



New Mexico
Legislative Finance
Committee

*Santa Fe, New Mexico
June 17, 2011*

Presentation by:
David Longanecker
President, Western
Interstate Commission
for Higher Education
(WICHE)

Funding New Mexico Higher Education To Fit The State's Needs

*Funding Realities
and Possibilities
Lessons Learned
from the Boulder
Summit*

The Perfect Storm: Three Converging Waves

- Wave One: New Mexico's *Economic Competitiveness*
- Wave Two: *Who You Are* – Can New Mexico Be Competitive
- Wave Three: What New Mexico Has in *Resources* to Commit to This Venture

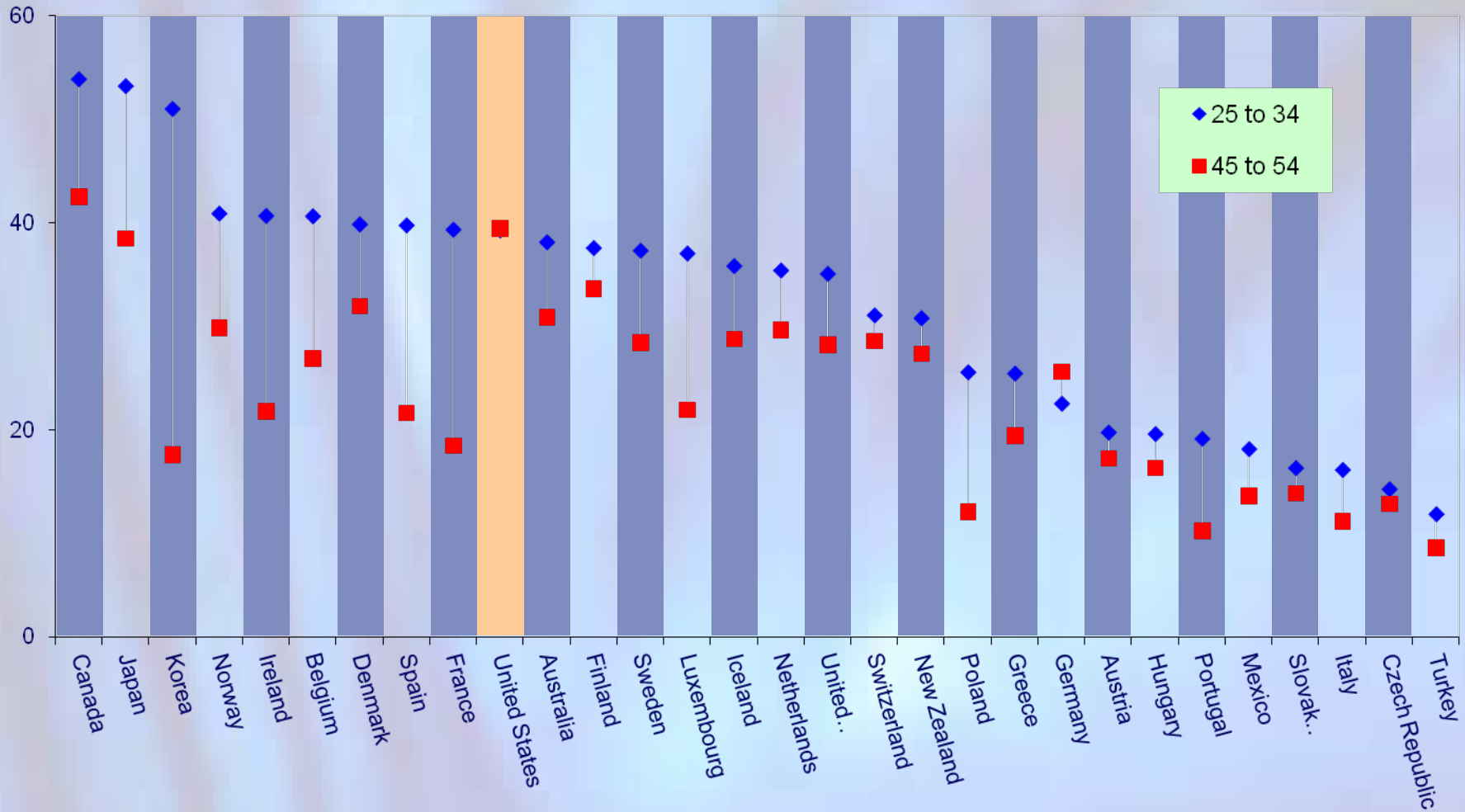
The Liberal Borrowings

- *Knocking on the College Door* (WICHE)
- *Beyond Social Justice* (WICHE)
- *National Center for Higher Education Management Systems (NCHEMS) :*
www.higheredinfo.org.
- *State Higher Education Executive Officers (SHEEO), SHEF Report, March 2011.*

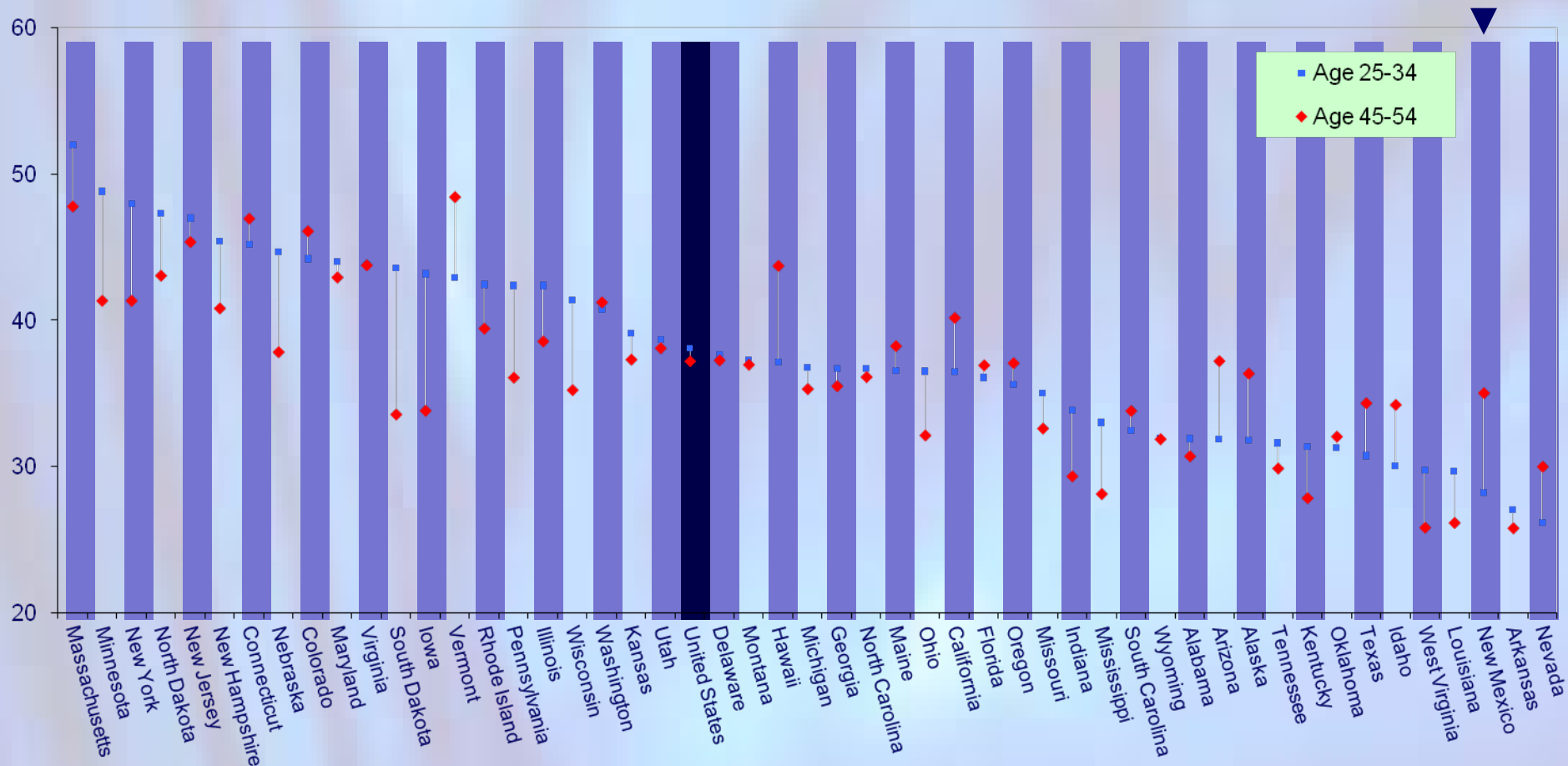
The Converging Waves

- Wave One: Arizona's Economic Competitiveness
- Wave Two: Who We Are – Can Arizona Be Competitive
- Wave Three: What Arizona Has in Resources

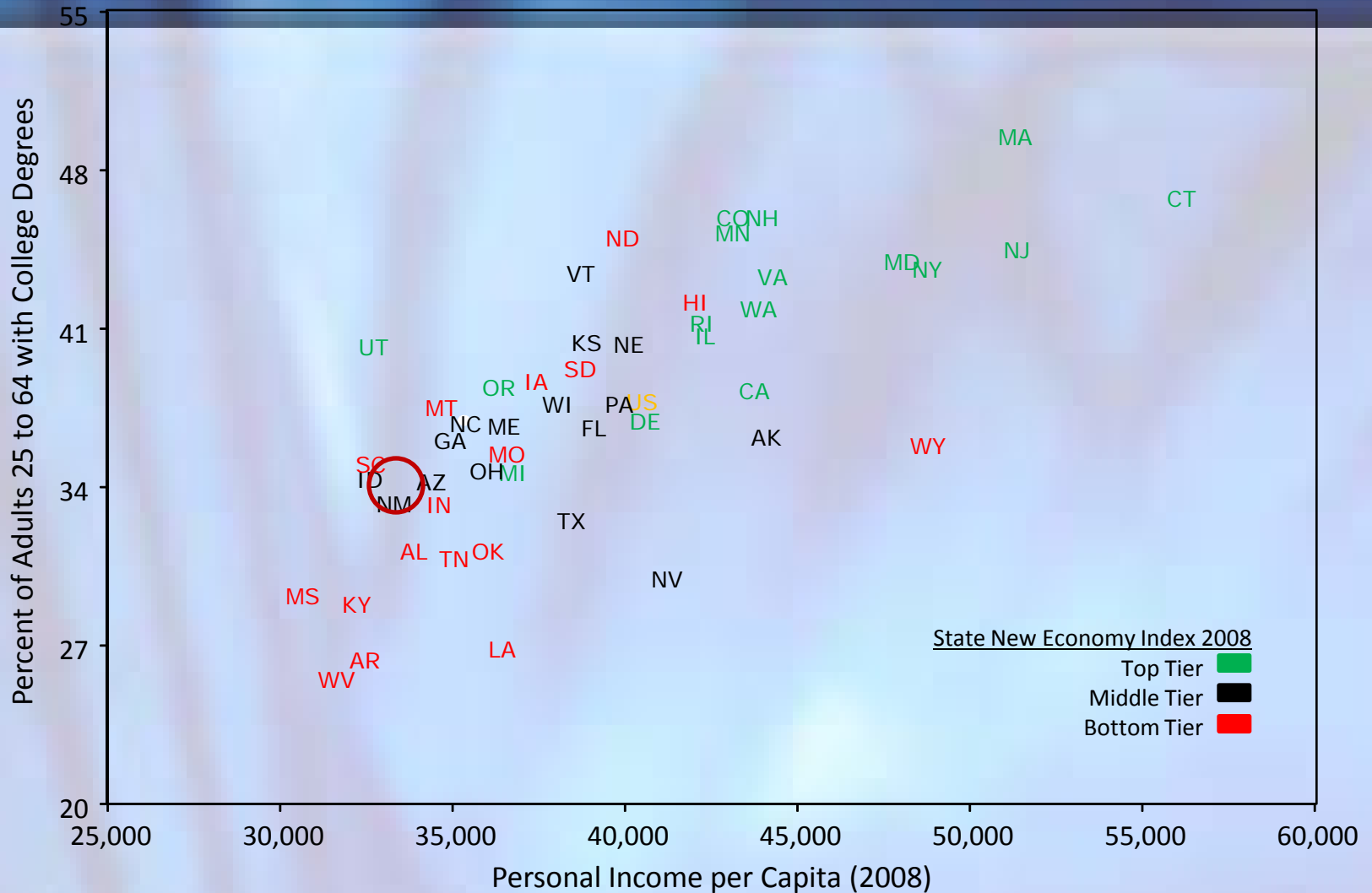
Differences in College Attainment (Associate and Higher) Between Younger and Older Adults - U.S. and OECD Countries, 2005



