Improving Student Success in New Mexico Postsecondary Education: A Framework for Reform

Presented by:
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Santa Fe, New Mexico
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Our assignment from NMCHE:

Examine the existing student aid structure in New Mexico and recommend changes that will improve access and equity.
We ended up doing something a bit different than asked: we looked at the broader question of how to improve the chances of New Mexico students to succeed.
How this examination of student financial aid differs from those conducted in many other states:

- Looks at issues along the entire educational pipeline, not just while students are enrolled.
- Aims to improve success defined broadly, rather than simply expanding access.
- Views this effort as part of a larger and longer one in which the three key elements of financing – funding, fees, and financial aid – are integrated into a coherent whole.
Three components to our examination

- The challenges to achieving greater student success in New Mexico
- The consequences of not acting at this time
- Developing principles for reform
I. Challenges to student success

- New Mexico’s story – a mixed bag
  - The good news
    - Strong on college participation of recent high school graduates
  - The other story
    - Terrible on graduation – both from high school and college
  - The net effect – nationally uncompetitive
The good news – sort of

*Measuring Up 2004*

- Participation of high school grads
  - NM = 56.8%
  - US = 56.1%
  - WICHE = 48%

- Participation of adults
  - NM = 5.4%
  - US = 5.4%
Tell tale signs of possible concern
- The depressed denominator
- Adult participation has dropped from 6.2% to 5.4% over last decade
Migration of first-time, first-year college students, 2000-2001

<table>
<thead>
<tr>
<th>State</th>
<th>Receiving</th>
<th>Sending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>California</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>Colorado</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Nevada</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Texas</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>Utah</td>
<td>25%</td>
<td>8%</td>
</tr>
</tbody>
</table>
2003 ACT Scores and Enrollment in New Mexico Public Institutions
In sum,
- A pretty good story
- Some reasons for concern
Measuring Up 2004 – down from a D-
Don’t Complete

High school completers as a portion of 9th graders 4 years earlier

Don’t Prepare

<table>
<thead>
<tr>
<th>Course</th>
<th>NM 2002</th>
<th>Top States 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>9th-12th grade upper level math</td>
<td>31%</td>
<td>57%</td>
</tr>
<tr>
<td>9th-12th grade upper level science</td>
<td>19%</td>
<td>39%</td>
</tr>
<tr>
<td>8th grade algebra</td>
<td>17%</td>
<td>30%</td>
</tr>
<tr>
<td>12th grade upper level math</td>
<td>36%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: Measuring Up 2002
In sum,
- OUCH
  - Not available to go
  - Not prepared to go
Which leads to performance
Measuring Up

Degree Production

Associate degrees – pretty good
- NM = 26.4%
- WICHE = 25.8%
- US = 21.8%

Baccalaureate degrees – pretty bad
- NM = 35.6%
- WICHE = 43.9%
- US = 47.7%
Of 100 9th graders, how many...

- Graduate from High School: Best Performing State = 84, U.S. Average = 67, New Mexico = 60
- Enter College: Best Performing State = 58, U.S. Average = 38, New Mexico = 36
- Enroll Sophomore Year: Best Performing State = 42, U.S. Average = 26, New Mexico = 22
- Graduate Within 150%: Best Performing State = 28, U.S. Average = 18, New Mexico = 11
- 25-44 with Bachelor's Degree: Best Performing State = 38.8, U.S. Average = 26.7, New Mexico = 21.2

Source: U.S. Census Bureau, Public Use Microdata Samples, 2000
Buy why? We try so hard.

- Comparatively strong public support

  Share of state budget to higher ed
  - Nm = 16.4%
  - WICHE = 12.4%
  - US = 10.9%

- Lottery scholarship
- Low tuition
The Feds have fallen back
The value of Pell has atrophied over time.

Maximum Pell Grant as a percentage of average tuition, fees, and on-campus room and board: 1973-74 to 2002-03

- Public two-year
- Public four-year
- Private not-for-profit four-year

Federal reliance has shifted from grants to loans.
The Feds have fallen back
New Mexico has fallen back in need-based aid
# Full-time, degree-seeking, in-state undergraduates

New Mexico public postsecondary institutions

<table>
<thead>
<tr>
<th>Year</th>
<th>No FAFSA</th>
<th>FAFSA Filed and Aid Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Aid</td>
<td>Aid Awarded</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>10,263</td>
<td>2,962</td>
</tr>
<tr>
<td>1997</td>
<td>9,345</td>
<td>3,578</td>
</tr>
<tr>
<td>1998</td>
<td>9,285</td>
<td>4,408</td>
</tr>
<tr>
<td>1999</td>
<td>8,326</td>
<td>6,955</td>
</tr>
<tr>
<td>2000</td>
<td>7,986</td>
<td>7,017</td>
</tr>
<tr>
<td>2001</td>
<td>8,199</td>
<td>6,687</td>
</tr>
<tr>
<td>2002</td>
<td>8,077</td>
<td>7,209</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Need is computed as the “Cost of Attendance” minus “Expected Family Contribution”, as computed from FAFSA data and Federal regulations. UnMet need is computed as “Need” minus Total Financial Aid awards, including loans, work study, grants, and scholarships. If Total Awards exceed Need, then UnMet Need is zero.

