

FIRMS PROGRAM CODES DEFINED

Typically in a higher education environment, the annual expenditure budget allocation is based on allocating expenditures by functional programs such as instruction, research, etc., and by individual revenue and expense objects. These by function budgets are normally broken down by object line-items such as salaries, travel, supplies, equipment, and etc. Each institution has its own rationales and requirements for the specific budget document it prepares and disseminates.

Functional program and object classification is used for the following reasons:

- To maintain and develop adequate indicators of the expenditure structure and trends
- To formulate, monitor and update an inventory of the most critical, or urgent cost or expenditure centers
- To perform on-going analysis and reporting of individual expenditures emphasizing optimal use of resources
- To integrate the annual budget with institutions evolving long-range financial and program plans

The following functional classifications are used by educational institutions:

0100 Instruction

The instruction category includes expenses for all activities that are part of an institution's instruction program. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction and regular, special, and extension sessions should be included.

Expenses for departmental research and public service that are not separately budgeted should be included in this classification. This category excludes expenses for those academic personnel whose primary activity is administration – for example, academic deans.

The instruction category includes the following subcategories:

0101 General Academic Instruction. This subcategory includes expenses for formally organized and/or separately budgeted instructional activities that are carried out during the academic year (as defined by the institution), associated with academic offerings described by the Integrated Postsecondary Education Data System (IPEDS) instructional program categories identified in the National Center for Education Statistics (NCES) publication. A classification of Instruction Programs, and offered for credit as part of a formal post-secondary education degree or certificate program. Open university short courses, and home study activities falling within this classification and offered for credit are included. However, this subcategory does not include instructional offerings that are part of programs leading toward degrees or certificates at levels below the higher educational level, such as adult basic education.

0104 Community Education. This subcategory includes expenses for formally organized and/or separately budgeted instructional activities that do not generally result in credit toward any formal postsecondary degree or certificate. It includes noncredit instructional that are part of the adult education or continuing education program. This subcategory also includes expenses for activities associated with programs leading toward a degree or certificate at a level below the higher education level, such as adult basic education.

0105 Preparatory/Remedial Instruction. This subcategory includes expenses for formally organized and/or separately budgeted instructional activities that give students the basic knowledge and skills required by the institution before they can undertake formal academic course work leading to a postsecondary degree or certificate. Such activities, supplemental to the normal academic program, generally are termed preparatory, remedial, developmental or special educational services. These instructional offerings may be taken prior to or along with the course work leading to the degree or certificate. They are generally noncredit offerings,

although in some cases credit may be provided specifically for required preparatory or remedial skills or knowledge, and should be included in this category. If students may satisfy preparatory requirements by taking offerings provided primarily for other than remedial or preparatory purposes, those offerings should be classified elsewhere.

0106 Instructional Information Technology NACUBO'S Advisory Report 99-3 added this subcategory. This subcategory includes expenses for formally organized and/or separately budgeted instructional information technology. If an institution does not separately budget and expense information technology resources, the cost associated with the three primary programs will be applied to academic support and the remainder to institutional support. **Note:** This **new** subcategory (per FARMS release 02-06) **to be used effective July 1, 2004.**

0300 Public Service.

The public service agency includes expenses for activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional services to particular sectors of the community.

This category includes the following subcategories:

0301 Community Service. This subcategory includes expenses for activities organized and carried out to provide general community services, excluding instructional activities. Community service activities make available to the public various resources and special capabilities that exist within the institution. Examples include conferences and institutes, general advisory services and reference bureaus, consultation, testing services (for example, soil testing, carbon dating, structural testing), and similar activities. The activities included in this subcategory are generally sponsored and managed outside the context of both the agricultural and urban extension programs and of the institution's public broadcasting operation.

0303 Public Broadcasting Services. This subcategory includes expenses for operation and maintenance of broadcasting services operated outside the context of the institution's instruction, research, and academic support programs. Excluded from this subcategory are broadcasting services conducted primarily in support of instruction (classified in the subcategory social and cultural development), and broadcasting services that are independent operations (classified in the subcategory independent operations/institutional).

0400 Academic Support.

The academic support category includes expenses to provide support services to the institution's primary missions: instruction, research, and public service. It includes the retention, preservation, and display of educational materials, for example, libraries, museums, and galleries; the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education; media such as audio-visual services and technology such as computing support; academic administration (including academic deans but not department chairpersons) and personnel development providing administration support and management direction to the three primary missions; and separately budgeted support for course and curriculum development. For institutions that currently charge some of the expenses - for example, computing support - directly to the various operating units of the institution, this category does not reflect such expenditures.