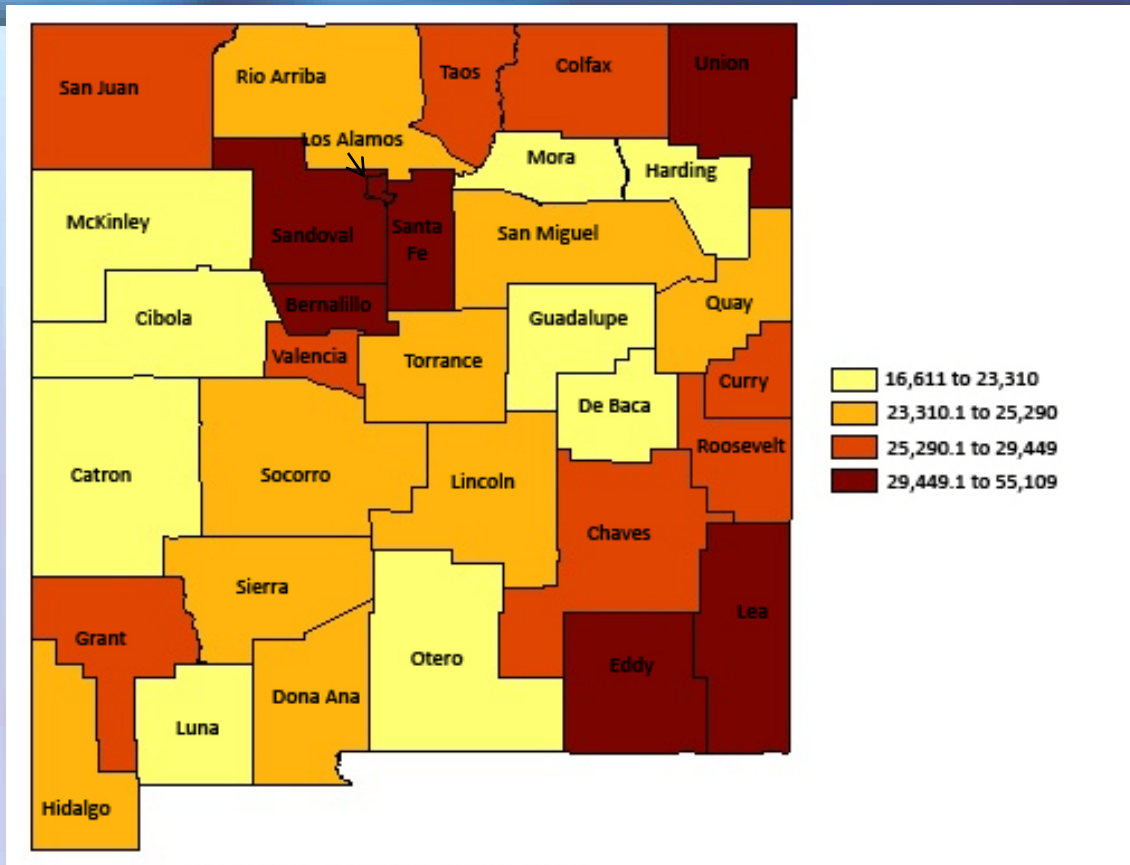
Differences in College Attainment (Associate and Higher) Between Younger and Older Adults - U.S., 2005



The Relationship Between Educational Attainment, Personal Income, and the State New Economy Index (2008)



Per Capita Personal Income, 2007

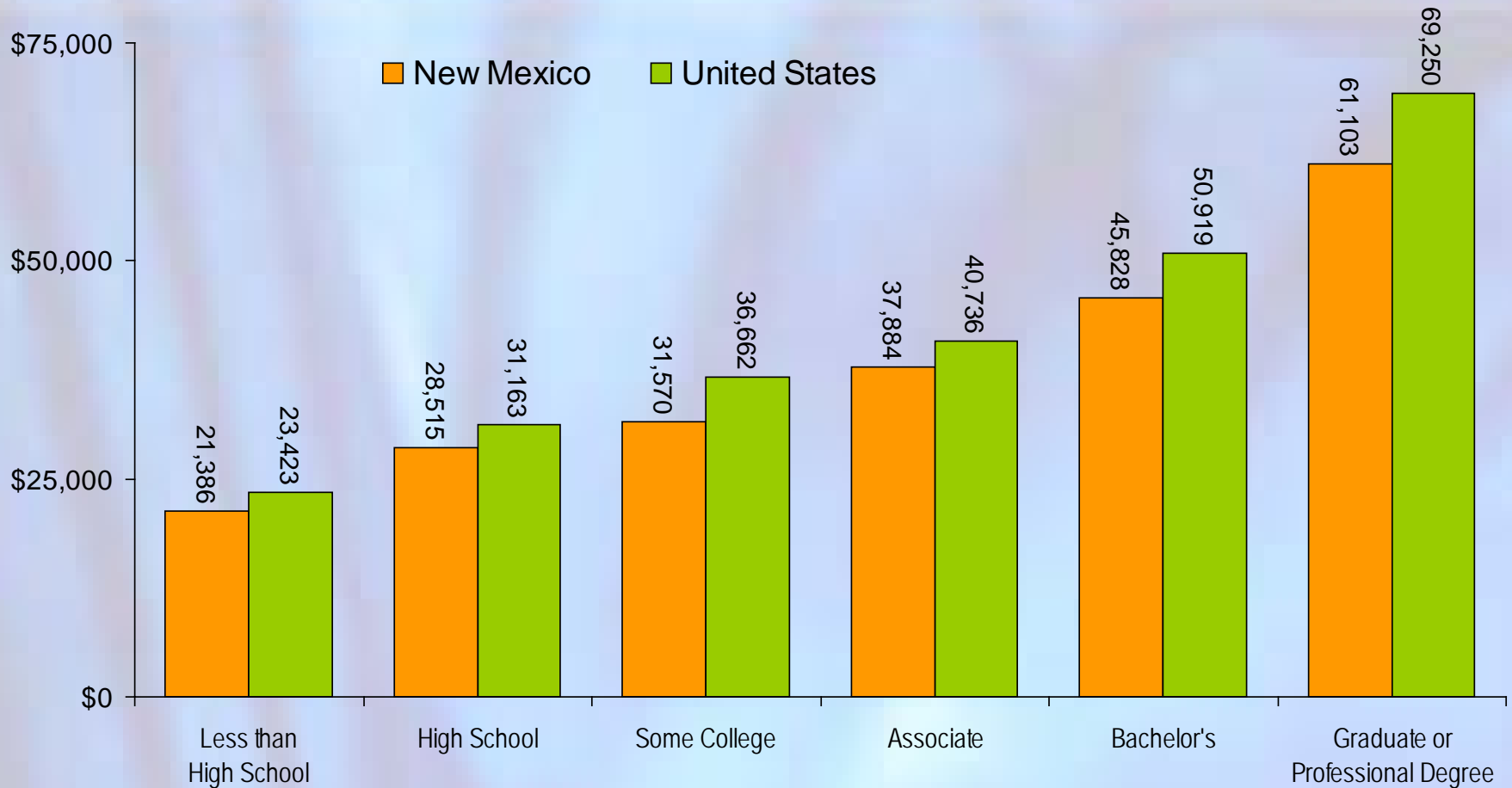


High – Los Alamos
Low - Guadalupe

New Mexico = \$30,706

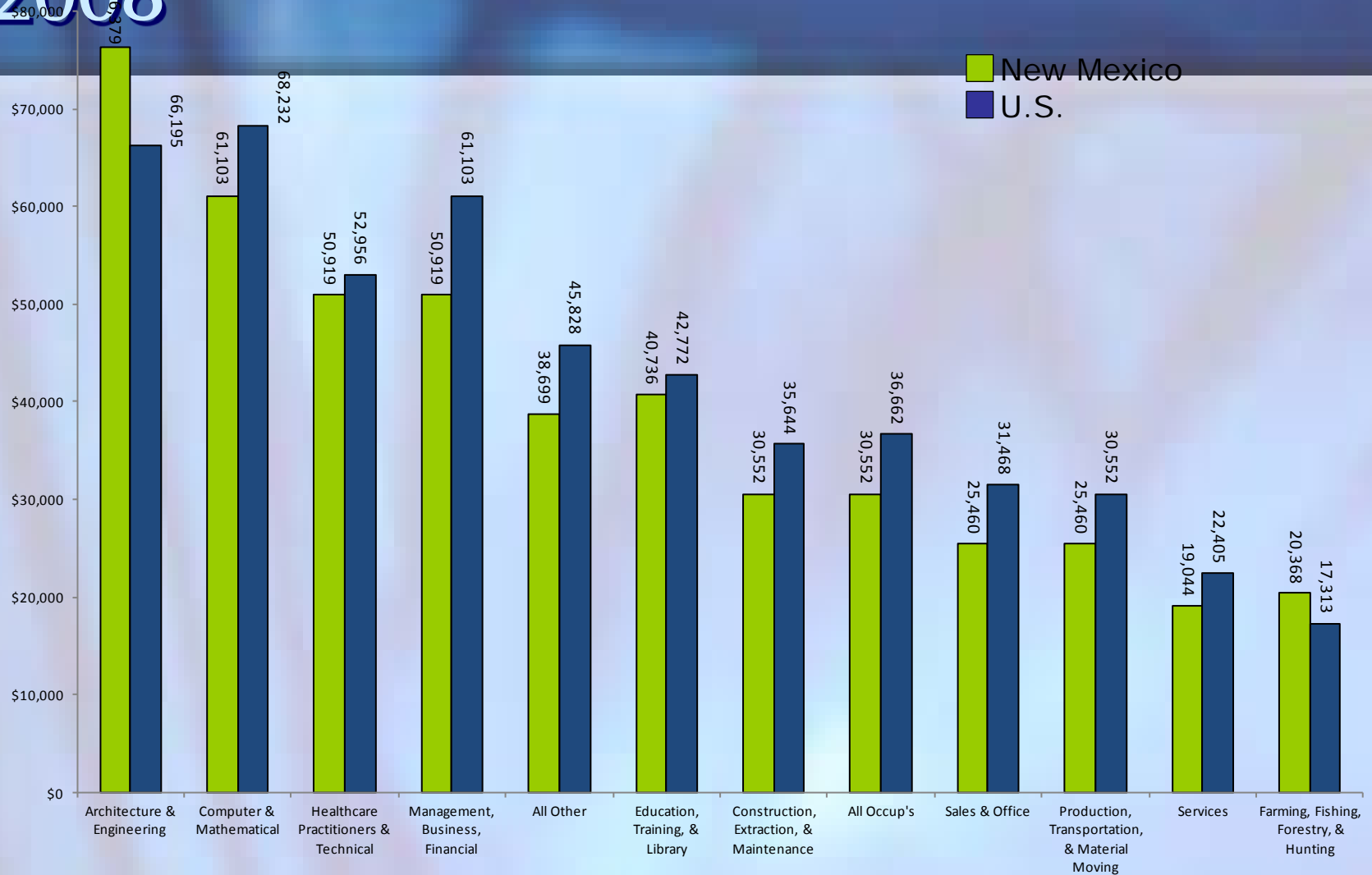
Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

Median Earnings of Population Age 25-64 by Level of Education, 2008



Source: U.S. Census Bureau, 2008 American Community Survey PUMS File.

