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FISCAL IMPACT REPORT

SPONSOR Small/Lara/Roybal Caballero **ORIGINAL DATE** 2/3/2020
LAST UPDATED _____ **HB** 172
SHORT TITLE Dual Credit Program Funding **SB** _____
ANALYST Hawker

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------------|---------------------------|---------------|
| FY20 | FY21 | | |
| | \$10,000.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY20 | FY21 | FY22 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|-------------------------|-------------------------|-------------------|---------------------------|---------------|
| Total | | See Fiscal Implications | See Fiscal Implications | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 37.
 Relates to House Bill 134.
 Relates to Appropriation in the General Appropriation Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Eastern New Mexico University (ENMU)
 Higher Education Department (HED)
 Mesalands Community College (MCC)
 New Mexico State University (NMSU)
 Santa Fe Community College (SFCC)
 University of New Mexico (UNM)

Other Responses

New Mexico Independent Community Colleges (NMICC)

SUMMARY

Synopsis of Bill

House Bill 172 appropriates \$10 million from the general fund to the higher education department to provide funding for public post-secondary education institutions to offset costs incurred in waiving tuition for high school students enrolled in dual credit.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

Eastern New Mexico University, Mesalands Community College, New Mexico State University, Santa Fe Community College and the University of New Mexico, the five public post-secondary institutions that provided analysis for this report, say providing high school students with essentially free dual credit courses creates a significant cost that must be absorbed by the institution or passed on to other students. State law requires New Mexico’s public colleges and universities to waive tuition and regular fees for high school students enrolled in dual credit courses.

Dual credit classes are post-secondary classes open to high school students that allow the student to earn both high school and college credit. The law requires school districts and charter schools to pay for textbooks and the student to cover the cost of transportation and course fees. The only direct funding available to colleges for providing dual credit courses is from the state higher education funding formula.

While students do not pay tuition for the classes, some state funding for the courses is built into the “base” of the higher education funding formula, and additional funding is provided through the performance component of the formula, which tracks dual-credit hours separately and as part student credit hours. In addition, community and four-year comprehensive colleges (Eastern and Western New Mexico universities, Highlands University, and Northern New Mexico College) received a total of \$1.9 million in the General Appropriation Act of 2019 as a “dual-credit adjustment.” The University of New Mexico calculates the cost of providing dual-credit classes on the main campus alone at close to \$1 million. (UNM’s detailed description of these main campus costs is attached.)

UNM Main Campus 2019 Dual-Credit Costs

| | | |
|--|--|--------------|
| Tuition | 2,522 credit hours at \$262.46 per CH | \$661,924.12 |
| Dedicated Dual Credit Advisor | 100% x \$45,481 base salary | \$45,481.00 |
| Dual Credit Program Support | 30% x \$35,000 base salary | \$10,500.00 |
| Director OAS | 25% x \$100,000 base salary | \$25,000.00 |
| Student Fee (supporting student and university services) | \$65.66 x 2,522 credit hours | \$165,594.52 |
| Student Technology Fee | \$50 x 648 per AY (based on AY 2019 dual credit enrollment, fee was first instituted in Fall 2019) | \$3,240.00 |
| Total (excluding staff benefits) | | \$911,739.64 |

Source: University of New Mexico

UNM estimates an additional impact of \$1.3 million at its four branch campuses.

Mesalands reports it waives \$210 thousand in tuition and fees for the one-third of its students who are dual-credit students, and the appropriation would “provide a significant benefit to us and allow us to use general fund for other needs.”

New Mexico State University reports the NMSU community colleges waived over \$1.5 million in fiscal year 2019, stating NMSU’s community colleges will continue to lose the \$1.5 million in revenue each fiscal year and subsidies from other programs will continue.

The institutions report the appropriation will provide additional funding, HB172 will not supplant other state revenues, and colleges and universities are unlikely to reduce tuition and fees in response to an appropriation, though it is possible greater financial support for dual credit courses could slow tuition growth.

Nevertheless, the cost of dual-credit courses is significant and climbing for New Mexico’s public colleges and universities. LFC reports in the Program Evaluation Progress Report *Dual Credit: Funding and Student Outcomes* (<https://bit.ly/2RAKj13>) that the number of high school students enrolled in and the number of dual-credit course offered nearly doubled between FY11 and F16, when the more than 20 thousand dual-credit high school students represented 20 percent of all high school students. However, during that time, state funding for delivering the courses increased by only 6 percent.

