



August 23, 2021

Define the Funding Formula

- The current funding formula
  - keeping funding formulas current and recognizing that state funding practices to behaviors and institutions are constantly evolving
  - recent survey that SHEEO conducted with finance officers most states responded that they had a funding formula review every 3-5 years
  
- Define benefits and challenges with the current funding formula
  - recommend financial equity audit
  - under the way the state is currently allocating dollars
  - by race ethnicity of the student's income locality of the institutions
  - directly impact the ability of higher recent survey that we conducted with finance officers most states responded that they had a funding formula
  - New Mexico is unique in the majority minority status
  - incredibly complicated determining the extent to which institutions should be funded by the state and comparing their present funding to other institutions
  - upper division courses cost more, research and graduate education is very expensive yet is critical to the state providing intensive services, adequate services to student minoritized and underserved, costs money
  - rural areas can be more expensive to serve yet critical from a values perspective and from a state goals perspective
  - the place to start is with the numbers and a careful assessment of how the dollars are flowing
  - outcomes-based funding since mid-2000s, seen a real resurgence of outcomes-based funding or what was previously referred to as performance-based funding, basically funding on a number of measures that we would consider perhaps outcomes measures that the state and the institutions consider important
  - potential benefits that the research has identified, provides a clear signal to the institutions and their leaders of what the state thinks is important
  - evidence of improved student support services however outcomes-based funding is something that brings with its inherent risks
  - identified adverse effects on low income minorities
  - increased institutional stratification within states
  - the biggest risk is potentially greater equity gaps by race ethnicity and by income
  - evidence that having what we call equity metrics that are adequately funded can offset these negative effects at least to a certain extent



- equity metrics would be something like a bonus for students of a particular race ethnicity that has been underserved so perhaps Native American students, Latino students, black students
  - be directed to low income students or date for first-generation students
  - would be a bonus or additional funding for the successful graduation of those students and the successful enrollment and graduation of those student's
  - equity audit can help better understand the current trends in regards to funding for the institutions that predominantly serve these students or serve them to a greater extent
- Discussion
    - Stephanie Rodriguez- for some context, what does prioritize mean?
    - David Tandberg- generally means students who have faced historic barriers and discrimination and therefore on the whole tend to be, and I would be speaking nationally not necessarily New Mexico, underrepresented in higher education but use the minoritize because it's less of a deficit approach to discussing things it's not the students fault it's the structure society's fault that they're underrepresented
    - Marc Saavedra-how do we know they've been discriminated against?
    - David Tandberg- I'm talking historically and nationally. I think the barriers that have been put up in front of the structural barriers that have been put up in front of black students are pretty well recorded in our history but I think if we think of the racism and even deliberate policy decisions have put up historic structural barriers, the same would go for Latino and Native American populations and so it's just an acknowledgement that those things are real and so that's why we use the term minoritized
    - Marc Saavedra- might want to be careful with that and then also on the free colleges is that supplied to community colleges or is that four-year schools
    - David Tandberg-these are current federal policy considerations and right now the Biden administration has proposed a free college/federal state partnership. It is focused primarily on what they're defining as community colleges so these are two-year colleges predominantly. However, there is a portion that makes HTC use, so these would be possible for them to participate, focused on the first two years of college
    - Stephanie Rodriguez-I know that that's been a topic that you and I have discussed but SHEEO, particularly President Anderson and I, have had conversations about how opportunity scholarship in New Mexico would be all encompassing and that is our goal and they do want to use that as an example to the Biden administration to eventually open that up to four year institutions however Biden administration has been very adamant on 2-year component but we're looking to use New Mexico as an example of someone that is more encompassing



- Marc Saavedra- what I'm trying to get at is we're putting a lot of money in New Mexico towards free tuition for community colleges to our opportunity scholarship and the lottery so I'm wondering if the federal funding for free college, is that changing the state funding for two year schools because I would think that the state funding should go down for two year schools and go up for four year schools, federal governments can put more money, I'm just wondering if you're seeing that nationally or that discussions taking place
- David Tandberg-there's so many discussions going on and the funding is critical and so as a component of this, the federal government is currently considering and we don't know where they land right in this legislation is evolving, is that they would do a comparison of a particular state, so let's say New Mexico, their tuition and fees, relative to the national average and then New Mexico would provide a certain amount, a certain percentage of funding and the federal government bring a certain percentage of funding, say 75%, 25% for New Mexico to bring it in line with the national average and essentially make it free right and we're very concerned because with that there's also a maintenance of effort provision so that's ensuring that the state continues a certain level of funding for both 2 year and four year and so it can get really costly to states, like really expensive and so what we're trying to work on with them is bringing the state's contribution to a reasonable level. Understanding that states must balance their budget, there are other priorities, they have other maintenance of effort requirements with other state programs and many states have taxing and spending limitations that are constitutional or in legislation and therefore states can only do so much and I won't go into a ton of on this because it's not the purpose of today's conversation but just that that's part of the context that you all may likely be facing in the future and so understanding the relationship between funding and affordability and perhaps a ramp up in funding over the next several years that may be required by participation in this vote program, may be something you want to consider the other is the college completion fund this is a much more clear cut win for higher education which would be right now the Biden administration is proposing \$62 billion for a state plans to implement evidence based student success strategies and so it would be an influx of money for you all to use to even better serve your students and so it's pretty exciting, it would help compliment a lot of the good work you all are already doing to help move students through college to graduation
- Marc Saavedra- back to the maintenance of effort, I think it's interesting because I don't think we considered that and you know in terms of the first round of the CARES act here in New Mexico or just in higher Ed but when you talk about maintenance and effort by the state does that include local funding or is that just state funding?



