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)


The Converging Waves

Wave One: New Mexico’s Economic Competitiveness

Wave Two: Who We Are – Can New Mexico Be Competitive

Wave Three: What New Mexico 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

Source: U.S. Census Bureau, 2005 ACS, Prepared by NCHEMS
The Relationship Between Educational Attainment, Personal Income, and the State New Economy Index (2008)

Source: U.S. Census Bureau, 2008 American Community Survey; Bureau of Economic Analysis
Prepared by NCHEMS
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

- Less than High School: $0, $21,386
- High School: $25,000, $28,515
- Some College: $31,163, $31,570
- Associate: $36,662, $37,884
- Bachelor's: $40,736, $45,828
- Graduate or Professional Degree: $50,919, $61,103

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…

- Graduate from High School
- Directly Enter College
- Enroll in Second Year
- Graduate Within 150% of Program Time
- Are Age 25-44 with a Bachelor's Degree

Best Performing State
United States
New Mexico

Source: NCES CCD 2008; IPEDS 2008; 2008 IPEDS GRS
Race/Ethnic Representation at Each Stage of the Education Pipeline – New Mexico, 2009

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

National Average = 63%

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

<table>
<thead>
<tr>
<th>Education Level</th>
<th>2008 Jobs</th>
<th>2018 Jobs</th>
<th>Difference</th>
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</thead>
<tbody>
<tr>
<td>High School Dropouts</td>
<td>122,000</td>
<td>135,000</td>
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<tr>
<td>High School Graduates</td>
<td>268,000</td>
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<tr>
<td>Postsecondary</td>
<td>515,000</td>
<td>574,000</td>
<td>58,000</td>
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Source: Georgetown University Center on Education and the Workforce, Projections of Jobs and Education Requirements through 2018; June 2010
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
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

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; efia2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS 2008-09 Unduplicated Headcount Enrollment File; effy2009 Early Release Data File Downloaded 12-28-10. NCES, IPEDS Fall 2008 Enrollment File; ef2008a Fall Release Data File.
<table>
<thead>
<tr>
<th>State</th>
<th>Revenues Per Student from Net Tuition, State, &amp; Local Appropriations (Public Masters and Baccalaureate)</th>
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<tr>
<td>Delaware</td>
<td>$19,440</td>
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<td>Hawaii</td>
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<td>New Jersey</td>
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<tr>
<td>Montana</td>
<td>$8,023</td>
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<tr>
<td>Utah</td>
<td>$4,620</td>
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</tbody>
</table>

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

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)
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, or
Perfect Opportunity

Your Choice