

Funding Sustainability Study: Research and Public Service Program (RPSP) Analysis and Recommendations



Prepared for the New Mexico Higher Education Department

August 1, 2025

Table of Contents

List of Figures	3
Executive Summary	4
Introduction	6
Background	7
Analytical Approach and Findings	12
RPSP Policy Analysis	12
New RPSPs and Requests for Expansions	12
Evaluation	14
Comparison to Other State Models	14
Focus Group Feedback	17
Sustainability Concerns of RPSPs	19
Transparency in RPSP Evaluation	19
RPSP Process	19
Recommendations	20
Recommendation #1: Define and establish the purpose of different types of existing RPSPs	21
Recommendation #2: Continue to move I&G-related programs into institutions' base funding as line items.	23
Recommendation #3: Create a separate process for Purchase of Service programs	24
Recommendation #4: Create a separate process for Capacity Building programs	24
Recommendation #5: Discontinue the practice of assigning funding for on-going institutional costs that cannot be defined as contributing to state priorities to the RPSP process	25
Recommendation #6: Assign appropriate evaluation strategies according to the program's purpose	25
Summary and Conclusion	26
Methodological Appendix	28
Approach	28
Policy Analysis	28
Stakeholder Engagement	28

List of Figures

Figure 1. Aggregate State Spending on RPSPs using General Fund Summary Data (FY19-FY23)	8
Figure 2. State Spending on Health Science Center RPSPs using General Fund Summary Data (FY20-FY23)	8
Figure 3. NM Budget Cycle and RPSP Cycle Timeline	10
Figure 4. Institutional Adequacy Conceptual Framework.....	21
Figure 5. RPSP Program Types.....	23
Figure 6. RPSP Recategorization.....	27

Executive Summary

Each year, public higher education institutions in New Mexico undergo a process, in collaboration with the Higher Education Department and other stakeholders, to review line-item and program-level funding. While all states make line-item appropriations to higher education, the Research and Public Service Project (RPSP) process in New Mexico is highly unique. As such, the Legislature directed the Higher Education Department to engage an external evaluator to review and provide recommendations on possible improvements. In this report, NCHEMS shares the findings from policy analysis and stakeholder engagement related to the RPSP process and programs, including:

- Overall, spending on RPSPs has decreased from FY2019 to FY2023. Over the same time period, spending on RPSPs, specifically for the Health Sciences Center at UNM, has increased.
- Relevant statutes and regulations related to RPSPs contain broad definitions of what may qualify as an RPSP program.
- The code provides specific timeframes and activities for the Department's evaluation of existing RPSPs to determine whether to recommend continuation of state appropriation for the project.
- Historically, a wide variety of programs have been funded through the RPSP process, ranging from student support services on individual campuses to necessary statewide services provided by higher education institutions.
- The process that currently drives the selection of RPSPs occurs during the development of the overall state budget, likely restricting time and attention for stakeholders to devote to the process.
- The New Mexico Higher Education Department (NMHED), at the request of the Senate Finance Committee, has taken steps outside of formal policy reform to reduce the number of RPSP programs that are considered each year. Institutional stakeholders expressed confusion over these changes and how to prepare for them.

New Mexico's RPSP process is unique and has offered a mechanism for directing state funds to higher education institutions. However, over time, the process has grown to lack clarity and alignment with state priorities. Based on the findings, NCHEMS makes the following recommendations to ensure state funds are targeted in alignment with state priorities:

- 1) Define and establish the purpose of different types of existing RPSPs.
- 2) Continue to move instruction and general (I&G)-related programs, such as student support services, into institutions' base funding.
- 3) Create a separate process for Purchase of Service programs.
- 4) Create a separate process for Capacity Building programs, such as new academic programs that align with state priorities.
- 5) Discontinue the practice of assigning to RPSP the funding for athletics and other ongoing institutional costs that cannot be defined as contributing to state priorities. Instead, these costs should be considered as part of the fixed costs of institutional operations and treated as line items within the adequacy funding model described in the companion report.
- 6) Assign appropriate evaluation strategies according to the program's purpose.

These changes are intended to help NMHED and the Legislature more effectively and transparently steward resources in support of statewide priorities. In this report, we provide further findings and analysis to support these recommendations.

Introduction

The State of New Mexico provides support to public higher education institutions through various mechanisms, including instruction and general funding, capital funding, and targeted funding for specific purposes. This report focuses on the program-level funding allocated to institutions through New Mexico's Higher Education Department (NMHED) and the Research and Public Service Project (RPSP) process. This report is a companion to the New Mexico Higher Education Funding Sustainability study, which details a model for funding higher education in New Mexico based on a minimum level of demonstrated adequate funding for each institution. That report is a more comprehensive review of New Mexico's higher education finance policies, and it contains concepts that are germane to NCHEMS' review of the RPSP policy. Readers are encouraged to review both reports.

This report begins with background information about RPSPs based on a review of New Mexico statutes, regulations, guidance documents, and budget documents related to RPSPs. It then provides examples that illustrate the variety of approaches in other states to fund the numerous kinds of programs that New Mexico has funded through the RPSP process. The report presents NCHEMS' analysis of the RPSP process and provides a summary of feedback received from individuals involved in the RPSP process in New Mexico. The report concludes with recommendations for NMHED and the state to consider based on NCHEMS' analyses.

This report finds that the RPSP process currently lacks clarity and strategic direction. It also does not capitalize on possible connections with the I&G funding model, which could provide more strength and coherence to New Mexico's higher education funding approaches. To develop this more cohesive strategy, this report recommends that the state prioritize the use of any new funds first to fill gaps in funding New Mexico public institutions' basic costs, considering their mission, programs offered, and students served. For existing RPSPs, this report makes recommendations for categorizing the RPSPs that have been funded into the following categories:

1. I&G-related programs, such as new student support services and new academic programs, which serve institutions' core missions.
2. Recurring non-I&G services, such as the state demographer, that serve a statewide purpose.
3. Recurring non-I&G related quasi-governmental related activities, such as those carried out for the Department of Agriculture and the Bureau of Mines.
4. Other non-I&G related recurring programs such as public television and radio.
5. Recurring non-I&G related programs that generate revenue, such as athletics.

This categorization is recommended to support effective integration between the model described in the sustainability report and the RPSP process. NCHEMS recommends that RPSP programs in the first category be integrated into the Capacity Building portion of the model described in the sustainability report. RPSPs in categories 2, 3, and 4 should be funded through the purchase of goods and services portion of the model. Finally, items in the fifth category should be the lowest priority for the state and should continue to undergo a process for line-item funding.

While NCHEMS recommends recategorization of existing RPSPs and integration between the RPSP process and the adequacy model described in the sustainability report, NCHEMS also

recommends that the state re-prioritize how it allocates funding towards base funding and the programs currently funded through the RPSP process. The state's first priority should be in meeting gaps in adequate state funding for institutions that are most at risk and face limited options for raising revenue from other sources (such as local funding, tuition, or significant philanthropic support targeted at operations). Only after adequate base support is in place for these institutions should the state move towards funding additional priorities.

In the case where the minimum adequate costs of New Mexico's public institutions are met, new funds should be made available to institutions through the Capacity Building or Purchase of Services component of the adequacy model. Capacity building encompasses the creation of new academic programs or educational delivery mechanisms, and Purchase of Services from higher education institutions includes public broadcasting. The recommended improvements aim to enhance transparency and clarity for all stakeholders, streamline administrative processes, and establish a reliable funding stream to support start-up costs for necessary innovation and capacity within institutions, enabling them to respond effectively to workforce needs. In the pages that follow, we provide findings and analysis to support these recommendations to improve the transparency, predictability, and administrative effectiveness of RPSPs.

Background

Most state appropriations to higher education in New Mexico flow through the Instruction & General (I&G) funding formula. In addition to I&G funding, RPSPs are line-item appropriations made by the New Mexico State Legislature to postsecondary educational institutions in the state. The New Mexico Higher Education Department oversees the administration of RPSPs.

