

Manual of Procedures PSAB Supplement 1 Budget Planning, Preparation, and Maintenance

Presenters: Dr. Arsenio Romero-
Superintendent,
Claire Cieremans-Chief Finance Officer,
Tina Garcia-LLS Board President

Expectations for Today

- Purpose of Budget
- Finance Committee Guidelines
- Budget Cycle and Timelines
- Annual Budget Responsibilities and Guidelines
- New Mexico School Funding
- Budget Preparation
- Budget Maintenance
- Examples & Questions

Purpose- PSAB Supplement 1

- The purpose of a school district's or charter school's Operational Budget is to provide a statement, expressed in financial terms, that serves as the primary tool for planning and controlling operations. To achieve this basic purpose, a comprehensive budget must be integrated with the entity's Financial Management System (FMS) to ensure that objectives of planning, coordinating, evaluating, and controlling are attained. The primary objectives of the budget system are too:
 - Assist the formulation of an integrated plan of operations
 - Provide a means of communication between the various levels of management
 - Integrate with the accounting systems to reflect expenditures and commitments
 - Provide a means of measuring budget vs. actual
 - Support and reflect a school districts Educational Goals
 - Provide historical data required for budget prep
 - Provide state and federal entities crucial data

Finance Committee

- Section 22-8-12.3.NMSA 1978 Local school board finance subcommittee; audit committee; membership; duties
- Each local school board shall appoint at least two members of the board as a finance subcommittee to assist the board in carrying out its budget and finance duties. This committee shall make recommendations to the local school board in the following areas:
 - Financial planning
 - Review and monitor revenue and expenses
 - Annual budget prep and oversight
 - Procurement
 - External monitoring on budget and other financial matters

Budget Cycles and Timelines

- Fiscal year- Beginning July 1 and ending June 30.
- Prior to June 20 of each year, each local school board shall, at a public hearing of which notice has been published by the local school board, approve the operating budget for the school district for the ensuing fiscal year.
- Must demonstrate public/parental involvement and input.
- Must be balanced
- Other means of communication
 - Media or press releases
 - Mail outs
 - Parent teacher meetings
 - Website
 - Special meetings

Annual Budget Responsibilities & Guidelines

- Local autonomy in an Operating Budget's planning and preparation.
- Assure all stakeholders are involved
 - Superintendent
 - Staff/Administration-School Sites
 - Parent Input
 - Other Departments—HR, Maintenance, Tech.
 - Finance Committee
 - Board of Education
 - Unions
- Budget calendar-example

New Mexico School Funding

Operational Fund

- State Equalization Guarantee (SEG)-Accounts for the largest portion (varies by district) of the school districts operational revenue.
- Supplemental Distributions/Additional Revenue Sources
 - Out of State Tuition
 - Emergency Distribution
 - Emergency Capital Outlay
- 910B-5 Units and Unit Value
 - Historical
 - Sample of LLS
 - Student Enrollment

Budget Preparation

6.20.2.9 NMAC. Budget Preparation Standards

- Determine Realistic Cash Balance
 - Estimate current year revenues
 - Estimate current year expenditures
- Budget Projected Revenues
 - Local Sources
 - State Sources
 - Federal Sources
 - Other Sources
- Estimate Expenditures
 - Constitutional, Statutory, and Contractual Mission
 - Public Benefit and Purpose
 - Necessity
 - Appropriation, Budget, and Available Resources

Budget Preparation cont.

- District 90 Day Plans
- Financial Circumstances
- Statutory Requirements
 - Class size requirements
 - Minimum salary requirements
 - Certified Levels
 - Educational Assistants/Others
 - Admin
 - Salary schedules—salaries and benefits—85% or higher
 - Utilities
 - Property/Liability/WC Insurance
 - Other: Supplies, Professional Services/ELT/K-5 Plus

Budget Maintenance

- Reports
 - PED Monthly or Quarterly
 - Board or Governing Councils
- Encumbrances to aid in Budgetary Maintenance
- Maintenance Control Procedures and Best Practices
- Operating Budget Management System (OBMS)
 - Initial Operating Budget
 - Budget Adjustment Request (BAR)
 - Actuals Reporting
 - Request for Reimbursements

Examples & Questions



Date: March 7, 2022
 To: Dr. Arsenio Romero, Superintendent
 From: Claire Cleremans, Chief Finance Officer
 Subject: 2022-2023 - Budget Timeline

The NMASBO/PED Spring Budget Workshop will held on April 6th-April 8th, 2022. Our budget must be turned into PED by Friday, May 13th, and our review has not yet been scheduled.

