

ACTION PLAN

Submitted by agency? No
Timeline assigned? No
Responsibility assigned? No

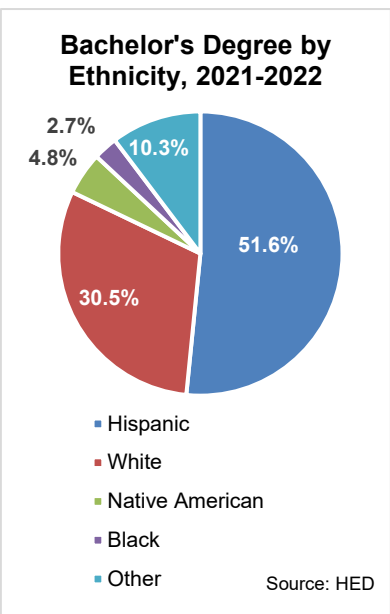
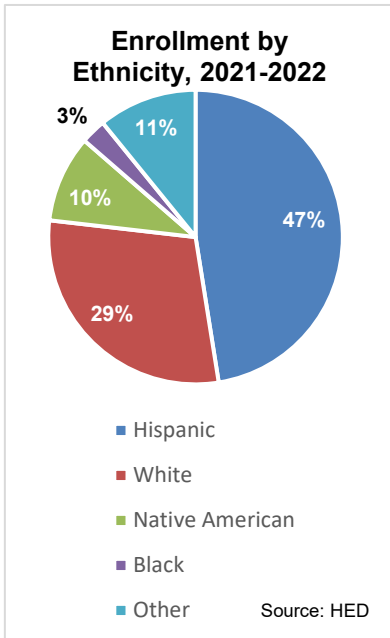
Higher Education Institutions

Higher Education Institutions (HEIs) have a critical role to play in delivering an affordable, high-quality education to students and providing them the support they need to complete studies undertaken. In New Mexico, the Legislature recognized the vital role of higher education and prioritized funding increases to the sector, primarily through college affordability programs, such as the opportunity and lottery scholarships. New Mexico students face significant challenges which HEIs will have to overcome to achieve a return on the investment in higher education.

Student Characteristics

New Mexico higher education is diverse in terms of race and economic status, with the state having a significantly higher proportion of poor and minority students than the national average. The diversity in higher education reflects the diversity of the state as a whole and signals current policies are providing access to higher education across race and class lines. Equal access to higher education is unambiguously positive but comes with additional challenges for HEIs. National data show poor and minority students graduate at lower rates than their white and affluent peers.

In New Mexico, student achievement varies by institution type with four-year institutions having overall higher completion rates than two-year institutions. However, two-year institutions perform closer to the national average than four-year institutions. Notably, minority student performance at four-year institutions is close to the national average while minority student performance at two-year institutions is better than minority student performance nationally. Critically, the federal data did not include performance for Native American students, who account for 8.9 percent of overall enrollment but only 4.5 percent of bachelor's degrees awarded.



2016 Cohort Completion Rates by Race and Gender

| | 4-year Institutions | | 2-year Institutions | |
|------------|---------------------|--------------|---------------------|--------------|
| | U.S. | N.M. | U.S. | N.M. |
| All | 68.0% | 54.7% | 43.1% | 42.6% |
| Asian | 80.5% | 75.1% | 53.4% | 63.5% |
| Black | 50.2% | 48.2% | 31.1% | 49.2% |
| Latino | 57.1% | 54.8% | 37.9% | 46.1% |
| White | 73.5% | 64.4% | 50.6% | 49.3% |
| Female | 71.4% | 59.9% | 46.3% | 45.7% |
| Male | 64.1% | 48.8% | 40.8% | 39.2% |

Source: National Student Clearinghouse

National data show educational attainment for low-income students lags behind their more affluent peers; 48 percent of low-income students receiving Pell grants graduate timely while 59.3 percent of students overall graduate timely. New Mexico HEIs report 34 percent of students are Pell-grant-eligible, higher than the 30 percent of students nationally who are eligible and the highest in the region. It is likely New Mexico's high proportion of low-income students will require additional resources to support students through graduation.