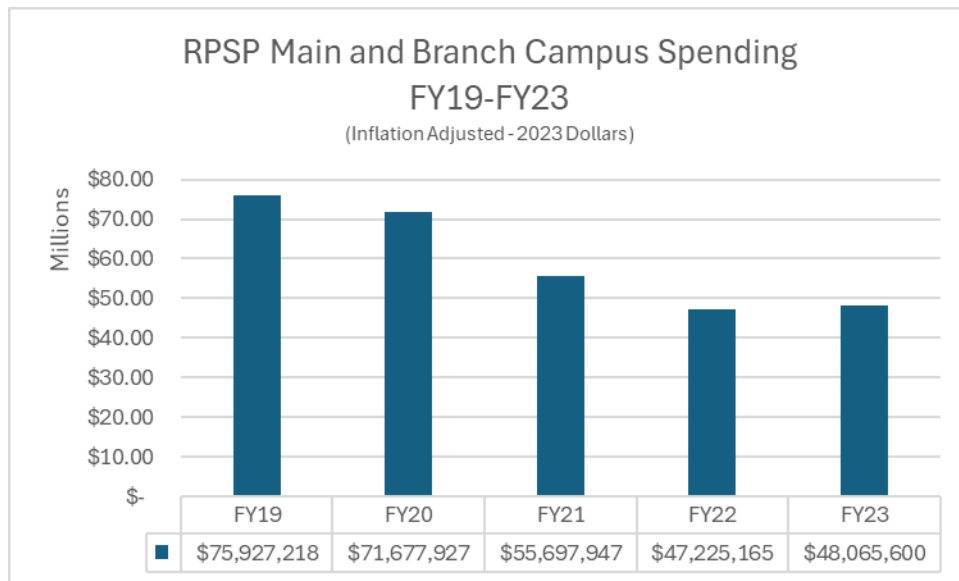
According to the New Mexico Higher Education Department Research & Public Service Programs Pertinent Rules & Regulations:

The Higher Education Department must determine when it is appropriate to recommend the expansion of existing research, public service and other special projects and the establishment of new ones. New projects should be established to meet identified statewide needs upon a finding that one of the state's higher education institutions can most effectively meet the need. Proposed expansion must also be intended to meet identified statewide needs effectively and efficiently. All possible sources of funding should be explored before a request for state funding is made (NMAC 5.3.5.12.B).

This policy effectively sets out the Department's role when it comes to RPSPs; reviewing and recommending the establishment of projects that meet identified statewide needs.

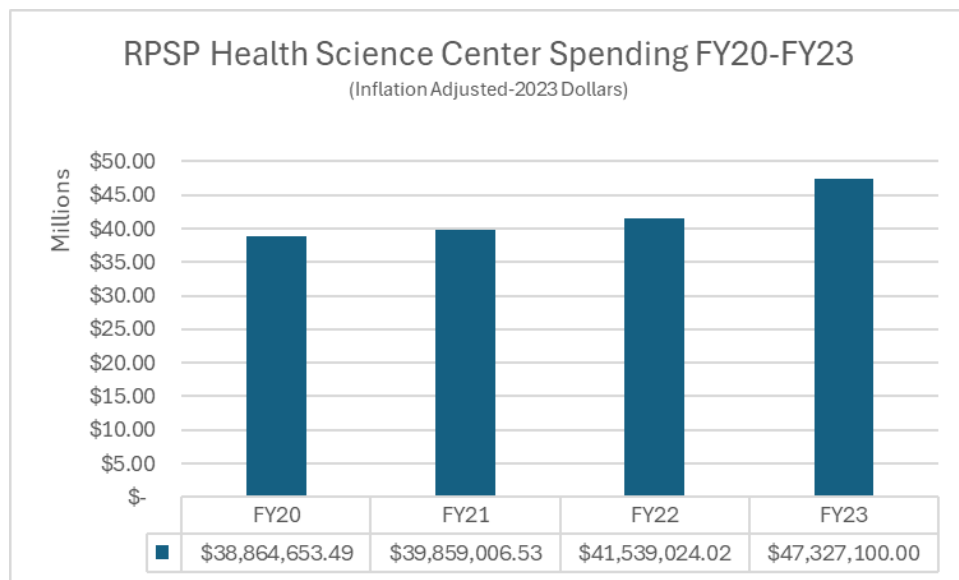
Figure 1 shows the state's expenditures on RPSPs from fiscal year 2019 through fiscal year 2023. Spending on non-Health Science Center RPSPs, in inflation-adjusted dollars, has decreased over this period except for FY22 to FY23. Figure 2 shows the state's expenditures on Health Science Center RPSPs from fiscal 2020 through fiscal year 2023. Spending on Health Science Center-related projects, in inflation-adjusted dollars, has increased over the period.

Figure 1. Aggregate State Spending on RPSPs using General Fund Summary Data (FY19-FY23)



Note: Excludes RPSP funding for the UNM Health Science Center.

Figure 2. State Spending on Health Science Center RPSPs using General Fund Summary Data (FY20-FY23)



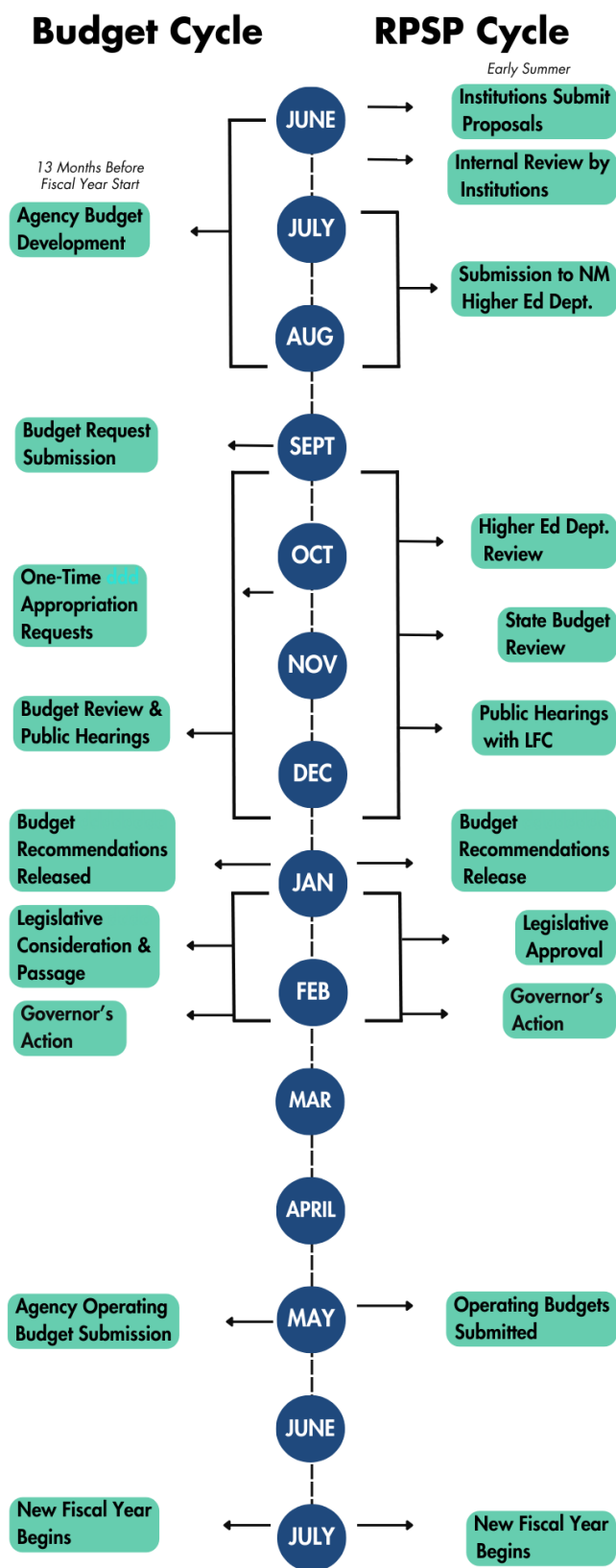
NCHEMS reviewed the RPSP process in place for 2024 as part of our analysis.