Median Wages by Occupation Type, 2008



Source: U.S. Census Bureau, 2008 American Community Survey PUMS File.

Note: Median wages calculated for civilian population age 16+ with positive earnings working 35+ hours per week.

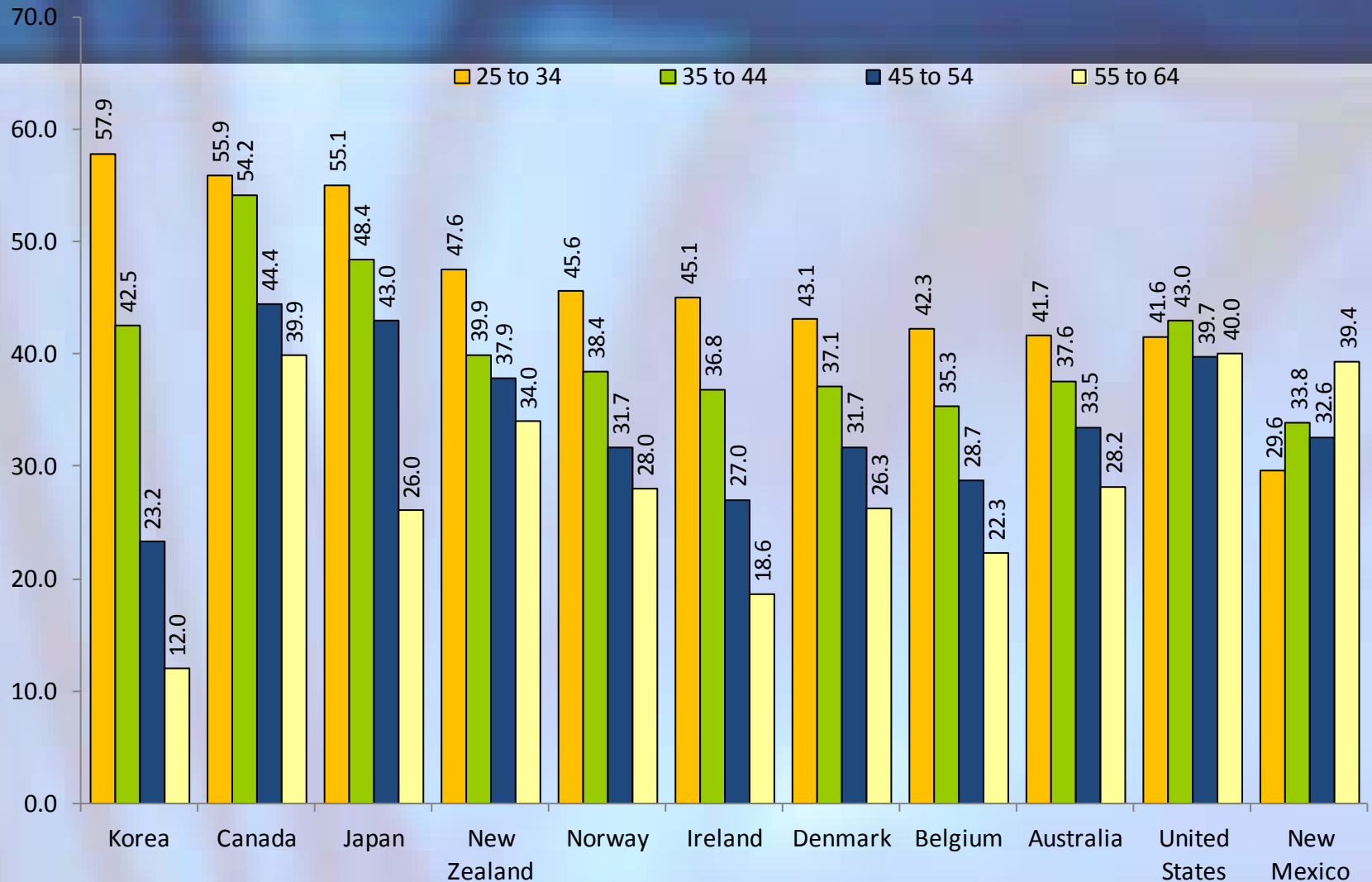
The White Caps on the First Wave

- The Good News: *New Mexico provides comparatively cheap labor*
- The Rest of the Story: *Cheap labor costs don't attract a high-skill, high-wage workforce*
 - Result:
 - On Education Levels -- Behind and More Behind
 - On Per Capita Income – Low and consistently so

The Converging Waves

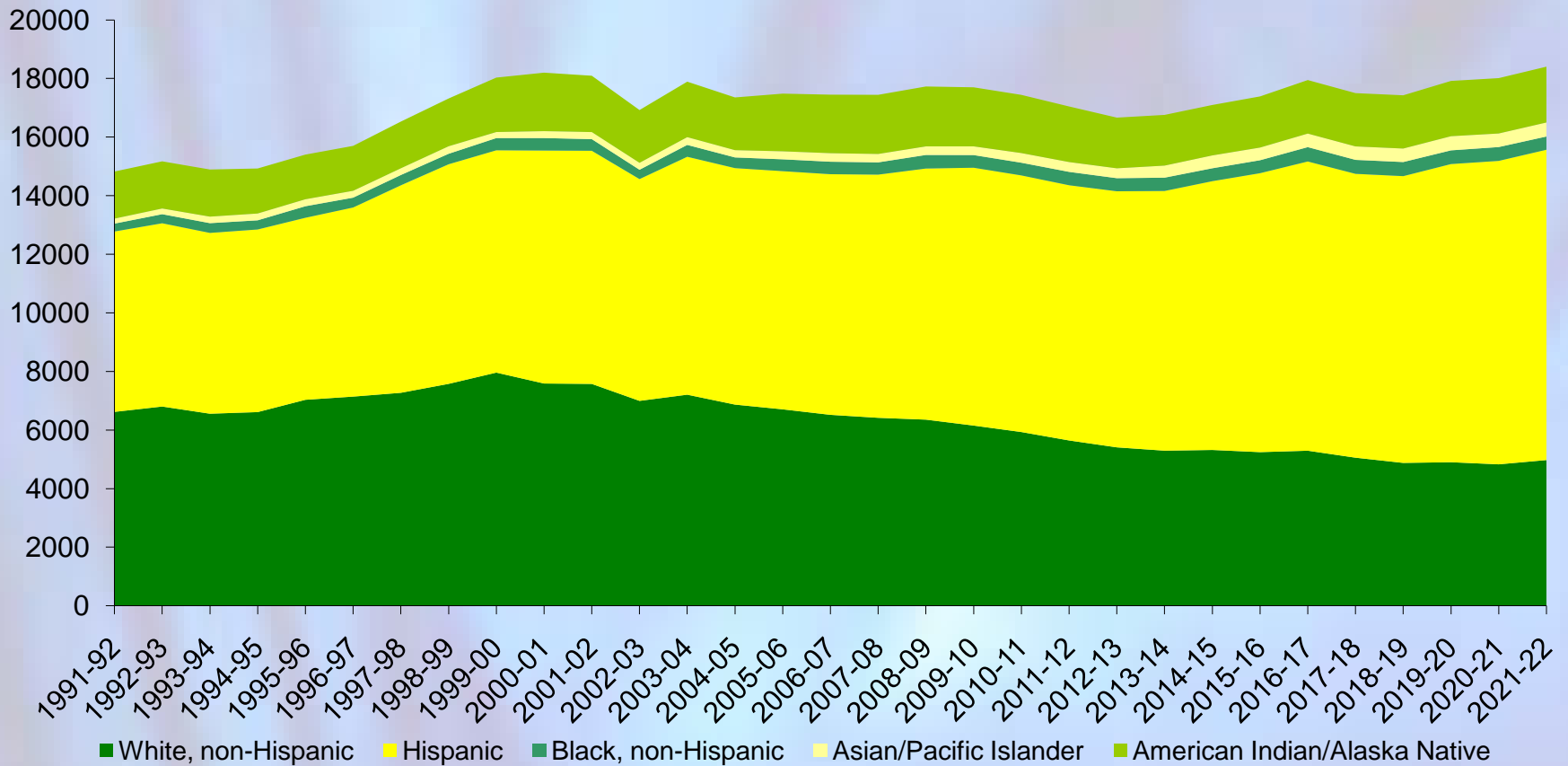
- Wave One: New Mexico's Economic Competitiveness
- Wave Two: Who You Are – Can New Mexico Be Competitive
- Wave Three: What New Mexico Has in Resources

Percent of Adults with an Associate Degree or Higher by Age Group – New Mexico, U.S. & Leading OECD Countries

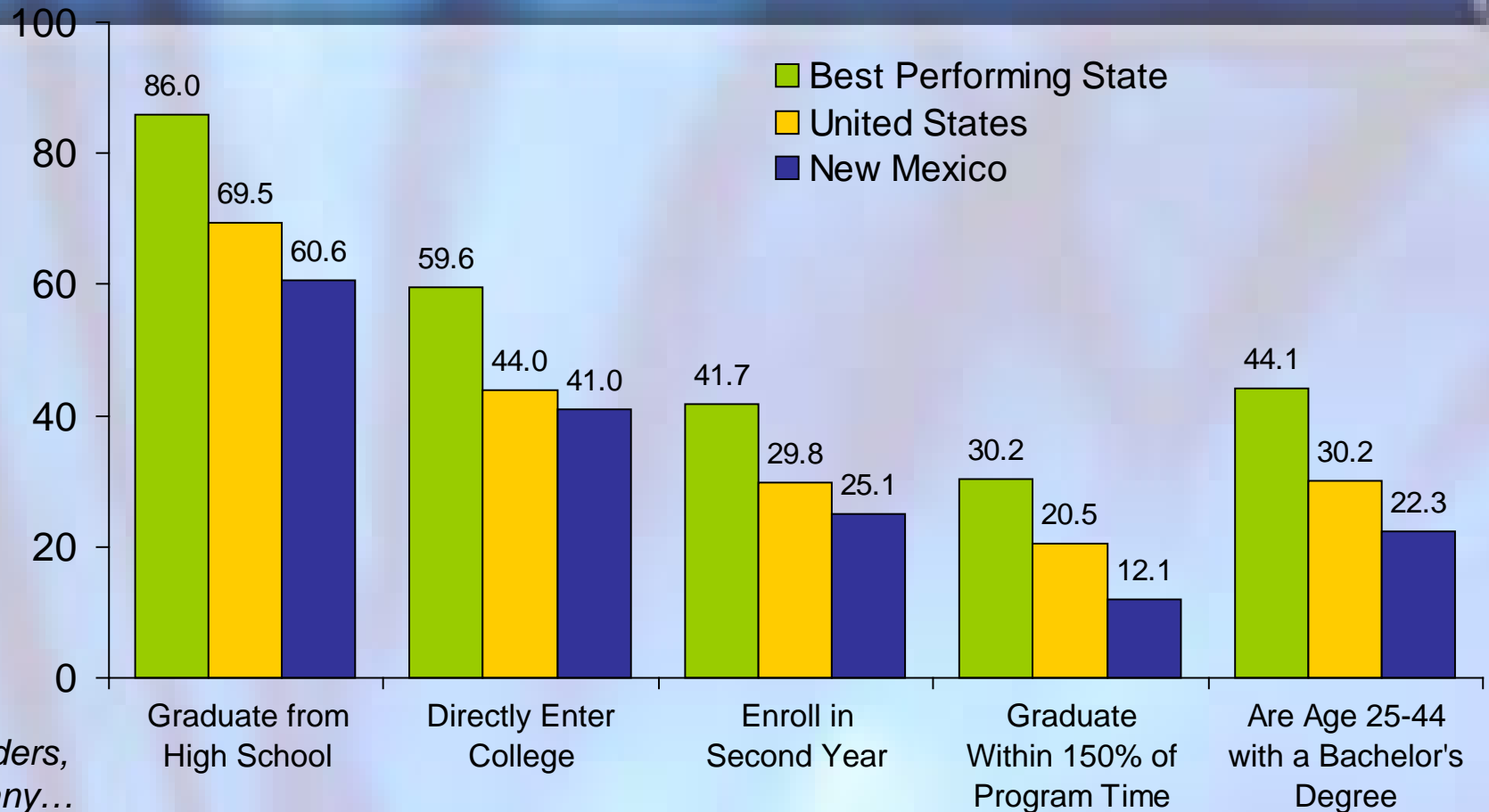


Source: OECD, *Education at a Glance 2010*

New Mexico High School Graduates by Race/ Ethnicity: 1991-92 to 2004-05 Actuals; 2005-06 to 2021-22 Projected