- David Tandberg- that's such an excellent question and that's something that we've brought up with them, focused on the federal state partnership, the issue with them that even in the state match, they were only considering state that have a local state split for institutional support in a really difficult position because the state would essentially have to fill the role of the state and the local government to bring it up to meet the match requirements which just would not be fair to states that have had a tradition of local funding so we pushed them on that. On the maintenance of effort right now it's also only considering state and we've raised that with them too, frankly there's a number of issues where the folks in DC just don't understand that diversity of approaches across the state. For example the number of instances where a local 4 year institution serves a local Community College mission in their area where they are open enrollment or nearly open enrollment, they offer certificates and associates degrees because it would be too costly to locate another Community College right next door to the four year institution that's actually quite common, likewise as the legislation is written right now it would exclude many technical colleges that don't offer associates degrees because the legislation is written towards 2 year colleges and yet there are many technical colleges that provide certificates so those are a few areas we try to provide some state real talk to the federal government
- Marc Saavedra- thank you David that was really helpful, appreciate that
- Harrison Rommel- could you maybe just touch briefly on how other states do a sort of equity audit in analyzing their student population
- David Tandberg- it's really a great question and it does get as you could imagine somewhat complicated, so maybe I'll hit on just a few high points and then we're happy to circle back and provide any documentation that we have. It's really, the state has to, generally when we talk about financial equity audits we talk about the flow of state money as it follows or hits students and so one of the big questions that it starts out with is, are the institutions that are serving targeted or prioritize students that would be defined by the state, getting adequate funding, so nationally, if we look nationally, the institutions that serve the majority of our black, Latino and Native American students, are underfunded per FTE relative to the institutions that tend to serve predominantly, white and upper income students for example, and so a financial equity audit within New Mexico, you'd have to start with the target populations, what are most concerned with and then it would be in assessment of state funding per FT, this would be one effort, there'd be other things you would have to do but one critical component would be state funding per FTE for the institutions that tend to serve greater percentages of those students. Again, it's somewhat different in New Mexico because of the demographics but there is variance there, you could also then complicate it with the level of program etc. the missions of the institutions, you have to be careful to consider



those things but generally, is state funding advancing the success of targeted populations of students or is it rewarding institutional privilege or what not

- Harrison Rommel- thank you
- Marc Saavedra- come back to the maintenance of effort, do they separate public schools and higher Ed when it comes to that
- David Tandberg- yes, where they focus and you know I'll say that in the some previous maintenance of efforts where what we would say we're pretty weak in that the ability to get a waiver was pretty easy and there are certainly those organizations mainly pushing pretty hard to make the one associated with the federal state partnership a much more robust one so harder to get out of and tying it to previous years funding that was higher so kind of skipping the recessions and going to the more robust periods of state funding and tying it to those and generally I would say that SHEEO tend to be supportive of maintenance of effort requirements cause we like funding for public higher Ed. We want to also thread that needle that we don't lose state participation by making it too rigorous and they don't want to state to opt out and benefit from the completion fund or the federal state partnership but at the same time we want something there that ensures adequate funding going forward so that's a bit of a tightrope to walk
- Marc Saavedra-the reason I do that and magic turn asking that question is that we have such a heavy, I mean in terms of funding New Mexico, almost 50% of our funding goes to public education and now we have the Martinez Yazzie case which adds additional funding to that so I just wouldn't want us to be at a disadvantage, whether it's two years or four years when it comes to that means of effort cause that would be at a disadvantage when it comes to our match and then it would put a lot of stress in the legislature as well so just wanted to put that
- David Tandberg- yeah so that's definitely a message we're carrying in Washington and I've had a decent reception among Senate house staff, the department and the White House and we'll keep pushing that

#### Discussion of the Funding Formula

- Discussion of current funding formula by each state entity and association
  - What is working?
  - What are some of the challenges?
  - Do you have solutions?
- Discussion
  - New Mexico Council of University Presidents
    - Joe Shepard- let's talk about the council of university presidents and for your sake that involves four comprehensive universities and three research



institutions and that creates a challenge but let me tell you what is working from my point of view, all three associations I think you'll find today have an eye on the totality of higher education but what you might not accept that's part of the funding formula in my mind it's critical to the funding formula because one of the things that we've recognized is we're not competitors against each other, we're collaborators with each other because we want to advance higher education in New Mexico so with that one of the things to discuss goes back to an original point that you made in your presentation earlier, I think is crucial to moving forward and that is what are the values of New Mexico when it comes to higher education, what are we trying to accomplish, and where do we see ourselves 5-10 years from now because this formula once implemented that's it's timeline. It's not going to be tomorrow that you're going to see the cause and effect and in my sector when you have comprehensive and when I say comprehensive, we have everything from adult education for example, my institution does adult education as does Northern, some programs with community college and then you have Eastern for example, which is a comprehensive university that offers masters degrees as does mine but they have a branch campus and so you have that thrown in, you'll hear from the branch campuses little bit later on, you have Highlands that doesn't have a branch campus but has other attributes, you have open access and so we have a diversity even amongst the seven, we haven't even gotten together 15 community colleges yet, so we had a retreat here recently at the college of university presidents at the CUP retreat and there's a couple of things that I want to share that speak to this difference. First of all I want to talk about research, oftentimes we as a collective body talk about workforce development and we think of workforce development and indeed it's important to get people out of the workforce and have the funding formula move us in that direction and we think about it in terms of certificates, we think of that in terms of credit but we have a lot of done credit activity at our community colleges, I'll let them speak to that, we think about it in different ways and if you're a research institution you're thinking about it in ways, primarily of quality graduate programs, think of your Florida State days, quality graduate programs and research that leads toward economic development, that leads toward innovation, that has a longer timeline of seeing the cause and effects than generating a bootcamp certificate in computer program and so we have to say, I think with the question of what do we want as a state needs to be broken down into the sectors, what should we be doing as a state in terms of research and enhancing that, how do we measure, that how do we move that forward in