As mentioned earlier, the New Mexico Higher Education Department oversees RPSPs and has established a formal process for postsecondary institutions to request funding. The process remains the same regardless of the program's type, focus, or scale, and is described in the paragraphs that follow.

The budget cycle (seen below in Figure 3) for recurring and nonrecurring spending authorized in the annual General Appropriation Act (also referred to as House Bill 2) begins approximately 13 months before the start of the state fiscal year (July 1 to June 30) being budgeted for, with agencies developing their budget requests. In September, the Higher Education Department and other state agencies submit their budget requests to the Legislative Finance Committee (LFC) and the executive branch's Department of Finance and Administration (DFA). Agencies must include actual expenses and revenues, as well as a performance report, for the budget year that has just ended. They must also include expected revenues, recurring operating expenses for the current year, and their request for appropriations, expenses, and performance measures and targets for the upcoming fiscal year. Requests for one-time appropriations are due to DFA and LFC in late fall.¹

¹<https://www.nmlegis.gov/Entity/LFC/Documents/Citizens%20Guide%20to%20the%20New%20Mexico%20State%20Budget.pdf>

Figure 3. NM Budget Cycle and RPSP Cycle Timeline



The LFC and DFA review agency requests and the available revenues to develop separate budget recommendations. The LFC then analyzes the requests and prepares preliminary internal recommendations for recurring and non-recurring appropriations in preparation for public committee hearings on budget requests held monthly from September to December. The DFA separately analyzes budget requests from October through December; unlike the LFC, the DFA does not hold public hearings. Governors differ on the level of specificity in the budget recommendation and the level of agency involvement. The LFC and DFA each release their respective budget recommendations in early January. Note that New Mexico is one of five states where the legislature (LFC) and the executive (DFA) make separate comprehensive state budget recommendations.² Legislators consider both recommendations and pass the General Appropriation Act (GAA) once the House and Senate have passed the same version of the bill. The governor acts on the GAA, vetoing it in whole, vetoing it in part through line-item veto, or signing it into law. Finally, on May 1, agencies submit operating budgets to DFA based on the enacted GAA for the fiscal year starting July 1.

Importantly, the process for assessing and selecting RPSPs occurs concurrently with the rest of the state budgeting process. This process requires participation from the campuses, NMHED, LFC, and DFA staff at one of the most pivotal points in the state's policy and budget-making cycle. Requests for new projects or expansion projects are due to NMHED by September 15.

To help make the RPSP process more manageable, NMHED has already pursued two main adjustments. Both are focused on reducing the number of RPSP programs that must be assessed. First, at the end of the 2023 legislative session, the Senate Finance Committee requested that NMHED collaborate with staff from the LFC and DFA to identify RPSPs that should be transitioned into the regular instruction and general (I&G) base. The selected RPSPs were reviewed by NMHED, LFC, and DFA staff during the fall budget review process. As a result of that process, 57 RPSPs totaling nearly \$10 million were discontinued as independent items within the General Appropriation and moved into the I&G base budget.³ Second, NMHED placed a limit on the number of new RPSPs that each institution could submit. In the guidance provided by NMHED to institutions for fiscal year 2026 in response to the Senate Finance Committee's request, research institutions were limited to a maximum of five new RPSP submissions, while comprehensive universities, independent community colleges, and branch campuses were limited to a maximum of three new RPSP submissions.⁴

² <https://nmfog.org/2221-2/>

³ https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Post_Session_Fiscal_Reviews/2024%20Post%20Session%20web.pdf

⁴ https://hed.nm.gov/uploads/documents/FY26_NMHED_RPSP_Guidance_Memo_FINAL.pdf

Analytical Approach and Findings

For this project, NMHED requested that NCHEMS “review, report, assess and recommend changes/processes/rules to streamline the Research and Public Service Project (RPSP) process and to eliminate/reduce Instruction and General related funding through the RPSP/non-I&G process.”⁵

In response, NCHEMS conducted a review of New Mexico statutes, regulations, guidance documents, and budget documents to identify potential areas for improvement. The list of documents reviewed is included in the Appendix. Additionally, NCHEMS completed a scan of approaches used in other states for program-level funding. Lastly, NCHEMS conducted three focus groups to gather feedback about the NMHED’s policies and procedures for administering the RPSPs. Participants included presidents; chief fiscal, operation, business, compliance, administration, government relations, and academic officers; research center directors and deputy directors; government affairs and government relations directors; association leaders; and a Legislative Finance Committee staff member.

RPSP Policy Analysis

NCHEMS conducted a review of New Mexico statutes, regulations, guidance documents, and budget documents to understand the RPSP process and identify potential areas for improvement. The documents that were consulted are listed in the Appendix.

The NMHED’s authority to oversee Research and Public Service Projects (RPSP) is established in NM Statute § 21-1-26. This statutory authority is implemented through Title 5, Chapter 3, Part 5, Section 12 of the NM Administrative Code.

New RPSPs and Requests for Expansions

To anchor the discussion, we include below the specifications outlined in New Mexico Administrative Code 5.3.5.12 for new RPSP projects and the specifications for expansions to RPSP projects.

A. Line item appropriations will be recommended where appropriate for research, public service and certain other activities. In general, calculations of these recommendations will be based on justified expenditures to maintain a desirable level of program activity, minus income other than appropriations. Proposed expansion of programs or initiation of new programs will be evaluated on the basis of specific written justification. New programs, if recommended by the commission, will be submitted as separate line item appropriations requests. (NMAC 5.3.5.12.A.)

B. The Higher Education Department must determine when it is appropriate to recommend the expansion of existing research, public service and other special projects and the establishment of new ones. New projects should be established to meet identified statewide needs upon a finding that one of the state’s higher education institutions can most effectively meet the need. Proposed expansion

⁵ https://hed.nm.gov/uploads/documents/RFP_RPSP_IG_FINAL_12-1-2023.pdf

must also be intended to meet identified statewide needs effectively and efficiently. All possible sources of funding should be explored before a request for state funding is made. (NMAC 5.3.5.12.B.)

A key aspect that should be clear about the RPSP process is who can submit RPSP requests. While these first sections of the code do not make it clear which party is eligible for submitting requests for new RPSPs, the following part of the code makes it clear it is not NMHED's responsibility to identify potential RPSPs, but rather to review requests.

E. All new projects and expansion requests will be reported to the Department for review. (NMAC 5.3.5.12.E.)

NMHED's website states that "Research and Public Service Projects (RPSPs) are submitted by public higher education institutions to the Department for consideration in its annual funding recommendations," clarifying that institutions have the responsibility to submit RPSPs.⁶ Since institutions have this responsibility, they need adequate guidance from the state on how to navigate the process.

Therefore, NCHEMS also reviewed policy to determine if an adequate definition of an RPSP was codified. The administrative code makes the following related statements:

- "Line item appropriations will be recommended where appropriate for research, public service and certain other activities."
- "The Higher Education Department must determine when it is appropriate to recommend the expansion of existing research, public service and other special projects and the establishment of new ones."

As NCHEMS reviewed the statutes and regulations that govern RPSPs, we found that the code lacks specificity regarding the types of projects that should be submitted for review for RPSP funding. Absent this specificity, institutions may lack appropriate guidance on what types of programs or potential programs would be strong candidates for funding. NMHED may also lack adequate direction from the legislature regarding the types of programs it should advance through the consideration process. This begs a key question about the purpose of the RPSP process that remains unclear given NCHEMS' reading of the relevant policies: Is NMHED's role to administer a legislatively-directed process, or to lend expertise towards evaluating potential RPSP programs, actively making decisions about which programs should advance through the process and which should not?

