



Embracing Diversity to Build a Better Future: Minority Serving Institutions in New Mexico

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New Mexico is one of the most diverse and culturally rich states in the country. It is home to 23 contemporary Native American pueblos, tribes and nations, operating as sovereign nations within the state. Since statehood, it has been a majority-minority state, and home to a large Hispanic population. As one of the most linguistically diverse states in the country, New Mexico guarantees language rights for its citizens. In New Mexico you do not need to speak English to vote, serve on a jury or hold local office.

New Mexico also recognizes the importance of higher education and is often overlooked as a model for affordability and access. It was an early adopter of tuition-free college, continues to be one of the most affordable states in the country for higher education, and students carry one of the lowest average debt loads. New Mexico has also made great strides in graduating under-represented students, having higher degree attainment rates for Hispanic and African American residents than the national average. Most importantly, New Mexico's institutions enroll diverse students, and many employ a diverse faculty body.

New Mexico also has the opportunity to build on its cultural and linguistic assets and long-standing commitment to higher education by further embracing diversity, focusing public policies on reducing gaps in degree attainment rates, and targeting public resources to the students who need them most.

This report aims to orient readers to Minority Serving Institutions (MSIs) in New Mexico by giving a brief overview of all MSIs in the state and highlighting a select few to illustrate their variation. This report also provides an overview of the state policy landscape and identifies current statewide successes and challenges. Finally, this report provides recommendations to further build upon New Mexico's diversity and offers insight into how the state can emerge as a leader in providing equitable educational opportunities for all students.

RESEARCH TEAM

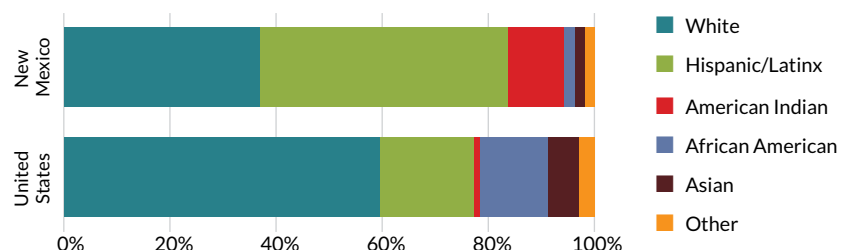
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NEW MEXICO'S POPULATION AND INCOME

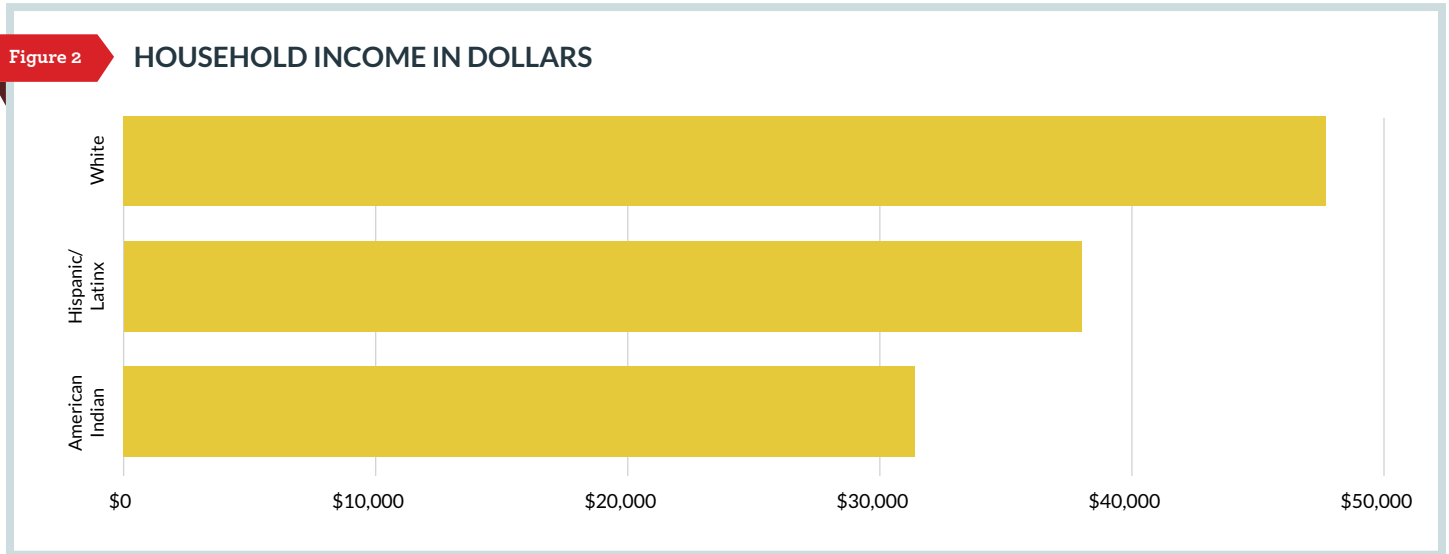
A basic understanding of New Mexico's population and economy demonstrates why it is critical to maintain access to college and continue to invest in higher education. New Mexico is a sparsely populated state of two million people, with vast rural areas and many geographically isolated communities. It is a majority-minority state with 48% of the population identifying as Hispanic or Latinx and 9% American Indian (U.S. Census Bureau, 2017), populations that historically have not been served well by higher education (see Figure 1).

Figure 1

RACE AND ETHNICITY IN NEW MEXICO AND THE U.S.



