



Date: April 10, 2023
To: Institutional Business/Budget Officers
From: Dr. Harrison Rommel, Director of Academic Finance
Re: Instructions for FY23 Final Budget Adjustment Requests (BARs) and FY24 Operating Budgets

Dear Colleagues,

Please find below guidelines for submitting the Final FY23 Budget Adjustment Requests and the FY24 proposed operating budgets to NMHED. If you have any questions, you may contact Dr. Harrison Rommel or Debbie Garcia (see below for contact info).

Apologies, HED will not be hosting the Annual Business Officer Meeting this Spring. Please feel free to reach out for one-on-one assistance and/or guidance if needed.

Submission:

Please email your institution's final FY23 BARs and proposed FY24 Operating Budget document in pdf format, by no later than **Monday, May 1, 2023**. The state requires that Operating Budgets and Budget Adjustment Requests (BARs) be approved by each respective governing board. If a board chair cannot approve the budget and/or BARs until after May 1st, please let us know when to expect.

Included in this correspondence are the following files to aid you your preparation of the annual budget documents. These files will also be posted on the HED Website under Resources for Schools / Finance section.

- FY24 General Fund Summary
- FY23 I&G-IntSvc-RPSP Comp Calc for FY24 = 5% Distribution
- FY23 I&G-IntSvc-RPSP Comp Calc for FY24 = 1% Distribution
- FY24 BR&R Distributions (HB2, Section 5 Non-Recurring)
- FY24 ER&R Distributions – TBD (HB2, Section 5 Non-Recurring)

Laws 2023 – Chapter 210; HB2 signed 7April2023 is accessible via this link

Laws 2023 – Chapter 208; SB192 Junior Appropriation Bill signed 7April2023 is accessible via this link



Final FY23 Budget Adjustment Requests (BARs):

In order to expedite the budget approval process, we encourage you to submit the Final BARs's as soon as possible. The FY23 BARs and FY24 budget do not need to be submitted together.

BARs are required for both unrestricted and restricted funds. Your final unrestricted BAR first column (Current Approved) should reflect the last column of the most recently submitted FY23 mid-year BAR. The final BAR should also have beginning fund balances that agree with the FY22 Report of Actuals or FY22 audited ending fund balances reported in the budget comparison schedules. If there is a difference to the Actuals and you are utilizing audited figures then please include a system generated report that ties to the audited ending balances as of June 30th, 2022 so HED and DFA analysts can tie out exact figures.

The 2022 Legislative Session Section 8.B.5 included a 4% average Comp increase distribution for FY23. This amount will need to be included in each final unrestricted BAR and should tie out to the General Fund Summary that contains detail per line item if it was not already incorporated in the FY23 original budget submission.

There were several non-recurring line items in FY23, as well as flow-thru distributions to HED, that you may be adding, thus increasing the amount listed in your original budget under State Government Appropriations on Exhibit 2. Please be sure to describe each additional allocation and respective dollar amount on the Explanation for Budget Adjustment (page 4) of your unrestricted BAR. We need the description detail to tie out funds appropriated in addition to the regular Section 4 recurring allocations.

If an increase to final FY23 budget is due to any new legislation passed during the 2023 Legislative Session, for use in FY23 and you intend to use it before June 30th, also please site the chaptered bill reference and description on explanation page as well.

For restricted BARs, if there was not a mid-year submission, then the current approved column would be the last column of the FY23 Budget Request, Exhibit 1- Summary. Please utilize the BAR template located on the NMHED website.

Final FY24 Proposed Operating Budget:

Please use the Budget Approval Form and templates that are provided with this communication for your budget submission; do not modify and use a prior year's form or template.

HED greatly appreciates receiving the signed Budget Approval Form as a single separate file from the other budget forms and operating budget submission documents. Original "wet" signatures are no longer required on the Budget Approval Form. After you have obtained the signature, from your governing board chair [please email this form as a standalone pdf document](#), this allows HED to create the electronic document in DocuSign to obtain the final HED and DFA approval signatures without having to extract that page from any compiled pdfs. Once the Department of Finance and



Administration has approved your budget, NMHED will email you a copy of the signed Budget Approval Form.