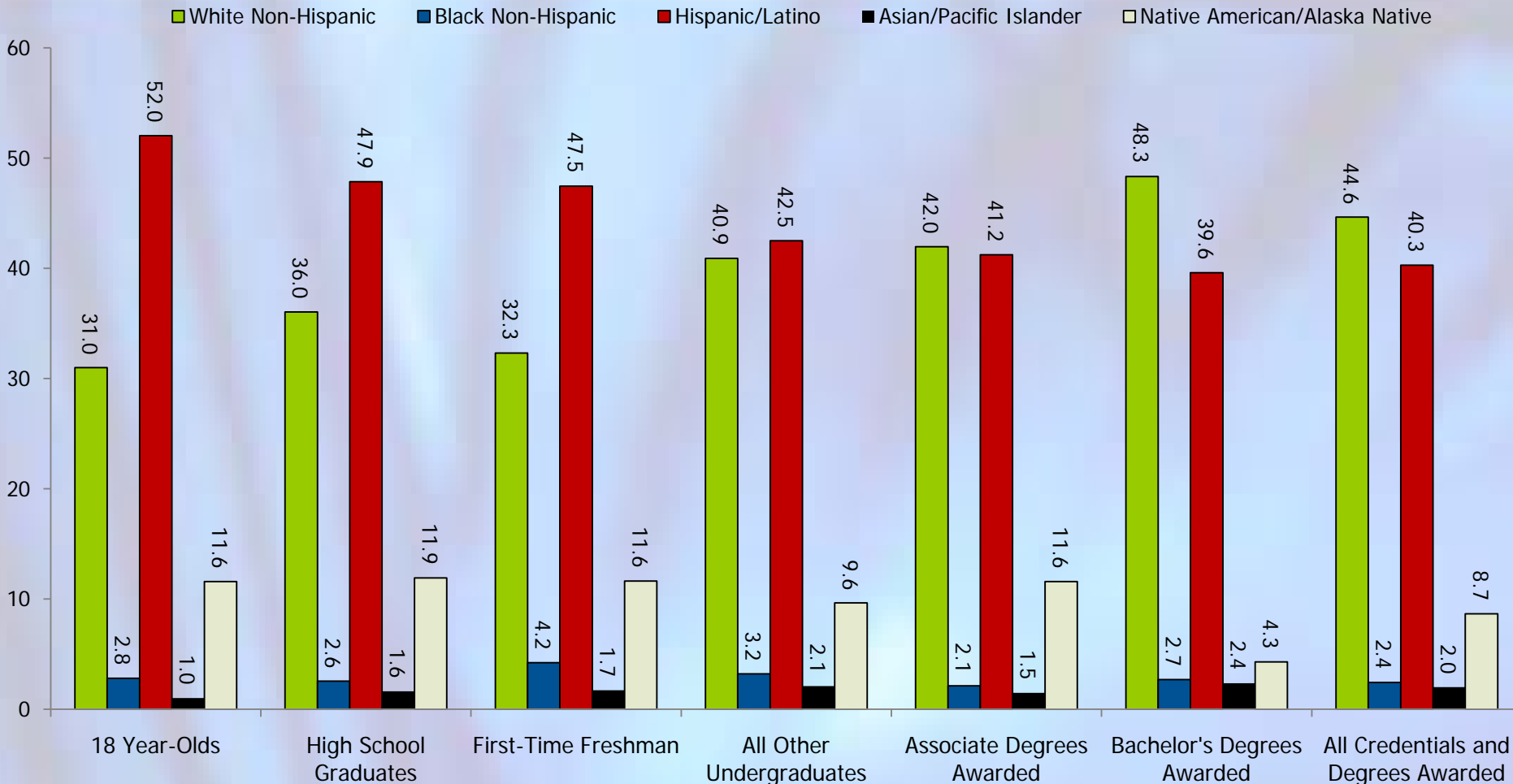
Student Pipeline, 2008



Of 100
9th Graders,
How Many...

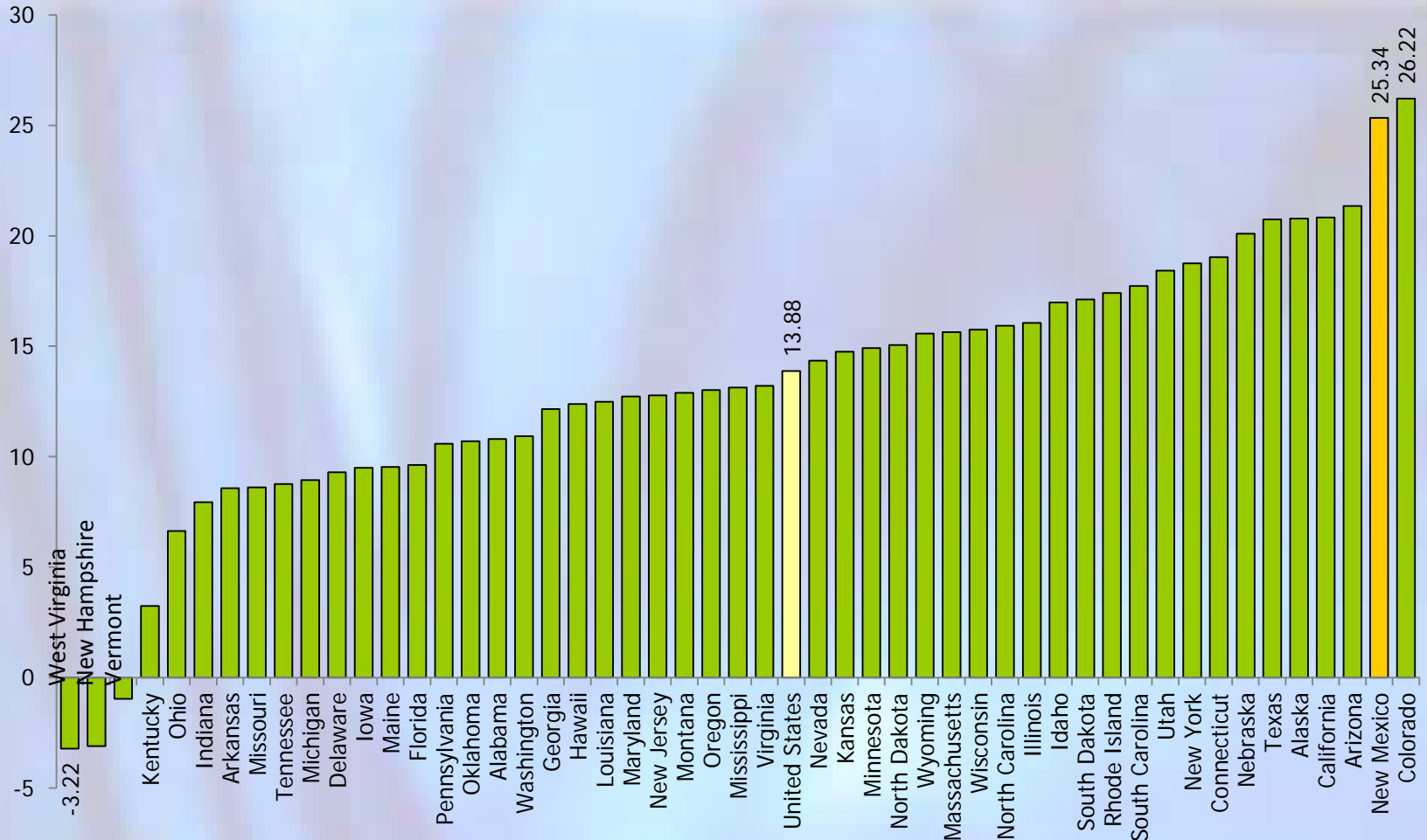
Source: NCES CCD 2008; IPEDS 2008; 2008 IPEDS GRS

Race/Ethnic Representation at Each Stage of the Education Pipeline – New Mexico, 2009



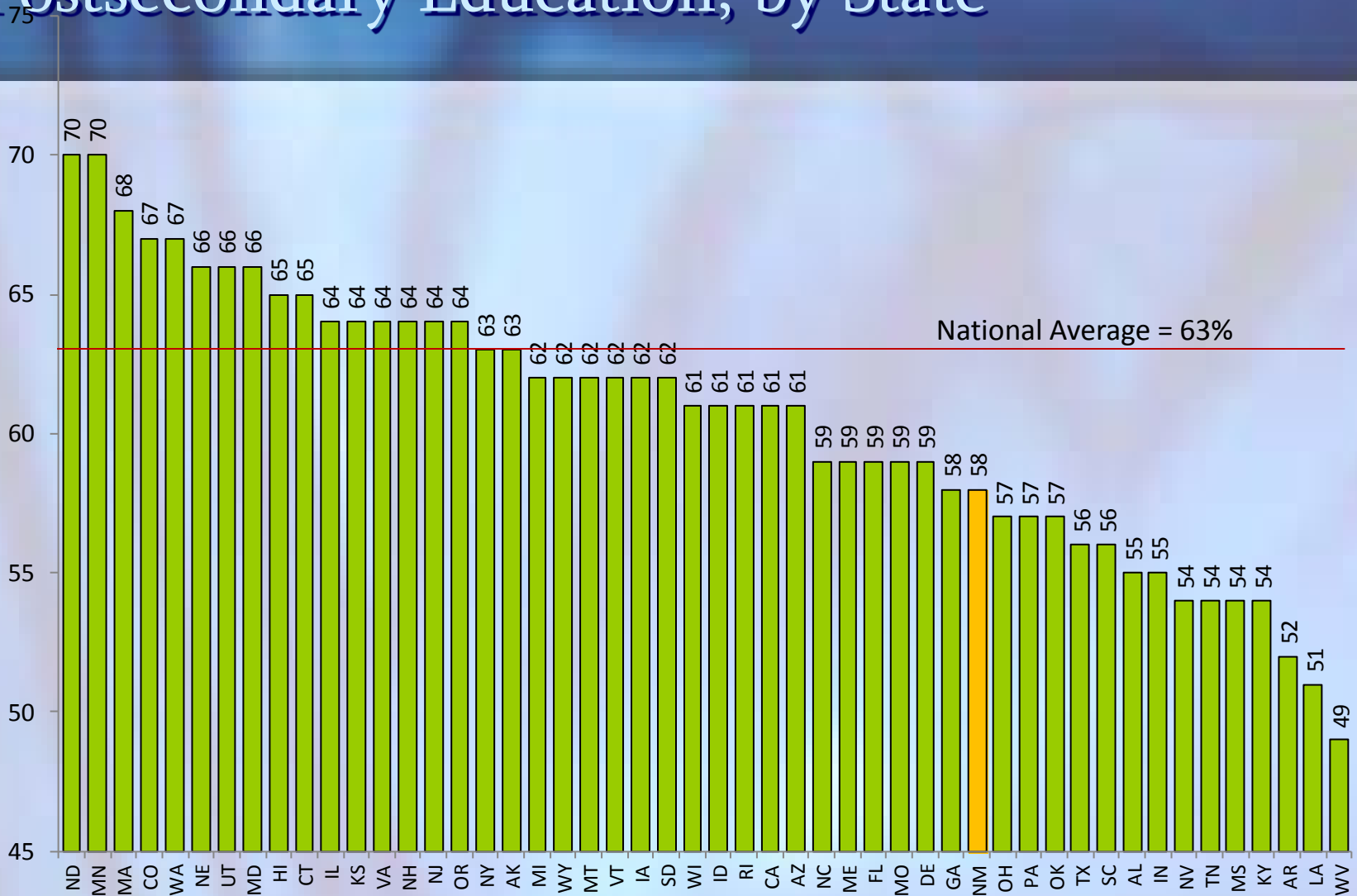
Sources: U.S. Census Bureau, 2009 State Population Estimates.; NCES, Common Core of Data (CCD), "State Dropout and Completion Data File", 2006-07 v.1a; NCES, IPEDS Fall 2009 Enrollment File; ef2009a Final Release Data File; NCES, IPEDS 2008-09 Completions File; c2009_a Final Release Data File.

