Fitting New Mexico Higher Education To The State’s Current & Future Needs

New Mexico’s Perfect Storm or Perfect Opportunity
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)
- State Higher Education Executive Officers (SHEEO), SHEF Report, March 2011.
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)
Median Earnings of Population Age 25-64 by Level of Education, 2008

<table>
<thead>
<tr>
<th>Education Level</th>
<th>New Mexico</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than High School</td>
<td>21,386</td>
<td>23,423</td>
</tr>
<tr>
<td>High School</td>
<td>28,515</td>
<td>31,163</td>
</tr>
<tr>
<td>Some College</td>
<td>31,570</td>
<td>36,662</td>
</tr>
<tr>
<td>Associate</td>
<td>37,884</td>
<td>40,736</td>
</tr>
<tr>
<td>Bachelor's</td>
<td>45,828</td>
<td>50,919</td>
</tr>
<tr>
<td>Graduate or Professional Degree</td>
<td>61,103</td>
<td>69,250</td>
</tr>
</tbody>
</table>

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

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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*
Of 100 9th Graders, How Many…

- Graduate from High School: 86.0%
- Directly Enter College: 69.5%
- Enroll in Second Year: 44.0%
- Graduate Within 150% of Program Time: 29.8%
- Are Age 25-44 with a Bachelor’s Degree: 44.1%

**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>
</tr>
</thead>
<tbody>
<tr>
<td>High School Dropouts</td>
<td>122,000</td>
<td>135,000</td>
<td>13,000</td>
</tr>
<tr>
<td>High School Graduates</td>
<td>268,000</td>
<td>297,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Postsecondary</td>
<td>515,000</td>
<td>574,000</td>
<td>58,000</td>
</tr>
</tbody>
</table>

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

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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

Connecticut $34,585
Alaska $34,570
Pennsylvania $34,472
Hawaii $34,450
Wyoming $34,435
New York $34,417
New Jersey $34,399
Minnesota $34,381
Vermont $34,363
Kentucky $34,345
Maryland $34,327
Iowa $34,309
Washington $34,291
Massachusetts $34,274
Delaware $34,256
North Carolina $34,238
California $34,220
Indiana $34,202
Ohio $34,184
New Mexico $34,166
Arkansas $34,148
Missouri $34,130
Utah $34,112
Arizona $34,094
Michigan $34,076
Indiana $34,058
North Dakota $34,040
Louisiana $34,022
Texas $34,004
West Virginia $33,986
Florida $33,968
Montana $33,950
Oregon $33,932
South Dakota $33,914
Nevada $33,896
Tennessee $33,878
Virginia $33,860
Colorado $33,842

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; 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 Final Release Data File.
Revenues Per Student from Net Tuition, State, & Local Appropriations Public 2-Year

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 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 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 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