

LFC Requester:

Jorgensen

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 23 February 2025 Check all that apply:
Bill Number: SB492 Original Correction
Amendment Substitute

Sponsor: Muñoz Agency Name and Code: NM Independent Community Colleges 994
Short Title: Hub for All College Online Enrollment Person Writing: Vanessa K. Hawker
Phone: _____ Email: vhawker@hawkerhynson.com

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$40,000.0		NR	NM GRO

(Parenthesis () indicate expenditure decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Potentially significant increased costs and reduced tuition revenue	Potentially significant increased costs and reduced tuition revenue		R	Institution operating budgets

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 492 (SB492) creates a new section of Chapter 21, Article 1 NMSA 1978, creating a centralized online enrollment hub at New Mexico State University (NMSU) which must be used by all public post-secondary education institutions in New Mexico. The

hub shall be managed by a chancellor at NMSU.

The hub is tasked with providing to each public post-secondary institution:

- Marketing and recruiting;
- Admissions and student success support;
- Faculty training;
- Course quality review and instructional design;
- Technology and platform support.

The hub is charged with establishing service agreements with each institution to include performance measures unique to the needs of each institution.

On or before December 1 of each year, the hub shall provide a report to the legislative finance committee that examines the actual performance of each measure for each institution.

SB492 appropriates \$40 million from the government results and opportunity program fund to NMSU for expenditure in FY26 – FY28 to establish the centralized hub for all public post-secondary educational institutions. Any unencumbered and unexpended balance remaining at the end of FY28 reverts to the general fund.

FISCAL IMPLICATIONS

SB492 appropriates \$40 million to New Mexico State University for the online education hub.

As the idea proposed in SB492 was not included in discussions with community colleges during the 2024 interim, it is difficult to quantify what the impacts to institutions could be. Impacts could include loss of student enrollment which would reduce institutional revenue while at the same time increasing administrative costs.

SIGNIFICANT ISSUES

SB492 requires all public post-secondary institutions to utilize a currently non-existent central hub for all on-line education. This bill may be well-intentioned, however, for those institutions which already have online educational programs, SB492 will have significant negative impacts to our students and could negatively impact educational quality.

In 1999 Kentucky started the Kentucky Commonwealth Virtual University (KCVU). After more than a decade of work and millions of Kentuckian taxpayer dollars, the state shuttered the university. While information can be found online on its creation, and Kentucky invested millions -- KCVU no longer exists. When it began, KCVU was 'separate from other universities yet aims to consolidate the online efforts of Kentucky's postsecondary institutions through collaboration and shared resources. KCVU also conducts statewide faculty development and training programs in electronic learning'. The NMSU hub proposed in SB492 is eerily similar to the KCVU initiative.

http://technologysource.org/article/kentucky_commonwealth_virtual_university/

If passed, SB492 would require a significant change in New Mexico's public post-secondary education landscape. The concepts included in SB492 were not discussed with New Mexico's independent community colleges until early February 2025. These concepts were not vetted during the 2024 interim. Additionally, it is questionable why NMSU, an institution with a vested

interest in growing *its own online education* population, is named as the responsible entity for this proposal and not a neutral entity.

The following NMICC institutions already have strong online educational programs, they implementation of a mandated online hub as a mechanism for increased costs to students while negatively impacting the communities we serve: Central New Mexico Community College, Clovis Community College, Luna Community College, Mesalands Community College, New Mexico Junior College, San Juan College, Santa Fe Community College, Southeast New Mexico College.

Primary concerns regarding SB492 include:

Lack of demonstrated need and effectiveness.

The above public post-secondary institutions do not rely on third-party Online Program Management (OPM) providers for online course delivery. Passage of SB492 will lead to increased costs for our students, our institutions. It will potentially lead to confusion and mistrust. As this proposal was not discussed during the 2024 interim, the need is unknown.

Negative impacts on non-NMSU enrollment.

SB492 directs all public post-secondary institutions to force their students, whether they are 100% online students or hybrid (attending online and in person) students to utilize a service provided by NMSU. Driving students to a portal that is not their local community college could lead to student attrition as strong community ties and personalized support is crucial to student success.

There is a significant conflict of interest with a hub being directed to NMSU, a participating institution in online education. With NMSU as the hub, it appears it will be a forgone conclusion that all students would eventually become NMSU students.

Financial implications and increased costs to students.

The cost of services from an online hub will likely increase the cost of online course delivery, jeopardizing the historic low tuition/fee structure students and our communities expect from community colleges.

In conversations regarding how this hub would be implemented and become self-sustaining, NMICC understands NMSU has proposed a 29% fee for hub services. While the exact fee schedule is unknown – *due to the lack of a study on the need* -- as the NMICC institutions which already have online educational programs, *do not utilize OPMs*, any fee is a significant new cost to institutions. Increased costs would ultimately be passed on to our students. Any increases in tuition would have an impact the opportunity scholarship. If institutions do not increase revenues to cover the increased costs, educational resources to students would be reduced.

Community colleges will become less flexible in adjusting their marketing and recruitment strategies as they respond to needs of the community. Institutions would be required to maintain local marketing teams to ensure the local community is aware of opportunities.

The \$40 million appropriation may be sufficient to cover the set up and integration costs, it will not cover the long-term operational costs of the hub. Additionally, as planning has not occurred, it is unknown if \$40 million will be sufficient for set up and integration.