This category includes the following subcategories:

0401 Libraries. This subcategory includes expenses for organized activities that directly support the operation of a catalogued or otherwise classified collection.

0402 Museums and Galleries. This subcategory includes expenses for organized activities that provide for the collection, preservation, and exhibition of historical materials, art objects, scientific displays, etc. Libraries are excluded.

0403 Educational Media Services. This subcategory includes expenses for organized activities providing audio-visual and other services that aid in the transmission of information in support of the institution's instruction, research, and public service programs.

0404 Academic Computing Support. This subcategory includes expenditures for formally organized research and/or budgeted activities that provide computing support to the three primary programs of instruction, research, and public service. Excluded from this category is administrative data processing, which is classified as institutional support. Note: Do not use effective July 1, 2004. Per FARMS release 02-06, was redefined and renamed to subcategory 0409–Academic Support Information Technology.

0405 Ancillary Support. This subcategory includes expenses for organized activities that provide support services to the three primary programs of instruction, research, and public service, but are not appropriately classified in the previous subcategories. Ancillary support activities usually provide a mechanism through which students can gain practical experience. An example of ancillary support is a demonstration school associated with the school of education. The expenses of teaching hospitals are excluded.

0406 Academic Administration. This subcategory includes expenses for activities specifically designed and carried out to provide administrative and management support to the academic programs. This subcategory is intended to separately identify only expenses for activities formally organized and/or separately budgeted for academic administration. It includes the expenses of academic deans (including deans of research, deans of graduate schools, and college deans), but it does not include the expenses of department chairpersons (which are included in the appropriate primary function categories). This subcategory also includes expenses for formally organized and/or separately budgeted academic advising. Expenses associated with the office of the chief academic officer of the institution are not included in this subcategory, but should be classified as institutional support.

0407 Academic Personnel Development. This subcategory includes expenses for activities that provide the faculty with opportunity for personal and professional growth and development to the extent that such activities are formally organized and/or separately budgeted. This subcategory also includes formally organized and/or separately budgeted activities that evaluate and reward professional performance of the faculty. Included in this subcategory are sabbaticals, faculty awards, and organized faculty development programs.

0408 Course and Curriculum Development. This subcategory includes expenses for activities established either to significantly improve or to add to the institution's instructional offerings, but only to the extent that such activities are formally organized and/or separately budgeted.

0409 Academic Support Information Technology. NACUBO'S Advisory Report 99-3 added this subcategory. This subcategory includes expenses for formally organized and/or separately budgeted academic support information technology. If an institution does not separately budget and expense information technology resources, the cost associated with the three primary programs will be applied to academic support and the remainder to institutional support. Note: This new subcategory to be used effective July 1, 2004 (per FARMS release 02-06). Formerly known as subcategory 0404-Academic Computing Support.

0500 Student Services.

The student services category includes expenses incurred for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an essentially self-supporting activity), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and

student health service (if not operated as an essentially self-supporting activity). In recent years, some institutions have created an office of enrollment management; expenses for such an office are best categorized in student services.

This category includes the following subcategories:

0501 Student Services Administration. This subcategory includes expenses for organized administrative activities that provide assistance and support (excluding academic support) to the needs and interests of students. This subcategory includes only administrative activities that support more than one subcategory of student activities and/or that provide central administrative services related to the various student service activities. In particular, this subcategory includes services provided for particular types of students (for example, minority students, veterans, and handicapped students). Excluded from this subcategory are activities of the institution's chief administrative officer for student affairs, whose activities are institution wide and therefore should be classified as institutional support.

0502 Social and Cultural Development. This subcategory includes expenses for organized activities that provide for students' social and cultural development outside the formal academic program. This subcategory includes cultural events, student newspapers, intramural athletics, student organizations, etc. Expenses for an intercollegiate athletics program are included in this subcategory if the program is not operated as an essentially self-supporting operation (in which case all the related expenditures would be reported as auxiliary enterprises).

0503 Counseling and Career Guidance. This subcategory includes expenses for formally organized placement, career guidance, and personal counseling services for students. This subcategory includes vocational testing and counseling services and activities of the placement office. Excluded from this subcategory are formal academic counseling activities (academic support) and informal academic counseling services (instruction) provided by the faculty in relation to course assignments.

0504 Financial Aid Administration. This subcategory includes expenses for activities that provide financial aid services and assistance to students. This subcategory does not include outright grants to students, which should be classified as either revenue reductions, agency transactions, or expenses, as discussed elsewhere in the FARMS manual. .