New Mexico is often considered one of the lowest income states in the country, with low social mobility and high income inequality. In 2017, the per capita personal income was \$39,811, ranked 48th in the nation (U.S. Dept of Commerce Bureau of Economic Analysis, 2018). New Mexico also has higher income inequality compared to other states, with the poorest 20% of households earning 15 times less than the richest 5% of households (Center on Budget and Policy Priorities, 2016). Income inequality has gotten worse over the years; since 1979, the top 1% of households in New Mexico received a 55 percent growth in income, while the average income for all other households fell by 9% (Center on Budget and Policy Priorities, 2016). There is also income inequality by race with non-Hispanic White households making a median household income of \$48,700 compared to \$38,000 among Hispanic households and \$31,400 among American Indian households, a full 35.5% less than Whites (U.S. Census Bureau, 2016). Twenty percent of the population lives in poverty, with 29% of children under 18 living in poverty (U.S. Census Bureau, 2016). Investing in education may be New Mexico's greatest opportunity for increasing economic social justice (see Figure 2).



NEW MEXICO'S MINORITY SERVING INSTITUTIONS

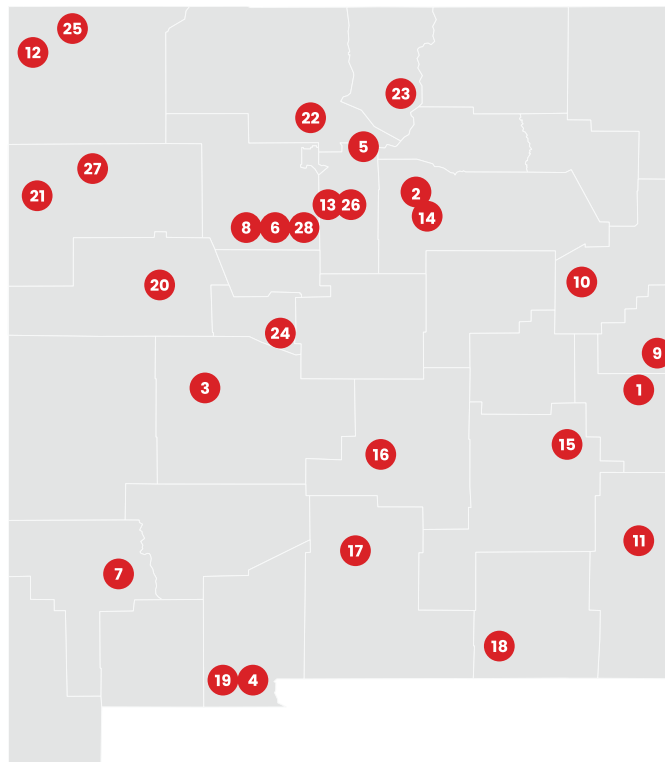
All of New Mexico's public institutions are Minority Serving Institutions (MSIs), and exemplify the broad array of missions and students that MSIs serve. From New Mexico Tech, a highly ranked engineering school serving a high percentage of Hispanic and low-income students, to the American Indian Art Institute, a tribal college focused on contemporary Native arts and culture, New Mexico's MSIs are diverse in scope and mission (See Table 1). There are three research universities in the state, each of which is federally designated as a Hispanic Serving Institution (HSI). The two larger research universities govern multiple branches that award two-year degrees, and these branches are designated HSIs or Native American Serving Non-Tribal Institutions (NASNTI). There are four comprehensive universities in the state, one of which oversees community college branches. There are seven independent community colleges and a variety of other specialized campuses, including four Tribal Colleges or Universities (TCU), for a total of 28 MSIs in the state. The map below illustrates the locations of all of New Mexico's MSIs (see Figure 3).

Table 1

LIST OF MINORITY SERVING INSTITUTIONS IN NEW MEXICO

Institution	City	2yr/4yr	MSI Type
Central New Mexico Community College	Albuquerque	Pub 2yr	HSI
Clovis Community College	Clovis	Pub 2yr	HSI
Diné College	Shiprock	Pub 2yr	TCU
Eastern New Mexico University	Portales	Pub 4yr	HSI
Eastern New Mexico University	Roswell	Pub 2yr	HSI
Eastern New Mexico University	Ruidoso	Pub 2yr	HSI
Institute of American Indian Arts	Santa Fe	Pub 4yr	TCU
Luna Community College	Las Vegas	Pub 2yr	HSI
Mesalands Community College	Tucumcari	Pub 2yr	HSI
Navajo Technical University	Crownpoint	Pub 4yr	TCU
New Mexico Highlands University	Las Vegas	Pub 4yr	HSI
New Mexico Institute of Mining & Technology	Socorro	Pub 4yr	HSI
New Mexico Junior College	Hobbs	Pub 2yr	HSI
New Mexico State University	Alamogordo	Pub 2yr	HSI
New Mexico State University	Carlsbad	Pub 2yr	HSI
New Mexico State University	Las Cruces	Pub 2yr	HSI
New Mexico State University	Grants	Pub 2yr	HSI/NASNTI
New Mexico State University	Las Cruces	Pub 4yr	HSI
Northern New Mexico College	Espanola	Pub 4yr	HSI
San Juan College	Farmington	Pub 2yr	NASNTI
Santa Fe Community College	Santa Fe	Pub 2yr	HSI
Southwestern Indian Polytechnic Institute	Albuquerque	Pub 2yr	TCU
University of New Mexico	Los Alamos	Pub 2yr	HSI
University of New Mexico	Gallup	Pub 2yr	NASNTI
University of New Mexico	Albuquerque	Pub 4yr	HSI
University of New Mexico	Taos	Pub 2yr	HSI
University of New Mexico	Los Lunas	Pub 2yr	HSI
Western New Mexico University	Silver City	Pub 4yr	HSI

Figure 3 MSIs IN NEW MEXICO



FOUR YEAR PUBLIC COLLEGES & UNIVERSITIES

- 1 Eastern New Mexico University, Portales (1934)
- 2 New Mexico Highlands University, Las Vegas (1893)
- 3 New Mexico Institute of Mining and Technology, Socorro (1889)
- 4 New Mexico State University, Las Cruces (1888)
- 5 Northern New Mexico College, Española (1909)
- 6 University of New Mexico, Albuquerque (1889)
- 7 Western New Mexico University, Silver City (1893)

