

Office of Budget and Analysis

Preparing the Budget

Updated May 2014

Introduction

Preparing the annual budget for New Mexico Tech is a responsibility of the Office of Budget and Analysis. As underscored by the name of the office, the Associate Vice President for Budget and staff not only prepare the budget for approval by New Mexico Tech administrators and the Board of Regents, but they also monitor and analyze budgetary financial activities throughout the year. The Office of Budget and Analysis works closely with the Vice President for Administration and Finance in meeting their fiduciary responsibilities to the university and the taxpayers of the State of New Mexico.

New Mexico Tech, in meeting Department of Higher Education (DHE) regulations, adheres to the accounting principles described in the National Association of College and University Business Officers, "Financial Accounting and Reporting Manual for Higher Education." New Mexico Tech also follows General Accounting Standards Board (GASB) financial reporting standards.

Basis of Accounting

For financial reporting purposes, the Institute is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the Institute's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

New Mexico Tech uses a modified accrual accounting system: revenues are reported when earned and expenditures when materials or services are received. Expenses incurred at the balance sheet date should be accrued and expenses applicable to future periods should be deferred.

Revenues and expenditures for the summer session are to be reported in the fiscal year in which the majority of the session is conducted, or in the fiscal year in which the session ends. The fiscal year begins on July 1st.

The budget also reflects transactions between these budgeted funds and the other fund groups. For those fund groups included in the budget, the year-end financial statements can be reconciled with the information reported in the budget document.

The Institute follows the requirements established by the DHE in formulating its budgets and in exercising budgetary control. It is through the DHE's policy that when an appropriation has been made to the Institute, its Board of Regents can adopt an operating budget within the limits of available income.

Responsibilities

Responsibilities of the Office of Budget and Analysis include the following functions:

- Prepare the budget on behalf of New Mexico Tech
- Maintain budget documentation for each fiscal year
- Generate monthly analyses for the New Mexico Tech Board of Regents
- Notify departments in case of line-item over-expenditures
- Prepare budget transfers for institute and state-agency approval
- Monitor the budget to ensure compliance
- Oversee the preparation of the Research and Public Service Requests (RPSP)
- Oversee Student Association accounts

- Comply with Fiscal Watch quarterly reporting requirements

Research and Public Service Project (RPSP) Requests

The RPSP category refers to projects in research and public service that are funded individually by the New Mexico Legislature, outside the normal appropriations process. These requests are submitted to the DHE on or before September 15th of each year. Budget documents reflect current budgets, present approved budget for the next fiscal year and requests for the coming fiscal year. Each budget may have an expansion request. These items have to be justified in detail and are ranked in priority by the President and the Board of Regents. The budgets contain descriptions of each program as well as milestone accomplishments and the future direction of each unit. RPSP budgets are carefully reviewed by the Office of Budget and Analysis to ensure that each category has been properly recorded, that each change request has been properly documented, and that all mathematical calculations are proper and reconciled with previous submissions.

The Office of Budget and Analysis is responsible for providing each department/division with a deadline in advance of the mid-September submittal date. The Associate Vice President for Budget reviews all RPSP requests before forwarding them to the Vice President for Administration and Finance. From the VPAF, the requests must be approved by the Institute President and the New Mexico Tech Board of Regents before they are submitted to the DOH.

New Mexico Tech entities currently submitting RPSP requests are:

- Geophysical Research Center
- Petroleum Recovery Research Center
- Energetic Materials Research and Testing Center (EMRTC) administration
- Institute for Complex Additive Systems Analysis
- Intercollegiate athletics
- Bureau of Mine Inspection
- Bureau of Geology and Mineral Resources
- Science Fair and Science Olympiad
- Homeland Security
- Cave and Karst Institute
- Professional Development Program

RPSP Funding Guidelines

The Department of Higher Education (DHE) recommends those programs that meet their criteria to the Legislative Finance Committee. The DHE's recommendation will be limited to those projects that demonstrate the following:

- Expansion Requests – The project must have achieved a ranking of Tier I or Tier IIa (i.e., a total score of 80 percent or greater) during its most recent review through the RPSP Evaluation Process.
- Both Expansion and new Requests – The project must be recognized by an institution's governing Board of Regents and by the CHE as a priority equal to or greater than other core priorities identified by institutions (i.e., compensation, BRR, Performance/Incentive fund expansion, etc.).