terms of entrepreneurship patents in terms of all those measurements and how do we move that forward in terms of funding mechanism. For my colleagues here they're probably tired of me saying but some of my colleagues here have not heard me say this because they were not part of the presentation but David you remember about 12 years ago, I by the way came from a Florida university whose portable coast university, and 12 years ago University of Florida and then of course FSU, Florida State University went to the legislature and they said research has to be treated differently than the other universities in the Florida system and they made a deal with the legislature and ultimately as you'll recall University of Central Florida and University of South Florida join net research group and the legislature set aside some funds, specifically to move the prominence of FSU and UF and then ultimately the other two universities forward and they did it through their funding formula on that and it was separate and it was somewhat outside the formula. Meanwhile, I was down at a comprehensive and I jealously looked at all the money going toward those institutions. What happened was ten years later, a decade later, University of Florida moved into the top 50 which was one of their goals, top ten in terms of public universities, FSU moved into top and they're now at 56-58th well before they're in the top 100 somewhere in 130, now 56-58th so it had a dynamic effect on what happened and what happened was comprehensives, our institutions, our value also raised, we didn't see it happening at time but as the flagship institutions went we came along as well and our institution benefited from those funding formula decisions so as we look at this funding formula I think it would be wise for us to say you know in the various sectors, what are we trying to accomplish on the research side and how does that move the needle in terms of New Mexico, on the comprehensive section sector I've always felt comprehensive should be strong at the undergraduate so the research are strongly at the graduate with select undergraduate, comprehensives are strong at the undergraduate with select graduate, it's that combination of understanding and then of course, my several of our institutions mine included, do have that Community College mix to it in terms of enhanced in the workforce, in my case I've got in that district that does a lot of mining and so we deal with welding, we do those sorts of pieces, how do we capture that in the formula and then finally New Mexico is an impoverished state and what I mean by that is we're in the top five, our population in comparators is not Arizona, is not Colorado, is not Texas. We have a very poor state, a very large state at that, 67% of my students are first generation students that is not typically your ACT kind of student. They don't know what a FASFA means, is there financial aid



means or scholarship and so there's a lot more intensity from my institution to reach out and create that wrap around experience, create those advisors, a lot more labor intensive and I'd say my colleagues would probably equity some of the same and even at the research institutions it's not the same type of students you get at Florida State University or University of Michigan and University of Texas it's a more challenging students. Secondly we serve a large adult population over 50% of my students are above the age of 24 and I would submit to that many of my colleague institutions is the same, so at risk I think the formula needs to be differently defined, right now it's defined as Pell eligible but we need to capture other data, are you a first generation student because it's going to take more resources or are you a working adult, are you above the age of 24, that's going to take a different kind of resource, you're 32 year old you don't even understand what the Accuplacer is let alone the math that you're testing for was 15-20 years ago and so these pieces somehow need to be, if we want to change what's happening, need to be taken into account in terms of the funding formula. You asked for solutions I think that's a longer conversation in terms of the solutions and how they go but I do believe that how we measure things matter, both that we do measure things and we hold each other accountable but we measure matters, so if we measure for example retention rates, well that's first time in college freshman who are taking 12 credit hours or more, that's about 10-15% of my population, we just lost the other 85% and so I think it matters about persistency rates because if I'm a working mother or father or whatever I am, I might only take you know 3 credit hours, 6 create hours but 10-12-14 years from now I get a degree and I changed my family dynamics forever and I know that some of us have gone through that process so I think we do need to have a conversation about what are the measurements and how do we measure and what do they mean because they're not all the same for each institution. Give you another classic case, at our research institutions or their lottery dollars are what we call the lottery and that's for the merit based portion 75%, meanwhile my university is about 25% completely reversed in terms of the lottery dollars meanwhile the opportunity scholarship, which by the way I am big fan of because it's taking a look at that gap, it's taking a look at my other 75% and saying what can we do to make sure we make a difference there, how does that fit in and so this this funding formula in my mind really needs to focus on that first part of my conversation and that is per sector, what are the values, what is it that sector that's going to contribute because I can tell you this, high end jobs contribute to the economy, it just takes longer to get the education to those high end jobs but if we don't, if we only



focus on the workforce piece, as we define it and we don't understand the 4-8 years piece window out there, 8 to 10 years from now we'll be kicking ourselves for not doing that so that's my quick piece, Stephanie I know I took a little longer than I should have but I just wanted to lay that out there as a foundation now turn it over my colleague Marc Saavedra to make some comments

- Marc Saavedra-least try to establish what are the main goals for this right in terms of you know that we're not just doing this because it's something that we think needs to happen every so many years. I think you always need to review the formula but I'll just be really specific. Specific questions is you know in terms of what are the proposed changes to funding formula and if there's nothing going to happen in recent months or up to this next session that's fine and then you know major overarching goals and it doesn't matter, I think something we struggle on this and I think our secretaries did a really good job and I think I want to give credit to analyst who's on line Mark Valenzuela, is you know, can you maybe try to help us specially dictate major data set goals in other states, that help to change or improve or in terms of funding formulas because I think that's where we struggle with here, we're definitely trying to get in and the secretary put together a data set group led by Mark Chisholm but I think data is a big deal in terms of maybe helping us with other states are doing and then also we are faced here with the decreasing enrollment situation, it's a big issue right now, you're going to put together a meeting in September to talk about enrollment and transfers but my question is enrollment versus completion. We went from an old formula that really stressed on student enrollment and it supports the enrollment and then we change this new formula, we went into a completion focus formula of course there's other reasons why our enrollment has been going down but we also had you know the recession which really heightened enrollment and then of course after that we started seeing it decrease so it's something I think we just need to keep in mind is that and then of course legislation David and Dustin, is we've seen for example we've added a gap year to New Mexico, we've added requirements in the formula for 15 credit hours at a 4 year 12 that we think someone is stressed, is added stress, certain types of students and we do have, most of our institutions are a population of 24 years old and up in terms of single parents, working students and so at keeping those things in mind and in New Mexico, so those are some of the questions. I mean I think those are things that we just want to keep in mind and in terms of abstract
- Stephanie Rodriguez- so a couple things that I heard that I just want to capitalize on, so visiting the various sectors and what are we trying to accomplish at the



research side versus the comprehensive side versus the 2-year side and the branches and so on and so forth. I do agree that's something we've all put in our memos collectively that we need to re-evaluate, at risk needs to be differently defined and something that we need to consider is what types of data points do we need to start collecting in our IR shops and as an agency to figure out how do we develop at risk in our state but how do we collect the data to support that definition, so first generation college student, things like that so I agree with that point as well and then something I want to touch on is we always talk about workforce but we don't understand that there are multiple factors that contribute to our overall economy and research is part of one of those things so thank you for bringing that up and using the Florida example President Shepherd and then Mark your question was, what are some major data set goals in other states for funding formulas so David I'll turn it over to you to answer that