TWO-YEAR COMMUNITY COLLEGES

- 8 Central New Mexico Community College, Albuquerque (1965)
- 9 Clovis Community College, Clovis (1961)
- 10 Mesalands Community College, Tucumcari (1979)
- 11 New Mexico Junior College, Hobbs (1966)
- 12 San Juan College, Farmington (1956)
- 13 Santa Fe Community College, Santa Fe (1983)
- 14 Luna Community College, Las Vegas (1969)

TWO-YEAR BRANCH COMMUNITY COLLEGES

- 15 ENMU–Roswell (1958)
- 16 ENMU–Ruidoso (1958)
- 17 NMSU–Alamogordo (1959)
- 18 NMSU–Carlsbad (1950)
- 19 NMSU–Doña Ana (1973)
- 20 NMSU–Grants (1968)
- 21 UNM–Gallup (1968)
- 22 UNM–Los Alamos (1956)
- 23 UNM–Toas (1923)
- 24 UNM–Valencia (1978)

TRIBAL COLLEGES

- 25 Dine College, Shiprock (1968)
- 26 Institute of American Indian Arts, Santa Fe (1962)
- 27 Navajo Technical College, Crownpoint (1979)
- 28 Southwestern Indian Polytechnic Institute, Albuquerque (1971)

Source: New Mexico Higher Education Department, 2012

MSI PROFILES

Institute of American Indian Arts

Santa Fe, NM

4-year, public TCU

Institute of American Indian Arts (IAIA) is the premier educational institution for Native arts and cultures, and offers academic programs to both Native and non-Native populations. IAIA's mission is to "To empower creativity and leadership in Native Arts and cultures through higher education, life-long learning, and outreach." Founded on October 1, 1962, IAIA promotes tribal empowerment through education, economic self-sufficiency, and expression and enhancement of artistic and cultural traditions. Serving approximately 600 undergraduates, IAIA offers certificate and degree programs in visual and performing arts, creative writing, business administration and cultural studies. IAIA oversees the Museum of Contemporary Native Arts, the nation's leading exhibition facility for contemporary art by Indigenous artists. The Museum houses the National Collection of Contemporary Native American Art, a collection of 7,500 Native artworks in all media created in 1962 or later.

HIGHER EDUCATION GOVERNANCE AND POLITICAL ATMOSPHERE

New Mexico has a decentralized higher education governance structure, leading to a high level of institutional autonomy. The 31 higher education institutions are led by 21 governing and 10 advisory boards, and the New Mexico Higher Education Department (NMHED) housed in the executive branch as a cabinet agency. The seven state universities have constitutional autonomy, leading to an atmosphere of great institutional independence. However, university board of regents members are appointed by the Governor with consent of the Senate, so the board often promotes gubernatorial priorities. The New Mexico Council of University Presidents meets regularly and, in some cases, coordinates lobbying efforts and policy actions. Tuition is set by the individual governing boards, although there is an informal agreement that institutions will keep tuition low owing to a commitment to student access and the lack of need-based aid in the state. The NMHED allocates funds from the Lottery Scholarship and has approval power over new degree programs and construction projects. Two agencies are responsible for analyzing and overseeing the higher education formula and budget: the Department of Finance and Administration, which represents the executive branch agenda, and the Legislative Finance Committee, which represents the budget proposed by the legislature. Each year both entities present a recommendation to a joint committee of representatives from the House Appropriations Committee and the Senate Finance Committee, and this joint committee votes on which proposal will become part of the General Appropriation Act. The committee can also vote in a compromise between the two proposals.

New Mexico's gubernatorial priorities for higher education have shifted through time. Governor Richardson's (D) administration strongly prioritized expanding access, which increased the number of satellite campuses in the state, in turn expanding the cost the state was bearing for higher education. Governor Martinez's (R) goals focused on reducing the cost of higher education to the state and taxpayers and adopting outcomes-based funding. This shift in gubernatorial goals means that institutions have had to pivot from providing access to prioritizing completion. Governor Lujan Grisham (D) and Secretary O'Neill's agenda for higher education will focus on affordability, economic development, transfer student success, and non-traditional student performance (NMHED, 2019).

STUDENT ACCESS AND PERFORMANCE

New Mexico's degree attainment rates are slightly below the national average: 34.2% of adults over age 25 in the state hold an associate's degree or higher, compared to 38.8% nationwide (US Census Bureau, 2017). Similarly, 26.9% of New Mexicans 25 or over hold a bachelor's degree compared to the national average of 29.8% (US Census Bureau, 2017). Preparation may be the biggest barrier to raising higher education attainment in New Mexico, as only 85% of the population age 25 or older has a high school credential (US Census Bureau, 2017). This is likely the point where many low-income and underserved students withdraw from the education pipeline. Students who do graduate high school and transition to college are also often unprepared as remediation courses are widely utilized; 43% of New Mexico's recent public high school graduates take at least one developmental or remedial course (NMHED, 2018).

Providing access to higher education has been a longstanding public policy priority in the state. New Mexico has a higher-than-national average of college continuation rate for graduating high school students, at 72%; it is much higher than the national average of 62% (Mortenson, 2014). Access-related strengths of New Mexico's higher education institutions include proximity of institutions, inclusive admission standards, remediation efforts, and affordability (National College Access Network, 2012). However, owing to the low high school graduation rates, the chance a 9th grader would attend college by age 19 is lower than the national average at 41% rather than 44% (Mortenson, 2014).