0505 Student Admissions/Records. This subcategory includes expenditures for activities related to the identification of prospective students, the promotion of attendance at the institutions, and the processing of applications for admissions. It also includes expenses for activities to maintain, handle and update records for currently enrolled students as well as for students previously enrolled. Note: Do not use effective July 1, 2004. Instead, use subcategories 0509-Student Admissions and 0510-Student Records (Per FARMS release 02-06).

0507 Student Health services. This subcategory includes expenses for organized student health services that are not self-supporting; health services that are self-supporting are reported as auxiliary enterprises.

0508 Student Services Information Technology. NACUBO'S Advisory Report 99-3 added this subcategory. This subcategory includes expenses for formally organized and/or separately budgeted student services information technology. If an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to academic support and the remainder to institutional support. Note: This new subcategory (per FARMS release 02-06) to be used effective July 1, 2004.

0509 Student Admissions. This subcategory includes expenses for activities related to the identification of prospective students, the promotion of attendance at the institution, and the processing of applications for admission. Note: This new subcategory (per FARMS release 02-06) to be used effective July 1, 2004. Previously classified as subcategory 0505-Student Admissions and Records.

0510 Student Records. This subcategory includes expenses for activities to maintain, handle

and update records for currently enrolled students as well as for students previously enrolled. Note: This new subcategory (per FARMS release 02-06) to be used effective July 1, 2004. Previously classified as subcategory 0505-Student Admissions and Records.

0600 Institutional Support.

The institutional support category includes expenses for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing; transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

Appropriate allocations of institutional support should be made to auxiliary enterprises, hospitals, and any other activities not directly related to the primary program categories or the related support categories.

This category includes the following subcategories:

0601 Executive Management. This subcategory includes expenses for all central, executive-level activities concerned with management and long-range planning for the entire institution (as distinct from planning and management for any one program within the institution). All officers with institution-wide responsibilities are included, such as the president, chief academic officer, chief business officer, chief student affairs officer, and chief development officer. This subcategory includes such operations as executive direction (for example, governing board), planning and programming, and legal operations.

0602 Fiscal Operations. This subcategory includes expenses for operations related to fiscal control and investments. It includes the accounting office, bursar's office, and external audits. Interest expense on working capital loans is recorded with other interest expense and is not recorded as institutional support. In addition, bad debt expense for student and other accounts receivables is recorded as a reduction in the specific revenue source rather than as an expense.

0603 General Administration & Logistical Services. This subcategory includes expenditures for activities related to general administrative operations and services (with the exception of fiscal operations and administrative data processing). Included in this subcategory are personnel administration, space management, purchase and maintenance of supplies and materials, campus wide communications and transportation services, general stores, printing shops, and safety services. Note: Do not use effective July 1, 2004. Instead, use subcategories 0606-General Administration and Operations and Maintenance of Plant, 0708-Logistical Services (per FARMS release 02-06).

0604 Administrative Computing Support. This subcategory includes expenditures for computer services that provide support for institution-wide administrative functions. Note: Do not use effective July 1, 2004. This subcategory was redefined and renamed 0607-Administrative Information Technology (per FARMS release 02-06).

0605 Public Relations/Development. This subcategory includes expenses for activities to maintain relations with the community, alumni, or other constituents and to conduct activities related to institution-wide development and fund raising. Public institutions are also required to follow the provisions in Statement of Position 98-2, Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising. This SOP requires that if certain criteria, namely purpose, audience and content are met, the costs of the activity should be allocated between fund raising and the appropriate program or management and general function. If all of the criteria are not met, then the entire amount is classified as fund raising costs. In addition certain disclosures are required. See section 350 of the FARMS manual for additional information.

0606 General Administration. This subcategory includes expenses for activities related to general administrative operations and services (with the exception of fiscal operations and

administrative information technology). Included in this subcategory are personnel administration, space management, purchasing and maintenance of supplies and materials, campus-wide communication and transportation services, general stores and printing shops. Note: This new subcategory to be used effective July 1, 2004. Formerly known as 0603-General Administration and Logistical Services. Per FARMS release 02-06, General Administration continues to remain a subcategory of Institutional Support while Logistical Services was reclassified as a subcategory of Operations and Maintenance of Plant.

0607 Administrative Information Technology. This subcategory includes expenses for formally organized and/or separately budgeted administrative information technology. If an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to academic support and the remainder to this category. Note: This new subcategory to be used effective July 1, 2004. Formerly known as 0603-Administrative Computing Support (per FARMS release 02-06).

