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Higher Education Evaluation

Legislative Finance Committee of UNM Faculty Senate

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BACKGROUND

Higher education accounts for about 16 percent of all state spending. Since FY04, the Legislature has increased general fund spending on higher education nearly $214 million or approximately 33 percent, from approximately $639 million to $853 million in FY10 (pre-solvency). New Mexico’s per capita state spending on higher education ranks among the highest in the country. Higher education institutions must balance diverse and competing missions – teaching, research, and outreach. The project will evaluate institutional performance and how institutions are held accountable in allocating, using, and spending public resources to accomplish the goals of these varied missions.

New Mexico has three research universities, three comprehensive universities, and 23 branch campuses and community colleges. In New Mexico, state appropriations typically account for about 40 percent of higher education institutions total revenue. Given that higher education institutions are responsible for spending such a large portion of the state budget and are responsible for significant sums of other funding (local, state capital outlay and federal funding) the Legislative Finance Committee (LFC) is evaluating the operations of selected higher education institutions to identify best practices and ensure efficient and effective use of public resources.

EVALUATION OBJECTIVES

Higher education is critical to the success of New Mexico’s workforce and overall quality of life in New Mexico. The project will focus on the efficiency of, effectiveness of, and satisfaction with institutional operations with a heavy emphasis on resource allocation, including human resources, and especially faculty and professional staff. Special attention will be placed on incentives/disincentives for achievement of institutional goals and cost-effective operations in the way the state funds higher education, including the funding formula, special appropriations, capital outlay, tuition/fees, etc. Institutional governance and central administration/oversight functions will be examined, as will student outcomes. The institutions selected for this evaluation are the University of New Mexico and New Mexico State University.

Objective 1: Governance. Assess oversight of institutions and use of governance and management best practices.

Objective 1 will seek to determine whether the universities and the two Boards of Regents:

- Engage in long-term strategic educational, operational, and financial planning across the organization, including teaching, research and public service goals;
- Monitor implementation of the strategic plans’ goals and objectives through a comprehensive set of performance measures, and benchmark performance with peer institutions;
- Routinely monitor spending to ensure it aligns with the organizations’ goals;
- Have implemented any best practice budgeting and performance monitoring systems;
• Coordinate with other institutions of higher education and the Higher Education Department (HED) to maximize resources, align goals/objectives statewide, and to reduce overlap and duplication of services/programs statewide, including branch campuses, outreach, and distance education;
• Have met accreditation requirements for all organizational units and programs;
• Have established clear and formalized roles, responsibilities, and relationships with sponsoring foundations, organizations, and corporations (public and private);
• Engage in productive, best practice shared/co-governance arrangements with faculty; and
• Inform and include the public in decision making, conduct business in a transparent manner, and make information available in an easy to access and use format regarding operations, spending, and outcomes.

Objective 2: Spending. Review the use of funds and cost-effectiveness of resource allocation decisions, including human resources.

Objective 2 will seek to determine:
• Revenue and spending trends and patterns across the enterprise on major goal areas (teaching, research, public service, etc.); functions (administration, instruction, operations, and maintenance, etc.); programs (colleges, departments, extension, learning centers, etc.); and enterprise functions (food and housing services, etc.) and how they align with strategic goals and financial plans and compare to peer institutions, including cost of education for taxpayers and students.
• Alignment of sampled spending and procurement practices with strategic goals and general compliance. Sample of expenditure documentation, purchase orders and contracts will be assessed based on review of spending trends. Also, review the use, accounting, compliance, and results of special appropriations.
• Trends in human resource patterns and comparison to peer institutions for areas including staffing, compensation (all sources), workload, various staffing ratios, span of control, and macro-outcomes/performance. Particular emphasis on the faculty, composition (tenure, non-tenure, etc.), teaching loads, and allocation of time across teaching, research, and other activities; and administration.
• Revenue generated (return on investment) by various colleges/departments/learning centers compared to authorized budgets and spending by those same units, and whether auxiliary services, branch campuses, or other enterprise functions are self-sufficient.
• Use of capital assets, particularly classrooms and research laboratories, and how space and utilization factors into capital planning and BR&R funding.
• Security of student and financial information in BANNER through LFC IT staff and security audit contractors.
• Use of IT services, resources, and coordination to avoid duplication.
Objective 3: Student Outcomes. Review outcomes and the extent to which policy, major program initiatives, spending and/or personnel changes may have helped the University meet its goals, including for students, communities, and the State.

Objective 3 will seek to determine:

- Student performance and trends for measures such as persistence (retention rates), graduation rates (4 & 6 years for undergraduates, average time to completion for terminal degree students), employment and post-degree residency among others. Student “pipeline” data will also be examined – yield rates, where are student’s coming from, performance of transfer students, placement, how much do they earn, and whether the University is attracting top talent from N.M. and/or regionally and keeping those students within the State post-graduation.
- Possible impact of policy decisions or other factors on desired outcomes, including admission standards, advising, student financial aid and debt levels, cost of remediation, excess credit hours, and tuition waivers among others. Comparisons to other states and peer institutions will be made as well.
- Research and public services performance and whether the University is using standard best practice metrics and meeting its goals. Also, for research institutions, attention will be placed on capital planning and space utilization for labs/research in relation to cost/revenue.
- Customer satisfaction and whether the University engages in comprehensive use of surveys from students, faculty and staff, community, business, etc., and how it uses this information for management and improvement.

EVALUATION PROCEDURES

The following evaluation procedures were drafted with limited information about the availability of certain data and as such these procedures are subject to revision. A program evaluation will not guarantee the discovery of fraud, waste and abuse of public resources that might have been committed. However, if program evaluators identify factors or risks related to these issues that could significantly affect the evaluation objectives or the results of the evaluation, then additional procedures will be implemented to provide reasonable assurance of detecting these possible acts.

Selected major fieldwork procedures include, but are not necessarily limited, to the following.

- Observe Board of Regents meetings and conduct interviews of members.
- Interview key administrators, including President, CFO, CIO, selected deans and department chairs, planning officials, among others.
- Review any strategic and financial planning, monitoring and reporting documents, including university accreditation reports (e.g., North Central Association of
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Colleges and Schools, NCAT) customer satisfaction surveys, performance reports, internal/external audits, budget status reports, etc.

- Review budget documents and reports to Regents. Identify through web searches access to operational, spending, and outcome information for the public, including information on Regents meetings.
- Data analysis of financial, human resource, infrastructure and capital outlay, and student data (non-FERPA) information as appropriate and available.
- Review HED systems, and institutional efforts, to ensure degree offerings, programs, locations and enrollment in those programs are not duplicative, including those delivered through branch campuses and distance education;
- Review national best practices and other states for budgeting and performance monitoring systems and measures, posting of information for the public; coordinating delivery of similar programs by multiple institutions; sponsored foundations; and faculty shared/co-governance in higher education and contact other states as appropriate.
- Other interviews may include HED staff, Institutional Research, Institutional Relations, members of the Faculty Senate, deans and department chairs, center directors, student leaders, and other employees or members of the community.
- Conduct security audit of BANNER using contractors and LFC IT staff.
- Contract with a consultant with expertise in higher education.
- Other steps as appropriate.

EVALUATION TEAM

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