MSI PROFILES

Central New Mexico Community College

Albuquerque, NM

2-year, public HSI

Central New Mexico Community College (CNM) leads the country in associate degrees and certificates awarded to Hispanic and Native American students. Serving approximately 24,000 undergraduates, CNM offers courses in over 90 fields of study. CNM has seen massive growth in the total number of completed degrees it awards, largely through the success of the [CNM Connect](#) services. CNM Connect offers students one-stop integrated services where they can access a host of supports including academic, career and life coaching, financial aid resources, and social services. CNM is also one of the most affordable community colleges in the country, with a 2019-20 academic year full-time tuition of \$672 per semester.

Access and attainment in New Mexico, varies by race and ethnicity, and more attention should be given to closing attainment gaps. Attainment gaps, which begin as gaps in the resources and opportunities available to students, have social justice and economic repercussions for states. New Mexico's attainment gaps are a mixed bag. Black residents have a higher degree attainment rate than their peers nationally, with 40.3% of Black New Mexican's holding some form of college degree compared to 30.8% of Black Americans (The Education Trust, 2019). And while New Mexico has one of the smallest gaps between Black and White residents in the country, there is still a gap of 10% (The Education Trust, 2019), indicating that New Mexico must do more to support African American students. Latinx residents also have a higher degree attainment rate than their peers nationally, with 23.2% of Latinx New Mexicans having some form of college degree, compared to 22% nationally (The Education Trust, 2019). However, the 27% gap between Latinx and White residents is alarming, and a clear signal that the state must target policies and resources to Latinx students. Most alarming is that American Indian populations in New Mexico have lower degree attainment than their peers nationally (Lumina, 2019), indicating a clear neglect.

FUNDING SOURCES FOR NEW MEXICO'S MSIs

MSIs in New Mexico are funded through a mix of state, local and federal appropriations, and are increasingly becoming tuition dependent. This increasing reliance on tuition, may threaten affordability. Further, the recession, state budget cuts, enrollment declines, and the shift to outcomes-based funding have dramatically changed the level of funds available to some MSIs in the state. The following section attempts to explain how MSIs in New Mexico are funded, how this funding is shifting, and what this means for students.

AFFORDABILITY AND STATE SUPPORT FOR HIGHER EDUCATION

New Mexico has done well in ensuring affordability for students when compared to other states. The Institute for Research on Higher Education (IRHE) ranks New Mexico as the fifth most affordable state in the country for higher education (2016). On average, students in New Mexico would pay 15% of their or their parent's income to cover the net price of attending a two-year institution, and 24% of their income to attend a public research university (IRHE, 2016). However, affordability varies by income quintile, with students in the lowest quintile paying 52% of their income to cover the net price of a four-year research university, while students in the highest income quintile pay only 7% of their income to attend a research university (IRHE, 2016). This difference is compounded by the low amount of need-based aid in New Mexico. The state awards \$123 per student in need-based aid, compared to the national average of \$474, and \$898 per student in other aid, compared to the national average of \$210 (IRHE, 2016)

New Mexico has been able to maintain affordability, in part, because it invests heavily in higher education compared to other states. In FY18, educational appropriations per FTE were \$10,816, higher than the national average of \$7,853 (SHEEO, 2019). While high, appropriations are 7.9% below their pre-recession levels, which in 2017 dollars, held constant, were \$11,740 in 2008 (SHEEO, 2019). New Mexico ranks the second highest state in the country in the percent of tax revenues and lottery profits it allocates to higher education at 12.7%, far higher than the national average of 5.8% (SHEEO, 2019).

MSI PROFILES

New Mexico Institute of Mining and Technology

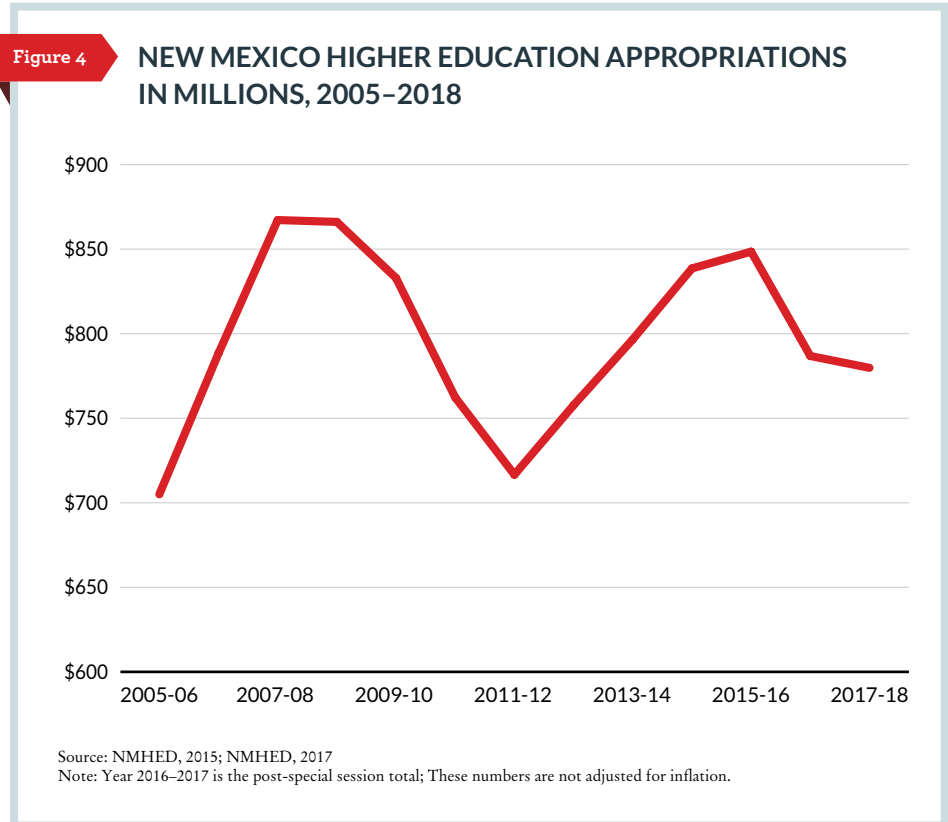
Socorro, NM

4-year, public HSI

New Mexico Institute of Mining and Technology (New Mexico Tech) is a selective science and engineering university with a strong commitment to enrolling Hispanic and low-income students. Consistently noted for its value, New Mexico Tech has received recognition for its high return on investment, and high rates of social mobility for its low-income graduates. New Mexico Tech serves approximately 2,000 undergraduate and graduate students, and recently received a five-year grant to increase the number of Hispanic teachers who specialize in science, technology, engineering and math (STEM) areas.

