

# Formula Funding in New Mexico

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- Over the past two years New Mexico's Higher Education Funding Formula has changed from one based primarily on "inputs" to one based primarily on "outcomes"
- New Mexico has 7 public universities and 17 public community colleges that receive approximately \$560 million of state funding under the formula – developed by the New Mexico Higher Education Department

# Funding Matrix

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- Workload dollars were generated by a funding matrix – all course CIP codes map to one of three funding “tiers” (based on an historical cost study completed in the early 1990’s)

<b>Formula Cost Factors</b>			
<b><i>Tier</i></b>	<b><i>Lower</i></b>	<b><i>Upper</i></b>	<b><i>Graduate</i></b>
<b><i>1</i></b>	\$133.34	\$293.44	\$635.09
<b><i>2</i></b>	\$199.20	\$459.40	\$873.81
<b><i>3</i></b>	\$321.16	\$527.84	\$1,396.77

# Process

- It was seen as a multi-year effort
  - The first year started in 2011
  - The new formula was adopted in spring 2012
  - It became effective for the 2012-13 fiscal year.
  
- The first year saw the development of four new measures.
  - End-of-Course Student Credit Hours
  - Total Awards Granted
  - Workforce Development (STEM and Health)
  - Closing the Achievement Gap

# Total Awards (cont.)

- We came up with a 3x10 matrix of dollars per award.

Certificates			Assoc Degree	Bach Degree	Master Degree	Doctoral		Grad Cert	
<1 Year	1-2 Years	2-4 Years	2-03	3-05	4-07	Doctorate	1st Prof	Post Bach	Post MA
\$4,950	\$7,260	\$14,455	\$14,455	\$33,000	\$24,434	\$80,727	\$80,727	\$5,809	\$14,306
\$7,143	\$10,477	\$20,860	\$20,860	\$47,623	\$35,261	\$116,499	\$116,499	\$8,383	\$20,645
\$10,469	\$15,354	\$30,570	\$30,570	\$69,792	\$51,675	\$170,732	\$170,732	\$12,286	\$30,255

# Workforce Development

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- The new formula provides an incentive for awards that are consistent with the state's long-term workforce needs.
- This was done by identifying awards that were in a STEM (science, technology, engineering, or math) field, or in health, referred to as STEMH (the "H" is silent).
- The same 3x10 matrix was used.

# Closing the Achievement Gap

- The new formula rewards institutions that graduate at-risk students.
- These are defined as students who have financial need in the year they complete their degree or certificate – based on their having filed a FAFSA and having a total Expected Family Contribution (EFC) less than the cutoff for Pell Eligibility. In the first year that cutoff was \$4,617.

# Weighting the Measures

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- A weighting factor determines how much of the calculated dollar value to fund. These weights are recommended by the NMHED, but when the legislative process starts the weights are subject to the political process. In year one the weights adopted were NOT the ones recommended:
  - ▣ EOC SCH – 82.25% – generated \$15.5 million
  - ▣ Awards – 1.15% – generated \$6.1 million
  - ▣ Workforce – 2.15% – generated \$4.5 million
  - ▣ At Risk – 0.95% – generated \$1.9 million

# Results of Year One

- Significant increases in all four measures:
  - % Change of End-of-Course Credit Hours = 5.0%
  - % Change of Total Awards Granted = 13.4%
  - % Change of Workforce Incentive (STEMH) = 10.1%
  - % Change of At Risk Financial (Pell Eligible) = 19.9%
- Results varied by institution and sector, but only two institutions (both quite small) failed to have an overall increase in their outcomes.