

Financial Data Model

The Function Worktag

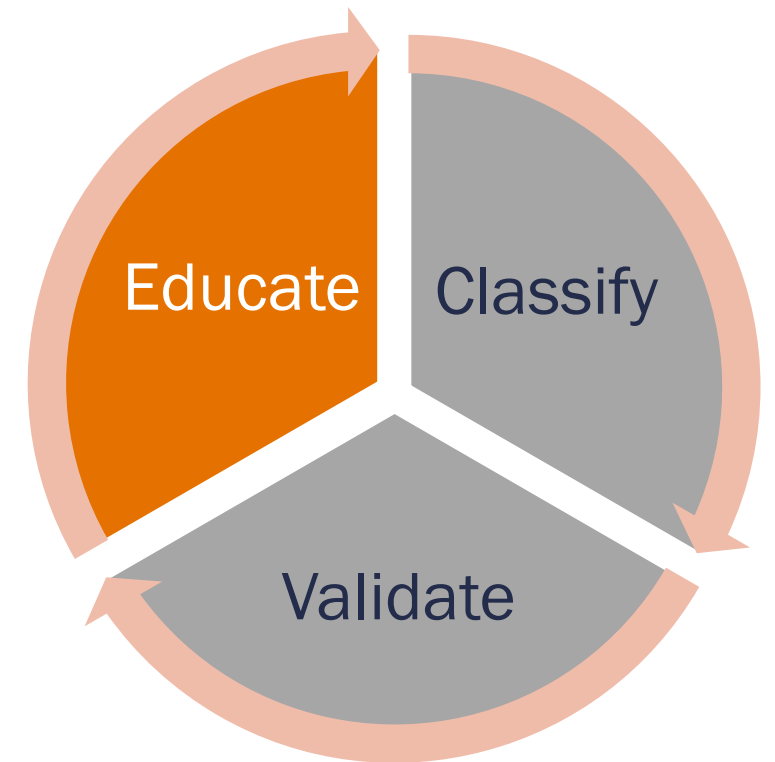
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Goals and Objectives

Accurate and consistent expense classification is essential to UVA's ability to measure and benchmark itself against peer institutions, drive cost efficiency, and provide reliable internal and external reporting.

The first step in being able to correctly classify expenses is to educate our workforce on the appropriate functional expense classifications. This is one step in a continuous loop of education, classification and validation.



What is NACUBO?

NACUBO stands for *National Association of College and University Business Officers*. It is a membership organization representing business and financial officers of over 2,100 colleges and universities nationwide through advocacy efforts, community service, and professional development activities.

NACUBO's mission is to “advance the economic viability and business practices of higher education institutions in fulfillment of their academic missions.”

One of the many ways NACUBO assists higher education is by issuing industry-standard expense classifications and definitions.



National Association of College and
University Business Officers

www.nacubo.org

NACUBO Members

UVA has an institutional membership for NACUBO. This gives us access to the educational resources NACUBO provides and also allows our employees access to professional development resources through NACUBO. All employees can register for an account with NACUBO.

One of the best NACUBO accounting resources is its Financial Accounting and Reporting Manual (FARM) for higher education. Chapter 703 in the FARM details functional expense classifications and is the basis for the information in this presentation.



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Functional Expense Classification – what is it?

A functional expense classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classifications tell *why* an expense was incurred rather than *what* was purchased. The latter is referred to as natural classification (expense categories and ledger accounts).

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION <small>(in thousands)</small>	COMPENSATION AND BENEFITS	SUPPLIES, UTILITIES, AND OTHER SERVICES	STUDENT AID	DEPRECIATION	OTHER	TOTAL
Instruction	\$ 419,539	\$ 21,273	\$ 6,360	\$ -	\$ 3,035	\$ 450,207
Research	277,866	122,166	21,862	-	835	422,729
Public service	25,886	21,734	578	-	470	48,668
Academic support	156,482	34,565	326	-	5,756	197,129
Student services	40,087	8,830	1,049	-	419	50,385
Institutional support	178,863	96,037	790	-	721	276,411
Operation of plant	97,246	13,281	7	-	211	110,745
Student aid	6,905	3,754	94,886	-	146	105,691
Auxiliary	87,962	59,978	1,073	-	1,800	150,813
Depreciation	-	-	-	155,066	-	155,066
Patient services	769,864	868,927	-	132,198	-	1,770,989
Other	520	(3,246)	17	-	455	(2,254)
Central services recoveries	-	(34,676)	-	-	-	(34,676)
TOTAL OPERATING EXPENSES	\$ 2,061,220	\$ 1,212,623	\$ 126,948	\$ 287,264	\$ 13,848	\$ 3,701,903

Why is NACUBO classification so important?