Since the recession, appropriations have fluctuated dramatically, with some cuts coming unexpectedly mid-year. States often use higher education as the balancing mechanism for state budgets, opting to keep funding stable for other public functions like K-12 education, corrections or public safety. Because higher education institutions have avenues to generate other revenue, namely through tuition, public higher education is often the first to feel cuts when state budgets decline. Like many states, New Mexico recently experienced extreme budget fluctuations over the last ten years, and even implemented mid-year cuts in FY17. The mid-year cut to higher education was a 5% reduction in funding, in addition to cuts that were made at the beginning of the year. This situation is compounded by recent enrollment declines. Between 2016 and 2018, FTE enrollment in New Mexico declined by 10.3% (SHEEO, 2019). Among the effects of this reduction in funding and enrollment, the state’s largest community college, Central New Mexico Community College (CNM), eliminated 100 positions (Root, 2016), and University of New Mexico’s (UNM) health science’s center eliminated 500 (Terrell, 2016). Other institutions reported losing professors, relying on more part-time and adjunct faculty members, and at community colleges, cutting student supports such as wraparound services (Hunter, 2017). The end result is that between FY16 and FY18, instruction and general (I&G) funding declined 8.2% (NMHED, 2017). Figure 4 shows the fluctuation in the total amount of appropriations awarded higher education in New Mexico.

State investment has paid off, with students carrying one of the lowest average debt loads in the country. Of New Mexican’s who graduated with bachelor’s degrees in 2017, the average student debt was \$21,237, the second lowest in the country, and far lower than the national average of \$28,650 (TICAS, 2018). However, affordability may be threatened by rising tuition. Tuition revenue grew dramatically during the recession; in 2008, public higher education net tuition revenue in New Mexico was \$2,560 per FTE and grew to \$3,862 per FTE in 2018, a 50.9% increase (SHEEO, 2019). Nationally, during the same time frame, net tuition revenue grew 38.6% (SHEEO, 2019).





OUTCOMES-BASED FUNDING

In 2011, New Mexico announced a shift to outcomes-based funding (OBF). The General Appropriations Act of 2011 required the NMHED to recommend a formula revision, given that New Mexico's previous funding formula had become too complex and "failed to provide effective direction or accountability" (NMHED, 2013). The previous formula components included "coursework (lower and upper division, graduate), building renewal and replacement costs, equipment renewal and replacement costs, library acquisition, instructional space, utilities, and institutional support" (LFC, 2014). Throughout the years, changes were made to the original formula, causing an evolution of "drifting away from the formula's original purpose" (LFC, 2014). The first outcomes-based funding formula took effect in FY13. Four output incentives were developed and agreed upon: increasing completed student credit hours; increasing the number of all degrees and certificates awarded; increasing STEHM (science, technology, engineering, health, and math) degrees and certificates; and graduating more Pell eligible or financially at-risk students (NMHED, 2011). New Mexico's OBF policy does not provide extra incentive for graduating under-represented students, as some other states do. For the first year of OBF implementation, the legislature approved budget increase so that outcomes awards the first year were new money (LFC, 2014). Since then the amount of funding at-risk for institutions has varied between 2% to 7%. Table 2 lists formula components of the old allocation formula, and the first three years of OBF.

While many higher education stakeholders across the state reported that shifting from the old formula to outcomes-based funding was the right decision, they also recognize there are challenges (Hunter, 2017). Many believe that OBF is disincentivizing institutions to work together and threatens the fiscal stability of small institutions who must compete for survival with large, well-resourced institutions (Hunter, 2017). Protecting small, rural campuses is critical, as these campuses serve as important access points for their communities but may not have the capacity to improve their outcomes in a way that will ensure their funding remains stable or grows. Some campuses in New Mexico are hours away from the next campus and closing those doors would leave local students without any higher education options. These campuses tend to enroll a very high percentage of Pell recipients, students who may not have the resources to complete their degrees easily.

Institutional leaders across the state have reported changes to institutional practice and policy in response to OBF, including reducing degree requirements to 60 or 120 credit units, automatically awarding certificates to students when they complete the necessary coursework, improving institutional data and data use, and simplifying tuition rates so it is less expensive to take 15 credit units than to take 13 or 14, among other changes (Hunter, 2017). However, a recent report on the funding formula found that although overall growth in credentials awarded has grown since the formula took effect, growth has been primarily in certificates and general education associates degrees, not in bachelor's degrees (LFC, 2018). Degrees awarded to low-income students and STEHM credentials have not increased more than the national average (LFC, 2018).