Logistical complexity and operational challenges.

Creating a mandated, needless, single hub to manage online enrollment poses significant logistical challenges. The integration of diverse student information systems, academic calendars, and course catalogs is an extremely complex endeavor. SB492 does not address the transition process and disruptions to existing online programs.

Every New Mexico post-secondary education institution has its own set of systems, staff, and operating norms. Requiring all institutions to integrate into a singular centralized hub may result in significant administrative overhead as institutions would be required to coordinate with NMSU, while operating an independent institution – resulting in resources being diverted to institutional administration and away from student education and support.

Academic and accreditation impacts.

NMSU lead faculty training and course quality review could stifle innovation in online course design and lead to a loss of faculty autonomy. Additionally, our local faculty are invested in the mission of their institution. Outsourcing faculty training to a third-party could lead to a disconnect with the community college's goals.

It is unknown how HB492, implemented by NMSU would impact faculty compensation and workload.

The creation of a uniform standard for course instruction could remove the flexibility that is needed for certain educational fields. It is unclear if institutions will have the ability to make decisions that fit their individual student bodies.

Regional accrediting bodies place significant emphasis on institutional autonomy and responsibility for curriculum development and delivery. By requiring institutions participate in NMSU enrollment and academic support services, SB492 could compromise the ability of individual institutions to maintain responsibility for their academic programs, leading to accrediting bodies to question whether institutions retain sufficient oversight of their online curriculum. If institutions lose regional accreditation the institution is ineligible for federal funds, including federal financial aid. Additionally, students who graduate from an unaccredited institution may not sit for licensure examinations.

Online learning.

It is unclear how SB492 will impact face-to-face courses. Many face-to-face courses have an online component, such as Canvas. It appears SB492 would require the online component of face-to-face courses be under the auspices of NMSU.

Many online courses utilize specific software packages within the course. It is unclear how SB492 will impact software choice.

Many NMICC institutions have been working on competency-based education and integrating micro-credentials. It is unclear how the NMSU hub will impact this work.

SB492 could create barriers for institutions that are not technologically prepared to participate in a centralized system.

Student supports.

As NMSU is directed to admit students and provide student success support, will NMSU be

responsible for providing student advising for only complete online students or also for students who take both online and face-to-face courses? How will this advising link with each institution's advising?

Will NMSU's hub provide tutoring to our online students?

Will NMSU's hub provided counseling to our online students?

Workforce training.

SB492 could negatively impact community college provided workforce training as it is crucial for workforce training to be nimble to respond to the needs of the community and its employers. Centralized control over online training cannot quickly adapt to real-time community needs.

San Juan College.

San Juan College (SJC) does not use and does not need a third-party program management provider for marketing, recruiting, admissions, student success support services, faculty training, course quality review, instructional design, or technology/platform support. SJC successfully handles these functions in-house, tailoring as needed to meet local demographics and regional priorities.

SJC has deep ties to the communities in its service area. These communities make up a significant amount of SJC's online course enrollments. A third-party institution would not have this insight, making it difficult to effectively market to prospective students. Additionally, being removed from the SJC community, it would be difficult for the third-party to understand our specific student needs. SJC's unique institutional culture reflects its community. Marketing and recruiting efforts should highlight this culture and differentiate SJC from other institutions. Third-parties, such as the proposed NMSU hub, would likely create generic marketing materials that do not reflect the college's values.

Central New Mexico Community College.

Central New Mexico Community College (CNM) has developed a robust framework that is instrumental in upholding the quality of online courses. CNM provides comprehensive support to its learners and faculty. Over the last three-years, CNM has reviewed all its online courses. The centralized hub proposed in SB492 mirrors services already in place at CNM. CNM has implemented a faculty framework for quality education – this framework is crucial in maintaining high standards across online courses. It is unclear what standards and methods the NMSU hub would implement.

The CNM Online College earned recognition as one of America's top online colleges by Newsweek in 2024.

Santa Fe Community College.

SB492 envisions a standardized service approach that might not be able to meet the unique needs of every college (its community, its students). This approach can lead to inefficiencies and frustration if service-level agreements with NMSU cannot fully capture or address the specific needs of each institution.

Independent community colleges use their ability to tailor marketing and recruitment strategies to their specific communities. A centralized marketing hub overseen by NMSU would

significantly limit this ability. Each institution has a unique demographic and geographic need. A centralized system may not be able to respond to these nuances.

Luna Community College.

Luna Community College, and many other New Mexico public post-secondary institutions do not use an OPM provider for online course delivery. SB492 proposes a centralized model that is not aligned with existing successful practices of many institutions. There is not demonstration of need for SB492.

ALTERNATIVES

Introduce a memorial requiring an independent entity, such as the higher education department, study the concepts presented in SB492. This study should include:

- A thorough cost-benefit analysis should be conducted in the interim to evaluate the financial implications and benefits to students of the proposed hub.
- A small pilot program should be considered before implementing a statewide mandate.
- Input should be gathered, consolidated, and reported out from all public post-secondary institutions with a focus on promoting collaboration and sharing best practices for student success rather than artificially imposing a uniform model.
- Frame the study in an exploration of the benefits to not only New Mexico's students and public post-secondary institutions, but also to the New Mexico taxpayer.
- Examine the roll of out-of-state students participating in New Mexico online education programs and determine what level of taxpayer support is appropriate.