- David Tandberg- the question of data is a key one right, we need the data to be able to answer these critical questions and one resource that SHEEO has is something we call the strong foundations project or survey and what we've done is gone through, all 50 states, their student level data systems, what data they collect and then what data we recommend they collect and we tie these to answering certain critical questions and so that's something I'll share with the secretary so that she can distribute it out but I mean some of the some of the questions are perhaps more easily answered, nothing is easy we all know that but you don't want your data to drive your definitions, you want to start with your definitions and so if you want to better define from the perspective of the state of New Mexico what an at risk student is you should start with that definition, how do we want it define it, then go to the data and if it means collecting new data hopefully you can do that, if it means collecting and pulling in data from sources outside of state data systems, for example the census and others or iPads, you do that, hopefully you have it in your state data systems but you definitely don't want to go to your data and say let that drive your values and your goals. Set your values and goals and then find the data you need to be able to answer the questions related to those that you need to answer and we can we can be as helpful as possible with that because there are, we can get a little creative if need be but I really want you to first decide what your values and goals are and then we can move into the data questions
- Marc Saavedra-that was really helpful, thank you David and thank you Madam Secretary



- Stephanie Rodriguez-Mark also just a reminder in our agenda we will establish principles and goals before we end the conversation today so we can structure our next meeting accordingly
- New Mexico Association of Community College
  - Shawn Powell- I echo Dr. Shepherd's ideas about advancing higher education and I think one of the things for community colleges and I'm preaching to the choir, is to meet student and community needs, we also have the local workforce development pieces, in terms of funding formula specific comments, I think one of the things we have to look at is the number and type of certificates and degrees that are being awarded and how those are being given out and the number of hours they take or the amount of time they take and what the outcome of those certificates are. I think also course enrollment versus completion is something to look at, I think establishing funding levels for different types of classes is important because there's different costs for different types of classes, for example a lecture class costs less than a lab class which costs less than a clinical class and we need to account for the differences in costs for those various types of classes, especially in the career technical education sides of the house. We need to understand also that students enroll in community colleges whether their branch campuses or independent colleges for many different reasons compared to the students that typically enrolled in traditional 4 year universities, many students don't enroll to complete a degree or certificate, many of them may enroll to complete a general education requirement or to complete a specific class. I think we also have to account for dual credit, we have to account for the possible discrimination that can occur in our current situation where the tuition is free for these students but the course fees are not and many of these students are first generation students, they come from Roswell, they come from low income families a lot of the time and we have difficulty having them pay course fees especially for those courses that have consumables or combustibles that they have to buy. When we talk about funding the colleges and universities we have to look at you know the increase in enrollment and the cost to offer those dual credit classes, for example in a welding class all students use a similar level of consumables, the welding rods to learn how to weld regardless of whether they are dual credit or traditional student. Also, I think another point about this funding formula and I strictly think that data reporting should be through the higher education department for all state agencies, right now what's happening and for the representatives just so you know, when a request comes for data, that goes out to all the colleges from various state agencies and the state agencies will have different requests and then that information can be used to make legislative decisions, from my perspective that can produce differences in what's being reported because all the data can be pulled from



the different IR departments across the state from the different colleges and universities depending on their own methodology and word data formats they're using. All the data is reported to HED, it would be best to have one IR department that we pay for at the state level to form those reports that are then used to make the high stakes legislative decisions and I know there has been worked to develop a common set of data definitions, again I just think it would be better to have one IR department that develops all the reports and if I say it agency wants it then they go to the higher education department

- Ty Trujillo-I'd like to pretty much echo with everyone saying. I've had the opportunity to be here through not only the last funding go around for the funding formula but the one before that as well and just a couple of quick notes as far as some of the things specifically that I think that we need to address and it's kind of what Dr. Shepherd was saying, where do we want to go as far as higher education and specifically where do we want to go for me with the branch community colleges, that community colleges sector general, specifically with this current funding formula we all can agree that the redistributions is broken. We really need to get away from, I think that the core of the funding formula that we currently have is working, I think that there's some components within it that we need to look at we need to address and hopefully you know I don't have the solutions right now but hopefully we can get there with all of us but obviously the redistribution when we're having NMSU grants competing for money against the University of New Mexico or Highlands, it wasn't making sense and so you know possible opportunities for us, that we've been discussing, having us talk about you know comparing ourselves to our prior year performance and those types of things and I think those are opportunities that that we need to look at. I think that for branch is one of our main missions since we're affiliated with universities is transfer. I think we need to have a real transfer measure within the funding formula that really looks at you know and I know that a lot of the other community colleges will agree with me on this with the independence is that transfer needs to be in there. I think that there needs to be a rule because New Mexico such a rural state, rule recognition of you know serving those specific communities and what's going on with in there maybe there's a rule slash and also workforce recognition something within their regarding workforce you know those are the types of things that I'm hoping that we can touch within this funding formula and like I said, I think we do have a core of the funding formula is good. I think that is a good starting point and I think with some work that we can, around the fringes as far as like I said the redistribution and transfer you know and I agree with Dr. Shepherd as far as some things in their recognition with research for universities and other types of things that we can really build on this thing and so you know that's why we're here that's why I'm here and I look forward to working with everyone