Over time, NCHEMS observed that this lack of specificity may contribute to the large number of different types of programs that have been funded through the process. Upon reviewing the number of RPSP programs, it is clear that the process requires a significant amount of effort to administer, particularly at a pivotal time within the state's budget cycle. NMHED has been pursuing strategies to reduce the number of programs being considered by imposing caps on the

⁶ <https://hed.nm.gov/resources-for-schools/institutional-finance/research-and-public-service-projects>

number of new program proposals institutions may submit.⁷ NMHED has also sought to realign the purpose of RPSPs by moving some programs into base funding for the institutions. However, both of these changes have happened, outside of statutory or regulatory reform. This means that institutions risk facing unpredictability with the RPSP process, which has been changing from year-to-year. It also means that NMHED may lack adequate political cover from the legislature or from regulators to support its necessary efforts to streamline the process.

Evaluation

The code also specifies that RPSPs should be evaluated regularly to continue to receive funding. New Mexico code requires periodic review to determine the ongoing need for the project and its effectiveness, and the relationship of each project to institutional, and where appropriate, statewide priority needs. The code states the following:

C. Once established, research, public service and other special projects should be subject to periodic review to determine the ongoing need for the project and the effectiveness of the project in meeting the need. Likewise, the relationship of each project to the institutional and, when appropriate, statewide priority needs should be periodically established. (NMAC 5.3.5.12.C.)

D. Existing Projects:

(1) The budget of each project shall be separately identified and reported on forms provided by the commission.

(2) Each project shall be subject to a review by the Department at least once every four years. This review shall include a hearing before the commission. The hearing shall include a presentation by an institutional representative on the activities of the project, and a presentation by the Department staff of the staff findings of the review of the project. On the basis of the hearing, the department shall decide whether or not to recommend an ongoing state appropriation for the project. (NMAC 5.3.5.12.D.)

The code provides specific timeframes and activities for the Department's evaluation of existing RPSPs to determine whether to recommend continuation of state appropriation for the project.

Comparison to Other State Models

The RPSP process results in line-item appropriations made by a campus to support individual programs. All states make these types of appropriations to their higher education institutions. However, they use very different mechanisms to arrive at the final decisions. In this section, we provide a comparison of New Mexico's RPSP process to other state approaches. Overall, we find that most states do not have similar policies or processes to manage the line-item appropriations process for postsecondary institutions.

To better understand the national context for providing line-item funding for programmatic-level efforts, NCHEMS sought examples from other states. Many states do make programmatic-level, line-item appropriations for higher education, but we did not find examples that exactly mirrored

⁷ https://hed.nm.gov/uploads/documents/FY26_NMHED_RPSP_Guidance_Memo_FINAL.pdf

New Mexico's RPSP process. While some states have established policies and procedures for program-level funding, we did not find any examples of other states channeling funds for such a diverse range of programs through a single process. We also found that it is more common to have smaller-scale funding mechanisms that fund one of the types of programs that have been funded through the RPSP process.

The most similar case we found, in terms of the formal process for receiving line-item appropriations outside of funding for core operational expenses for higher education, occurs in Texas. While Texas appropriates the majority of its funding support to institutions based on formulas (which vary by institutional sector),⁸ it also provides dollars based on six categories of nonformula-funded items for public institutions of higher education in addition to supplemental funding.⁹ These six categories are: 1) nonformula support items, 2) insurance and benefits, 3) research and capital funds, 4) comprehensive regional university funding, 5) Texas public education grants, and 6) organized activities.¹⁰ A description of each of these six categories follows.

1. Nonformula support items are direct appropriations to institutions for projects identified specifically by the legislature for funding and not funded by formula funding. Most of the funding for these items is provided by an appropriation established in 1999, which included funds from the consolidation of certain special item appropriations and an additional \$1 million per fiscal year, allocated to each institution. Other nonformula support items include institutional and instructional support, public service items, research items other than general research support, funding for separate campuses, and accreditation program items.
2. Several institutions receive appropriations from General Revenue Funds for workers' compensation insurance and unemployment compensation insurance. Institutions receive General Revenue-Dedicated Funds, Other education and general Income, and staff group insurance amounts for staff whose salaries are not paid with appropriations from General Revenue Funds.
3. Texas institutions have various research funds and capital funding streams. Five separate funds are dedicated to fostering increased research capacity.
 - a. The National Research University Fund is a constitutionally authorized fund for assisting certain emerging research universities to attain national prominence as research universities. It was established in 2009 and funded with return on investment assets.
 - b. The Comprehensive Research Fund, established by the legislature in 2015, supports increased research capacity at teaching institutions that are not emerging research universities for which General Revenue Funds are apportioned according to a formula.

⁸ https://www.lbb.texas.gov/Documents/Publications/Primer/8484_Higher_Education_Primer.pdf

⁹ <https://www.highered.texas.gov/legislative-appropriations-overviews/>

- c. The Texas Research Incentive Program, established in 2009 and funded with appropriations from the legislature, is administered by the Texas Higher Education Coordinating Board (THECB). It provides matching funds to assist emerging research universities within THECB's accountability system in leveraging private gifts for the enhancement of research productivity.
 - d. The Core Research Support Fund was established in 2015 to provide funding to promote increased research capacity at emerging research universities within THECB's accountability system, and appropriations for this fund are allocated based on a formula.
 - e. The Texas Research University Fund was established in 2015 to provide appropriations to eligible THECB research universities to support faculty in promoting excellence in instruction and research.
- 4. Comprehensive regional university funding is an appropriation for performance-based funding for at-risk students at comprehensive regional universities that was formalized through Senate Bill 1295 during the 87th Texas Legislature in 2021.
 - 5. Statute requires Texas public institutions to set aside a portion of tuition revenue for Texas Public Education Grants (TPEG) for financial aid to students at the institution.
 - 6. Organized activities are activities connected with instructional departments with a primary function of training students — for example, nursery or preschool programs and an optometry clinic.

As previously mentioned, New Mexico's RPSP process supports a wide variety of activities. The process has been used to fund quasi-governmental programs, such as the New Mexico Bureau of Geology and Mineral Resources and the Office of the Medical Investigator. It has also funded state programs such as public radio and television. Additionally, the RPSP process has supported Instruction and General (I&G) programs, including centers that aim to support underrepresented students. Furthermore, the process has been used to fund non-I&G recurring programs that are designed to generate self-sustaining revenues, such as athletics programs. The following are examples of how other states fund programs like the quasi-government agencies and state services funded in New Mexico through the RPSP process.

Quasi-Government Related Programs

New Mexico has funded a variety of quasi-government agencies through the RPSP process. One such example is the Office of the Medical Investigator (OMI). The OMI in New Mexico is affiliated with University of New Mexico's School of Medicine and partially funded through the RPSP process. OMI affiliation with a university is uncommon. Only New Mexico and Michigan have a medical examiner practice physically located at a university.¹¹ For context, while New Mexico has a centralized medical examiner system, Michigan has a county medical examiner system. Kalamazoo County contracts with the Western Michigan University Medical School to operate the

¹¹ <https://iaudit.unm.edu/audit-reports/2024/audit-of-the-office-of-the-medical-investigator-operations.pdf>

county's Medical Examiner program through the Health & Community Services Department.¹² Moreover, OMI oversight is typically handled by state agencies or legislative committees. For example, the Arkansas OMI — the Arkansas State Crime Laboratory (ASCL) — is a standalone agency that provides medical death investigations for all counties in Arkansas. ASCL submits its budget request directly to the state's executive and legislative branches for review. While ASCL functions independently of universities, it has formed partnerships with Arkansas medical schools to provide accredited forensic pathology fellowships at ASCL, which the New Mexico OMI also offers.

