



# Program Codes

## What do Program Codes Define?

Program Codes classify the function of expenses and were established by the National Association of College and University Business Officers Accounting Principles Council. They are categories for annual financial accounting and other required reporting such as the Facilities and Administration Rate Study (Formerly Indirect Cost) and Research reports. The classification of expense by functions is not new and was utilized in TechFIM financial reporting. However, in TechFIM it was not visible to departmental users as it is in Banner.

For Education and General Funds, Designated Funds and Restricted Funds, there are generally five Program Codes that could be defaulted:

- Instruction
- Research
- Public Service
- Patient Care
- Academic Support

For the above fund groups the function of expenses is either to provide Instruction, Research, Public Service, Patient Care or be of support (Academic Support) to Instruction, Research or Public Service. Academic Support consists of expenses that can cross the three functions of Instruction, Research or Public Service.

When completing the “New Fund Request Form”, please state the main purpose of the intended use of the new fund you are requesting. Accounting Services can help determine the correct Program Code for your new fund.

You can find detailed information about the NACUBO Functions as defined in the “NACUBO Program Expense Code Classification” document and the “Budget Program Code Matrix” at: <http://www.fiscal.ttuhsu.edu/banner/training.aspx>.

Although we have a general understanding of Program Codes expense classification there are gray areas that may require discussion as to the proper classification. If it is not clear which Program Code you should use, contact Finance Systems Management or Accounting Services for clarification.

## Budget Account Pools and Program Codes

Budget Account Pools are Banner Account Codes that define separate pools of budget set up for groups of expenses. Different program codes can utilize the same budget pools. For instance budget account pool 7010 – Maintenance and Operations can be budgeted for different program codes.



**EXAMPLE:**

10 - Instruction	20 – Research	30 – Public Service	40 – Academic Support
7010 – M & O	7010 – M & O	7010 – M & O	7010 – M & O
7015 – Prof Services	7015 – Prof Services	7015 – Prof Services	7015 – Prof Services
7020 – In State Travel	7020 – In State Travel	7020 – In State Travel	7020 – In State Travel
7050 – Capital Outlay	7050 – Capital Outlay	7050 – Capital Outlay	7050 – Capital Outlay

### Plan for Budgeting at the Program Code Level

Currently (FY09) TTUHSC budgets are at the Fund / Orgn (BAVL) or at the Fund / Orgn / Account (Budget Pool Account) level.

For FY10 TTUHSC will budget at the Fund / Orgn / Program (BAVL) or Fund / Orgn / Account / Program (Budget Pool Account) level and will default program codes for every Fund. We will accomplish this transition through a two stage process:

1. **FY 09** - Business Affairs and Accounting Services have built default Program Codes for each Fund in Banner. Accounting Services is doing an analysis of FY 09 non-payroll related expenditures at the Fund Level and will move transactions to match the defaulted Program Codes.

**Note: Research has to be separately budgeted (separate Fund) in 2009 to be included in the FY 09 Research Report. As soon as the program codes are corrected to the default program codes, Accounting Services and Finance Systems Management will ask departments to check their Research expenses using a Cognos report to be identified soon.**

2. **FY 10** - Budgets will load to FY 10 at the FOP or FOAP level according to defaulted Program Codes for non-payroll related expenditures for Instruction and Academic Support and for all expenditures for Funds defaulted to other Program codes. During the year Business Affairs and Accounting Services will do an analysis of Payroll related costs for Instruction and Academic Support and will create new Funds as



necessary to split out the two functions so that when budgets load to FY 11 they are correctly defaulted according to the Program code function. Departments will have to

move salaries to the correct FOAPs with a PAF. This must be done by **January 31, 2010** so that budgets will roll to FY 11 correctly. (It may be in your best interest to go ahead and start this process during the Budget Prep Cycle for FY 10). At year end

Accounting Services will do an analysis of Payroll Related Costs and move the transactions to the defaulted Program Codes.

FY 11 Budgets will load to FY11 at the FOP and FOAP level according to defaulted Program Codes for all expenditures including payroll related expenditures.

The analysis and moving of payroll related transactions will mainly affect MPIP and E & G funds as they pay both Faculty and Staff salaries that can be a mix of Instruction, Patient Care and Academic Support.

The end result of budgeting at the Program Code level will simplify properly classifying expenses and provide more consistency and accuracy for reporting for:

- Facilities and Administration Rate Study (IDC)
- Research Reports

## Departmental Responsibility

Departments must understand how to properly classify expenses and apply that knowledge by making sure the expenses are directly related to the program code that is defaulted to the fund.

If a budget is depleted and will not cover an expense, the department must either move budget into the FOP or FOAP to cover the expense or pay for the expense with another FOP or FOAP with the same program code.

Reports that provide the Program Defaults for funds can be found in Cognos following the path: Public Folders > HSC Business Affairs > Chart of Accounts. There are three Program Code Reports:

- Program Code Default by Department
- Program Code Default by Fund Class
- Program Code Query

A report was also sent to you, if you are a fund manager, by email that announced this training. The report is a list of all the funds that you are responsible for as a fund manager and their corresponding Program Code.



## Program Code Expense Classification Examples

### **Instruction:**

General Academic Instruction  
Salaries for Academic Instruction  
Expenses Directly Related to Specific Academic Courses

### **Research:**

Institutes and Research Centers  
Individual and Project Research  
Salaries for Research Staff

### **Public Service:**

Community Service  
Clinic Operations  
Community Outreach Health Activities  
Public Health Conferences

### **Patient Care:**

Clinic Nurses  
Clinic Support Staff  
Non-instructional Clinic Physicians

### **Academic Support:**

Libraries  
Educational Media Services  
Academic Support Information Technology  
Academic Administration  
Course and Curriculum Development

### **Student Services:**

Student Services Administration  
Counseling and Career Guidance  
Financial Aid Administration  
Student Admissions  
Student Records  
Student Health Services  
Student Services Information Technology

### **Institutional Support:**

Executive Management  
Fiscal Operations – Central Administration  
Administrative Information Technology  
Public Relations / Marketing  
Accounting Services



Accounts Payable  
Purchasing  
Payroll

**Physical Plant Operations:**

Physical Plant Administration  
Building Maintenance  
Custodial Services  
Utilities  
Grounds Maintenance  
Security and Safety

**Scholarships and Fellowships:**

Grants for Formal Course Work  
Prizes and Awards Met by Criteria for Formal Course Work  
Tuition and Fee Waivers  
Work Study Matching

**Auxiliary Enterprise Funds:**

Student Enterprise Activity  
Traffic and Parking  
Bookstore  
Auxiliary Campus Administration

**Endowment Funds:**

Endowed Scholarships

**Agency Funds / Independent Operations:**

Student Organizations  
Associations  
Societies  
Credit Union

**Loan Funds:**

Federal Student Loans  
Institutional Student Loans

**Service Department Funds:**

LARC  
Copy and Mail Services  
Biomedical Services  
Photography Services  
Computer Services  
Printing Center