- Stephanie Rodriguez- you guys brought up the number and types of certificates and degrees that are coming out of the institution. I think that's been something that we all three collectively as associations have been talking about and I'm glad that it's on the table for us to discuss moving forward and how we do that. Another thing is establishing funding levels, so we do have our tier system, something that has been coming up time and time again from the Community College level is how do we accommodate for is this size of CTE courses and even at times those professors because what happens is you lose a lot of professors to the actual trade and they're not coming to your school to teach because they don't make as much right but I know that's a separate conversation for another day but I do agree we need to talk about CT in particular. Discrimination to, so this is something you brought up that I maybe need to dive into but it's dual credit so you right, you do waive tuition and then a part of that funding is delivered to the public education department in the form of \$1.5 million but it's dispersed to the districts who then have to use it to spend on materials and instruction, other instruction needs but not necessarily the fees associated with your institution so that's something I need to talk to the public education department about and the executive, is how do we adequately fund dual credit because an estimate out of our agency is it's 15 million but all you guys get between the 1.5 that goes to the districts and then what we give you in the ING, significantly lower and I recognize that and then the last thing I'll just touch on transfer, Ty, I'm glad you brought up transfer because you're right branches should be striving to transfer students if they're not complete with their career or their education path so we really do need to harness how branch campuses are working on transfer. I'm hoping our advisement transfer survey will be a component of that and I'm looking forward to the meeting next month that will have to really dive into these issues
- New Mexico Independent Community College
  - Becky Rowley- I think Kathy may have ideas about solutions which is great. First of all I just want to say that it's really nice to have a meeting like this where I can go third and agree with everything that my colleagues have said before me that that didn't always used to happen but I think all of the points that you know including the comments that Joe made about research are all really critical to making sure that the way that we go forward with our funding formula is really something that's workable and it really does take into consideration the larger picture of the role of higher education in economic development in New Mexico. The comments about dual credit, certificates all of those things are things that we have all worked on. One thing that I would mention with the tier one, tier two, and I know that we've talked about reevaluating those I don't know when those were last calibrated is a very long time ago I believe and what one of the things in addition to CTE that I think has always been a challenge, is nursing in that really



the community colleges often fund what's really the guts of a nursing program and we have challenges with paying faculty enough and our portion of that probably needs to be reexamined but the one thing that I have found over time to be a challenge with the formula and I don't know how to fix it, people like Kathy know how to fix it I think, is the way that so it was set up to essentially be performance based in the NMICC group and really in the Community College sector, we have such a variety of size in our institution so CNM is the largest college by enrollment in the state and then we also have the tiniest colleges to your schools in the state and so we're all really competing for the same money, the pie is divided between all of us and so what can happen and what happens pretty consistently as that there are a few smaller colleges who can actually improve some of their metrics and they will lose funding if the larger colleges that are in the sector gain more funding, so there's sort of a 0 sum game in that and I think some of that has to do with the way the bases are figured and things like that so it's a lot more complicated than I'm making it sound but it is an issue so there are a handful of colleges that will almost always lose on the funding formula the way that it's crafted and so we do things like hold them harmless or not run the redistribution, things like that and so as we go forward I think it's really important to take a look at the way that we are counting awards and the way that we are counting those increases so that if you do increase your performance you will at the very least not lose any money but that you would you know because I think people thought at the beginning that going forward that if you improve on your own metrics that you would gain money and so we've talked about possible solutions where instead of Grants competing with CNM, that we're all competing, we have our own metrics where Santa Fe Community College would look at its own history and its own performance metrics over the last several years and create meaningful benchmarks going forward, where we would try to improve relative to our own past performance instead of trying to look at other people that you know we will never be able to really realistically compete with so and I know those conversations are in the works so I will turn it over to Kathy and let her comment

- Kathy Ulibarri-I'll start with just something brief about what I see is working. At the time we developed our current funding formula, the outcomes based formula that is heavily weighted towards the production of awards, degrees and certificates, we had in mind the common statewide goal or value of raising educational attainment levels. There was a lot of debate at that time about whether we should look at improved graduation rates versus just improved number of awards, we opted for the number of awards as the potential for moving us towards an improved educational attainment rates statewide more quickly than increased graduation rates but of course there's been a whole set of unintended consequences that come with that decision. Nonetheless even though a relatively small portion of our state appropriation goes through the outcome space



portion of the formula, it has worked and as you cited in your presentation at the start of this it took relatively little to get institutions on board and moving with the goal of increasing the number of awards and we've seen them increase rather significantly since the formula was developed so that part was good. Like others have said, we do have our challenges, this whole redistribution of the base concept is counterproductive, it is very disheartening for an institution when they improve performance and yet they lose money because another institution has improved more and from what I've heard from my colleagues and the other associations as well as sobriety of state policy makers, I think we've got some good consensus there and that might be a short term issue to address relatively quickly if we could just you know eliminate that concept of redistribution, that then makes the question of you know what do you replace it with, how do you distribute the funds and I wouldn't say I have solutions but I have some ideas of things I'd like to look at it. Ty mentioned comparing performance to prior year's performance and absolutely I think we should be looking at that to see how an individual institution is gaining but I also I think we ought to take a look at the concept of setting some reasonable targets by sector, by institution mission and those targets could be institution specific, they could be sector specific, they could include some goals for the state overall and what I mean by that is let's look at them, not just in the way we set targets now for what we call the accountability in government act performance measures but really in the context of states that are similar to us even socio economically demographically, in the way that Dr. Shepherd described earlier. We should also be looking in the context of targets in the context of benchmarks that are national averages and perhaps we should set some aspirational targets as well or at least you know have in mind the context of what those benchmarks are because we don't do that now and I think sometimes if you haven't been in higher education for a long time to say you got a 26% graduation rate at the Community College sounds pretty horrible but in the context of a national average, it looks very different. We need to have some of those conversations, Becky raised the issue of the base matrix, the tiers going forward, definitely I think will want to take a look at that and the only thing I'll add at this point is that assuming we stick with a statewide goal or objective of increasing the educational attainment rates overall, I think a lot of the institutions would like to take a look at some strategies, like embedding in the formula ways to incentivize collaboration through things like reverse transfer. If a reverse transfer degree is awarded to a student could the funding be split or prorated between all of the institutions that have contributed to the success of that student as a means to build collaboration through the process