State Programs

States often partner with nonprofit organizations and/or universities to expand programming and reach, contributing to the statewide service. One example is state partnerships with nonprofit organizations and universities to extend the reach and depth of public broadcasting. Many states provide direct budget allocations to public broadcasting stations to fund educational programming. Some states have earmarked funds from taxes to support educational television programming. Moreover, in some states, agencies or commissions are responsible for overseeing public broadcasting and are often involved in distributing funds to public stations in the state. Eastern New Mexico University, New Mexico State University, and the University of New Mexico receive RPSP funding to provide educational television. New Mexico's use of the RPSP process to allocate funding for public educational television and the close integration between higher education institutions and public broadcasting stations is uncommon. KENW-TV is owned and operated by ENMU and is a Public Broadcasting Service (PBS) member.¹³ KNME-TV is also a PBS member television station, and it is jointly owned by UNM and Albuquerque Public Schools.¹⁴ It is not so common in other states for there to be as strong of a link between public broadcasting and universities.

Focus Group Feedback

To better understand the RPSP process, NCHEMS conducted three focus groups with stakeholders involved with the RPSP process.

To encourage open and honest discussion, NCHEMS assured focus group participants that their comments would remain confidential and would not be attributed to them individually. This section summarizes common themes from the focus groups.

Overall, focus group participant feedback revealed a desire for greater clarity in the purpose of the RPSP, administrative efficiency, and transparency in evaluation mechanisms. These findings

¹² <https://www.kalcounty.gov/329/Medical-Examiner>

¹³ <https://www.enmu.edu/about/news-and-events/enmu-news/general-news/3611-kenw-celebrates-50-years-with-enmu-with-renaming-of-the-broadcast-center>

¹⁴ <https://www.newspapers.com/article/albuquerque-journal-regents-approve-tv-a/73542091/>

were also echoed in the policy analysis provided by NCHEMS in the preceding section of this report.

In all three focus groups, NCHEMS heard that reestablishing the core purpose of RPSPs would provide much-needed clarity. While many participants believe that giving state funding to pilot new initiatives was a driving factor in creating the RPSP funding process, they noted that some RPSPs have received funding for many years, raising questions about the intended purpose of the RPSP process. Some participants mentioned that if the purpose of RPSPs is to provide funding for pilot initiatives, then the number of years for pilot funding should be capped and institutions should fully integrate successful programs into their core operations or discontinue unsuccessful programs after a specified period.

Additionally, several participants identified tension between programs proposed by institutions and programs driven by state needs. This tension arises from subjecting both discrete types of programs to the same review and decision process. For example, quasi-governmental agencies run by an institution of higher education, such as the state's Office of the Medical Investigator, serve an ongoing state necessity and have different operational requirements than an institution-initiated pilot program. Some participants suggested that separate processes could better support institutional proposals for programs versus necessary services that the state purchases from the institutions. Additionally, participants noted that the current use of RPSP to fund quasi-governmental agencies, such as the Bureau of Mines or the Office of the Medical Investigator, requires Regents' approval on the budget request and that the Regents may not be the right decision-making body for approving quasi-governmental programs. While the Regents may assess higher education's ability to deliver on the quasi-governmental agency, they are not positioned to assess the statewide need for the agency or the agency's performance. Focus group participants offered that other small agencies in the state use a different process that may be useful here, through which small agencies provide ample information about the last fiscal year's spending, the current budget, and details about the request for the following fiscal year.

Moreover, several participants mentioned that public radio and television broadcasting, athletics, and federal agriculture and Cooperative Extension services should not be included in the RPSP process because they are not aligned with what they understand to be the original intent of RPSPs. For example, one participant mentioned that there are numerous changes in athletics, and a separate process needs to be conducted to explore these changes, rather than overshadowing other RPSPs. Additionally, services like Cooperative Extension must be offered by land-grant institutions and require a state match to receive their federal funding. Programs like these may benefit from different criteria and processes to streamline funding decisions. While stated differently than in the policy analysis completed by NCHEMS, this finding underscores that many have differing interpretations of the legislative intent for RPSPs.

Participants also expressed a desire for clearer guidance about when to seek Technology Enhancement Funds (TEF) or Workforce Training Funds instead of RPSP funding. In addition to wanting clarity about the proper avenue for requests, they also seek clarity on the full cycle of receiving TEF or Workforce Training Funds — including when they can expect the funds to be available and how they can use the funds. Participants reported that, historically, this lack of clarity has compromised effective future planning.

Sustainability Concerns of RPSPs

Participants also drew parallels between quasi-governmental programs and Centers of Excellence, which are not initiated by institutions but instead are established by the executive branch. Several participants mentioned that little attention is paid to how a Center of Excellence will be sustained after its establishment, at which point it becomes the institution's sole responsibility.

Participants also raised concerns about programs that were funded through the RPSP process and are in statute but are running in deficit. They also mentioned that there are RPSPs that have functioned as pass-through funding, which creates issues related to who is ultimately responsible for monitoring the programs that the dollars support. An example provided by focus group participants was the RPSP process being used to pass state funds to non-profit or private organizations through the Health Sciences Center by including language in the appropriation that directs those funds to be passed through.

Transparency in RPSP Evaluation

Focus group participants also shared feedback on the process by which RPSPs are evaluated.

While institutions submit reports on RPSP projects, several focus group participants stated that they do not receive any feedback on those reports. Several participants mentioned that there is a sense that they could be audited on their RPSPs at any point. However, they lack guidance on what such an audit would entail and what they should do to prepare. Many participants expressed the view that there should be a routine process for evaluating RPSPs. One participant mentioned that in the early 2000s, each RPSP was evaluated every three or four years, but this has not been the case since. To address this concern, institutions with the capacity have established internal periodic review processes for their RPSPs. However, most institutions in the state do not have the capacity to independently self-direct reviews of these programs, especially without knowing if they will ever be held accountable for producing the evaluation.

Several participants suggested that longstanding RPSPs should be reevaluated, but this should be done with care, as some of these longstanding programs have become deeply integrated with the institution. One participant stated that, for longstanding RPSPs, it would be productive if institutions were given the flexibility to propose a way to revitalize the program to meet current needs with the support that has been built up with a prior RPSP.

RPSP Process

The RPSP process can consume substantial staff time at institutions, NMHED, and LFC, particularly during a remarkably busy time in the state's budget cycle. Focus group participants made requests related to managing the process more efficiently and effectively.

Many participants desire to know as early as possible in the budget cycle whether there will be funding for new RPSPs, and how much funding may be available. For example, some participants mentioned that they recently prepared RPSP requests, only to find that very few new RPSPs were recommended by NMHED to LFC for funding in the most recent cycle.

Some mentioned it would be helpful for planning purposes if a clear statement about priorities for RPSP proposals and parameters for funding were shared as early in the budget cycle as possible. Several participants discussed the challenges that institutions face with the timeline of the RPSP process, particularly those with Boards of Regents. These institutions typically present RPSPs to their Regents in June, even though they don't have the guidelines for that fiscal year's process yet, since the Regents do not meet again until August. A possible solution some participants offered for this challenge is to provide guidance earlier or to allow a delay in board approval, if leadership approval has been granted.

We also received feedback about the hearings for the expansion of RPSPs and new RPSPs. One request was for a process to be established for requesting a longer hearing for new RPSPs or expansions that might require more time than the typical time provided per project.

Stakeholders also addressed NMHED's recent efforts to move some existing RPSP programs into base I&G funding. Stakeholders expressed a desire to request that certain specific RPSP programs be incorporated into the I&G funding process moving forward. The process would include detailed criteria to support institutions in deciding if the program was an appropriate candidate to move to I&G. Some participants shared that while they support efforts to streamline the number of RPSPs, the recent effort to identify RPSPs providing I&G functions to be moved into I&G funding appeared rushed and confusing from the institutional perspective. While NMHED indicated that they used a set of criteria to make these determinations, that set of criteria was not made available to NCHEMS as part of this analysis, and institutional representatives also described this part of the process as lacking transparency.

