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HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

NEW MEXICO



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NEW MEXICO

COLLEGE AFFORDABILITY RANKING

05

New Mexico has college affordability success stories. It's one of the few states where the percentage of a family's income needed to attend community college has fallen since 2008. And 99 percent of students are enrolled in relatively low-cost public institutions. But in a state where 29 percent of children live in poverty, a college degree remains out of reach for many.

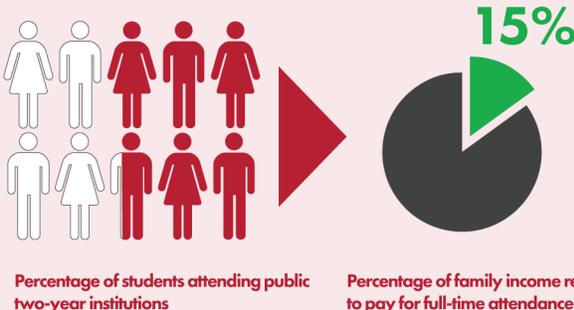
More than half of New Mexico students are enrolled in community colleges, which are among the most affordable in the nation. Still, students would have to work, on average, 21 hours a week to cover full-time attendance.

By 2020, 63 percent of New Mexico's jobs will require at least an associate's degree, nearly twice the percentage of residents who had such a credential in 2014. To close the gap, the state will have to focus on Hispanics and Native Americans. Only 23 percent and 20 percent, respectively, now have a postsecondary credential, compared to 50 percent of Whites.

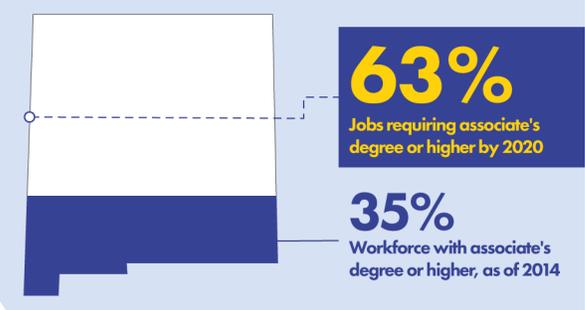
- ▶ The state contributes \$123 per student in state need-based financial aid to college students attending public institutions, which account for 99 percent of total enrollment. The national average is \$474.

- ▶ For families earning \$30,000 or less per year, 31 percent of family income would be required to attend the state's public two-year colleges full time. For families earning \$110,000 or more per year, only 5 percent of family income would be required to attend these institutions full time.
- ▶ For families earning \$30,000 or less per year, 52 percent of family income would be required to attend the state's public research institutions full time. For families earning \$110,000 or more per year, only 7 percent of family income would be required to attend these institutions full time.
- ▶ By 2020, 63 percent of jobs in New Mexico will require a postsecondary credential. As of 2014, only 33 percent of young adults (age 25–34) and 36 percent of working-age adults (age 35–64) had an associate's degree or higher.
- ▶ Higher educational attainment by race and ethnicity varies considerably. On average, 50 percent of Whites have an associate's degree or higher, compared to only 23 percent of Hispanics and 20 percent of Native Americans.
- ▶ In New Mexico, 29 percent of children live in poverty. This percentage has increased since 2005.

More New Mexico students attend **public two-year institutions** than any other kind of institution, with **57 percent enrolled**. Families would spend, on average, **15 percent of annual income** to pay for full-time attendance.



On average, **35 percent** of working-age New Mexico state residents (age 25-64) have an associate's degree or higher. By 2020, **63 percent of jobs will require an associate's degree or higher**.



WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (57 percent of enrollment) **	19	15	5
Public Four-Year Nondoctoral (9 percent of enrollment)	19	21	8
Public Research (33 percent of enrollment)	20	24	6
Private Four-Year Nondoctoral (1 percent of enrollment)	53	41	16
Private Research (NA percent of enrollment)	NA	NA	NA

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$16,423

Families in Group

30%

Income

\$30,000 —48,000

Average Income in Group

\$38,859

Families in Group

17%

Income

\$48,000—75,000

Average Income in Group

\$60,928

Families in Group

20%

Income

\$75,000—110,000

Average Income in Group

\$90,887

Families in Group

17%

Income

\$110,000 and above

Average Income in Group

\$177,515

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	5,034	31
\$30,000—48,000	5,876	15
\$48,000—75,000	7,754	13
\$75,000—110,000	9,319	10
\$110,000 and above	9,642	5

Students would have to work 21 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	7,567	46
\$30,000—48,000	8,488	22
\$48,000—75,000	9,973	16
\$75,000—110,000	12,801	14
\$110,000 and above	12,046	7

Students would have to work 24 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,521	52
\$30,000—48,000	9,788	25
\$48,000—75,000	11,925	20
\$75,000—110,000	12,946	14
\$110,000 and above	12,811	7

Students would have to work 30 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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STATE INCOME PROFILE

Income

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Average Income in Group

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Income

\$110,000 and above

Average Income in Group

\$177,515

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	11,524	70
\$30,000–48,000	18,574	48
\$48,000–75,000	22,773	37
\$75,000–110,000	27,261	30
\$110,000 and above	39,080	22

Students would have to work 52 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	152	167	123	474
Other Aid	452	747	898	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	597	0	0	644
Other Aid	994	12	0	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,261 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$2,486 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,188 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,352 annually.

Data Source: U.S. Department of Education.

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WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 63 percent of jobs in New Mexico will require a postsecondary credential.
- ▶ New Mexico is 38th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 33 percent of young adults in New Mexico (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 36 percent of working age adults in New Mexico (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 35 percent of working age New Mexico state residents (age 25-64) have an associate's or higher degree. However, attainment varies by race: 50 percent of Whites have an associate's or higher degree but the other two most populous racial groups (Hispanic and Native Americans) have attainment of only 23 percent and 20 percent respectively.

Educational Pipeline in New Mexico

- ▶ In 2020, New Mexico's public high school graduates are projected to be 55 percent Hispanic and 10 percent Native American.
- ▶ The total number of high school graduates at public institutions in New Mexico is projected to grow by only 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Hispanic in New Mexico is projected to grow by 2 percent and the percent of graduates that are White is projected to decline by 1 percent while the percent of graduates that are Native American is projected to remain constant over the same time period.
- ▶ The decline in White graduates is similar but less pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028) as is the growth in Hispanics in New Mexico (Hispanics are projected to increase by 2 percent of national high school graduates by 2028). The flat growth in Native American graduates is also similar to national patterns (the percentage of high school graduates that are Native Americans are projected to remain constant between 2020 and 2028).

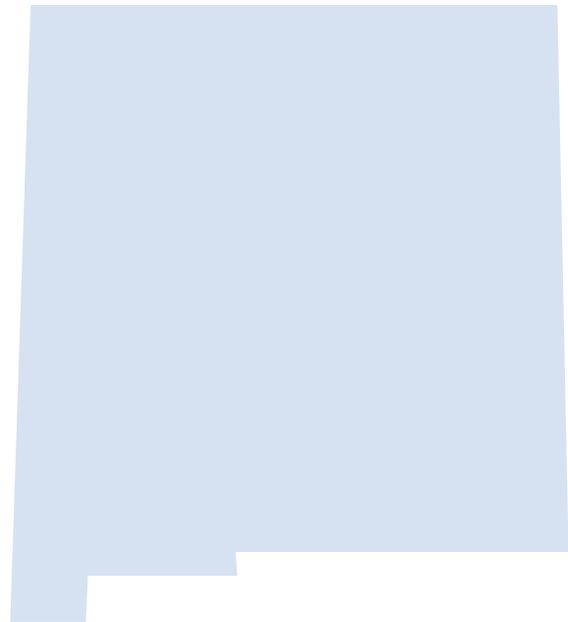
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Children in Poverty

- ▶ The percent of children living in poverty in New Mexico increased between 2005 and 2013, from 26 percent to 29 percent.
- ▶ In 2013 New Mexico was ranked 44th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In New Mexico, total student share of state and net tuition revenues per full time student was 18 percent in 1989, 9 percent in 2000, and 32 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were decreasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased rapidly.



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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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