Pell Grant Eligibility by Sector, AY2020-2021

| | U.S. | NM |
|------------|--------------|--------------|
| 4-Year | 31.3% | 40.5% |
| 2-Year | 29.1% | 28.8% |
| All | 30.4% | 33.8% |

Source: IPEDS

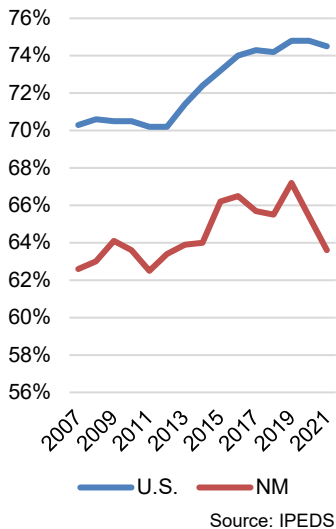
National data on retention rates of full-time students show New Mexico has seen a steep decline over the past two years. While the decline may be attributable to Covid-19 restrictions, it is a steeper drop than seen in the United States on average and may lead to lower graduation rates in the future.

Affordability

New Mexico offers significant tuition subsidies to students through the lottery and opportunity scholarships. The lottery scholarship, established in 1996, pays tuition costs for students entering college full-time directly from high school. The opportunity scholarship was established in 2022 and pays tuition and fees for any students entering college regardless of age and requires students to enroll in at least six credit hours per semester. Both programs require recipient students to maintain a 2.5 grade point average.

These programs are designed to increase college enrollment and boost graduation by addressing the financial barriers to higher education. The cost of higher education is certainly an obstacle to many students, but federal data show that during the 2020-2021 academic year, prior to the implementation of opportunity scholarship awards, New Mexico students were less likely than students regionally and nationally to take federal student loans. Further, student loan amounts for New Mexico students were less than the national and regional averages.

Full-Time Student Retention Rate, Public Higher Education Institutions



Source: IPEDS

Student Financial Aid, AY2020-2021

| State | % Students Receiving Pell Grants | Avg. Pell Award | % Students Receiving Fed. Loans | Avg. Loan Amount |
|-------------------|----------------------------------|-----------------|---------------------------------|------------------|
| Arizona | 29% | 4,131 | 22% | 6,446 |
| Colorado | 24% | 4,849 | 26% | 6,252 |
| New Mexico | 34% | 4,693 | 19% | 6,054 |
| Oklahoma | 32% | 4,488 | 29% | 6,176 |
| Texas | 31% | 4,636 | 23% | 6,274 |
| Utah | 24% | 5,090 | 18% | 6,195 |
| U.S. Avg. | 31% | 4,564 | 23% | 6,200 |

Source: IPEDS

Proportion of Students Receiving Aid by Sector

| State | 4-Year | 2-Year |
|-------------------|------------|------------|
| Arizona | 81% | 41% |
| Colorado | 52% | 43% |
| New Mexico | 84% | 50% |
| Oklahoma | 77% | 63% |
| Texas | 57% | 45% |
| Utah | 53% | 34% |
| U.S. | 65% | 55% |

Source: IPEDS

Data show large differences between the four-year and two-year sectors in the percentage of students receiving aid and loans. Students at New Mexico four-year institutions were significantly more likely to receive aid than were students regionally or nationally while New Mexico community college students received aid at a lower rate than the national average. However, the data do not reflect the creation of the opportunity scholarship which will provide additional aid to community college students.

Next Steps

The opportunity scholarship drove higher education appropriations in FY23 and will continue to do so in the future. Outcomes must be closely monitored for the state to ensure the new investment delivers results for students and taxpayers. This work will be difficult because federal benchmarking data is significantly delayed and does not give the most up-to-date view of student achievement. Monitoring outcomes will require regular reporting on student loan amounts, student retention, and student support services.



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Higher Education Institutions
Second Quarter, Fiscal Year 2023