Difference in College Attainment Between Whites and Minorities, (at least an Associates Degree) 2008



Source: U.S. Census Bureau, 2006-08 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File.

Percentage of Jobs in 2018 that Will Require a Postsecondary Education, by State



Source: Georgetown University Center on Education and the Workforce, Projections of Jobs and Education Requirements through 2018; June 2010

Change in Jobs by Education Level: 2008 & 2018, New Mexico

Education Level	2008 Jobs	2018 Jobs	Difference
High School Dropouts	122,000	135,000	13,000
High School Graduates	268,000	297,000	30,000
Postsecondary	515,000	574,000	58,000

Source: Georgetown University Center on Education and the Workforce,
Projections of Jobs and Education Requirements through 2018; June 2010

The White Caps on the Second Wave

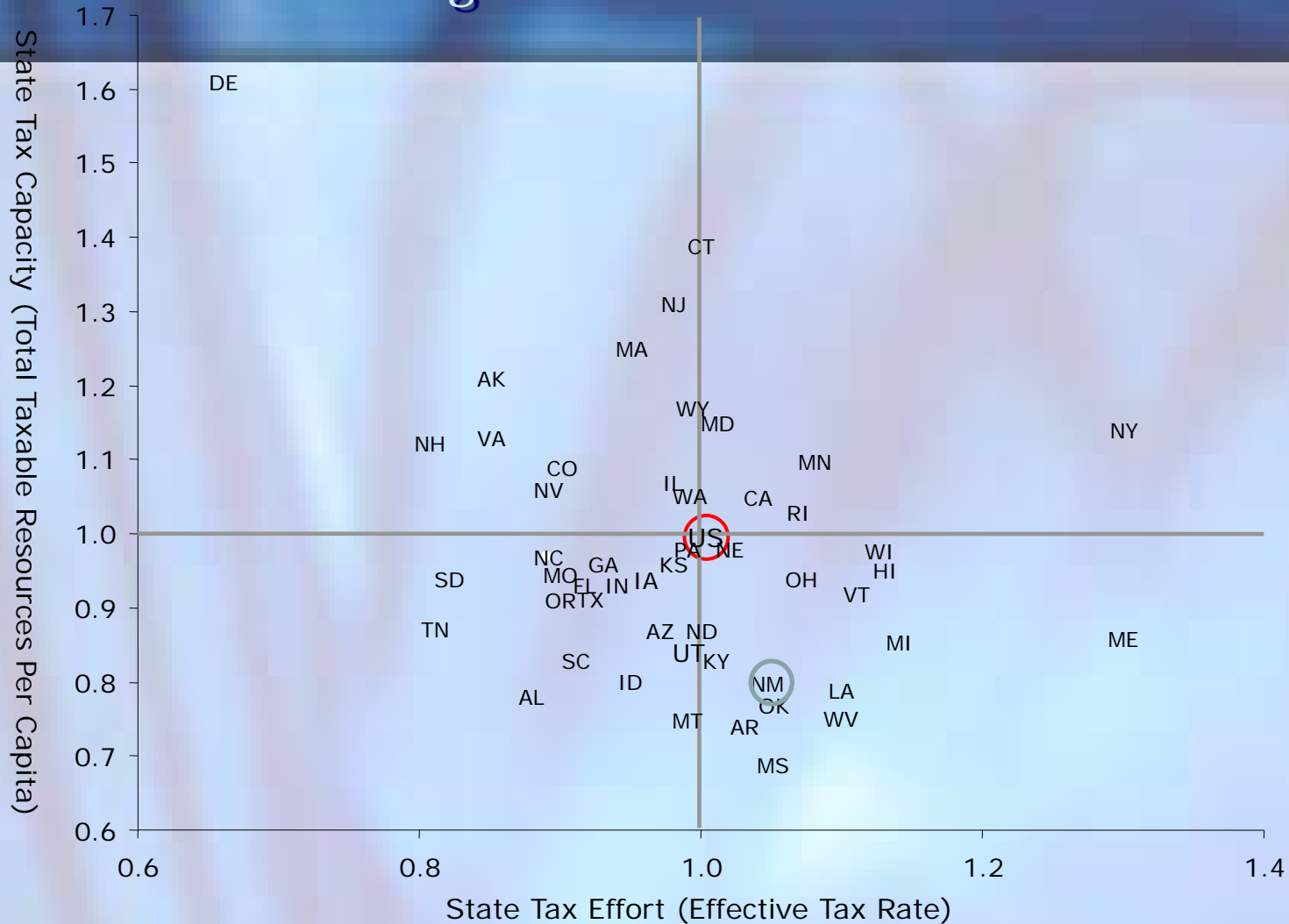
- Those with whom you have succeeded are declining
- Those with whom you have not succeeded are increasing
- “Average” won’t sustain you,
- and may not even be achievable
 - Will require 7% increase, year over year

The Converging Waves

- Wave One: New Mexico's Economic Competitiveness
- Wave Two: Who You Are – Can New Mexico Be Competitive
- Wave Three: What New Mexico Has in Resources

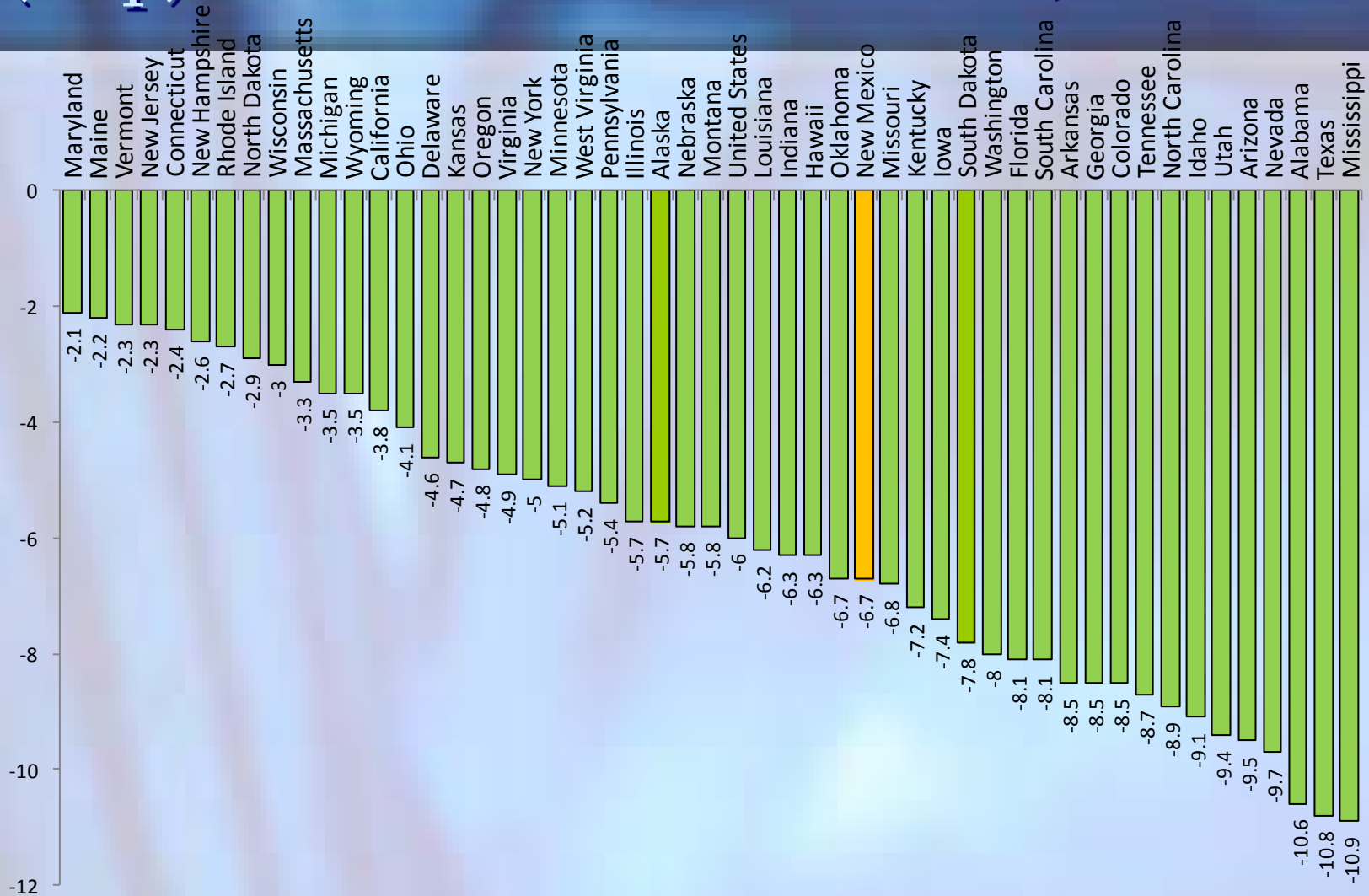
State Tax Capacity & Effort

Indexed to U.S. Average



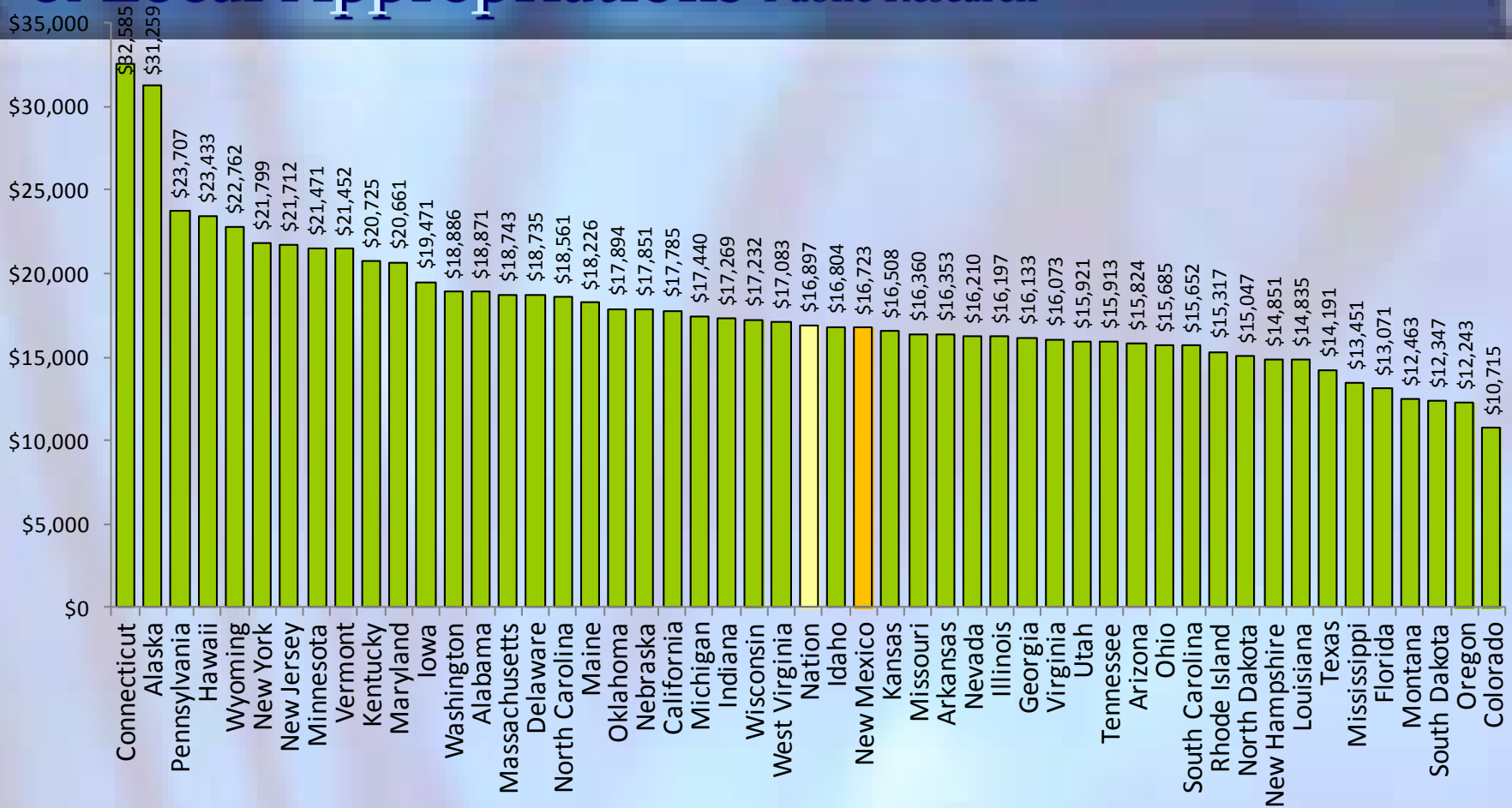
Source: State Higher Education Executive Officers (SHEEO)

Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2016



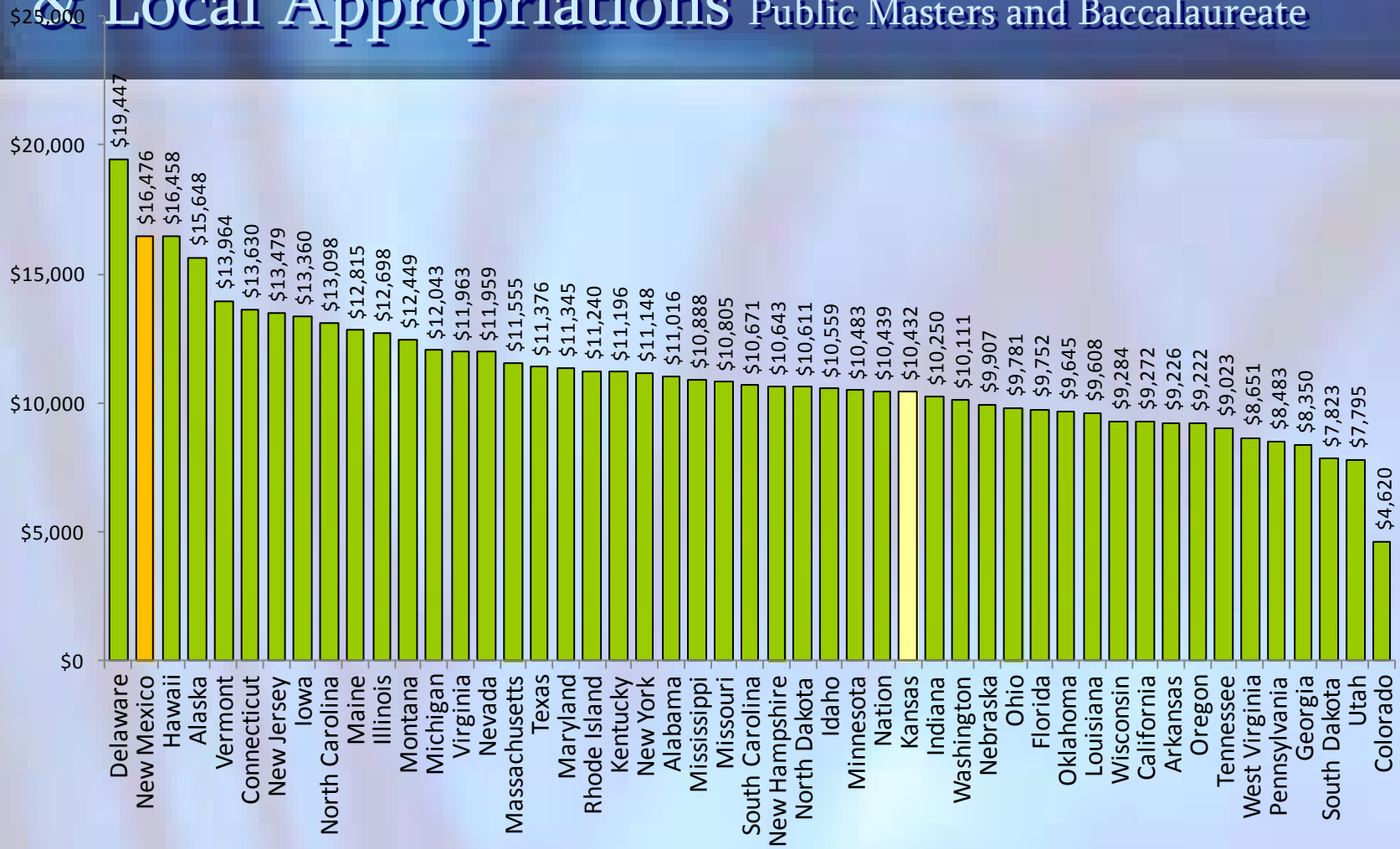
Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2009

Revenues Per Student from Net Tuition, State, & Local Appropriations Public Research



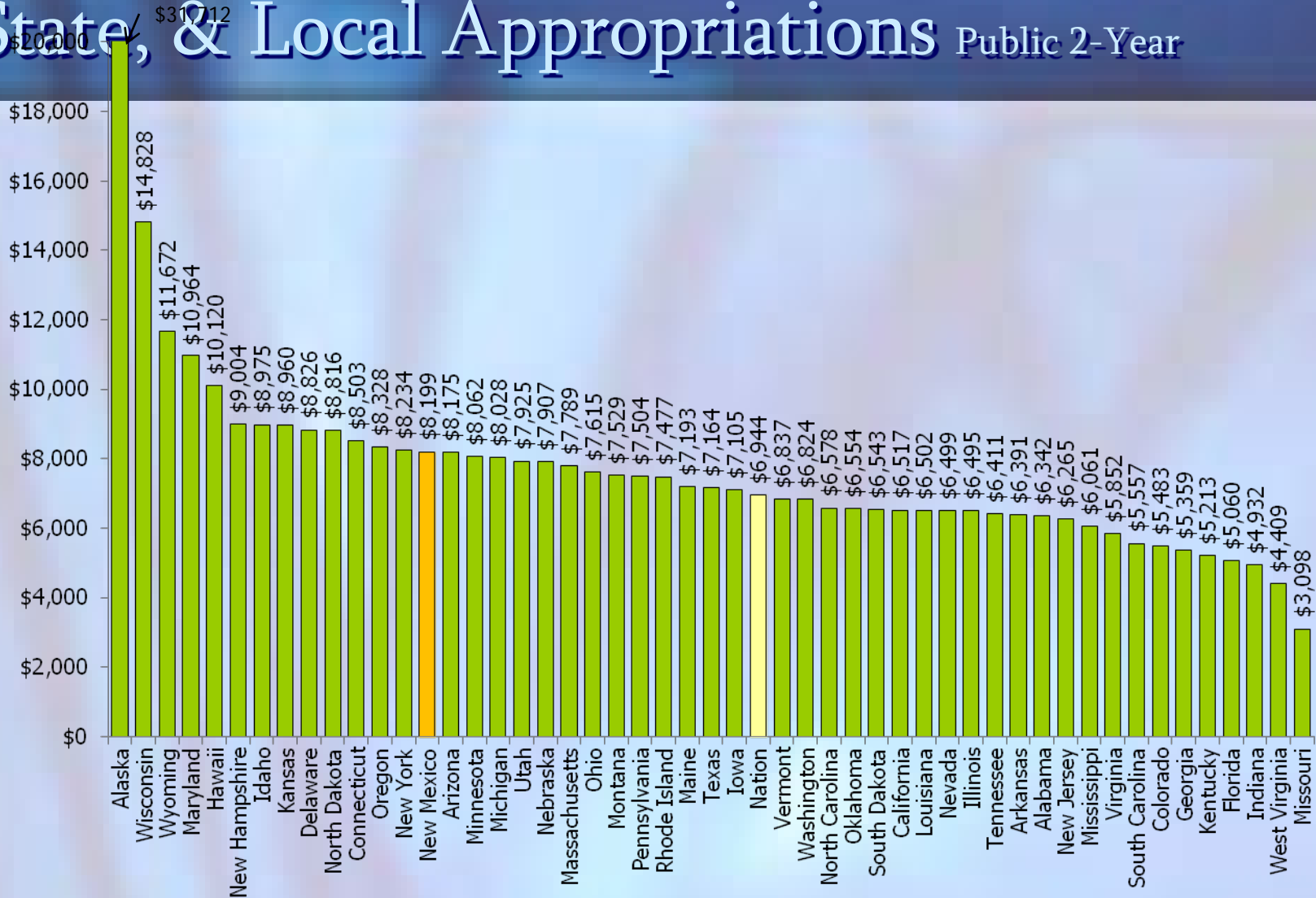
Sources: NCES, IPEDS 2008-09 Finance Files; f0809_f1a & f0809_f2 Early Release Finance Files Downloaded 10-11-10. NCES, IPEDS 2008-09 Instructional Activity File; efi2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS 2008-09 Unduplicated Headcount Enrollment File; efi2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS Fall 2008 Enrollment File; efi2008a Final Release Data File.

Revenues Per Student from Net Tuition, State, & Local Appropriations Public Masters and Baccalaureate



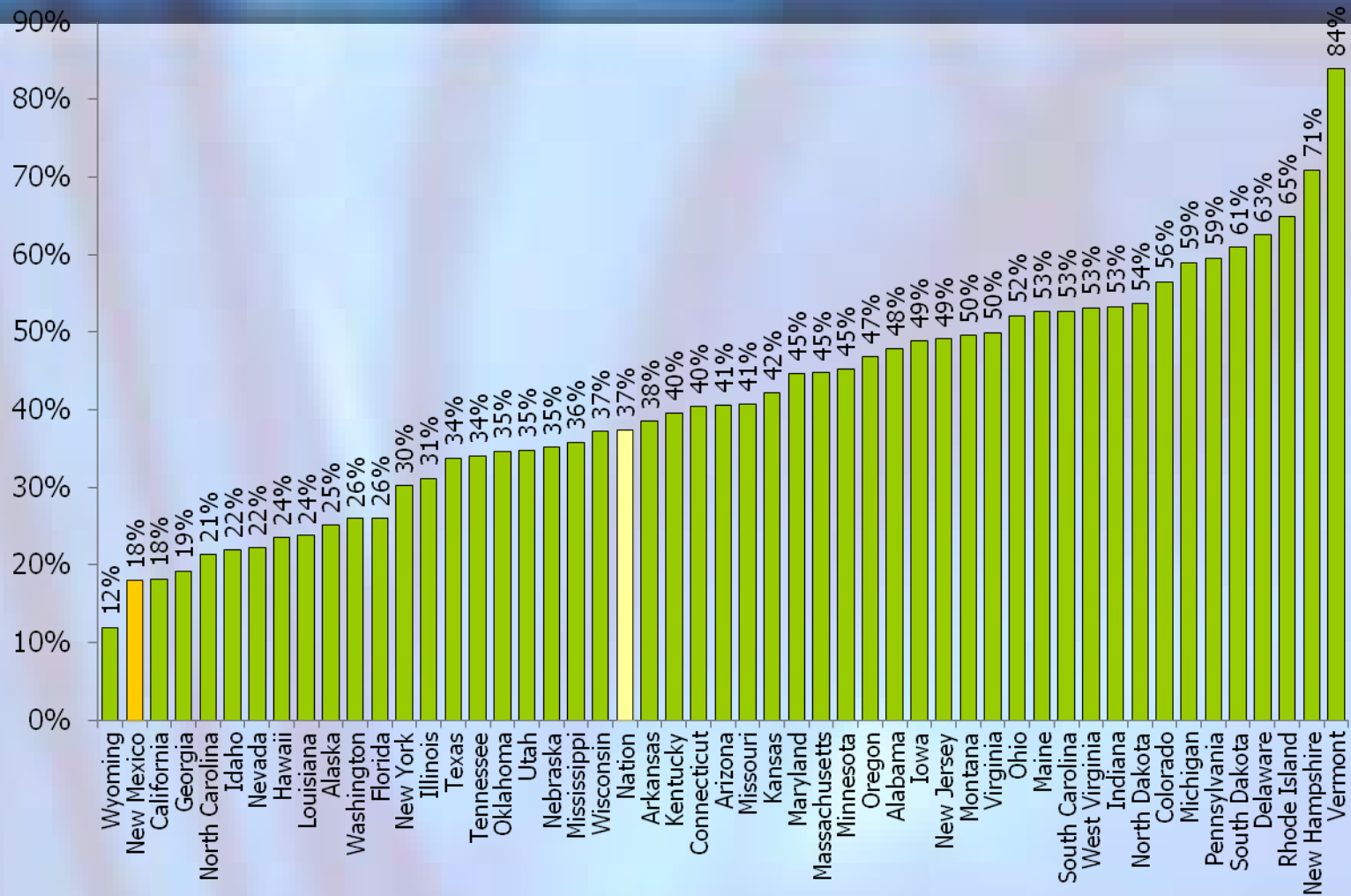
Sources: NCES, IPEDS 2008-09 Finance Files; f0809_f1a & f0809_f2 Early Release Finance Files Downloaded 10-11-10. NCES, IPEDS 2008-09 Instructional Activity File; efa2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS 2008-09 Unduplicated Headcount Enrollment File; efy2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS Fall 2008 Enrollment File; ef2008a Final Release Data File.

