12,646,761	\$ 15,406,667	\$ 28,751,665	\$ 49,684,831

Transfers to NMSU-Main	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Transfer to NMSU-Main Campus	\$ 9,803,325	\$ 9,803,325	\$ 9,803,325	\$ 9,803,325	\$ 9,803,325	\$ 9,803,325

Total Uses and Transfers	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Total Uses and Transfers	\$ 15,555,766	\$ 29,517,634	\$ 30,717,599	\$ 32,064,622	\$ 33,551,508	\$ 35,193,276

Revenue Remaining After Total Uses/Transfers	FY23 Actual	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected	FY24 Projected
Revenue Remaining After Total Uses/Transfers	\$ 1,712,595	\$ 3,653,716	\$ 2,843,436	\$ 5,603,342	\$ 18,948,340	\$ 39,881,506

Source: LFC analysis of financial data provided by NMSU Finance Office on August 18, 2023.

Appendix E: Other State Space Utilization Standards for Higher Education

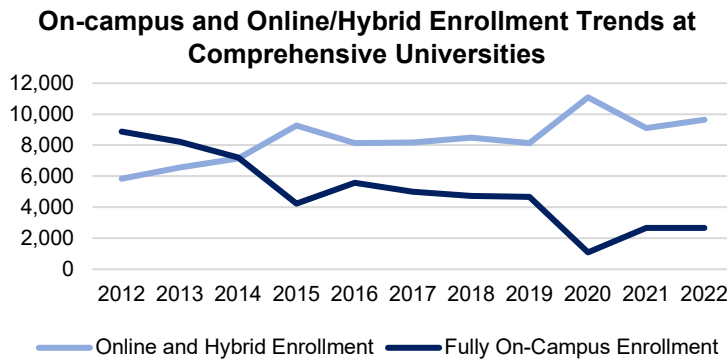
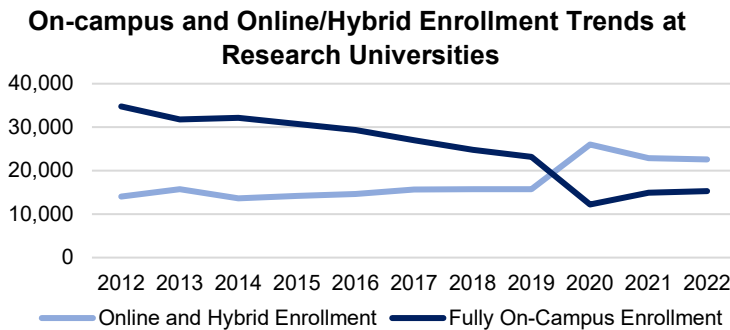
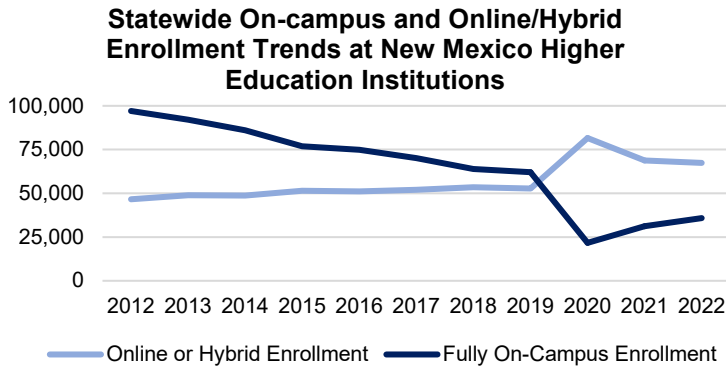
Space Utilization Standards for Higher Education in Other States

State	Maximum hours a classroom can be scheduled	Classrooms		Labs	
		Average weekly hours room is in use (RUR)	Average percentage of stations/seats filled (SOR)	Average weekly hours room is in use (RUR)	Average percentage of stations/seats filled (SOR)
Utah	45	33.75	67%	24.75	75%
Arizona	50	30	60%	30	60%
California	70	48	66%	27.5	85%
Florida	n/a	40	60%	40	60%
North Carolina	n/a	35	65%	20	75%

Note: Arizona repealed their standards in 2022 with the intent to revise and replace them.

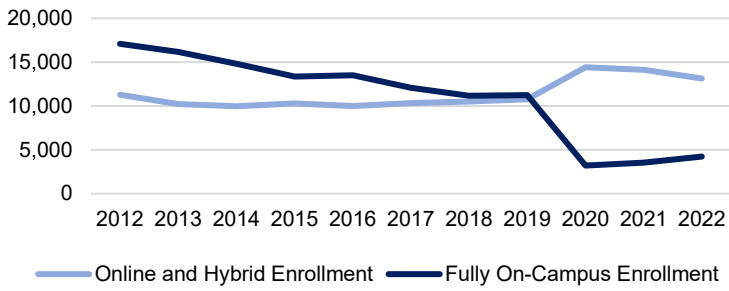
Source: USHE, UNC system, Florida statute, California community college system, Arizona Auditor General's Office

Appendix F: On-Campus and Online/Hybrid Enrollment Trends by New Mexico Higher Education Sector

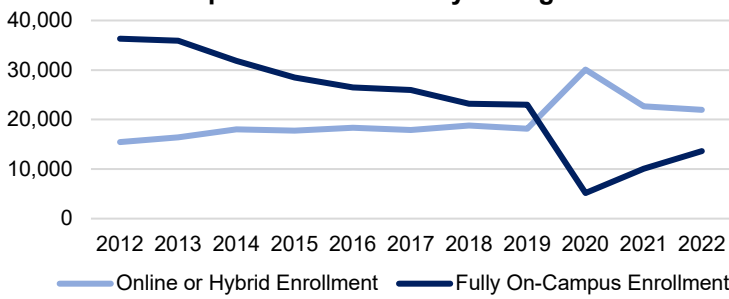


Source: LFC analysis of IPEDS fall enrollment data

On-campus and Online/Hybrid Enrollment Trends at Branch Community Colleges



On-campus and Online/Hybrid Enrollment Trends at Independent Community Colleges



Source: LFC analysis of IPEDS fall enrollment data