Reporting expenses by functional classification helps donors, granting agencies, creditors, and other readers of the financial statements to understand the various mission-related activities of the institution and their relative importance.

Functional expenses are reported to many different agencies and in many different reports such as the UVA Financial Report, IPEDS survey, and many others. UVA utilizes these categories in measuring and benchmarking itself against peer institutions and for internal fiscal management.

How are NACUBO classifications used at UVA?

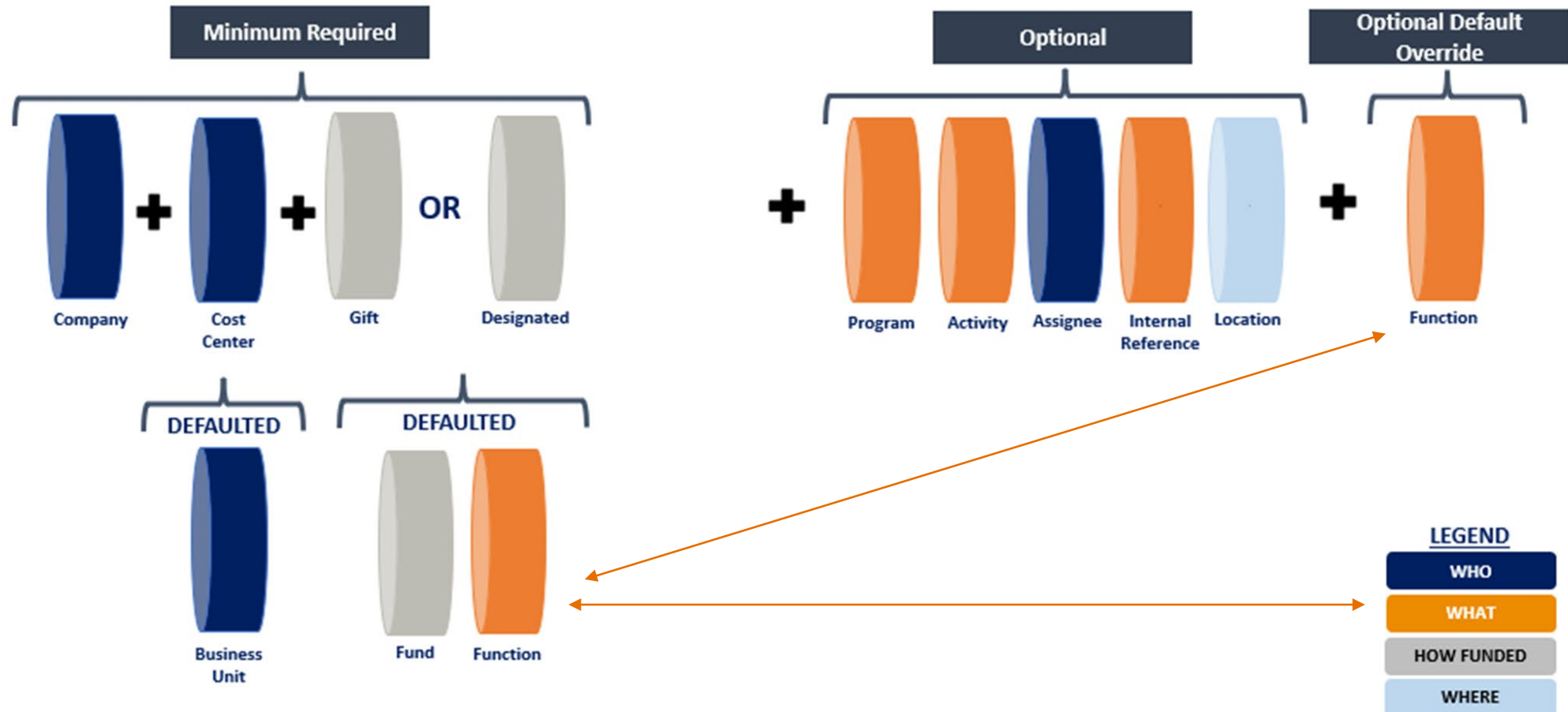
Current state: The expenditure function is a field on an expenditure project in Oracle and determined upon project setup. The problem with this approach is that Oracle projects are often too wide to allow for accurate functional reporting as the same project incurs expenses for multiple functions.

Future state: Function is its own worktag in Workday that must be populated for all expense transactions.

As mentioned before, functional expenses are required to be reported in the audited UVA Financial Report as well as other reports and mandatory surveys such as IPEDS which are used for benchmarking. Function also drives state reporting as it is used to map expenses to state programs.