The following timeline will be utilized for the budget process:

Stakeholder/Participants	Date/Time	Location
1) Spring Budget Workshop	April 6-April 8	Albuquerque, NM
2) Principal/Dept. Input Sessions	March 24-March 28 th	CO Conference Room
3) Board Work Session	March 29, 5:00 PM	CO Board Room
4) NEA Session	April 12, 3:00- 4:30 PM	CO Board Room
5) Parent Advisory/Public Hearing	April 12, 6:00 PM	CO Board Room
6) Final Board Work Session	April 19, 4:30 PM	CO Board Room
7) Board Approval	May 3, 5:00 PM	CO Board Room
8) PED Draft Due in Santa Fe	May 13, 8:00 AM	Santa Fe
9) PED Approval Review	TBD	TBD

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
KURT STEINHAUS, Ed.D.
 SECRETARY OF EDUCATION

MICHELLE LUJAN GRISHAM
 GOVERNOR

March 18, 2022

MEMORANDUM

TO: Public School Superintendents, Charter School Officials & Business Managers

FROM: Kurt Steinhaus, Ed.D., Secretary of Education 

RE: 2022-2023 Initial Program Unit Value

In accordance with Laws 2022, Chapter 54, the General Appropriation Act of 2022, I am establishing the Initial Unit Value for 2022-2023 school year budgets at \$5,450.92, an increase of \$587.92 from the 2021-2022 Final Unit Value of \$4,863.00, or an increase of approximately 12.09 percent.

When using the Initial Unit Value to calculate budgets, it is important to account for additional factors such as school size adjustments, rural populations, and growth. It is equally important to note that when making these calculations, using outdated 910B-5 forms may result in discrepancies.

If you have any questions or need additional information, please do not hesitate to contact your assigned budget analyst or Eileen Marrujo at Eileen.Marrujo@state.nm.us.

cc: Governor Michelle Lujan Grisham
 Deborah K. Romero, Cabinet Secretary, Department of Finance and Administration
 Katiana Sandoval, Deputy Secretary, Finance & Operations & Academic Achievement, PED
 David Abbey, Director, Legislative Finance Committee
 Vanessa Hawker, Acting Director, Legislative Education Study Committee
 Eileen Marrujo, Director, School Budget Bureau, PED
 Budget Analysts, School Budget and Finance Analysis Bureau, PED

Brainstorm

What do you want to see happen with the district budget?

How many ideas can you come up with in two minutes?

Questions to ask about the District Budget:

- 1. Do we have a school finance and planning calendar that can be distributed?**
- 2. What is the current fund balance, and how does it compare over the last 5 years?**
- 3. How long would your current fund balance carry your district if all revenue were to dry up and expenses were to remain the same?**
- 4. What is our current outlook for State funding and how does it compare over a 5-year period?**
- 5. What assumptions are we basing our budget on, have those assumptions changed in the last 5 years, and how successful have we been at making accurate assumptions?**
- 6. During the last 5 years, what is the district growth in terms of student membership and what are the future trends?**
- 7. What is our current staffing ratio—student to staff and student to teacher? Have the ratios changed in the past 5 years? Is there a trend for the next 5 years?**
- 8. What is the outlook for capital projects? Does the current budget reflect the needs described in our facilities study?**
- 10. How do our pay systems — faculty and staff compensation, salary schedule and stipends — compare with other districts in our area of the state? Or similar in size??**

Thank you for your time
and attention!



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