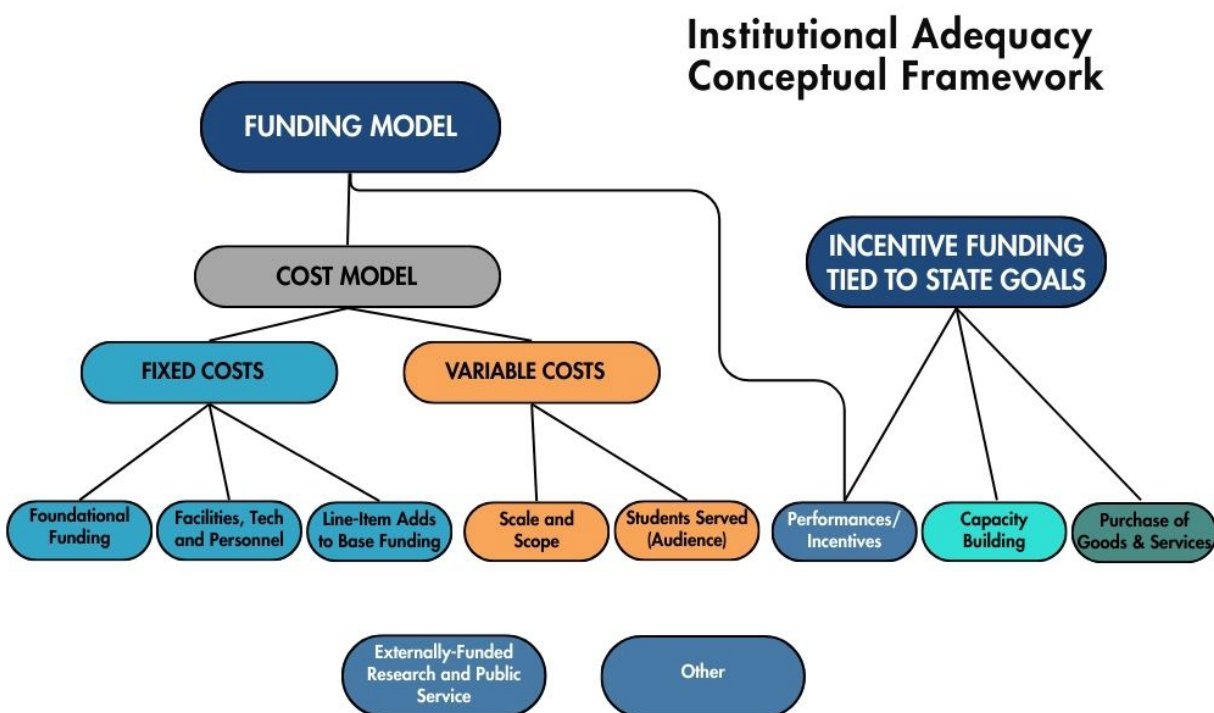
Recommendations

For New Mexico to most fully support the role of postsecondary education in statewide talent development, NCHEMS recommends the development of a cohesive higher education funding strategy. This strategy should effectively harness the various sources of state funding. It should also strategically integrate local funding sources where they are available and account for each institution's capacity to generate tuition revenue. In the Funding Sustainability study, NCHEMS describes a proposed conceptual model to guide New Mexico in developing funding policies and practices that account for these elements.

In this report, we have discussed only one of the state revenue sources that support specific programs at public higher education institutions: RPSPs. This report has found that there is a lack of shared understanding among NMHED, legislative, and institutional stakeholders regarding the purpose and intent of RPSP programs. Indeed, when analyzing the policies, they specify only broad definitions and directives for RPSP selection and funding. These findings, among others, point to a need for reform. NCHEMS recommends that this effort be integrated with larger priorities in the statewide funding strategy for higher education in New Mexico. These recommendations are therefore targeted at achieving greater alignment between the adequacy model described in the Funding Sustainability study and the current RPSP process. These recommendations are presented in the order in which NMHED and other related stakeholders should pursue them.

As background to these recommendations, we include a brief summary of the adequacy framework that is described in the sustainability report. As depicted in the figure below, the adequacy model employs various calculations to estimate the costs that institutions incur in providing their services to students and, by extension, to the state. These costs originate from personnel, facilities, the number of students an institution serves, and the types of academic programs it offers, among other factors. The model also focuses on state goals through performance incentives and building capacity and purchasing services from each institution. The recommendations below outline a recommended method for NMHED to categorize the current list of funded RPSPs more appropriately, and then to integrate their funding into the adequacy model. It also suggests new processes for funding Purchase of Services, therefore focusing the existing RPSP process on Capacity Building efforts only.

Figure 4. Institutional Adequacy Conceptual Framework



Recommendation #1: Define and establish the purpose of different types of existing RPSPs.

For FY24, FY25, and FY26, NMHED has taken steps to better understand the wide variety of RPSP programs by tagging them by their function at the institution, including student services, athletics, tribal education initiatives, teacher pipeline initiatives, and others. NMHED has been using these

categories to better understand the wide variety of initiatives currently funded as RPSPs. This initial effort at categorizing the broad set of RPSP programs is a step in the right direction.

At the same time, NCHEMS recommends that NMHED further integrate the existing RPSP programs into a more cohesive statewide funding strategy by tagging programs not according to the purpose they serve on the campus, but to the purpose that the program serves for the state of New Mexico.

Within the current universe of RPSP programs, at least five different types of programs are present. First are programs that are related to direct services that institutions provide to students, either through instruction, student support services, or other means. These programs are beginning to be understood as “I&G-related,” and indeed, NMHED has already taken steps to streamline the consideration of these RPSPs and move their funding into institutions’ base allocations.

The second category includes recurring non-I&G-related services that serve a statewide purpose, such as the state demographer or the Office of the Medical Investigator. These are necessities that the state must fund, and higher education institutions are, in a sense, contracted to the state to provide them. These services are distinct from student-facing, I&G-related activities.

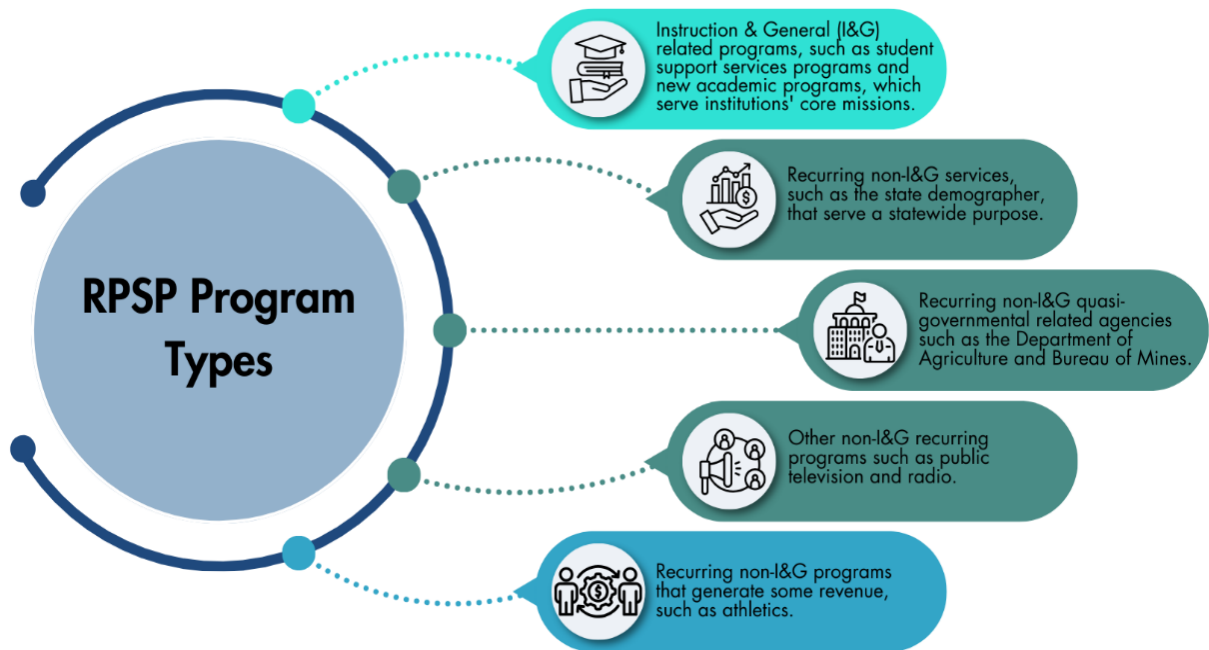
The third category includes recurring non-I&G quasi-governmental-related agencies such as the Bureau of Mines. These are similar to the category described above, except for their quasi-governmental status. Again, the state is essentially purchasing these services from higher education institutions, as they are ideally positioned to provide the service.