Table 2

INSTRUCTION AND GENERAL (L&G) FORMULA: PRE-OUTCOMES-BASED FUNDING (FY12 AND EARLIER) AND OUTCOMES-BASED FUNDING (FY13 +)

FORMULA COMPONENT	FY 12 & PRIOR	FY 13	FY 14	FY 15
Formula Inputs				
Enrolled Student Credit Hours	✓			
Student Services	✓			
Utilities	✓			
Plant Operations and Maintenance	✓			
I&G Transfers				
3% Scholarship	✓			
Building Replacement and Renewal	✓			
Equipment Replacement and Renewal	✓			
Percent of I&G Devoted to OBF		5%	7%	7%
Base Year Adjustment		(new money)	3.5%	4%
Outcomes Funding				
Completed Student Credit Hours		✓	✓	✓
Total Awards		✓	✓	✓
STEHM Awards		✓	✓	✓
Pell-eligible awards		✓	✓	✓
Mission-specific Measures				
Dual Credit Hours				✓
30 Credit Hours				✓
60 Credit Hours				✓
Research Dollars				✓

Source: LFC, 2014

MSI PROFILES

San Juan College

Farmington, NM

2-year, public NASNTI

San Juan College (SJC) enrolls more Native American students than any other NASNTI. An open-access regional community college, SJC's mission is to "Educate and empower individuals to thrive in an ever-changing world." Offering associates degrees in Native Studies and Tribal Energy Management, SJC serves approximately 7,000 students, about one third of which are Native American.

MILL LEVIES AND COMMUNITY COLLEGE FUNDING

Local funding for community colleges complicates the picture of higher education finance in New Mexico. Community colleges must secure a mill levy to operate. Mill levies are property taxes determined when a public institution needs a total dollar amount. That total amount is divided by the entirety of assessed local property value as a way to distribute the tax. The first mill a community college secures is given to the state to cover administrative and operations fees, so for a community college to benefit from local funding, it must secure more than one mill from its local county. Community colleges in New Mexico tend to have one to three mills. Several two-year schools in New Mexico are not allocated adequate local support making them overly reliant on state funding, and more vulnerable to fluctuations (LFC, 2018).

The ability of community colleges to secure local mill levy is dependent on the willingness of local voters to raise taxes, and this willingness varies tremendously among counties, with some eagerly supporting their local community college, and others unwilling to raise taxes for education (Hunter, 2017). This variation in local willingness to fund community colleges through local property tax impacts the ability of community colleges to diversify their revenue in ways that make them less dependent on shrinking state funds. Political ideology often drives mill levy approval, with Republican counties less likely to support their community colleges (Hunter, 2017)

TRIBAL COLLEGE FUNDING

TCUs in New Mexico are not funded by state appropriations, are not included in the outcomes-based funding formula, and do not receive mill levies. New Mexico's four TCUs are primarily federally funded. Diné College and Navajo Technical University are funded through the Tribally Controlled College or University Assistance Act of 1978. Southwest Indian Polytechnic Institute, and the Institute of American Indian Arts are funded and operated directly by the Bureau of Indian Affairs. While resources vary across TCUs, they are generally considered underfunded. TCUs have never received the full federal funding amount authorized to them. Since 2011, Congress has authorized \$8,000 in funding per FTE for American Indian students attending TCUs, however, actual funding allocated is usually around \$6,000 per FTE. Further compounding the issue, TCUs do not receive federal funding for the non-Native students they serve. Because TCUs primarily serve low-income students, they generate less tuition revenue than most predominately White institutions.

FINANCIAL AID IN NEW MEXICO

New Mexico provides a generous amount of financial aid to students, but not always the students who need it most. The following section describes a few key financial aid programs the state offers, and explains which MSIs and students most benefit from them.

THE LOTTERY SCHOLARSHIP: AID FOR THE MIDDLE CLASS

In 1996, the state began devoting 100% of lottery profits to higher education scholarships to make higher education tuition-free for all New Mexico residents who graduated high school or passed the high school equivalency (GED) exam—regardless of performance, test scores, or immigration status. Unfortunately, lottery revenue can no longer fulfill the demand for higher education, and the scholarship has eroded to cover only a percentage of tuition beginning the second semester of college for first-time, full-time students. To date, more than 100,000 New Mexicans have received the scholarship. The scholarship may be used at all state-funded public colleges, junior colleges, and universities in New Mexico. Previously the scholarship could not be used at TCUs, but recent legislation has included them, so incoming TCU students will be eligible in academic year 2019-20.

MSI PROFILES

Southwestern Indian Polytechnic Institute

Albuquerque, NM
2-year, public TCU

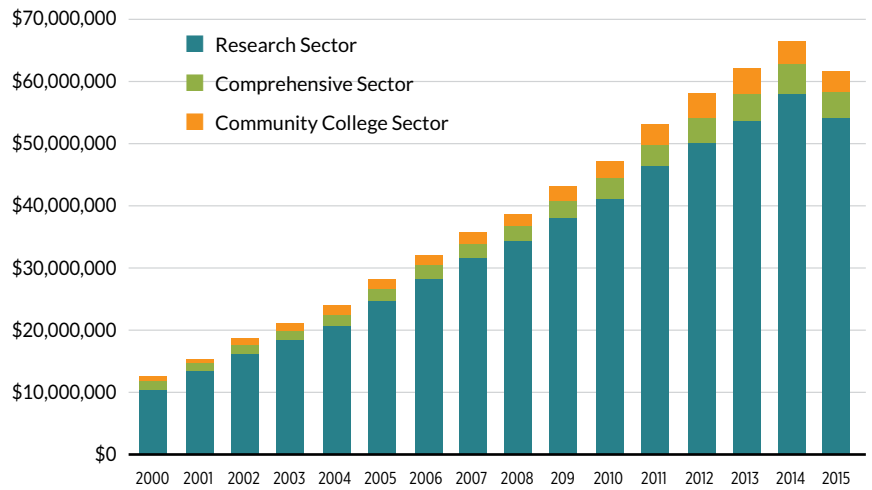
Southwestern Indian Polytechnic Institute (SIPI) is a federally operated community college serving American Indian students representing more than 120 different tribes. Founded in 1971, SIPI is devoted to developing post-secondary training programs that are specific to the needs of tribal industry. SIPI is governed by a Board of Regents whose members represent tribes and pueblos from across the country. SIPI serves approximately 360 undergraduates majoring in a variety of fields from business to natural resources and conservation.