During the review process, if analysts encounter discrepancies in amount totals between exhibits, we may request an Excel version to help identify and correct any issues (protected sheets/cells are OK). Your submission should be sent to both Harrison Rommel, Director of Academic Finance, and Debbie Garcia, HED Senior Budget Analyst. If the file exceeds 10mb, please contact either one of us before sending.

We kindly request should there be any revisions to any pages and/or exhibits, to please re-pdf the entire document instead of just the revised pages when resubmitting. As a reminder, HED must provide DFA and LFC each submission so we want to ensure pages are in order and as accurate as possible.

Online submission pilot project: Not required for FY24 -- On hold until further notice.

Financial Reporting Manual:

Institutional Operating Budgets, as well as BARs, must follow the “Financial Reporting for Public Institutions in New Mexico, December 18, 1997”.

Note: According to the Manual (page 22), the Operating Budgets include the following three double columns (double means one unrestricted and one restricted column):

- Original approved FY23 budget (referred to as “current year’s operating budget” in the manual)
- Final approved FY23 budget (“estimate of actuals”); must agree with final FY22 BARs (submitted separately)
- Proposed FY24 Operating Budget.

Content/Format:

Please email the pdf or excel template budget document submission in this order:

- completed budget templates (see below)
- all applicable Current Fund exhibits (1 – 22)
 - Detail should accompany each exhibit in proper order. Ex: 10 Summary, then 10a for each reporting unit
 - Exhibits 15 thru 22 should have a summary page then detail pages for each reporting unit --- to include all Revenue sources, beginning balances, Total Revenues, Expenditures, transfers, and ending balances.
- all applicable Plant Fund exhibits (I – III)
- all informational exhibits (a – e). Please include subtotals for each grouping.
- Please include FTE data throughout.

1) Budget Approval Form

Total proposed FY24 expenditures, per Exhibit 1, must agree with the amounts on the Budget Approval Form (i.e. total Current Unrestricted Funds, total Current Restricted Funds, and total



Plant Funds expenditures). Please confirm that all individual exhibits tie to amounts listed in Exhibit 1. By rule, all Plant Fund budgets must be reported as unrestricted.

2) General Fund Appropriation Schedule

Please list all General Fund appropriations per HB2 and any Junior Bill line items (if applicable) to your institution on this template. These are each separate line item appropriations under HB2 section 4J and any other applicable sections plus the line items within Junior Bill SB48. All General Fund sources should tie to HED's FY24 General Fund Summary. Please assist by identifying any instances where multiple line items may be combined into one reporting line item within an exhibit "–a", or referenced as another name which differs from what is listed in HB2. It is also helpful to reviewers to include the exhibit number where the appropriation is budgeted.

- Part A = Include all Section 4 Recurring line item allocations + Section 8 Compensation
- Part B = General Fund Appropriations Thru NMHED (Flow-Thru's) – Include BR&R and ER&R allocations here.
- Part C = Include any other General Fund (HB2 + Junior Bills) Recurring & Non-recurring appropriations Directly to the Institution

3) Signed Template for Tuition, Required Fees, and Room & Board Rates:

In order to provide relevant information to NMHED and other stakeholders, the template (provided) for tuition and required fees should to be completed and signed by your institution's Chief Financial Officer. Exhibit D in the back of the budget document also needs to be included (not signed) since it may include additional information. A new box has been added, and will need to be checked if your institution has a flat rate tuition for full time that covers 12-18 hours or 15 to 18 credit hours.

- Note** – the annual national WICHE & SHEEO surveys requires breakouts between resident and non-resident tuition. If you do not already have tuition and fees separated in Exhibit 3 by residency, Please update your documents to include the breakout by term and residency status with subtotals.
- Note** – Also for the purposes of the tuition surveys please note the following:
 - If there are differences in tuition and fees for lower division and upper division students, please provide lower division tuition and fees.
 - Full-time undergraduate tuition and fee rates should be based on 15 credit hours per semester or equivalent
 - Full-time graduate tuition and fee rates should be based on 12 credit hours per semester or equivalent

4) Tuition Waiver Schedule

- Note** – annual SHEEO survey also requires tuition waiver information. If you do not already have tuition waiver amounts reported in Exhibit 3 as part of your overall tuition



and fees revenue, please consider updating your templates to include on your Report of Actuals.

b. Optional Proposed for FY24 Operating Budget submission

c. Required for FY23 Report of Actuals Submission

5) 3% Scholarship / Bridge Scholarship

Please complete this template (provided)

Transfer amount should include actual anticipated funding that will be transferred to cover the 3% scholarship issuances for fiscal year. Student headcount refers only to residential students eligible to receive this funding. Dual Credit, non-credit, nor non-resident students should not be included in this student headcount calculation.