Per HED, additional department staff will be required, an estimate is not provided.

SIGNIFICANT ISSUES

The dual credit program provides qualified New Mexico high school students with the opportunity to enroll in college courses and to receive credit toward high school graduation and toward a postsecondary degree or certificate for free, effectively reducing their postsecondary costs. This, according to NMICC, allows students to complete up to two years of college for little cost and can save families a significant amount of money, “an important option in a state where per capita income is just over \$25.3 thousand – or more than \$7 thousand less than the US per capita income.” HED notes families are more likely to save money when students are enrolled in a program with a specific goal with dual-credit courses required for that goal, but prescribed dual credit coursework is not a required component of New Mexico’s dual credit program. However, New Mexico is seeing a growing number of early college high schools, in which, as described by NMICC, “students follow pathways leading to the completion of college degrees or certificates, often at the same time the students complete the requirements for a high school diploma.” LFC reported in its Progress Report on dual credit that 20 percent of all dual credit courses in FY19 were taken by early college high school students. The LFC report found dual credit students tend to require less remedial college coursework and earn their credentials in less time and with fewer credit hours. Other studies have shown students who take dual credit courses are more likely to graduate from high school and attain a higher degree; however, some evidence suggests superior academic aptitude, not dual credit enrollment alone, likely explains the students’ ability to graduate faster and with less remedial work.

Since academic year 2009 New Mexico’s dual credit program has increased from 9,727 students

taking 21,640 courses to 20,080 students taking 48,413 courses in academic year 2019.

The New Mexico Independent Community Colleges (NMICC) notes, “As more students take advantage of dual credit opportunities, institutions lose increasingly significant portions of their tuition and fee revenues. In order to fulfill their fiduciary responsibilities, institutions must seek state subsidy for dual credit, dramatically increase tuition and fees for those students who do pay, or limit enrollment in dual credit programs.” NMICC adds that, while some observers suggest dual-credit students could fill empty classroom spots left open by declining enrollment at many schools, providing instructors and services for dual-credit students creates a cost but generates no revenue. However, adding students to an existing class with low-enrollment adds an incremental cost.

NMICC says the Council of University Presidents, the New Mexico Association of Community Colleges, and NMICC prioritized dual-credit funding in their unified funding request, and HED included funding for dual credit in their FY21 funding recommendation.

PERFORMANCE IMPLICATIONS

HED and higher education institutions adopted new performance measures for FY20 tracking the number of dual-credit students and number of dual-credit hours. UNM indicates addressing the needs of dual-credit students diverts resources from student advisement and other, equally important, services, diminishing performance on measures of student success.

ADMINISTRATIVE IMPLICATIONS

HED states since all colleges cannot receive 100 percent reimbursement, the department will need to develop a competitive process for distributing the appropriation contained in this bill. Additional staffing will be required.

DUPLICATION, RELATIONSHIP

HB2 & HB3/HAFCS includes \$5 million to offset costs incurred in waiving tuition for dual credit students.

HB172 duplicates SB37. HB134 includes up to \$158.5 thousand for certain dual-credit courses at New Mexico State University and Southwestern Indian Polytechnic Institute.

TECHNICAL ISSUES

Mesalands Community College raises concerns on how the appropriation will be allocated.

OTHER SUBSTANTIVE ISSUES

HED HB172 may increase the number of dual credit courses earned as institutions might be incentivized to offer a wider variety of courses and/or courses with more convenient schedules for high school students.

According to NMICC, the Bridge of Southern New Mexico has championed dual credit coursework as an important investment for businesses in New Mexico as students who enter the workforce after higher education are better trained and educated. HB172 is the product of

workforce convened by the Bridge to develop funding strategies to support dual credit. UNM says it is “deeply committed” to delivering dual credit that provides equal access for all students and demonstrates that by waiving fees not required by state law and offering a computer science course and a Chicano studies course, courses designed for underserved and underrepresented students, on high school campuses. The university argues inadequate dual-credit funding makes it difficult for academic departments to provide faculty for pathway opportunity courses. Further, access to student services, as well as libraries and technology platforms, are critical to ensuring student persistence and success, but by waiving fees, those costs are “displaced entirely onto regularly enrolled students.” Given inadequate support, UNM argues, faculty will limit dedicated dual credit classes offered on high school campuses or will not develop them at all. This will have a disproportionate effect on under-represented and underserved high school students who currently have the opportunity to imagine a pathway to a bachelor’s degree at UNM because of dual credit programs in their schools. Already in [academic year] 2019, the total number of dual credit students enrolled at UNM Albuquerque Main Campus declined from 323 in Spring 2019 to 270 in Fall 2019 at least in part due to funding challenges.