The Lottery Scholarship has faced criticism for being a merit-based scholarship that awards money to middle-class students that could enroll and complete college without state funding. The Lottery Scholarship also favors students at research universities, sending very few dollars to community colleges. In 2015, of the \$61.6 million awarded to students, \$54 million went to students at research universities. The majority of lottery aid flows to the research institutions because they have higher tuition and a much higher percentage of their students are eligible for the scholarship. Figure 5 shows the majority of Lottery Scholarship dollars have been awarded to research universities since 2000, compared to comprehensive institutions and community colleges. Across the sectors, 41% of students at research institutions receive the scholarship, 15% of students at comprehensive institutions, and 5% of students at community colleges (NMHED, 2015).

Beyond the Lottery Scholarship, New Mexico offers a host of additional financial aid supports. The following are a few examples of model programs that focus on low-income and underrepresented minority students:

- **Bridge Scholarship:** The 3% (Bridge) Scholarship covers tuition and fees for New Mexico residents during the first semester of enrollment. The first semester of attendance is not covered by the New Mexico Legislative Lottery Scholarship, so this scholarship helps to fill the gap until Lottery funding is activated.
- **Student Incentive Grant Program:** This is New Mexico's primary need-based scholarship. The scholarship may be used at any public community college, university or TCU. The participating institution defines financial need.
- **Graduate Scholarship:** This scholarship was created to increase graduate enrollment of students from groups underrepresented in master's degree programs and awards up to \$7,200 per year.

Figure 5 LEGISLATIVE LOTTERY SCHOLARSHIPS DISTRIBUTION 2000-2015



Source: NMHED 2015 Annual Report

STATEWIDE CHALLENGES TO BETTER SERVING MINORITY STUDENTS

- The Lottery Scholarship is a missed opportunity to increase attainment among low-income and underrepresented students
- Tuition is increasing rapidly, but not thoughtfully
- Resources are unpredictable and are not targeted to need
- Unreliable resources are threatening the student experience

STATEWIDE CHALLENGES TO BETTER SERVING MINORITY STUDENTS

New Mexico has much to be proud of in terms of maintaining affordability, closing achievement gaps, and financially supporting institutions, however there are also challenges in the state that pose barriers to serving underrepresented students and raising attainment rates. When considering the policy environment described above, the following challenges become apparent:

The Lottery Scholarship is a missed opportunity to increase attainment among low-income and underrepresented minority students

As a merit-based scholarship with no income guidelines, the Lottery Scholarship often funds students who are able to afford tuition and likely would attend and complete higher education without the scholarship. These funds could be more strategically used to incentivize students who would not otherwise attend college. Low-income American Indian students are among the least likely demographics to enroll in college, and New Mexico would do well to focus more financial aid on this population. Financial aid in New Mexico should be redesigned to reduce student resource and opportunity gaps.

Tuition is increasing rapidly, but not thoughtfully

Across the state tuition has risen at a dramatic rate, and the state lacks authority to guide tuition increases in a way that would make them predictable for students and families. Across the state, net tuition revenue per FTE was \$2,560 in 2008 and grew to \$3,862 in 2018, a 50.9% increase (SHEEO, 2019). Though tuition at these institutions is still far below the national average of \$6,788, it is important to recognize that students in New Mexico have fewer resources to devote to their education than students in other parts of the country. Although students may be able to bear these tuition increases now, there will be a limit to how much low-income students in the state can afford. Already, 30% of New Mexico families would have to pay 70% of their annual income to pay the average net price of college (IRHE, 2016). To date, it is hard to assess if these increases in tuition have limited access. Enrollment has dropped 17.3% in the last five years, indicating that access has been compromised (SHEEO, 2019).



Resources are unpredictable and are not targeted to need

Appropriation levels in New Mexico are declining, but owing to their higher-than-average level, some see this decline as appropriate or at least manageable. Although former governor Martinez expressed the desire to reduce the amount of state funds distributed to higher education when she took office in 2010, the state did not plan a slow and predictable decline that would have allowed institutions time to develop other revenue streams. Rather, appropriations have gone up and down large cuts coming unexpectedly and in the middle of the fiscal year.

Further, both state and local appropriations may not support the communities and students with the greatest need. Community college funding is below university funding even though community college students often need additional resources to complete. Political ideology, rather than need, drives mill levy funding (Hunter, 2017). The Lottery Scholarship award amount is unpredictable for students, and often flows to the most resourced students and institutions. In many ways higher education policy in New Mexico is regressive, driving tax-payer dollars to the students and institutions who need it the least.

Unreliable resources are threatening the student experience

Both students and institutions must have adequate and predictable resources to maintain a healthy educational environment (Jones & Ewell, 1993). Unreliable or inadequate resources is often considered the largest barrier to degree completion for low-income and underrepresented students. Students in New Mexico, on average, have a lower household income than students in other states, are reported to be unaware of Lottery Scholarship eligibility (Hunter, 2017), and feel the burden of rising tuition. Institutions are responding to unstable appropriations and declining enrollment by forcing hiring freezes, eliminating programs with low return on investment, and relying more heavily on philanthropy and private grants (Hunter, 2017). To ensure an institutional culture that promotes good educational practice, the institution must be supplied with an adequate resource base that can be used for purposes that support good educational practices, and students must have adequate resources to be in a position to take advantage of these good educational practices (Jones & Ewell, 1993).





