



Date: March 23, 2022
To: Institutional Business/Budget Officers
From: Dr. Harrison Rommel, Director of Institutional Finance and Financial Aid
Re: Instructions for FY22 Final Budget Adjustment Requests (BARs) and FY23 Operating Budgets

Dear Colleagues,

Please find below guidelines for submitting the Final FY22 Budget Adjustment Requests and the FY23 proposed operating budgets to NMHED. If you have any questions, you may contact Dr. Harrison Rommel, Debbie Garcia or Brittany Gutierrez (see below for contact info). We appreciate your diligence and cooperation.

Submission:

HED personnel are in office under a hybrid model, meaning we all have different in office and telework schedules, primarily conducting all business electronically. Therefore, please do not send any hard copy documents via regular mail, FedEx, UPS, or hand-delivery to the Santa Fe office.

Please email your institution's final FY22 BARs and proposed FY23 Operating Budget document in pdf format, by no later than **Monday, May 2, 2022** as the May 1st statutory due date falls on Sunday. 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 2nd, 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.

- FY23 General Fund Summary
- FY22 I&G-IntSvc-RPSP Comp Calc for FY22 3% Q4 Distribution
- FY22 I&G-IntSvc-RPSP Comp Calc for FY23 Distribution (includes \$15 Min Wage data)
- FY23 ERB Distribution (HB2, Section 8)
- FY23 BR&R Distributions (HB2, Section 5 Non-Recurring)

[Laws 2022 – Chapter 54; HB2](#) signed 9 March 2022 is accessible via this link. Please keep in mind the files above are subject to change depending on the outcome of the Special Legislative Session scheduled April 2022. Any changes to the files will be made and redistributed if/when necessary.

Final FY22 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 FY22 BARs and FY23 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 FY22 BAR. The final



BAR should also have beginning fund balances that agree with the FY21 audited ending fund balances reported in the budget comparison schedules or your FY21 Report of Actuals.

The 2022 Legislative Session 3% average Comp increase for the fourth quarter of FY22 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.

For restricted BARS, if there was not a mid-year submission, then the current approved column would be the last column of the FY21 Budget Request, Exhibit 1- Summary. Please utilize the BAR template located on the NMHED website.

Final FY23 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 Institutional 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: In our ongoing effort to streamline consistent formatting across all institutions, HED continues testing the online budget submission process that will continue to gradually phase in all exhibits. Only the select exhibits per the HED Budget template are required with the online FY23 proposed operating budget submission.

Moving from excel and translating all data into a database will serve multiple comprehensive reporting purposes that is currently collected and consolidated manually. The online, partial budget submission, will not be due on May 1st but rather we kindly ask that the template be uploaded to the system by July 1st, as this will not be necessary for your annual operating budget approval.

You may refer to the HED website for instructions that explain how to electronically submit the FY23 Operating Budget. To successfully complete this online submission, the application will require the upload of both the FY23 Operating Budget Template Exh 1-9 and A-C (Excel) and the FY23 Budget Approval Form (.PDF). No signatures on the Budget Approval Form are necessary for the online submittal. To complete the form, simply type in the Institution Name and complete the Expenditures table.



If you have not yet created an account for the online budget application or need to have entry access, please do so to ensure that your account permissions are set up and ready for you to utilize. You may access the user instructions and required forms for the FY23 Operating Budget Online Submission via the following link: <https://hed.state.nm.us/resources-for-schools/institutional-finance/operating-budgets-and-bars>. Please feel free to contact Brittany with any questions you may have about the online submission process or creating an account.

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 FY22 budget (referred to as “current year’s operating budget” in the manual)
- Final approved FY22 budget (“estimate of actuals”); must agree with final FY22 BARs (submitted separately)
- Proposed FY23 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 FY23 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 FY23 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 & 8 Recurring + COMP + ERB + \$15 Min Wage Allocation



- Part B = General Fund Appropriations Thru NMHED (Flow-Thru's) - Excluding Comp and ERB
- 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.

- a. **Note #1** – the annual national SHEEO survey 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.