The fourth category includes other non-I&G recurring programs, such as public broadcasting. These are programs that have a variety of revenue sources attached to them, of which the state is only one. These programs also serve a statewide need but are not directly related to student services and are provided by the institutions.

Lastly, the fifth category includes recurring non-I&G programs that generate some revenue, such as athletics. This category includes programs that may serve students, but do not comprise a large part of the institution’s core mission. It appears that expenditures in this category have been put under the RPSP umbrella simply as a matter of convenience rather than because they conform to the stated purposes of RPSP funding. As noted in a separate recommendation, these expenditures should be removed from the RPSP process and considered as separate line items within the I&G allocation, and only in minimal cases.

Each of these different RPSP types is illustrated in the figure below.

Figure 5. RPSP Program Types



NCHEMS recommends that NMHED begin to use these categories to tag currently funded RPSP programs. This would entail a shift from tagging programs by their on-campus function, to focusing on the function that these programs serve for the state as a whole. While small, this shift is intended to signal to institutions, NMHED, and the state where state investment is targeted at supporting institutions' core missions, and where state support is being provided to higher education to carry out functions and activities in response to other statewide needs.

Ideally, the institutions that host and run these RPSP programs will be engaged in the categorization process. To be clear, NMHED should lead the adoption of the categories and take the first pass at organizing current RPSP programs according to this new categorization scheme. NMHED should then invite the institutions and the additional RPSP process stakeholders to review this work and suggest changes (with rationale based on the definitions of the different categories). The intent of broader engagement on this topic is to help all stakeholders understand the difference between each category and to pave the way for further funding model changes based on these categorizations.

The subsequent recommendations made in this report build on this initial categorization of the current RPSP programs and recommend how funding policies and practices should shift according to the distinct nature and needs of each.

Recommendation #2: Continue to move I&G-related programs into institutions' base funding as line items.

Many of the programs currently funded through the RPSP process were initiated as pilot programs, new academic initiatives, or additions to student services capacity. They continue to be funded as RPSP programs well past their pilot phase. These programs are ideal candidates to be

rolled into the I&G base in future years; indeed, NMHED has already begun this process with the institutions. NMHED should continue this process, identifying programs that have been funded within the past five years and could legitimately be considered pilots or start-ups, and separating these from programs funded more than five years ago that should now be considered part of the institution's base funding. For the remaining non-I&G-related categories, the legislature, NMHED, and the institutions may consider how to ensure that all programs are sufficiently aligned with statewide talent development objectives, weaving funding into the funding model wherever possible and reducing reliance on the RPSP process as currently constructed.

Recommendation #3: Create a separate process for Purchase of Service programs.

Quasi-governmental services and agencies that have been historically funded through the RPSP process require a distinct approach from other types of RPSP-funded programs. These refer to categories 2, 3, and 4 in the list of five categories we provided above. These are services that the state is purchasing from the institutions to meet necessary needs such as having an Office of the Medical Investigator. It is also important to note that the provision of these services is ongoing. The budget process should recognize this reality and fund them as it would free-standing state agencies, with the same processes for funding adjustments and performance evaluations, but as line items in the appropriation to each institution, as specified in the budget bill. NMHED should seek recommendations from other cognizant state agencies regarding funding adjustments and changes in the scope of activities. Performance evaluation of these programs should be conducted by the state entities on whose behalf the services are being provided, rather than NMHED, given their more ideal positioning and contextual knowledge.

Recommendation #4: Create a separate process for Capacity Building programs.

NMHED should establish clear criteria for one-time (or limited-time) funding that supports institutions making strategic investments in programs or services that address a gap in academic or vocational programming identified by NMHED and the institution, or that will drive expected improvements in student access or success. In other words, these uses of state money are investments in new capacity that institutions would find difficult to do without some support or incentive from the state. (This is particularly true for high-cost programs.) Once established, however, the RPSP funding should no longer be necessary for ongoing costs.

Therefore, we recommend that the RPSP process be reserved for creating institutional capacity needed to meet state needs, through the larger funding model described in the Funding Sustainability study and illustrated in Figure 4. This could include creating new academic programs or new delivery mechanisms. The funds should be provided for a fixed period, recommended not to exceed five years. Within this timeframe, the program should be established and become sustainable through the portion of the funding model driven by the production of student credit hours. If enrollments at levels needed to sustain the program do not materialize, the institution is faced with a decision—eliminate the program or continuing to support it with institutional funding. This places the burden of evaluation on the institution and focuses the work of the NMHED on initial approval, a task for which it is uniquely qualified. It then places the work of ensuring successful programs on the institution.

Recommendation #5: Discontinue the practice of assigning funding for on-going institutional costs that cannot be defined as contributing to state priorities to the RPSP process.

We recommend that the practice of assigning to RPSP the funding for athletics and other on-going institutional costs that cannot be defined as contributing to state priorities be discontinued. These expenditures should be considered within the broader context of New Mexico's higher education funding realities. Expenditures that are decided to continue should be considered as part of the fixed costs of institutional operations and treated as line items within the adequacy funding model described in the companion report.

Recommendation #6: Assign appropriate evaluation strategies according to the program's purpose.

We also recommend that the following section of the rules and regulations for RPSP be clarified:

C. Once established, research, public service and other special projects should be subject to periodic review to determine the ongoing need for the project and the effectiveness of the project in meeting the need. Likewise, the relationship of each project to the institutional and, when appropriate, statewide priority needs should be periodically established. (NMAC 5.3.5.12.C.)

The last sentence in this part of the code — “Likewise, the relationship of each project to the institutional and, when appropriate, statewide priority needs should be periodically established” could be interpreted to mean that there could be RPSPs that are not related to statewide priority needs even though, inconsistently, the code also mentions new projects and expansion of projects should meet identified statewide needs. Categorizing the RPSP programs as recommended should help clarify how programs should be evaluated.

New Mexico code states the following regarding the evaluation of RPSPs:

C. Once established, research, public service and other special projects should be subject to periodic review to determine the ongoing need for the project and the effectiveness of the project in meeting the need. Likewise, the relationship of each project to the institutional and, when appropriate, statewide priority needs should be periodically established. (NMAC 5.3.5.12.C.)

D. Existing Projects:

(1) The budget of each project shall be separately identified and reported on forms provided by the commission.

(2) Each project shall be subject to a review by the Department at least once every four years. This review shall include a hearing before the commission. The hearing shall include a presentation by an institutional representative on the activities of the project, and a presentation by the Department staff of the staff findings of the review of the project. On the basis of the hearing, the Department shall decide whether or not to recommend an ongoing state appropriation for the project. (NMAC 5.3.5.12.D.)

The code outlines a process through which NMHED is supposed to review each existing RPSP. Our document review and stakeholder engagement found evidence that the Department is not equipped to follow this process consistently. Institutions do submit reports on their RPSPs that cover the prior fiscal year, but to their knowledge, action is not taken on those reports, and institutions report that they do not receive feedback on their submissions. This may be due to the sheer volume of RPSPs once aggregated to the Department level; facilitating the required review of all RPSPs in the same way, regardless of the size, scope, or goals of the program, would be a significant undertaking for which NMHED may not be sufficiently resourced. Realistically, the different categories of RPSP programs require different approaches—and the involvement of entities other than NMHED.