Institutions will enhance the chances of obtaining funding for requests by identifying and recommending general fund dollars that could be reallocated from existing RPSP projects that are determined to be lower priority by the institution.

RPSP Definitions

- New Projects are defined as those that are not currently a line item in the General Appropriations Act.

- A Program Expansion is one in which new FTE are added, new funding beyond inflationary adjustments is requested, or state funding is requested to replace other funding.

Submission Deadlines

Unaudited Actuals

The budget entitled “Unaudited Actuals” is submitted to the DHE no later than September 15th. This budget reflects expenditures of the Institute as of the end of the fiscal year, which is June 30th. This budget does not require the Regents’ approval before submission to the DHE. It should be noted that audit adjustments are not part of this budget since those are not received until November.

Budget Adjustment Requests

Budget Adjustment Requests can be submitted to the DHE up to July 1 of each year. These requests should reflect necessary and required transfers and all budget revisions that have been completed throughout the year. These adjustments consist of three pages that list revenues, beginning balances, total available, expenditures, transfers and ending balances. The third page is a recap of Instruction and General revenues, expenditures, transfers and balances. Prior to mailing these reports, the documents require approval of the Board of Regents.

“Special Projects” Budgets (Research and Public Service Projects)

RPSPs are presented to the DHE on September 15th of each year. Budget documents reflect current budgets, present approved budget for the next fiscal year, and requests for the coming fiscal year. Each budget has an expansion request. These items have to be justified in detail and are ranked in priority by the Regents. The budgets further have descriptions of each program as well as milestone accomplishments and future direction of each unit. RPSP budgets are carefully reviewed by the Office of Budget and Analysis to ensure that each category has been properly recorded, that each change request has been properly documented, and that all mathematical calculations are proper and reconciled with previous submissions. A complete document is then forwarded to the Vice President for Administration and Finance. After approving the RPSP budgets, the VPAF forwards them to the President to be placed on the Regents’ meeting agenda in August.

Fiscal Watch

The Fiscal Watch program was established by the New Mexico Legislature during its 2004 session to provide new certification procedures for the financial status of institutions of higher learning. Its purpose is to compare the original budget for actuals per quarter. Fiscal Watch requires colleges and universities to provide quarterly financial reports to the DHE and DFA comprised of a:

1. Statement of Net Position;
2. Statement of cash flows;
3. Comparison of operating and plant funds for two fiscal years;
4. Statement of cash flows; and
5. Summary of operating and plant funds

Note: Items 1 and 2 fall under the purview of the New Mexico Tech Business Office. The Office of Budget and Analysis is responsible for items 3, 4, and 5.

Fiscal Watch reports are due according to the following schedule:

- Annual financial audit-(to Office of State Auditor): November 15th
- Quarterly financial reports and certification-Q1: November 30th
- Quarterly financial reports and certification-Q2: February 29th
- Quarterly financial reports and certification-Q3: May 31st

The Process

The budget process actually begins in Santa Fe, where New Mexico legislators gather each year during the third week of January, alternating between a 30-day or a 60-day session. At the close of each session, the General Appropriations Act, also known as House Bill 2, is sent to the Governor for his signature. Included in HB 2 is funding for higher education and public school support. Appropriations are made to New Mexico's colleges and universities according to the state Funding Formula.

Procedures

- Budget forms distributed to all New Mexico Tech departments and offices
- Institute budget prepared based upon proposed departmental budgets
- Final draft budget forwarded to Vice President for Administration and Finance for approval
- After all approvals have been completed, the office of Budget and Analysis enters the data received into the budget database. A special effort is made to ascertain that all FTE's (full-time equivalent) are entered correctly. Extreme care is exercised so that budgets reflect the appropriate funds. In addition, information is provided to Human Resources so that the proper raise report can be prepared for the Board of Regents.
- After the information is posted, a second check is made to prove the accuracy of the computer information.
- Once the budget is finalized, the Associate Vice President for Budget and the Vice President for Administration and Finance carefully review it, and make appropriate changes and/or corrections.
- The final budget is submitted to the DHE by the first Monday in May.
- The final budget also must be certified by the Board of Regents. This is usually accomplished during the May Regent's meeting. In addition to the budget, various graphs and comparisons are also presented.

Budget Document

The budget is divided into three sections:

1. Current operating budget;
2. Revised budget for the current fiscal year; and
3. Proposed budget

These budget documents are submitted to the DHE in the spring, on or before the first Monday in May.