- Marc Saavedra- I just want to point out there's two other people that we could work with outside of this that were part of formula and of course we know Kathy's been with



us, Commission higher Ed and then of course ties longevity as well but both ends. When it comes to higher ed, probably the younger one when it comes to being part of this whole group, but we have also Max Baca, just some people you might want to tap into in terms of their history and their expertise but Ricardo is developed a discussion draft that he is shared with HED, a lot of the other associations that, what I'm hearing from Ty and Kathy specifically is you'll see probably in this discussion draft, I mean we're all pretty much on the same page, I think when it comes to what we want to do him in terms of these suggestions so that might also help and save some time by looking at that sharing with everybody. I also think Mark Valenzuela, out of all that I've worked with thing has really dived deep into this compared to a lot of other folks and so I think his input be very valuable. I just wanted to point out a few things I think to consider in terms of suggestions but the public ed funding formula in terms of how they fund, they fund on headcount, versus in terms of our courses so that's something we probably need to look at in terms of that, somewhat in this state how higher Ed is somewhat funded compared to public schools but what we're seeing is these kids are now coming to us and we have this at risk population that we're identifying in public schools and I'd like to be able to see if there's a way of data contract those kids once they come into our institutions. We think of mediation, we think of those kids on FASFA but there's so many other things right and we've all discussed that. I think the other thing that just consider is transfer you know we can get from the SHEEO folks, David and Dustin is you know their data out there that in terms of you know how other states are tracking transfer students right so that's the other thing, of course are our age group of students you know of course generations in terms are so different now that we're dealing with now with COVID, I think that something is keeping that in mind to what other states are doing or how we're tracking or terms of how institutions nationally are changing because of whether it's the changing generation because of COVID and I just want to stress again in terms of enrollment I don't want it to be a big driver of the funding formula because it changes here I mean, presented in terms of I think I read an article where they were going to do redistricting this year for the legislature and I think we saw the largest growth in the state or one of largest growth in the state was in the oil area which was in the southeast part of the state you see huge population growth there now what happens if the oil and change changes, what happens is that population growth standing in higher education when we see changes whether it's a pandemic where enrollment goes down, whether it's the Great Recession, we saw enrollment go up so kind of keeping those peaks and valleys in mind and I really appreciate Director Abbey because he gave a really good presentation at our retreat that showed these peaks and valleys and the legislature and along with the executives doing a tremendous job of keeping track that



- Joe Shepard- as I listened to the various comments, I think we are all on the same page. There's one additional piece, this goes back to David, your point about data and having your values before you go looking through your data but it also goes back to data collection, some of us are moving into the realm of no longer a semester driven data process, I know I now have students who are starting in October in our social work program, there's about 70 of them. I hope to someday have admissions entering every month, graduation every month, similar to some of the other colleges and universities across the country so data is no longer a census date or an end of term date and I just want to keep that in mind that as we look add how we collect things, that it might not be the traditional or the legacy way that we have done so in the past
- Stephanie Rodriguez- thank you President Shepherd, so real fast I just want to jump into NMICC and the comments that they had brought up, they did agree with the research component that was presented by CUP so thank you for that. They also echoed the CTE component because it is really expensive to deliver those types of courses. Something we notice in the independent community colleges is the variety of sizes so diverse compared to our two other associations because you have very small enrollment numbers such as at Mesalands and Luna Community College versus CNM so that was brought up and we do agree with that and that's why we're talking about equity in our formula right. Challenges, so redistribution of the base that was mentioned definitely something that we've brought up in our reporting as well in our memos that we would like to explore a little bit more as well. I do want to dive into some of the other comments that were made by my other colleagues so Mark you talked about looking at some of the work that Ricardo has done and presented to many of us. I want to remind folks we do have a technical group that is working on the side, so this is the policy oriented group and then we have a technical group that will put numbers into action to see if they actually work and you know I think it's a great opportunity for Ricardo, me and the technicians to sit down and how do we feel about potentially bringing that forward for a discussion at our next meeting as a baseline and then diving into some of the other goals and priorities that we saw, is there anybody who would be against that, who would agree with that, you guys can text me or email me if we don't want to say it in this group or put it in the side but we could potentially bring that up in our next conversation and start from there. I do see Ty
- Ty Trujillo- I just have a quick question so is that technical group currently meeting has it met yet
- Stephanie Rodriguez- it has not met yet we wanted to start this meeting first and the only members of that technical group are Mark and Harry right now so don't worry.
- Marc Saavedra- I think that's a good plan and I do appreciate that you're right there, there is a technical group. The formula, really the major changes to the formula were



really ground 12 and 13 and we did make some adjustments in 15 or 16 but there is analysis evaluation that SHEEO go might appreciate that was done I think in 2010 by Charles and Patel back then, that really did drive the changes to the formula Madam Secretary and people don't remember this evaluation and it was mainly focused on NMSU and CNM but it's something worth sharing because it did drive a lot, the evaluation, the outcomes evaluation, a lot of it's in this formula and then there's of course the Taoists, back in 17 or 19, it's also another of the formula and I think SHEEO might want to look at when it comes to data and information that could be helpful and the other thing to keep in mind is that, when it comes to the technical group is that there may be folks or even this group that were designated on it, we do have a whole lot of expertise that we're willing to share and provide. I think Ricardo is really good with the branches and the 4 years, we have Romero who was part of that formula process along with Kathy, so we're here in terms of if you need support