0700 Operation and Maintenance of Plant.

The operation and maintenance of plant category includes all expenses for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operations of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. It does not include interest expense on capital related debt.

This category may be allocated to the other functional categories based on an acceptable allocation methodology such as square footage of buildings.

This category includes the following subcategories:

0701 Physical Plant Administration. This subcategory includes expenses for administrative activities that directly support physical plant operations. Activities related to the development of plans for plant expansion or modification, as well as plans for new construction, should be included in this subcategory. Also included are property, liability, and all other insurance relating to property.

0702 Building Maintenance. This subcategory includes expenses for activities related to routine repair and maintenance of buildings and other structures, including normally recurring repairs and preventive maintenance.

0703 Custodial Services. This subcategory includes expenses related to custodial services in buildings.

0704 Utilities. This subcategory includes expenses related to heating, cooling, light and power, gas, water, and any other utilities necessary for operation of the physical plant.

0705 Landscape and Grounds Maintenance. This subcategory includes expenses related to the operation and maintenance of landscape and grounds.

0706 Major Repairs and Renovations. This subcategory includes expenses related to major repairs, maintenance, and renovations. Minor repairs should be classified as building maintenance. The institution should define the distinction between major repairs and minor repairs. Costs that will be capitalized in accordance with the institution's capitalization policy are excluded.

0707 Security and Safety. This subcategory includes expenses related to security; earthquake and disaster preparedness; safety, including environmental safety; and hazardous waste disposal. Note: A new subcategory (per FARMS release 02-06). To be used effective July 1, 2004.

0708 Logistical Services. This subcategory includes expenses related to logistical services such as central receiving as well as space and capital leasing. Note: Formerly known as 0603-General Administration and Logistical Services. Per FARMS release 02-06, Logistical Services was reclassified as a subcategory of Operations and Maintenance of Plant while General Administration continues to remain a subcategory of Institutional Support. This subcategory to be used effective July 1, 2004.

0709 Operations and Maintenance Information Technology. NACUBO'S Advisory Report 99-3 added this subcategory. This subcategory includes expenses for formally organized and/or separately budgeted operation and maintenance information technology. If an institution does not separately budget and expense information technology resources, the cost associated with the three primary programs will be applied to academic support and the remainder to institutional support. Note: This new subcategory (per FARMS release 02-06) to be used effective July 1, 2004

0800 Scholarships and Fellowships.

Public institutions, after adoption of GASB Statements 34 and 35, should report tuition discounts and allowances and scholarships generally as reductions of tuition and fees revenues. Certain amounts of such items should still be reported as expenses in general-purpose financial statements. Institutional resources provided to students as financial aid should be recorded as scholarship allowances in amounts up to and equal to amounts owed by students to the institution. Institutional resources provided in excess of amounts owed by the students to the institution and refunded to students should be recorded as expenses. See section 312.111 of the FARMS manual for a detailed discussion of such requirements. In addition, NACUBO has issued Advisory Report 2000-5 that sets forth and illustrates the appropriate accounting and reporting of various types of tuition discounts and scholarships under GASB Statements 34 and 35.

Institutions, in applying this guidance on allocating financial aid between revenue discounts and expenses, will generally initially record all aid as an expense and then determine the amount of aid that should be reported as a reduction of revenues. Accordingly, it is still advisable to maintain expense accounts for aid granted.

The Scholarships and fellowships category includes expenses for scholarships and fellowships from restricted or unrestricted funds—in the form of grant to students, resulting from selection by the institution or from an entitlement program. The category also includes trainee stipends, prizes, and awards. Trainee stipends awarded to individuals who are not enrolled in formal course work should be charged to instruction, research, or public service. Recipients of grants are not required to perform service to the institution as consideration for the grant, nor are they expected to repay the amount of the grant to the funding source. When services are required in exchange for financial assistance, as in the College Work-Study program, charges should be classified as expenses of the department or organizational unit to which the service is rendered. Aid to students in the form of tuition or fee remissions also should be included in this category. However, remission of tuition or fees granted because of faculty or staff status, or family relationship of students to faculty or staff, should be recorded as staff benefits expenses in the appropriate functional expense category.

This category includes the following subcategories:

0801 Scholarships. This subcategory includes grants-in-aid, trainee stipends, tuition and fee waivers, and prizes to undergraduate students.

0802 Fellowships. This subcategory includes grants-in-aid and trainee stipends to graduate students. It does not include funds for which services to the institution must be rendered, such as payments for teaching.

