



UNIVERSITY
OF ILLINOIS
SYSTEM

ALTOGETHER EXTRAORDINARY

NACUBO Functions & Program Codes

University Accounting and Financial Reporting

Agenda

- Define NACUBO functions & explain why they are important
- Overview of some of the more common NACUBO functions
- Explain how NACUBO functions are assigned & where they are found in Banner
- Show where additional NACUBO resources can be found

What are NACUBO Functions?

- **NACUBO** = **N**ational **A**ssociation of **C**ollege & **U**niversity **B**usiness **O**fficers
- NACUBO established “functions” to create a standard reporting structure for classifying expenses according to the purpose for which the costs are incurred

What are NACUBO Functions?

- These NACUBO functional classifications (which are assigned to **program codes**) tell why an expense was incurred...
- ...as opposed to telling what was purchased (as an account code would do).

Why are NACUBO Functions Important?

- Reporting expenses by functional classification helps donors, granting agencies, creditors, and other readers of our financial statements understand the various mission-related expenses & activities of the University
- Thus, every effort should be made to properly code our expense activity to NACUBO functions related to our core missions (such as Instruction, Research, Public Service, Healthcare, etc.) if applicable, as that helps demonstrate to these external parties how we are striving to meet the missions of the University

Why are NACUBO Functions Important?

- Some NACUBO functions (such as Academic Support & Institutional Support) may not be viewed as favorably by some external parties
- For example, some may see this as “administrative bloat” – but this is not entirely accurate.
- Regardless of any perception issues, we need to make every effort to assign an accurate NACUBO function to each of our Banner program codes based on the type of activity which will be taking place on that specific program code!

Why are NACUBO Functions Important?

- NACUBO functions also create uniformity for financial reporting among higher education institutions, which enables comparability among different institutions
- Also allows comparability within the same institution from one year to the next, or over a span of years
- For example, how much did we spend on scholarships in FY19 vs. 10 years ago?

Why are NACUBO Functions Important?

- Public institutions are expected & required to use these functional expense classifications when reporting expense information in a variety of different reports, such as:
 - Annual Audited Financial Statements;
 - Reporting to State Comptroller and to major research sponsors;
 - Integrated Postsecondary Education Data System (IPEDS) reporting, which is used for benchmarking by higher education institutions and the federal government;
 - Assignment of costs in the Activity Reporting System, which is used for reporting to the IBHE and for providing input into State appropriation budgeting;
 - Assignment of costs in campus grant cost accounting systems, which are used to allocate costs and determine overhead recovery rates;
 - Cost sharing on sponsored projects.

NACUBO Function Definitions

- NACUBO has developed broad definitions for each one of these functional categories which includes examples of types of expenses that would fit within that function
- These definitions and examples are sometimes ***vague*** and open to interpretation
- UAFR strives to interpret these ***accurately and consistently*** to ensure comparability across units and to prior years

Examples of Activities Within Common NACUBO Functions

Instruction (1000)

- Expenses for all activities that are a part of an institution's instructional program
 - Expenses for credit & noncredit courses
 - Academic, vocational, & technical instruction
 - Lectureships
 - Conferences, seminars, workshops
 - Departmental research & public service that are not separately budgeted for

Examples of Activities Within Common NACUBO Functions

Research (1100)

- Expenses for activities **specifically organized** to produce research, whether commissioned by an external agency or ***separately budgeted for*** by an organizational unit
 - Research Centers
 - Individual & Project Research
 - Research Information Technology

Examples of Activities Within Common NACUBO Functions

Public Service (1200)

- Expenses for activities established primarily to provide non-instructional services for the benefit of individuals/groups external to the institution
 - Extension Offices
 - Community Service
 - Public Broadcasting

Examples of Activities Within Common NACUBO Functions

Academic Support (1300)

- Expenses for support services provided to institution's primary programs of instruction, research, & public service
 - Libraries, museums, galleries
 - Educational media services
 - Academic administration (deans, academic advising, etc.)
 - Faculty development
 - Course & curriculum development

Examples of Activities Within Common NACUBO Functions

Student Services (1400)

- Expenses for student services administration as well as for activities that contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program
 - Student counseling and career guidance
 - Social & cultural development
 - Financial aid administration
 - Student loans
 - Student admissions & student records
 - Student health services

Examples of Activities Within Common NACUBO Functions

Institutional Support (1500)

- Expenses for central, executive-level activities concerned with management and long-range planning for the entire institution
 - President's Office
 - Public Relations
 - Executive management
 - Fiscal operations & investments
 - System-level Accounting (such as UAFR)
 - Auditing
 - Bursar's office

Examples of Activities Within Common NACUBO Functions

Scholarships (1787), Student Fellowships (1788), Prizes/Awards to Students (1789)

- Expenses for financial aid to students that:
 - Do not require the student to perform services as consideration for the aid, and
 - Do not require the student to repay back the amount of aid received
- Scholarships (1098-T)
 - Includes [travel scholarships](#) & [research scholarships](#)
- Grad student fellowships (1098-T)
- Prizes/awards (1099 taxable)

How are NACUBO Functions Assigned & Found in Banner?