The budget submitted in the fall, on or before Sept. 15th, is comprised of:

1. Final approved budget;
2. Revised budget; and
3. Unaudited actuals.

The budget document itself represents approximately one hundred pages of various schedules and departmental recaps. The operating budget is divided into two distinct areas. The most important, so far as the DHE is concerned, is entitled "The Current Unrestricted Budget." This area incorporates all funds received by the Institute that are unrestricted in character and are used for the operation of the Institute. In the budget document, these funds are reflected in Exhibit 2 through Exhibit 14.

Exhibits

The following listing summarizes the content of each attached exhibit. These are separate funds located in the budget document itself.

Exhibit 2

Exhibit 2 provides a general overview of the Instruction and General category. This includes revenue, beginning balances, expenditures, transfers, and ending balances.

Exhibit 3

Exhibit 3 reflects "Tuition and Miscellaneous Fee Income" for the Institute, which includes various resident and non-resident tuition and associated registration fees.

Exhibit 4

Exhibit 4 displays the "State Appropriation"

Exhibit 5

Exhibit 5 reflects any governmental grants and contracts that are associated with Instruction and General.

Exhibit 7

Exhibit 7 lists income from "Unrestricted Endowment Fund, State Lands and Permanent Funds."

Exhibit 9

Exhibit 9 reflects other sources of revenue such as interest on current fund balances, recovery of indirect costs and other miscellaneous income that is attributed to the Instruction and General category.

Exhibit 10

Exhibit 10 lists all the instruction departments on campus. Individual units reflect Biology, Chemistry, Computer Science, Education and Psychology, Fine Arts and Music, Geoscience, Humanities, Mathematics, Metallurgy, Mining and Geological Engineering, Petroleum, Physical Recreation and Physics. Additionally, Electrical Engineering and Management compose the category entitled "Total Regular Instruction." Additional units shown in this exhibit are Summer Session, Continuing Education and Computer Center. These departmental expenditures are then summarized on Page 1 and 2 of Exhibit 10 along with other expenditures that do not have a separate listing.

Exhibit 11

Exhibit 11 reflects the expenditures for Academic Support areas. This particular section of the budget breaks out expenditures in the Library, Vice President for Academic Affairs, and Graduate

Studies Offices. A summary of these expenses, as well as other expenses that are not shown by individual categories, is shown on Exhibit 11, Pages 1 and 2.

Exhibit 12

Exhibit 12 provides information for Student Services and lists the following units: Tutoring, Special Services Unit, Student Services Unit, Financial Aid, Admission and Registrar. A number of other areas that do not warrant individual classifications, plus recap totals of these units, are found on Exhibit 12, Page 1.

Exhibit 13

Exhibit 13 lists the expenditure for Institutional Support. Units here include President's Office, Vice President for Administration and Finance, Business Office, Human Resources, Post Office, Telephone, Vice President for Student and University Relations, Reports and Publication, Information Services, Office for Advancement and Alumni, Affirmative Action, Budget & Analysis, and Purchasing. As in other exhibits, smaller areas that do not require a breakdown, as well as recaps of the above units, is listed in Exhibit 13, Pages 1 and 2.

Exhibit 14

The last exhibit in Instruction and General is Facilities Management. Administration, Janitors, Brown Hall Maintenance, Building and Utilities and Auto and Trucks are the categories found in this exhibit. Recaps of total expenditures for these, plus other listings of expenditures, are reflected on Exhibit 14, Page 1.

Exhibit 15

Exhibit 15 lists the expenditures for Social and Cultural activities and details of Sports Activity fees and includes the Student Health Center. These totals are then summarized on Exhibit 15, Page 1.

Exhibit 16

Exhibit 16 is a detail, which shows research activity for the Institute. Here expenditures for the Geophysical Research Center, Research Support, details of Fixed Fee, EMRTC Research, Instruction Research, the Petroleum Recovery Research Center, the Institute for Complex Additive Systems Analysis (ICASA), Homeland Security, and Cave and Karst are found. This is the first exhibit in the budget that reflects unrestricted and restricted expenditures. The totals for each exhibit are then transferred to the summary page entitled "Exhibit 16, Summary of Research."