- Ty Trujillo-Mark, to bail on what you were saying, I really do think that we are, we're not, we're further down the road than we think we are but I think we all kind of realize how far down the road here cause we really do agree on, I had an opportunity to meet with Ricardo yesterday I think it was and talked to me about the CUP perspective on a lot of the funding formula and I've had multiple conversations with Kathy and Mark and I think we all agree on, kind of identify what needs to be done with this funding formula to fix it. I think we're kind of further down the road then we realize on, I think it's in my opinion, I think the technical committee, reason why I asked about the technical committees, I think they're going to probably play a pretty vital role in this because as you know we kind of kind of are seen at the 60,000 foot level what really is wrong here and let's have the technical committee dive into how we fix it, that's just my opinion
- Stephanie Rodriguez- they can put the numbers and determine if it works. Director Abbey I'd love to hear your comments on what's working, what's not working, the challenges and potential solutions and if you don't have solutions yet that is okay
- Director Abbey-I think we need to, when I think about the formula in a way I think less about the formula and more just about higher Ed funding issues. I think we need to do more to incentivize outcomes for disadvantaged students. I think we're following behind in completion in attendance and completion for them so that's really worrisome. We've talked a lot about services is that a formulation or is that a funding issue in some other way I don't know but I just feel, you know the Georgia State model, that's something we need to address. I think compensation is front and center in what higher ed needs, we fall behind, you know we rolled back the 4% in June of 2020, it rolled back for 21 and for 22 it's only 1 and half percent, and it looked great last fall but right now it doesn't look that great so you know, looking ahead that's a very important issue I think we need to deal with. I really want to, this again isn't the formula issue because we are swimming in



non-recurring revenue, we're going to hear more about this next week and I think non-recurring revenue really provides an opportunity to really provide gains for colleges and universities outside the formula and I haven't mind in particular endowments. Many institutions have a wide variety of initiatives they want to pursue and it's easier, seems to me it's easier for us to help them with incentivizing their fund raising activities so they can prioritize what they want to do rather than us send out a funding one size fits all so I really want to emphasize that as a funding opportunity for higher ed. President Shepherd talked to me about this too when I was at NMSU the last couple days and when I think of the hype, the capital outlay hearings many of the requests are really BR&R, building renewal and replacement and we fallen behind because funding has been laying institutions, probably skipped on maintaining facilities, you know they have a raft of issues from IT to the tunnels to the HVAC to the stucco of the roofs, it just strikes me those aren't things that really ought to be coming all the way from the institution up to Santa Fe, up to the board of finance after an appropriation and back down to the institution. I think we should look for ways to try to fund those in some equitable way and then let institution prioritize rather than deal with many of them do through the capital outlay process

- Mark Valenzuela-I appreciate the conversation. I think what's heart warming and the conversation is that we're looking at the right thing so what I've heard from SHEEO is everything that we've already talked about here in New Mexico and I think that all of us are focused on, so I think that might validate so thank you Madam Secretary thank you David
- Stephanie Rodriguez- from your comments Director Abbey, wrap around services how we fund that is a little disjointed I know Mark Valenzuela can attest to that. We do some in PSP's and then we do a majority of it in the ING and then how that's distributed to wrap around services, we know how that goes, another thing is you were kind enough to give me the presentation you gave to CUP earlier this week which also did have the Georgia State model which I am reviewing so thank you for that. Endowments I agree with you it's the easiest way to get money out the door and have institutions work to fundraise money to support that, so that's something that me and DFA are looking at. Now you guys have to excuse me, I am a new secretary, I am basing this off of just things that I'm learning here in there but capital. There is a portion or percentage of the ING that's supposed to be technically pulled out from ING for you all to save towards maintenance and things of that so I think that's something that we do need to address, is it working, are institutions pulling out that percentage, are they not, why not, do we need to change that percentage, do we need to fund it differently, I am throwing it out there. I know it's something that was brought up to me from some of the members of



the capital outlay committee and it's something I'm throwing out there, I'm new I'm learning I'm willing to hear from you all but that might have to be a side piece that we also addressed in this funding formula committee

- Debbie Romero-it's really a very eye opening you know the conversations that are going on I've been around long time. I've dealt with capital outlay and so you know, Director Abbey is much more familiar with the actual funding formula. The one thing I can tell you in dealing with all the institutions for 20 plus years is the fact that this is the first time that I've seen them come together and actually be on the same page you know I think LFC and DFA struggled for many years because we were getting hit from different perspectives on higher education and everybody wanted something different but I'm hopeful, I see there's opportunities for us to be able to get to where we need to be, you know you guys have made it easy for us because you have come together and you are you know on the same page with so many of these things so I'm hopeful and looking forward to what comes out of this cause I really do see some major opportunities which I had never seen in the past so thank you all for all your hard work thank you for the collaboration thank you for what you're doing and I'm really excited about this whole opportunity

#### Establish Guiding Principles and Goals

- Guiding principles:
  - Reflect the Executive and Legislative priorities for higher education
  - Reward student success while remaining focused on equity and attainability for New Mexicans
  - Encourage attainment in high-demand and high-reward disciplines
  - Use clearly defined, currently available data
  - Maintain clarity, simplicity, and stability
- Develop short-term and long-term goals
- Establish action items for each stakeholder to complete before the next meeting
- Determine the focus and tentative date for the next meeting
  
- Discussion
  - David Tandberg- clearly these next two portions of the agenda, the goals and priorities and then establishing action steps for a different participant, are items that generally would take much more time than 20 minutes. We could potentially devote an entire meeting to this but I think what may be a good strategy right now Madam Secretary and Dustin if you agree, if we kind of use this portion as a listening session to get individuals ideas in regards to what they see as one, two, or three critical priorities or goals and we



can all jot them down and return to them in later conversations to try to filter into a number of actionable goals and priorities for the funding formula, does that work for both of you?