4) Tuition Waiver Schedule

- a. **Note #2** – 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 FY23 Operating Budget submission**
- c. **Required for FY22 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 FY23 non-recurring transfer amounts as separate amounts to aid in tracking within your budget documents.

(NEW) Language in Laws 2022 – Chapter 54 HB2 Section 5 includes an appropriation of \$8,000,000 to HED for distribution to the higher education institutions of New Mexico for building renewal and replacement. A report of building renewal and replacement transfers 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 FY23 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 payments to your institution.



7) Budgeting of Equipment:

Please complete this template (provided).

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" 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 Appropriations Schedule:

The FY23 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 7% percent salary increase for faculty and staff of two-year and four-year public institutions. The final signed version of the General Fund Appropriations Act breaks out this increase as 3% for FY22 and 4% for FY23.

The LFC calculation in this year's legislative enacted increases utilize the net total state funded salaries reported in the FY21 Report of Actuals for higher education. As such, the General Fund Appropriations Act language provided a specific dollar amount of \$5,892,900 for distribution in the fourth quarter of FY22 and \$64,445,90 for FY23, as shown below in the excerpts from the bill. Please note that the fiscal year FY23 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. Campuses w/Branches will need to



provide campus breakouts for the lump sum ERB and \$15 Min allocations so that funding can be added to the appropriate campus I&G line items, similar to the process followed last year.

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

Section 8. COMPENSATION APPROPRIATIONS.--

A. Thirty-one million five hundred fifty-nine thousand four hundred dollars (\$31,559,400) is appropriated from the general fund to the department of finance and administration for **fiscal year 2023** to provide a salary increase of **three percent** to each employee in a budgeted position who has completed their probationary period subject to satisfactory job performance or for another purpose authorized in this section. Police officers of the department of public safety shall be exempt from the requirement to complete their probationary period. The salary increase shall be effective the first full pay period after April 1, 2022 and distributed as follows:

(5) five million eight hundred ninety-two thousand nine hundred dollars (**\$5,892,900**) 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;

B. One hundred forty million eight hundred dollars (\$140,000,800) is appropriated from the general fund to the department of finance and administration for **fiscal year 2023** to pay all costs attributable to the general fund of providing an **average** salary increase of **four percent**, in addition to the continuation of increases appropriated in Subsection A, to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. This appropriation **includes** sufficient **funding** to provide all affected employees an **hourly salary** of at least fifteen dollars (**\$15.00**). 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, 2022 and distributed as follows:

(5) sixty-four million four hundred forty-five thousand nine hundred dollars (**\$64,445,900**) 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.

Section 8 item F appropriates funding of \$12.5 million to the Department of Finance and Administration to provide incumbents in positions covered by a pension plan created under the Educational Retirement Act. The percentage allocated will assist with the employer-paid pension contributions addressed in this section based on monthly salary information provided directly to ERB. We expect DFA will transfer this funding to HED for distribution similar as to how it was handled for FY22.

F. Twelve million five hundred twelve thousand three hundred dollars (**\$12,512,300**) is appropriated from the general fund to the department of finance and administration in **fiscal year 2023** to provide 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 covered by a pension plan created under the Educational Retirement Act the one percent employer-paid pension contribution increase authorized in Chapter 44 of Laws 2021 and an additional one percent increase, contingent on enactment of Senate Bill 36 or similar legislation of the second session of the fifty-fifth legislature increasing employer paid pension contributions. Any unexpended balances remaining at the end of **fiscal year 2023** shall revert to the general fund.



Campuses with branch institutions will need to breakout and provide distributions per branch so HED can identify in the review/approval process as well as add the new funding to the recurring Branch I&G appropriation going forward in similar fashion as we had to do this past year.

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
- Include Exhibit B totals by Exhibit, not just categories.
- Make 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.

Last but not least, HED staff looks forward to the annual Business Officers meeting on Monday March 28th beginning at 1:30 pm. Invitation via MS Teams meeting link sent separately to the Business Officer Contact list. If we inadvertently missed someone, please let us know.

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

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