6) Budgeting of Building Renewal & Replacement:

Please complete this template (provided).

HEIs should be sure to budget both the annual recurring transfer as well as the FY24 non-recurring amounts as separate amounts to aid in tracking within your budget documents.

(NEW) Language in Laws 2023 – Chapter 210 HB2 Section 5 includes an appropriation of \$20,000,000 to HED for distribution to the higher education institutions of New Mexico for building renewal and replacement. A report of building renewal and replacement activities must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.

This non-recurring funding for FY24 will be distributed from HED's Capital Projects Division. Gerald Hoehne, Director of HED's Capital Project Division will be sending out guidelines and templates that will need to be submitted in order for HED to process the non-recurring funding payment(s) to your institution.

7) Budgeting of Equipment:

Please complete this template (provided).

HEIs should be sure to budget any annual recurring transfer as well as the FY24 non-recurring ER&R allocation amounts as separate amounts to aid in tracking within your budget documents.

(NEW) Language in Laws 2023 – Chapter 210 HB2 Section 5 includes an appropriation of \$3,000,000 to HED for distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment renewal and replacement activities must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.



This non-recurring funding for FY24 will be distributed from HED's Capital Projects Division. Gerald Hoehne, Director of HED's Capital Project Division will be sending out guidelines and templates that will need to be submitted in order for HED to process the non-recurring funding payment(s) to your institution. HED is in the process of developing a distribution methodology for this non-recurring funding and therefore your FY24 allocation amount will be forthcoming. FY24 allocation will have to be budgeted via BAR prior to distribution.

8) Budgeting of Sources and Uses of Indirect Cost Revenue:

Please complete this template (provided), if applicable.

9) Compensation Table: Please complete this template (provided).

10) COVID-19 Federal Funds (NEW last year): Summary of federal funds received and utilized for COVID-19 related expenditures. Form added to provide relevant information to identify and help with review/approval of funding as reported in the Final BARs, proposed operating budget, and Report of Actuals as well as any other ad hoc reporting.

Reminder: All research, public service, athletics, and other non-I&G programs that receive a General Fund appropriation must be detailed in Exhibit "a" detail pages within the primary exhibit and should include all program revenues, the beginning fund balance, all expenditures, all transfers in or out, and the ending balance.

Ending Fund Balances:

Although a higher percentage is generally better, the ending fund balances of both Instruction & General and Total Unrestricted Current Funds must be at least 3% of respective expenditures. A percentage greater than 3% is especially recommended for institutions that experience unpredictable fluctuations in mill levy and land & permanent fund revenue. Higher fund balances are also recommended during periods of uncertain economic conditions.

Non-budgetary Exhibits:

Non-budgetary exhibits, consisting of loan fund, endowment fund, quasi-endowment fund, capital appropriations, and agency fund groups, should **not** be shown in the budget document. The required Exhibit 1A, Detail of Transfers, needs to include an explanation of transfers from Current Unrestricted Funds into these non-budgetary exhibits or vice versa. The net amount of all transfers should but do not always equal zero.

General Fund Summary Appropriations Schedule:

The FY24 General Fund Summary will be emailed to all, and will be posted to the HED website.

Compensation and ERB:

Section 8 of the General Fund Appropriations Act, aka HB2, appropriates funding to the New Mexico Higher Education Department to provide an average 1% increase in per section 8.A.4 in an amount of



\$9,465,400 and a 5% percent salary increase in the amount of \$47,327,200 per section 8.B.4 for faculty and staff of two-year and four-year public institutions.