- Stephanie Rodriguez-thank you yes it does and I will note David that we may have three to five and then we can slowly determine what the three will be in our next meeting but I just want to note that there's lots of ideas, there is lots of consensus but it's a hard conversation and we have to take it slow and steady in order to find some good outcomes for everyone so David I'm fine with that, are there folks that would like to touch on you know some of the things that we have built consensus on that are very clear
- Marc Saavedra-keeping it simple and you know data if we can make data readily available that be helpful. I think all have associations where we of course we have you know, we have the CUP, has seven presidents and chancellors and so keeping them in the loop I think keeping people informed also just makes it so much easier and then that's right really appreciated in terms of how you're approaching this along with the chair, not starting this not building a whole new formula right and then also not having to have something on overall done by the next legislative session so I really do appreciate on that approach and then I think it's also great to see DFA and the secretary involved with this sector. I think like I said whether it's the higher recommendation with the legislature, whether it's this formula but having DFA, HED, LFC on the same page makes a huge difference for all of us so I just wanted to make those my comments so thank you Madam Secretary
- Stephanie Rodriguez-I got a principle and that's keep information clear make or have clarity and simplicity when it comes to the formula and real clear data parameters that are being inputted
- Ty Trujillo- it kind of goes back to what I was saying earlier where as far as for this group and for this interim you know we're coming into September and kind of what are our expectations coming into this legislative session, what are we going to, I'm thinking that this group is kind of one of those like I was saying, kind of the high level identify what we need to do and then have some more discussions so we can ask some decisions that need to be made and then have the technical group go out and do it and put the numbers to it and all that so where are we or what does the group feel as far as where are we going to go for this you know going into this 30 day session and what are we going to accomplish right now compared to you know, I know this is going to be a long term kind of fix and kind of things that we need to get done but you know I'm just kind of looking at direction as far as where we you know realistically what do we need, we want to get done, what do we need to get done for this legislative session for this month



- Stephanie Rodriguez-I would love for LFC to chime in but it's been very clear to me from the chairwoman that we need to get the conversation going and it's been late and I apologize for that and I'll take full ownership but we need to see what's working, what's not working and what small adjustments can be made to make it the most ideal formula for the state. I don't, my understanding, it doesn't need to be ready and baked and cooked in the 30 day session but conversations in a report does need to be delivered to our legislative leaders and the executive at least preliminarily and then we can go ahead and really dive into it after the session but if I've misinterpreted that Director Abbey, Secretary Romero, please let me know and then I'd also like to hear what our associations think as well
- Ty Trujillo-if I can say you know given the fact that you know typically HED has to give a funding recommendation to DFA for higher Ed in November and we do get couple of months on things but I'm thinking given the short term identify, you know like for example, we all agree on no redistribution, that needs to go away maybe you know identify maybe that and then maybe one or two other short term things for this legislative session that HED can submit to DFA and then look at the long term goals and you know, we had the route 66 goals that were established back, you know those types of things that we can do long term
- Stephanie Rodriguez- establish short term goals that we can get done in the next couple of months and then have the long-term goals established that we start after this session and start talking about after this session
- Director Abbey-I guess 2 short term goals and I've mentioned at risk already you know, I'm not sure we can do better than using Pell to fund at risk but I just think it could be weighted higher so I would challenge the technical group to take that issue up if others in this policy group agree and second, Kathy talk about the importance of incentivizing collaboration and Mark Valenzuela reminds me I mean it kind of relates to incentivizing transfers from the two years to the four years and maybe sharing revenue, I don't know but we want more of that probably a decade ago Bill Taylor, who was at Highlands at that time as the Dean of the Business School, worked on a plan to within the existing formula, make degrees that were produced collaboratively worth more, in generating a share of the pie and I somehow think, that technical group could bring forward a solution on that in the short run I'd like to see that
- Stephanie Rodriguez-I did write those down and definitely something we can bring forward to the technical group
- Kathy Ulibarri-to Director Abbey's point on the at risk, I do think we have data available, readily available, on race and ethnicity of our students, so embedding something about underrepresented students into the technical group, could come up with something pretty quickly there too



- Stephanie Rodriguez-and then it's just a comment I want to make at risk is we also have to see what existing data points that we collect from our institutions and the agency to see if we can clearly define that and also have the data to back it up and so let's figure out that definition, probably first and we can do that in coordination with the associations and consult LFC and then we can start having the technical group evaluate what data is available now and if it's not available now, what do we need to collect to get to that definition.
- Marc Saavedra-I just want to emphasize the definitions are so critical right in terms of all this understanding in the playing field and so I really appreciate you pointing that out whether it's at risk, even collaboration what does that mean in terms of collaboration right so I think definitely making sure we all are on the same page on definitions so thank you for saying that
- Stephanie Rodriguez-I will definitely run some definitions around with one another on this. Some other things that I don't think we can get accomplished now but I do want to put it on folks' radar, I do think we need to have a conversation on dual credit. I've been doing a lot of education type conversations with the executive, I've been pulling a lot of data from my team to really understand it and what we need to fund it adequately and how we can also have institutions help with that though to a certain degree so that may be a long-term fix or a long-term goal that we put in the books. Another is we mentioned talking about research and I know that the two other associations not directly research institutions did say they support that conversation so maybe that's a long term goal as well as far as the transfer issue or collaboration which should encompass transfer, we're going to have to look at momentum points and how we use momentum points is that the way we want to move forward, are there other ways we can collect transfer data so that's something a conversation we need to have, Mark Chisholm is an expert and probably hitting his head going what are you saying secretary but he'll clarify everything that I'm saying right now with the accurate information. I think what I'm going to do, first of which is sending you the presentations and the data information that SHEEO graciously offered to share with the group as well. I will have that in your inbox by today or Monday and we will also work on a draft of the meeting agenda for next time so we can all overview and contribute to it. We also need to figure out what types of terms that we need to do definitions for and then the short term and long-term goals in a list that we can all contribute to and make sure that we agree on and we're on the same page, did I miss anything David, Dustin or anyone else.
- David Tandberg-I think you hit the high points for sure

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