RECOMMENDATIONS

New Mexico works hard to provide quality higher education for students and has much to be proud of in that regard. However, there are actions the governor, NMHED, and legislators could take to help close attainment gaps, ensure affordability for low-income families, and guarantee institutions have the right mix and level of resources to best serve students. To improve efforts, we make the following recommendations.

Develop a strategic plan for higher education that puts students at the center and focuses on closing equity gaps. When public goals are in conflict, ambiguous, or unappealing, work towards them will be slow, and policy implementation will suffer. Policy reform efforts in New Mexico would benefit from guiding documents that clarify the state's goals for higher education and anchor these goals in New Mexico's longstanding commitment to diversity. Oregon may present a helpful example of a strategic planning and resource allocation process focused on providing more equitable resources for students. Oregon's strategic planning activities included:

- **Developing a statewide Equity Lens to guide decision-making around K-12 through postsecondary education funding.** This document articulates the shared goals the state is committed to create systemic change that will lead to an equitable education system. The Equity Lens recognizes that many students in Oregon's education system are not served well "because of the conscious and unconscious bias, stereotyping, and racism that is embedded within our current inequitable education system." The Equity Lens provides questions that must be considered before any education resource allocation is made, and a common vocabulary for policymakers to reference when discussing equity in education (State of Oregon Chief Education Office, 2016).
- **Commissioning a study that quantifies the economic losses from achievement gaps.** Although there is a strong ethical motive to provide equitable educational resources to all students, some politicians respond particularly well to economic arguments. To further support the moral argument for working towards greater equity in education, Oregon commissioned a study into what the economic cost of unequal educational outcomes are. The study found that if all of Oregon's students were educated at the same level as White students, the state would generate nearly \$2 billion additional in economic activity (ECONorthwest, 2015).
- **Created a strategic plan for higher education that is anchored in Oregon's Equity Lens.** Oregon's Higher Education Coordinating Commission developed a strategic plan that focuses on supporting underrepresented students, improving pathways, maintaining affordability, and maximizing community and economic impact. Their strategies are guided by a set of values and beliefs including a commitment "to improving the postsecondary success of students who have been historically underserved, including students of color, English language learners, economically disadvantaged students, LGBTQ students, and students with disabilities" (State of Oregon Higher Education Coordinating Commission, 2016).

Ensure that tuition rises at a predictable rate and is affordable for low-income families. In New Mexico, tuition has risen at a faster rate than any other state, and this rate should be curbed before higher education becomes unaffordable for more students. A planned approach to tuition increases, guided by the state, could ensure that tuition growth doesn't continue to outpace family ability to pay. New Mexico's state financial aid could be used to create a tiered approach to tuition based on family income. Other states may provide helpful examples. Maryland created a Tuition Stabilization Trust Account with the goal of ensuring that any increase in university in-state resident undergraduate tuition in any given year should be limited to a percent not to exceed the increase in the three-year rolling average median family income (Maryland Code, Education 15-106.6). The Trust Account is funded through a corporate tax.

Revise the outcomes-based funding policy to focus more heavily on improving outcomes for underrepresented and low-income students. While the state does offer an additional premium for completions of low-income students, it is not high enough to cover the additional cost of serving these students. Strengthening OBF's focus on closing achievement gaps may be accomplished by adding a premium on low-income student progression as they achieve milestones, or increasing the premium on low-income student completions. New Mexico should also consider adding premiums for the success of American Indian, Latinx, and African American students in order to incentivize institutions to devote more resources to these students. Oregon's Student Success and Completion Model may be a helpful example of an OBF policy focused heavily on closing equity gaps.

Change to the Lottery Scholarship to reflect best practices in financial aid design, including targeting dollars solely to students who would not otherwise attend or complete college. In some ways the Lottery Scholarship can be viewed as a "promise program" or an attempt to provide free college, at least at it was initially designed. A review of available research and theory by Perna (2016), suggests that, "to increase higher education attainment, promise programs should have the following characteristics:"

1. Recognize that college-going opportunities and resources vary based on the contexts in which an individual is embedded, including the place a student lives and the schools a student attends;
2. Promote early awareness of college and the availability of financial aid;
3. Target students who would not otherwise enroll in or complete college;
4. Provide a financial award that reduces the cost of attending particular types of colleges;
5. Engender confidence that the program will deliver the "promise;"
6. Encourage academic preparation and achievement; and
7. Assist students with navigating their way into and through the nation's educational systems. (Perna, 2016, p.4)

The Lottery Scholarship should have an income cap, even if the income cap is high enough to include middle-income families. High school students should be made aware of the eligibility requirements of the scholarship early on in their high school careers.

Increase attention to adult students, primarily adults with some college but no degree.

Policymakers should work to focus state policy on the parts of the educational pipeline where they are losing the most students. New Mexico has a high number of residents with some college but no degree; however, it has not committed to a statewide return-to-complete program or opened up the Lottery Scholarship to returning adults. Data suggests that focusing on this area of New Mexico's educational pipeline would greatly improve completion rates in the state.

Attempt to make reductions to state appropriations predictable. States must grapple with the reality that budgets fluctuate, often in unpredictable ways. However, some stakeholders in New Mexico would like to see the state reduce the overall level of appropriations to higher education to shift resources to other areas in the state, regardless of the overall state budget. If the state wishes to scale back appropriations, it could plan incremental multi-year declines, and offer support for community colleges who are unable to secure local appropriations.

Assist community colleges in garnering local buy-in and resources. Securing local resources, or the willingness of communities to contribute to local resources, is a challenge for many community colleges in New Mexico. Local resources are often approved or withheld because of political ideology or misconceptions that higher education does not have value, when these decisions should be based on community and student needs. In cases where community colleges serve an important regional need but are not financially supported by their communities, NMHED should step in with support to either provide additional funding or help make the argument that higher education serves an important economic and social purpose.

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