Exhibit 18

The Internal Service departments are next and show a detail of administrative Data Processing, Campus-Wide Cost Centers, and EMRTC Cost Centers. These totals are summarized on Exhibit 18 entitled "Summary of Internal Service Departments." These funds are unrestricted and the departments listed under the heading Cost Centers are self-supporting, their expenditures depend upon the revenue which they are able to receive during each fiscal year.

Exhibit 19

Exhibit 19 is an overview of Student Aid, Grants and Stipends. No individual breakdowns are available but are listed on the summary page. Both restricted and unrestricted expenditures are reflected. Restricted expenditures include State and Federal funds.

Exhibit 20

A detail of Administration, Dining Hall, Dormitories, Family Housing, Swim Center, Student Center, Golf Course Rentals, Children’s Center, Bookstore, Student Activity Center, Theater Conference Center and Summer Conferences comprise Exhibit 20. Totals for all these units are then listed and summarized on Exhibit 20 entitled “Summary of Auxiliary Enterprises.”

Exhibit 21

Exhibit 21 provides details of Intramural Activities.

Exhibit 22

Exhibit 22 lists the Bureau of Mines and State Mine Inspector. These two are called “Independent Operations.” A summary total of independent operations are found in Exhibit 22.

Exhibit OI

Exhibit OI reflects a summary of Capital Outlay for the Institute. Income and expenditures are summarized on this exhibit without providing a breakdown of each department.

Exhibit OII

Exhibit OII lists the Renewals and Replacement income and expenditures, transfers and balances.

Exhibit OIII

Exhibit OIII provides a summary of Debt Services, which includes income, beginning balances, transfers, expenditures and ending balances.

Exhibit OA

Exhibit OA is a summary of the current fund revenues received by source.

Exhibit B

Exhibit B is a summary of salaries in all current funds.

Exhibit C

Exhibit C lists the tuition, required fees, room and board rates and required revenue from students.

Exhibit OD

Exhibit OD is a recap of enrollments for the fiscal year.

Exhibit OE

Exhibit OE is a summary of salaries received by principal officers of New Mexico Tech.

Exhibit OF

Exhibit OF lists the National Direct Student Loan Matching Funds.

Financial Summaries

The Office of Budget and Analysis prepares a monthly Financial Summary detailing income, expenditures and transfers for the period. Any exceptions to budgeted forecast are brought to the attention of the Vice President for Administration and Finance (VPAF) and also to the individual Vice President in charge of the

section, as well as to each department head. The VPAF reviews this monthly report and forwards it to the President for placement on the Regents' agenda.

Budget Revisions and Cash Transfers

Any transfer of funds requires a budget revision and is directed to the Office of Budget and Analysis. If a budget revision is from a salary-related object code to a non salary-related object code, or vice versa, approval is required from the Vice President in charge. Subsequent approval is also needed from the Vice President for Administration and Finance. Divisions have to have presidential approval for the above-mentioned transfers. The Office of Budget and Analysis, in cooperation with the General Accounting Office, will determine whether a request is a budget revision or should be handled as a cash transfer. Record maintenance and budget-revision-entry is completed after final review and approval by the Vice President for Administration and Finance. Entries involving actual cash transfers will be referred to the General Accounting Office for the proper inclusion in the financial system. The Associate Vice President for Budget also will ensure that entries are correctly written to maintain the integrity of the budget in the General Ledger.

Revision for Compensation Adjustments

Over the course of the fiscal year it sometimes becomes necessary for a department to increase or decrease its previously approved staffing level, or to upgrade/downgrade a currently approved position. It is important that the Institute accurately reflect these changes in the annual budget. In order to facilitate this process the following procedures will be observed:

New Hires & Position Upgrade/Downgrade not currently in Account Budget

Once a change in position compensation is approved by all appropriate authorities, a *Personnel Action Form* (PAF) is executed. Attachments to this form will include the specific fund account number that will be used to adjust the payroll account(s) listed on the PAF.

When both the completed PAF and justification sheet are received in the Office of Budget and Analysis, the availability of funds on the guaranty account will be verified and a budget revision will be executed. The PAF along with the attached documentation will then be forwarded to the next designated authority.

New Hires or Replacements Currently in Budget

In this instance it is necessary to attach to a *Personnel Action Form* a copy of the appropriate annual *Salary/Wage Worksheet* highlighting the position. If there has been a change in the position, a fund account number will be necessary so that a budget revision can be executed as outlined above.

For positions governed by Restricted Funds, either a copy of the contract budget sheet or the appropriate contract administrator's approval for the employment will suffice.