

This rule was filed as 5 NMAC 3.4.

TITLE 5 POST-SECONDARY EDUCATION
CHAPTER 3 POST-SECONDARY EDUCATION INSTITUTION FINANCES
PART 4 OPERATING BUDGETS - APPROVAL BY COMMISSION ON HIGHER EDUCATION

5.3.4.1 ISSUING AGENCY: State of New Mexico Commission on Higher Education, 1068 Cerrillos Road, Santa Fe, New Mexico 87501-4295, (505) 827-7383.
[12/31/98; Recompiled 10/31/01]

5.3.4.2 SCOPE: Provisions of 5 NMAC 3.3 [now 5.3.4 NMAC] apply to all state public post secondary institutions in the state of New Mexico.
[12/31/98; Recompiled 10/31/01]

5.3.4.3 STATUTORY AUTHORITY: Section 21-1-26 NMSA 1978.
[12/31/98; Recompiled 10/31/01]

5.3.4.4 DURATION: Permanent.
[12/31/98; Recompiled 10/31/01]

5.3.4.5 EFFECTIVE DATE: December 31, 1998, unless a different date is cited at the end of a section or paragraph.
[12/31/98; Recompiled 10/31/01]
[Compiler's note: The words *or paragraph*, above, are no longer applicable. Later dates are now cited only at the end of sections, in the history notes appearing in brackets.]

5.3.4.6 OBJECTIVE AND PURPOSE: The objective of 5 NMAC 3.4 [now 5.3.4 NMAC] is to establish a policy and guidelines for the review and approval of institutional operating budgets.
[12/31/98; Recompiled 10/31/01]

5.3.4.7 DEFINITIONS: "Commission" means the New Mexico commission on higher education.
[12/31/98; Recompiled 10/31/01]

5.3.4.8 GENERAL PRINCIPLES:

A. The commission will review the operating budgets. As a matter of information, the budgets will be viewed in light of the factors utilized in the funding formulas. However, it is the commission's policy that when the appropriation has been made to the institution, its governing board can, in general, adopt an operating budget within the limits of available income.

B. Budgets shall be comprehensive, reflecting the total program and activities of the institution. Budgets shall conform to the principles and procedures contained in the commission financial reporting manual. To the extent feasible, developments expected to materialize within the fiscal year should be reflected in the original operating budget.
[9/21/84, 12/31/98; Recompiled 10/31/01]

5.3.4.9 SCOPE OF COMMISSION REVIEW: Budgets will be carefully checked for the following:

- A. arithmetic accuracy and cross referencing;
- B. reasonableness of amounts of revenue budgeted;
- C. budgeted expenditures being within budgeted resources;
- D. consistency with the commissions financial reporting manual;

[12/31/98; Recompiled 10/31/01]

5.3.4.10 ITEMS OF BUDGETARY CONTROL: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amount shown in the approved budget.

- A. Unrestricted expenditures and restricted expenditures.

- B. Instruction and general.
- C. Each budget function in current funds other than instruction and general (exhibits 15 - 22).
- D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service.
- E. Each individual item of transfer between funds and/or functions.

[9/21/84, 12/31/98; Recompiled 10/31/01]

[Compiler's note: Subsection C of 5.3.4.10 contains a reference to *exhibits 15 - 22*. The exhibits were not submitted with the rule material filed.]

5.3.4.11 MAJOR CAPITAL OUTLAY PROJECTS: Major capital outlay projects for which commission on higher education and board of finance approval is required may be budgeted, but funds will not be expended until final approval has been secured from these boards and the contract let.

[9/21/84, 12/31/98; Recompiled 10/31/01]

5.3.4.12 BUDGET ADJUSTMENT REQUESTS:

A. The executive director will approve budget revisions meeting the tests of paragraphs 12.3.2 and 12.3.3 [now Paragraphs (2) and (3) of Subsection C of 5.3.4.12 NMAC] without action by the commission. He will use his discretion regarding a revision falling under paragraph 12.3.4 [now Paragraph (4) of Subsection C of 5.3.4.12 NMAC]; he may approve it if he finds it to be in the best interests of the institution and the state, or he may hold it and refer it to the next meeting of the commission for decision.

B. After a budget revision has been approved by the executive director of the commission, it will be transmitted for approval by the budget division of the department of finance and administration.

C. The following principles will govern commission on higher education approval of budget revisions:

(1) Budget adjustment requests must be approved by the institution's governing board before it is submitted to the commission for approval.

(2) Institutions may expect automatic approval where a requested increase in restricted expenditures in an item subject to budgetary control is accompanied by an increase in restricted income for that item sufficient to cover the increased expenditure.

(3) Budget revisions involving simply the budgeting of a major capital outlay project following approval by the commission on higher education, the board of finance when appropriate, and the letting of the contract, or involving the budgeting of receipts for capital outlay following action or approval of the commission on higher education and the board of finance, will be automatically approved.

(4) Budget revisions other than those covered by paragraphs 12.3.2 and 12.3.3 [now Paragraphs (2) and (3) of Subsection C of 5.3.4.12 NMAC] will be subjected to a more detailed review by the commissions staff.

[9/21/84, 12/31/98; Recompiled 10/31/01]

5.3.4.13 PROCEDURES: The following procedures will be used by the commission in the approval of operating budgets:

A. Budgets will be presented in the format prescribed by the commission on higher education through the commission's staff. Budgets will be in compliance with the financial reporting manual as adopted by the commission on higher education. Any significant changes in the format or manual will be reviewed with the institutional budgetary officers before being put into effect.

B. Each institution will submit a draft of the operating budget to the commission's staff by May 1. The commission's staff will review and check this draft and then consult with the appropriate institutional officials for clarification, correction of errors, and consistency in budgetary format.

C. The institution will then submit four original copies that have been approved by the institution's governing board to the commission's office by a specified date. This will be reproduced by the commission's staff and copies provided to each commissioner upon request.

D. The commission's staff will analyze each budget and, to the extent possible, report the results of its analyses to the commission members in advance of the commission meeting when approval of budgets is to be considered. Particular attention will be given to the proposed use of balances.

[9/21/84; Recompiled 10/31/01]

5.3.4.14 DEADLINES: The commission will meet about the middle of June and act on approval of the budgets. The budgets as approved by the commission will be transmitted to the budget division of the department of finance and administration for official approval prior to July 1.
[9/21/84; Recompiled 10/31/01]

HISTORY OF 5.3.4 NMAC:

Pre-NMAC History: The material in this Part was derived from that previously filed with the State Records Center and Archives under:

BEF Rule 320, Operating Budgets - Approval by BEF, 2/26/85.

History of Repealed Material: [RESERVED]