VKH/al/rl

HB172 ATTACHMENT

From the University of New Mexico, regarding dual-credit costs:

TUITION: The University of New Mexico Albuquerque Main campus currently receives no tuition for dual credit students. Students from over forty high schools in the greater Albuquerque area, as well as home schooled students, enroll for dual credit at UNM. In AY 2019, inclusive of Summer 2019, dual credit students enrolled in 2,522 credits. At the 2019 \$262.46 per credit hour tuition rate, this amounts to \$661.924.12.

ADMINISTRATION: Administering the dual credit program and appropriately advising students and their families at the UNM Albuquerque Main campus involves additional costs. A full-time academic advisor, at a base salary of \$45,481 (excluding benefits), is dedicated to supporting dual credit students. An additional staff member in the office of advising strategies, at a base salary of \$35,000 (excluding benefits), supports the dual credit program for 30 percent of her time. The Director of the Office of Advising Strategies, at a base salary of \$100,000 (excluding benefits), devotes 25 percent of her time to negotiating agreements and addressing other dual credit concerns. The Office of Advising Strategies must maintain active agreements and student support with area schools.

HIGH SCHOOLS WITH UNM ALBUQUERQUE MAIN CAMPUS DUAL CREDIT ENROLLMENT (AY 2019)

Ace Leadership
Albuquerque Academy
Alb. Charter
Albuquerque High
AIMS
Amy Biehl
ASK Academy
Atrisco Heritage
Bernalillo
Career Enrichment Center
Cibola
College & Career
Corrales International
Del Norte
Early College Academy
East Mountain
Academy
Eldorado
Explore Academy
Highland
Home School
La Cueva
Manzano
Menaul
Native American Academy
NM Virtual
NexGen
Public Academy Performing Arts

Rio Grande
 Rio Rancho
 RF Kennedy
 Sandia
 Sandia Prep
 Santa Fe
 Southwest Aeronautics MS
 Southwest Secondary LC
 Technology Leadership
 Tierra Adentro
 V Sue Cleveland
 Valley
 Volcano Vista
 West Mesa

REGULAR STUDENT FEES: According to state statute, dual credit students and their families are responsible for paying special course fees but not regular student fees. (Most courses do not charge course fees and, in the case of “Computer Science for All,” a course with significant dual credit enrollment on high school campuses, the department waives the course fee to ensure access for lower income students). UNM does not charge regular student fees to dual credit students per NMAC 6.30.7 and the Public Education Department does not consider student fees to be materials fees for which LEAs are responsible. Regular student fees were \$65.66 per credit hour in AY 2019. Student fees contribute to funding student support centers and other resource offices on campus, for example, peer tutoring, university libraries, Johnson Gym and recreational services, and career services. Although they do not pay the fee, dual credit students receive a UNM student identification card and have the same access to the services and library collections supported by the regular student fee as regularly enrolled Lobos. In Fall 2019, the UNM Albuquerque Main campus adopted a Student Technology Fee of \$50 per semester. The Student Technology Fee (<http://cio.unm.edu/tech-fee.html>) helps cover the costs of a variety of applications available to all students regularly enrolled at the UNM Albuquerque campus. UNM students, including dual credit students, regularly use e-mail, emergency notifications, the learning management system UNM Learn (where required course materials and information are provided), and many other platforms. Students can develop digital literacy skills using Adobe Creative Cloud (<https://creativecampus.unm.edu>), a set of applications that allows users to share their knowledge and creative works using photos, drawings, infographics, audio, video, web and mobile apps, document design and layout, and augmented reality experiences. Because of concerns that the \$50 Student Technology Fee might prohibit lower income students from participating in the dual credit program, UNM Provost James Holloway waived the fee for Fall 2019 and Spring 2020. UNM waiver of regular student fees and of the Student Technology Fee for dual credit students displaces the costs of providing critical student services and technology and digital course materials onto regularly enrolled students.

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