The LFC calculation in this year's legislative enacted increases utilize the net total state funded salaries reported in the FY22 Report of Actuals for higher education. As such, the General Fund Appropriations Act language provided a specific dollar amounts as shown below in the excerpts from the bill. Please note that the fiscal year FY24 allocation also includes funding to bring low-wage employees up to a minimum salary of \$15.00 per hour. HED detail spreadsheets percentages have been adjusted to tie to the actual dollar amounts set forth in order to distribute per each state appropriated line item. Per the amount allocated, the distribution percentage calculates to .97829% for the 1% increase and 4.89076% for the 5% increase for all state government line item appropriation.

The HED I&G and RPSP Comp file, with expected HED distributions, is attached. Minor rounding as needed to tie.

Item	General Fund	State Funds	Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
<p>A. Nineteen million one hundred forty-nine thousand seven hundred dollars (\$19,149,700) is appropriated from the general fund to the department of finance and administration for fiscal year 2024 to pay all costs attributable to the general fund of providing <u>a salary increase of one percent to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance for inflation and health care premium costs.</u> The salary increases shall be effective the first full pay period after July 1, 2023 and distributed as follows:</p> <p>(4) nine million four hundred sixty-five thousand four hundred dollars (\$9,465,400) to the higher education department for nonstudent faculty and staff of two-year and four-year public postsecondary educational institutions, New Mexico military institute, New Mexico school for the blind and visually impaired and New Mexico school for the deaf.</p> <p>B. Ninety-five million seven hundred forty-eight thousand nine hundred dollars (\$95,748,900) is appropriated from the general fund to the department of finance and administration for fiscal year 2024 to pay all costs attributable to the general fund of providing <u>an average salary increase of five percent</u> to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. <u>This appropriation includes sufficient funding to provide all affected employees an hourly salary of at least fifteen dollars (\$15.00).</u> Police officers of the department of public safety shall be exempt from the requirement to complete their probationary period. The salary increases shall be effective the first full pay period after July 1, 2023 and distributed as follows:</p> <p>(4) forty-seven million three hundred twenty-seven thousand two hundred dollars (\$47,327,200) to the higher education department for nonstudent faculty and staff of two-year and four-year public postsecondary educational institutions, New Mexico military institute, New Mexico school for the blind and visually impaired and New Mexico school for the deaf.</p>					

Submission Checklist:

- Make sure totals on individual exhibits roll up and tie to Exhibit 1
- Make sure FTE is included in all columns of Exhibit B and tie to those FTE reported under individual units within each respective exhibit



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- Include Exhibit B totals by Exhibit, not just categories.
 - Makes sure pages are pdf'd in same direction and are in the correct order
 - Remember not to overwrite formulas in your source documents
 - Double check print areas / layout: This refers to margins and extra unnecessary pages that have little or no useful information.
 - o These are public documents therefore your format and presentation layout is available for anyone to see.
 - Adding footers that identify your institution, with pages numbering would also be recommended.

General Appropriation Act (HB2) & Senate Bill 192 (Junior Appropriation Act) Distributions:

All line item appropriations directly to HEIs under HB2 Section 4J will be part of your monthly 1/12th allocation, no action necessary on your part to receive.

All line item appropriations to HED as flow-thru's to HEIs under HB2 Section 4 and 5 will require documentation (forms similar to RPSP request or MOU – depending on intent) prior to distribution.

All line item appropriations to HED to HEIs under Section 8 (Comp) will distributed as soon as the funding is transferred from DFA to HED and we can get the purchase orders/ invoices for ACH payment set up. No action on your part.

All HB2 Section 5 and SB192 allocations appropriated directly to your institution will be distributed by DFA. They will require DFA allotment forms, more information about that process will be forthcoming from our DFA analyst once that information becomes available.

Other information:

Re: Mil Levy & Debt service = Heads up to two-year institutions. The Debt Service Template will be revised to comply with 21-2A-13 NMSA 1978 pertaining to College District Lease Purchase Arrangements. In order to include anticipated issuance of Education Technology Notes as part of the debt service for the applicable Tax Year, HED will need to have evidence of Governing Board Approval prior to July 1 for inclusion on the Debt Service Certification Form. More information will be forthcoming.

Happy budget season ~ appreciate everyone's diligence, time & efforts!

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