



<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>or Nonrecurring</b>	<b>Affected</b>
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

SB492 creates a centralized hub at New Mexico State University (NMSU) for online enrollment in all public postsecondary institutions, managed by a Chancellor appointed by the President of NMSU. Appropriates forty million dollars (\$40,000,000, Government Results and Opportunity Fund, reverting) to the NMSU Board of Regents for Fiscal Year (FY) 2026 to FY28.

The centralized hub, or center, shall provide the following services to each public postsecondary institution:

- marketing and recruiting;
- admissions and student success support services;
- faculty training;
- course quality review and instructional design; and
- technology and platform support.

The hub shall establish service-level agreements with each participating higher education institution (HEI), with specified performance measures based on the specific needs of each HEI.

By December 1 annually, the hub shall report to the Legislative Finance Committee (LFC) with comparisons of actual performance with agreed-upon performance measures at each HEI.

An appropriation is made of forty million dollars (\$40,000,000) from the Government Results and Opportunity Program Fund (GRO Fund) to the Regents of NMSU for expenditures in FY26 through FY28 to establish the hub. Any unexpended or unencumbered funds left at the end of FY28 revert to the General Fund.

## FISCAL IMPLICATIONS

The funding request in SB492 was not submitted by NMSU to the New Mexico Higher Education Department (NMHED) for possible incorporation into NMHED's higher education comprehensive funding recommendation. NMHED has a formal process for reviewing earmarked budget requests for higher education institutions when developing the NMHED funding recommendation.

NMHED submitted its higher education funding recommendation to the New Mexico Department of Finance and Administration (NMDFA) and the Legislative Finance Committee (LFC) on November 1 as is required by statute. (9-25-9 NMSA 1978).

The implications of the centralized hub at NMSU on all other public postsecondary education institutions in New Mexico are unclear at this time. It is possible that some HEIs would save money by using a centralized hub, but other HEIs are already providing extensive online course work using systems entirely developed internally. These HEIs already have faculty training, marketing, and mature course delivery systems in place. Without further study, it is unclear from this proposal if switching to a central hub for all online course work would save these HEIs money or cost them money during a transition.

## SIGNIFICANT ISSUES

There are many unresolved issues raised by the concept of a central hub for all online course work. Institutional accreditation could be jeopardized if HEIs no longer have control and oversight over critical student services including recruiting, admissions, faculty training, and instructional design. The bill also does not differentiate between undergraduate and graduate coursework. Program accreditation in fields such as nursing, social work, counseling, and education could be affected. These issues should be fully studied beforehand.

While not stated in SB492, presentations on this proposal suggest that 38 percent of revenue from online course work would be allocated to NMSU to cover the costs of the hub. It is currently unknown if this amount would be less than or greater than current costs to institutions in delivering online instruction. This also may depend on the maturity of online course delivery systems at individual HEIs. HEIs without an existing infrastructure for online course delivery could benefit greatly from an online hub. While other HEIs, with mature systems, developed in-house over many years, may lose much of their current control and end up paying more for services they already deliver.

The costs to students are also unclear in this proposal. If the tuition per credit hour for courses taken through the online hub were higher than current tuition charges to students, students would end up bearing the additional cost. These costs would either be borne by the students, or if the student's tuition was being paid by the Opportunity or Lottery scholarship, the extra cost would be borne by the state.

New Mexico doesn't currently have in place an explicit policy regarding funding for online course work. There is no doubt that the availability of online course work, and of complete online programs, benefits New Mexicans who might not otherwise be able to take these courses due to their inability to travel to the institution offering the course. Online courses and programs also benefit working students who need to take courses at night or on weekends. And many online courses are taken by students who are also taking in-person classes. The online offerings help them manage their schedule and trips to campus.

However, students who live out-of-state or out-of-country, and who are exclusively taking online courses, are a different matter. They do bring in revenue to the institution offering the course, and they aren't eligible for state financial aid programs, but their student credit hours and certificates and degrees earned are still counted in the state funding formula even though these students are unlikely to come to New Mexico to live and work after completing their coursework. Perhaps a clear policy on state funding criteria should be developed before additional investment in online systems.

#### PERFORMANCE IMPLICATIONS

SB492 does call for each HEI to develop performance measures with the online hub and for these results to be reported annually to the LFC. The specific measures, however, and their relationship to other performance metrics currently required of each institution, are not specified.

#### ADMINISTRATIVE IMPLICATIONS

The online hub would be managed by NMSU. Each public HEI would also need to manage their online coursework and develop their performance measures.

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

#### TECHNICAL ISSUES

The full cost model for the online hub is not specified in SB492. There is no way to know if the hub would be self-sufficient after FY28 or if additional state resources would need to be invested. There is also no information about how the forty million dollars (\$40,000,000) would be spent or if that was enough money.

#### OTHER SUBSTANTIVE ISSUES

N/A

#### ALTERNATIVES

An alternative would be to do an extensive study of the cost model, potential accreditation issues, and whether the online hub could be an opt-in option for HEIs rather than a mandated service that all institutions needed to use.

#### WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB492 is not enacted, HEIs would continue to develop and offer online coursework using their existing systems, or contracts with external vendors.

#### AMENDMENTS

N/A