²The financial aid data for 2003-04 will not be available until September 2004.

Source: NMCHE DEAR Financial Aid and Enrollment Files.
The Feds have fallen back
New Mexico has fallen back in need-based aid
Lottery scholarships address well the performance incentive for students, but no policies provide similar incentives for institutions (the demand/supply equation)
II. The consequences of not acting

This Story Is A Simple One
- Serious economic problems
- Greater divide between economic and social haves and have-nots
- Reduced quality of life for many New Mexicans

Current Economy masks the imperative
Percent Employment in Professional, Education, Health, and Social Service Industries, 2000

Source: U.S. Census Bureau
New Mexico Per Capita Personal Income
as a Percentage of U.S. Average, 1960-2000

Source: U.S. Census Bureau, 2000
The consequences of not acting.

Percent of 18- to 24-Year-Olds with No High School Diploma

Source: U.S. Census Bureau
The consequences of not acting

Projected Employment Increases by Major Occupational Category – New Mexico, 2000-10

Source: New Mexico Department of Labor
The consequences of not acting...
The consequences of not acting

Student Pipeline

Of 100 9th Graders, How Many...

<table>
<thead>
<tr>
<th>Stage</th>
<th>Best Performing State</th>
<th>U.S. Average</th>
<th>New Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate from High School</td>
<td>84</td>
<td>60</td>
<td>67</td>
</tr>
<tr>
<td>Enter College</td>
<td>60</td>
<td>58</td>
<td>38</td>
</tr>
<tr>
<td>Enroll Sophomore Year</td>
<td>67</td>
<td>38</td>
<td>36</td>
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<td>38.8</td>
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</tr>
</tbody>
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Source: U.S. Census Bureau, Public Use Microdata Samples, 2000
The consequences of not acting
New Mexico’s Choice

To Compete By Increasing Performance on the educational production pipeline.

- Economic vitality
- Social Equity
- A High Standard of Living and Life Style

To Maintain the Status Quo

- Third World Economy and Social Structure
III. Principles for reform

- Improve preparation of students
- Provide a fully functioning safety net
- Ensure NM students remain fully eligible for federal student aid and tuition tax credits
- Provide incentives for institutions to increase retention, transfer, and graduation rates
- Give students a real choice between working and borrowing
- Adopt policies that increase both the demand for and supply of seats
Increase chances of success by improving the preparation of students.

- Nationwide there are growing numbers of under-prepared students entering a wide range of postsecondary programs.
- It will be difficult if not impossible to increase student success in NM w/o improving preparation of entering students.
- Improving preparation requires greater outreach, mentoring, K-16 partnerships, and rethinking the financing of remediation.
Provide a fully functioning safety net to cushion the effects of future increases in tuition and fees

- A BIG problem in most states: aid has not kept up with rapid tuition and fee increases
- Important to establish adequate aid programs in advance of big increases in tuition and fees
- An adequate safety net requires:
  - changing the mix of merit- and need-based aid
  - that student aid policies do not encourage institutions to increase prices or substitute forms of aid
  - that aid rises fast enough IN DOLLAR TERMS to more than keep up with tuition
Provide incentives for institutions to increase retention, transfer, and graduation rates

- Student aid programs typically are not well designed to address concerns about student performance
- Focus more on providing incentives to institutions to improve performance throughout the postsecondary process
  - Retention, especially first year
  - Transfer from two-year to four-year
  - Degree completion
Increase work-study and employment opportunities to give students a real choice between work and loans

- The concept of self help is supposed to include a balance between work and loans so that students can choose whether to work or borrow to pay.
- Over time loans have grown greatly while work opportunities have expanded much more slowly.
- The result is that most students are unable to choose to work.
Adopt policies that ensure NM students remain fully eligible for federal aid and tuition tax credits

- State student aid rules can sometimes penalize students in how much federal aid they are eligible to receive
  - e.g., federal tuition tax credits rules require that aid specifically for tuition be subtracted from credit
Utilize a mix of policies aimed at increasing both demand and supply of seats

- Most studies and research of higher education tend to focus on demand issues – the effects of reducing the price paid by students and families net of the aid they receive.
- This ignores the supply side effects, particularly whether there are enough seats to accommodate demand.
- Good public policy requires looking at both sides of the equation – ensuring enough seats as well as charging an affordable price.
Improving Student Success – Hard work, but worth the effort

- The Challenge Can’t Be Met With Current Policy & Practices
- Consequences of Not Changing – New Mexico Slips Further Behind
- Good Public Policy Requires Intentionality
- The Strategic Approach We Have Presented Would Pave The Way To Greater Student Success In New Mexico