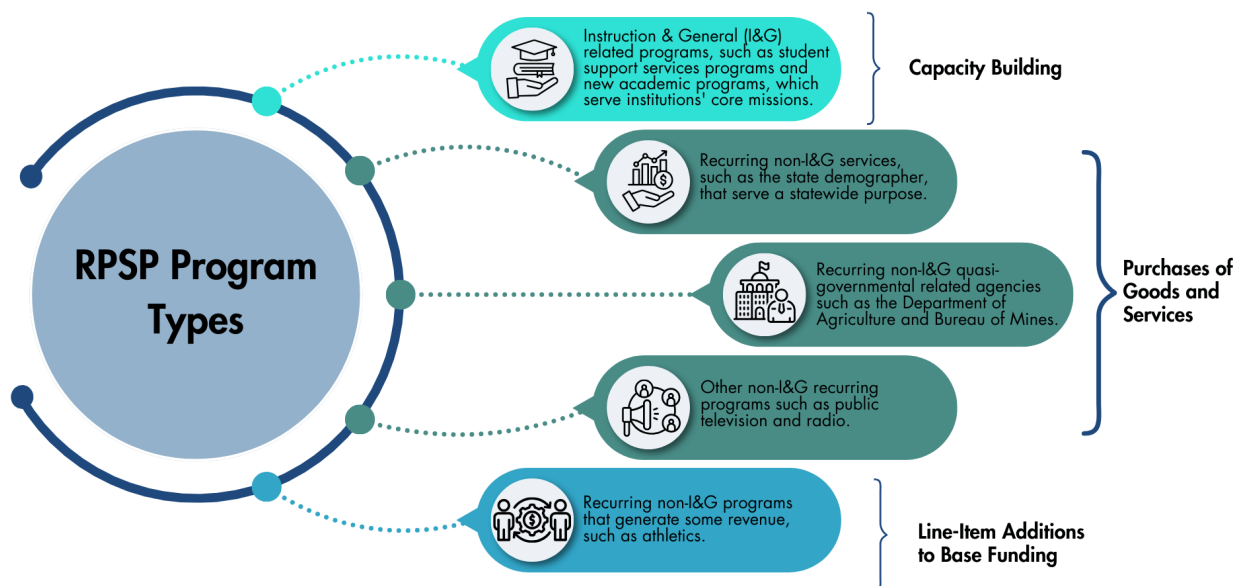
This process would be streamlined considerably by clearer categorization of RPSP programs—distinguishing purchase of service programs, such as for the Office of the Medical Investigator, from funding for development of new institutional capacity. The evaluation of programs in the former category should be removed from NMHED and made the responsibility of whichever state agency is the direct beneficiary of the service being provided. The evaluation of capacity-building programs should remain the responsibility of NMHED, but this evaluation could be accomplished through annual reports of program performance against goals stated in the original program request. While this type of evaluation is already required in policy, NMHED should be more adequately equipped to execute it. Since capacity-building funding should be time-limited, the onus of evaluation should fall to the institution. Does the program become sustainable through the normal I&G funding process or not. If not, the institution (not NMHED) is faced with the decision of whether or not to continue it.

Summary and Conclusion

New Mexico's RPSP process is unique. NCHEMS' research into the current RPSP policies and processes, together with comparisons to other states, suggests that the state is expending significant legislative, agency, and institutional resources to maintain the process as currently designed. At the same time, many stakeholders report that they are unclear on the objectives of this process and are unsure if it is still serving all stakeholders well. To clarify, NCHEMS is not suggesting that New Mexico abandon the RPSP process entirely. Indeed, many states without clear policies and procedures for determining and allocating line-item appropriations to campuses face other challenges with deciding what to fund and how. In some ways, a process for line-item appropriations that lacks adequate policy direction suffers from even more opacity than the policies currently in place in New Mexico.

Instead, NCHEMS recommends greater cohesion between the state's funding model for higher education, often referred to as the I&G model, and the RPSP process. NMHED has already begun this process by incorporating some RPSPs into the I&G model. NCHEMS recommends that the legislature and HED continue to partner to clarify the intent of RPSPs and utilize the RPSP process to focus on additions to base funding only. Funding for I&G programs, capacity building, and purchase of goods and services should be determined through the adequacy model proposed by NCHEMS in the funding sustainability study and depicted in Figure 4. Below, we illustrate the recommended congruence that the state and NMHED should draw between RPSP programs, and the model discussed in the funding sustainability report.

Figure 6. RPSP Recategorization



Ideally, this realignment will result in greater predictability for the legislature, NMHED, and the institutions, while streamlining an administratively complex process that takes place during the most consequential moments of the state's budget cycle. Tightening the connections between the I&G and RPSP funding processes will enable the state to more effectively harness state investment towards statewide workforce development objectives and clarify incentives and processes for the postsecondary institutions as the state's talent development engines.

Methodological Appendix

Approach

Policy Analysis

For the RPSP analysis, NCHEMS conducted a review of New Mexico statutes, regulations, guidance documents, and budget documents to understand the RPSP process and identify potential areas for improvement. We consulted the following documents as part of the analysis.

1. NM Statute § 21-1-26
2. NMHED RPSP Rules and Regulations
3. HB0002 General Appropriations Act of 2025 (and years prior)
4. NMHED Memo with FY2026 RPSP Guidance
5. January 2024 LFC Policy and Performance Analysis Report, Volume I (LFC recommendation for the FY25 state budget)
6. FY26 NM Higher Ed RPSP Hearings Agenda
7. April 2024 NM LFC Post-Session Review
8. General Fund Summary documents
9. May 2022 Audit of UNM RPSPs
10. Running Institutional Finance Schedule
11. FY26 RPSP Forms
12. FY25 Executive Budget Recommendation (and years prior)
13. Accountability in Government Act
14. FY26 Nonrecurring Special Appropriation Requests Received
15. NMHED Financial Reporting Manual for Public Institutions in NM
(<https://propertyaccounting.unm.edu/docs/financial-reporting-manual.pdf>)
16. Primer on Budget Cycle

Stakeholder Engagement

NCHEMS presented a tentative plan for gathering feedback on New Mexico Higher Education Department's policies and procedures for administering RPSPs to the Technical Review Committee on November 7, 2024. The Technical Review Committee strongly advised NCHEMS to conduct focus groups instead of surveys to gather feedback from colleagues involved in the RPSP process. The Committee also provided feedback on the types of questions that would elicit the most helpful feedback from focus group participants.

Informed by the guidance provided by the Technical Review Committee, NCHEMS conducted three focus groups to gather feedback about the NM Higher Education Department's policies and procedures for administering the RPSPs. The Technical Review Committee received an invitation to participate in the focus groups and was also asked to forward the invitation to colleagues who are involved with the RPSP process. The invitation included topics for discussion, provided below.

Focus group participants included presidents; chief fiscal, operation, business, compliance, administration, government relations, and academic officers; research center directors and deputy directors; government affairs and government relations directors; deputy chief of staff; association leaders; and a Legislative Finance Committee staff member.

Topics for Discussion:

1. If your institution comes up with a brand-new idea for a program, how do you decide whether to seek state funding?
2. If you decide to seek state funding for the program, how do you decide what state source to choose? (For example, using existing I&G support, designing an RPSP, or other possible sources.)
3. Is there any guidance you wish you had to help determine whether something should be an RPSP? If yes, please describe.
4. Please describe your institution's internal process and the criteria used for selecting programs to submit to the Department of Higher Education for consideration for RPSP funding. The process can be formalized or not.
5. After an RPSP is established, how does your institution track its effectiveness in meeting the project's stated goals?
6. What role should the state have in overseeing the performance and accountability of RPSP programs?