Revenues Per Student from Net Tuition, State, & Local Appropriations Public 2-Year



Sources: NCES, IPEDS 2008-09 Finance Files; f0809_f1a & f0809_f2 Early Release Finance Files Downloaded 10-11-10. NCES, IPEDS 2008-09 Instructional Activity File; efi2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS 2008-09 Unduplicated Headcount Enrollment File; efi2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS Fall 2008 Enrollment File; ef2008a Final Release Data File.

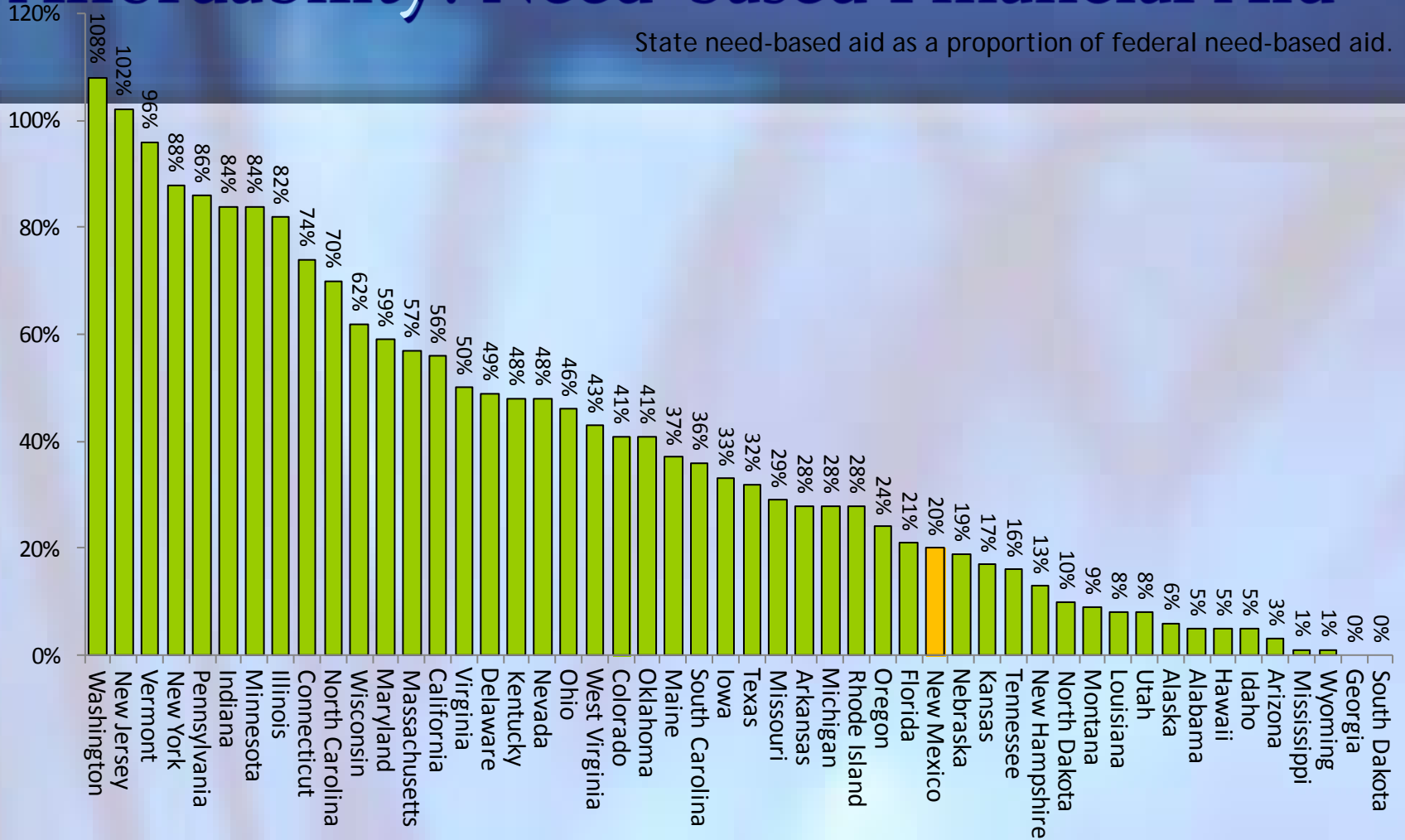
Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, FY 2009



Source: SHEEO SHEF

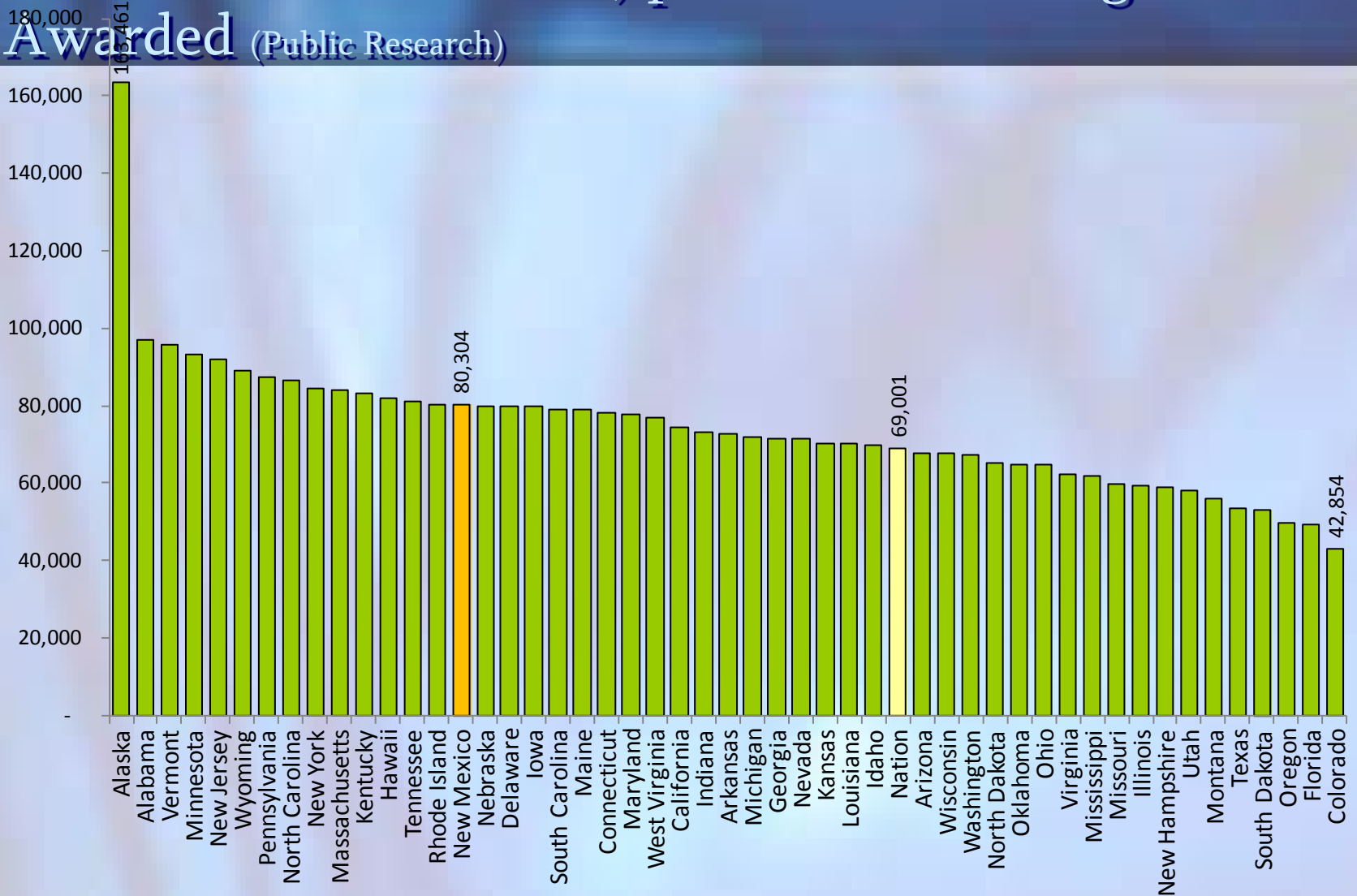
Affordability: Need-based Financial Aid

State need-based aid as a proportion of federal need-based aid.