- The Banner program code identifies the NACUBO function of the activity by using the “hierarchy” feature of Banner
- NACUBO functions are identified by viewing a program code’s hierarchy in either **FZMPROG** or **FTIPRGH** in Banner
- Important to ensure accurate NACUBO function is assigned to each program code

FZMPROG Example

Chart of Accounts *	1	...
<input checked="" type="checkbox"/> Active Status		
Program	798105	...
Program Title *	Webmasters Conference	
Effective Date *	07/01/2018	

Termination Date		
Next Change Date		
<input checked="" type="checkbox"/> Data Entry		
Predecessor Program	1000	... Instruction

- *Clear title*
- *Accurate NACUBO function assigned*

FTIPRGH Example

PROGRAM HIERARCHY

Chart of Accounts Program Webmasters Conference

Predecessor Instruction

Program

NACUBO Function	<input type="text" value="10"/>	Instruction
NACUBO Sub-Function	<input type="text" value="1000"/>	Instruction
Program Level 3	<input type="text" value="798105"/>	Webmasters Conference
Program Level 4	<input type="text"/>	
Program Level 5	<input type="text"/>	

- *Shows hierarchy of what NACUBO function the program code rolls up to*

New Program Code Requests

- Important to assign accurate NACUBO function when creating a new program code
- In order to accurately assign proper NACUBO function, we need a clear description of what type of activity the program code will be used for
- See [FPI Code Request Form](#)

New Program Code Requests

I. GENERAL INFORMATION

1. Select the applicable Banner chart from the drop-down menu.

2. Select the applicable physical location from the drop-down menu.

3. What is your three digit organization code? Organization title?

4. Which of the following Banner segment codes do you need established?

Select "Yes" or "No" in each of the following boxes.

Fund? Program? Index?

5. Provide a comprehensive narrative describing the activity to be recorded in the requested code(s):

6. Describe in detail the funding source(s) for the requested code(s):

7. Provide a description or examples of the various types of expenses which you anticipate to post to the requested code(s):

New Program Code Requests

III. REQUEST A PROGRAM CODE

1. List the fund(s) that will be used with the new program code:

Type "New" if the fund code has not been established.

2. Suggested title (limited to 35 characters):

Ensure your title provides an accurate description of the activity taking place within this program code.

3. What is the NACUBO function of this program code?

The NACUBO function should be driven by the types of expenses that will be posting to this new program code. For further guidance, see "[Banner Program Codes and NACUBO Function Assignment](#)".

4. Assign the Financial Manager (FINMGR) and General Ledger Distribution Contact (GLDC) in the table below.

The blank rows are available for Principal Investigator (PI), Co-PI, or additional GLDC roles, if applicable.

ROLE	UIN	NAME
Financial Manager (FINMGR)		
GL Report Distribution Contact (GLDC)		

New Fund Code Requests

- Some funds (such as gift funds) use what we call “generic” program codes (such as 191100, 191787, 191300, etc.)...
- ...as opposed to “unique” program codes used on other funds such as State, ICR, SSF, etc. (i.e., program codes which begin with the 3-digit org of the unit)
- Important to take same mentality with these fund requests, so that the appropriate generic default program code is assigned to these funds as well

Additional Resources

Fund Type	Fund Type Title	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Operations	Hospitals	Independent Operations	Stores and Services	Loan Funds	Endowment Funds	Plant Funds	Custodial
		1000	1100	1200	1300	1400	1500	1600	1700	2000	3000	4000	5000	6000	7000	8000	9000
1A	State Approp-GRF/ IF	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N	N
1F	State Approp-St Col and Univ Trust	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N
1G	State Approp-Fire Prevention Fund	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N
1X	State Approp-State Capital Approp	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
1Z	University Income Fund Receipts	N	N	N	N	N	Y	N	Y	N	N	N	N	N	N	N	N
2A	Educational and Admin Allowances	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
2C	Institutional Costs Recovered	N	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
2E	Patents Copyrights and Royalties	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
2G	Private Gifts-Unrestricted	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
2J	Consolidated Group Investments	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N
2L	Unrestricted Receivables/Payables	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N
2N	Student Deposits and Other	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
2P	Self-Insurance Programs	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N
2R	Termination/Sick Leave Benefits	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N	N
3A	Suspense and System Clearing	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
3E	Service and Storeroom Activities	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N
3J	Aux Enterprises Not Under Indenture	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N
3M	Aux Enterprises Under Indenture	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N
3Q	Departmental Activities	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N	N	N	N	N
4A	Sponsored Prog-US Gov G & C	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
4C	Sponsored Prog-Other Gov Agcy GC	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
4E	Sponsored Prog-Private G & C	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
4G	Sponsored Prog-State Of Ill G & C	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N
4J	Trust-Endowment Income	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	N	N	N	N	N
4K	Trust-Endowment Farm Operations	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N
4M	Trust-Private Gifts	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N	N
4N	Trust-Other Restricted	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	N

Questions?

UAFR Who to Ask List:

- Program Codes
- NACUBO Functions