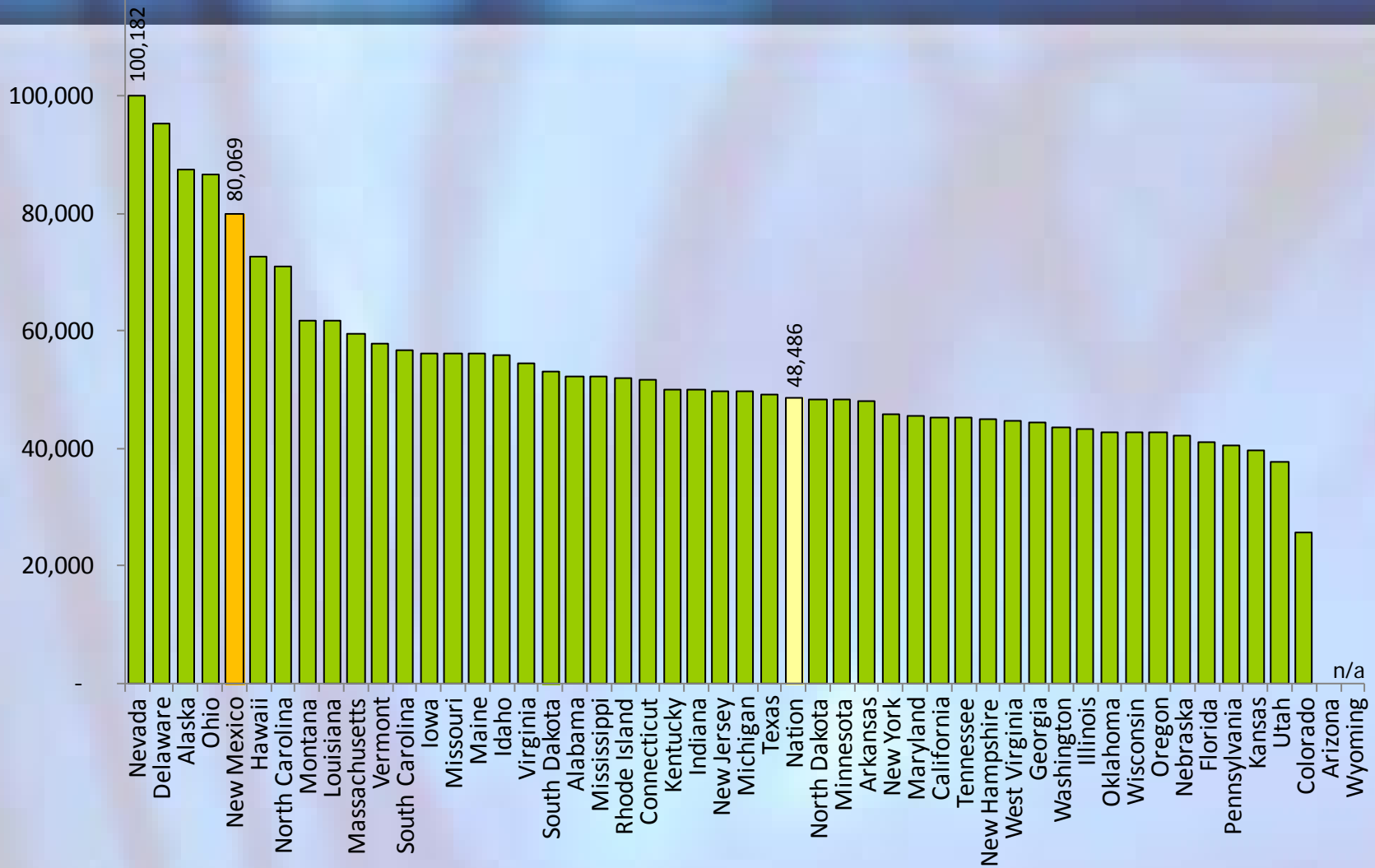
Source: Measuring Up 2008

Funding per Degree - Total Funding (State & Local, Tuition & Fee Revenues) per Credential/Degree Awarded (Public Research)



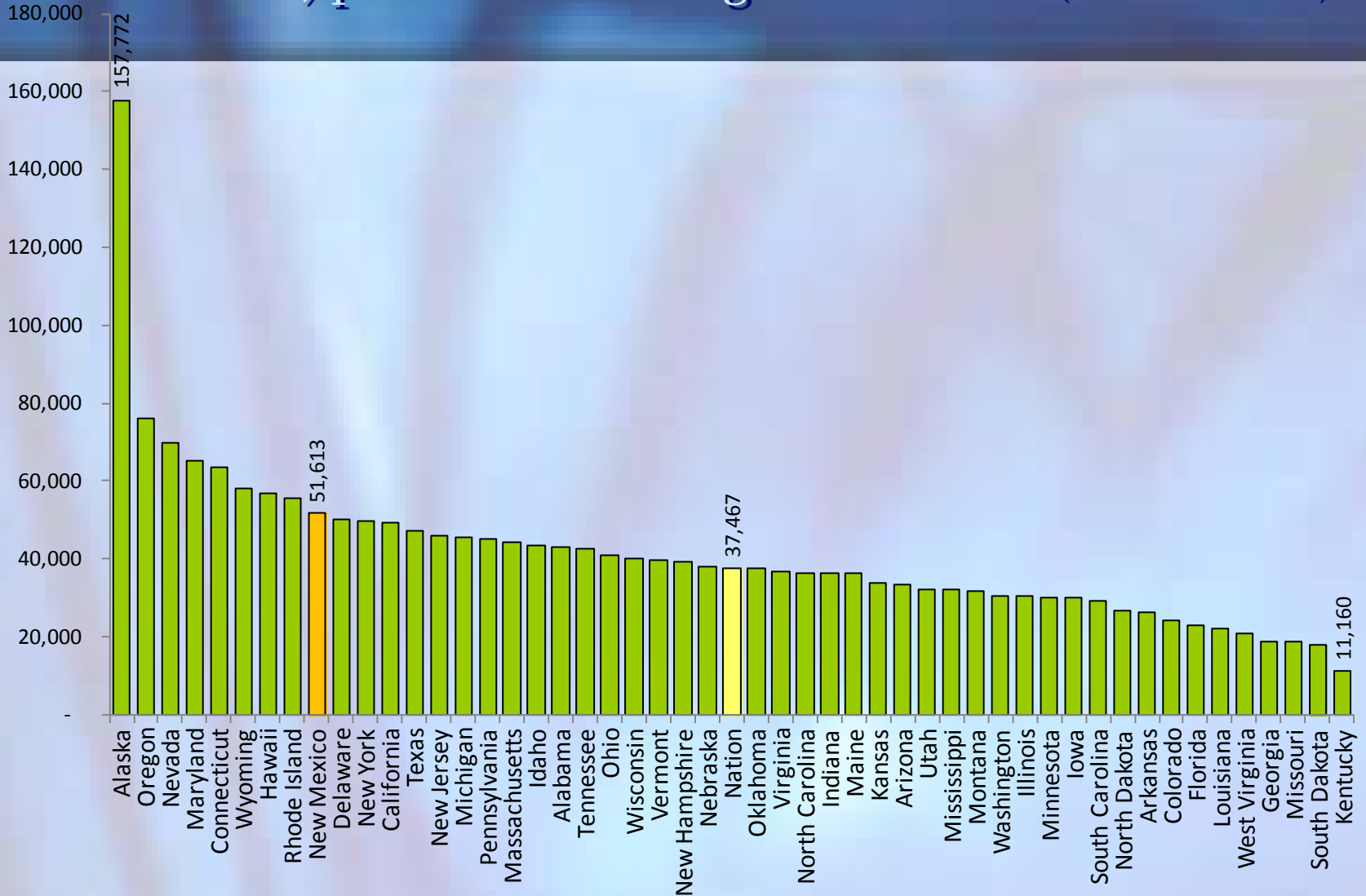
Source: NCES, IPEDS Completions and Finance Surveys (2007-08)

Funding per Degree - Total Funding (State & Local, Tuition & Fee Revenues) per Credential/Degree Awarded (Public Bachelors and Masters)



Source: NCES, IPEDS Completions and Finance Surveys (2007-08)

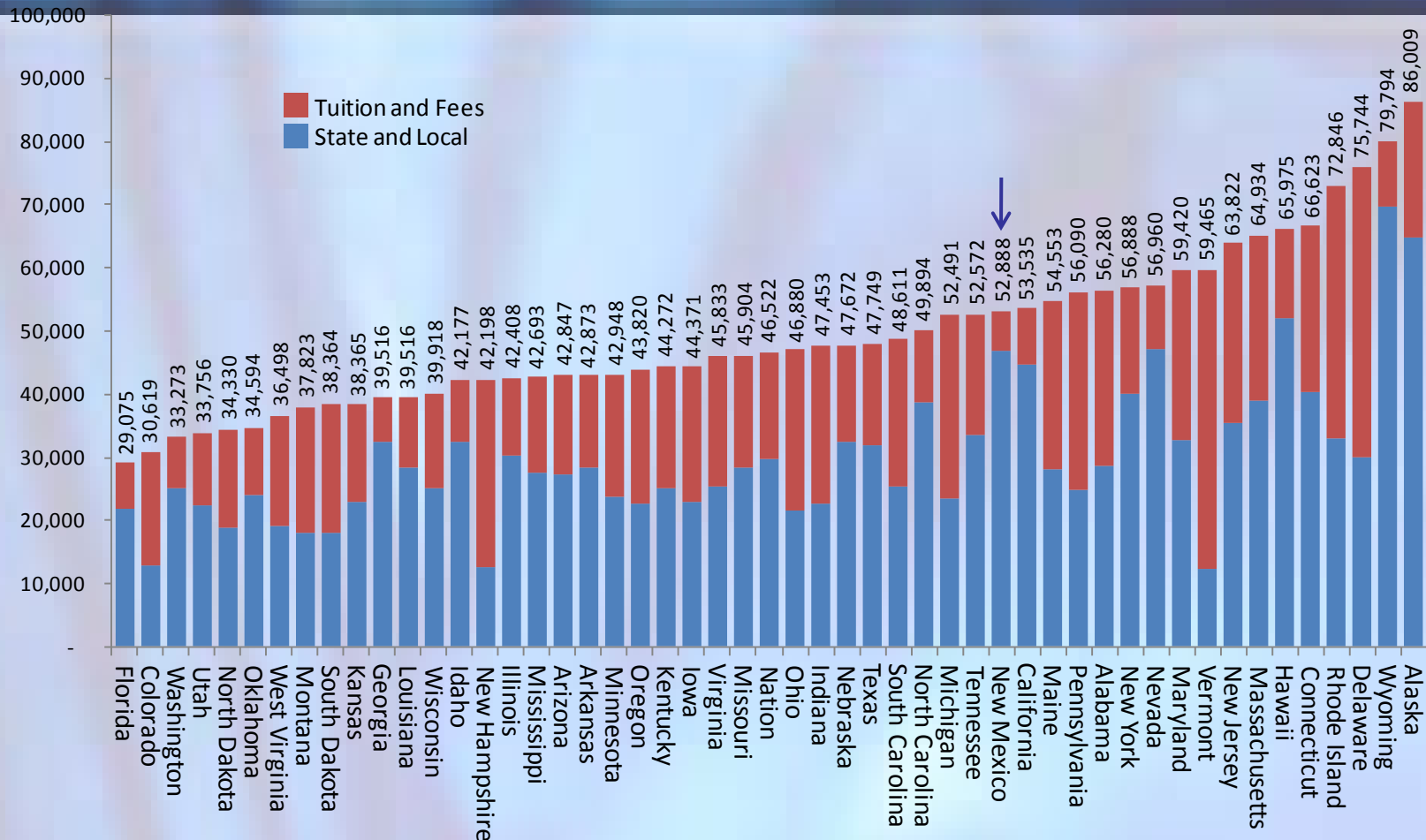
Funding per Degree - Total Funding (State & Local, Tuition & Fee Revenues) per Credential/Degree Awarded (Public Two-Year)



Source: NCES, IPEDS Completions and Finance Surveys (2007-08)

Productivity: Total Funding per Degree/Certificate

(Weighted*, 2006-2007)



Sources: SHEEO State Higher Education Finance Survey 2008; NCES, IPEDS Completions Survey; U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)

*Adjusted for value of degrees in the state employment market (median earnings by degree type and level)

The White Caps on the Third Wave

- Prospects look bleak for much more from the State
- New Normal suggests a very different future than past.
- Triage often sacrifices the most vulnerable

The New Mexico story – *Three Huge Converging Waves*

- Demographics present a challenge, all else being equal
- The finances are perilous
- You are already starting from behind
- And simply catching up won't be good enough
 - Nationally; others aren't waiting for you
 - Internationally; others are aggressively

Using Finance Policy As A Way to Respond – *Two Real Opportunities*

Opportunity One: *Integrate your three disparate state finance policies*

Opportunity Two: *Pay for What You Want – Performance Funding*

Opportunity One: *Integrate your three disparate state finance policies*

- Appropriations
 - Maxed Out In Dollars
 - But not in effectiveness
- Tuition
 - Reasonable room for increase
- Financial Aid
 - Need based makes the difference/Necessary if Tuition Becomes A Tool
 - Can be tailored for both Access & Success

Opportunity Two: *Pay for What You Want – Performance Funding*

- Pay for Success
 - Completion of Courses
 - Completion of Course of Studies
- Pay to Reduce Equity Gaps
 - Defensible on equity grounds alone
 - Defensible on economic development grounds
 - Defensible on cost of production grounds
- Pay for Economy you desire; rather than one you have
 - Reward Both Demand & Supply
 - Pay more for desired fields of study
 - Work with Industry to pave way to N.M. employment of graduates

The New Mexico Story –

Perfect Storm

The New Mexico Story –

*Perfect Storm, or
Perfect Opportunity*

Your Choice