Worktag	Purpose	Notes	Naming Convention & Example Value	Max. Field Length
Company	Each division represented in Management Discussion & Analysis (MD&A) schedules of financial reports; considered primary level at which one holds balanced set of books		UVA_207	7
Cost Center	Area that owns a subset of revenues and/or expenses to support management decision making or accountability.		CC1234, MC-1234567, UPG-CC1234, UPG-1234	10
Business Unit	Generate statement of net position, SCRECNA at a lower level than Company		BU12	4
Fund	High-level source of funds used to support GASB net position categories and state reporting requirements		FD123	5
Gift	Pledges, outright contributions received from private sources, or activities supported by an external party (i.e., donor).	At least one of these is required Grants may also include a Gift or Designated	GF123456	8
Grant	Meets UVA's policy definition of a sponsored program (e.g., federal, state, local and private).		GR123456	8
Designated	Represents funding other than gifts and grants such as discretionary, startup, state appropriations, ETF, including earned revenue such as tuition and Facilities & Administrative (F&A)		DN123456	8
Project	Activity that has a defined start and end date (e.g., capital or IT project). Primarily used for capital projects, start-up packages, and for unit tracking of balances for managerial needs		PJ12345	7
Program	Defined at the school/unit level. Program captures activities or initiatives that are generally consistent over time (no definite start or end date), broad in nature, and typically spans across multiple cost centers, funding sources, projects and activities.		PG12345	7
Function	Used to categorize activities by mission; supports NACUBO, GASB and state reporting requirements		FN123	5
Activity	Envisioned as managerial reporting tool only, defined at school level; used to assign further granularity to programs and/or projects		AC12345	7
Assignee	Allows tracking by individual; for identifying and reporting on financial activity and balances for which the individual is responsible (e.g., faculty, grad students)		123456789 (WD ID)	9
Internal Reference	Track the various units' internal reference numbers on transactions in Workday		IRFM1234567890123	17*
Location	Represents physical locations to track assets and workers. Also used on operational transactions for identified use cases, such as tracking facilities-related costs for areas such as Athletics and Business Operations.		FM_0580_01_141A	19
Loan	To track internal loans provided by the Internal Bank		LN123	5
Ledger Account	Classifies balance sheet and natural classifications of revenues and expenditures for external reporting		Numeric	4

UVA FDM – Gifts & Designated (current state)



Note: There is no optional Override on Function for Grants

NACUBO Classifications & Function

NACUBO Classifications

There are 12 **main** functional expense hierarchies utilized by UVA. They are as follows:

- FNH093: Instruction
- FNH094: Research
- FNH095: Public Service
- FNH096: Academic Support
- FNH097: Student Services
- FNH098: Institutional Support
- FNH099: Operation & Maintenance of Plant
- FNH100: Scholarships & Fellowships
- FNH101: Auxiliary Enterprises
- FNH042: Independent Operations
- FNH044: Hospitals (for Medical Center only)
- FNH046: Other*

*e.g. Capital Projects & Depreciation are Managed Centrally and should not be used by departments
However, there are many more sub-classifications (50) and individual functions (66) that are needed for granularity as well as state reporting.

Instruction

The instruction classification 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 are included.

Expenses for departmental research and public service that are not separately budgeted also are included in this classification.

This classification excludes expenses for those academic personnel whose primary activity is administration—for example, academic deans.

Instruction – Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN001 Instruction General Academic	FNH047 General Academic Instruction	FNH093 Instruction
FN002 Instruction General Academic - Medicine	FNH047 General Academic Instruction	FNH093 Instruction
FN003 Instruction General Academic - Family Medicine	FNH047 General Academic Instruction	FNH093 Instruction
FN004 Instruction Vocational /Technical	FNH048 Vocational/Technical Instruction	FNH093 Instruction
FN005 Community Education	FNH049 Community Education	FNH093 Instruction
FN006 Instruction Preparatory/Remedial	FNH050 Preparatory/Remedial Instruction	FNH093 Instruction
FN007 Instructional Information Technology	FNH051 Instructional Information Technology	FNH093 Instruction
FN064 Instruction General Academic - Graduate Medical Education	FNH047 General Academic Instruction	FNH093 Instruction

General Academic Instruction

- include expenditures for formally organized and/or separately budgeted instructional activities that are carried out during the academic year, offered for credit as part of a formal post-secondary education degree or certification program.
- Open university, short courses, and home study activities falling within this classification and offered for credit are included.
- do **not** include instructional offerings that are part of programs leading toward degrees or certificates at levels below the higher education level, such as adult basic education.

Vocational/Technical Instruction

- include expenses for formally organized and/or separately budgeted instructional activities that are associated with activities characterized as vocational/technical instruction in the IPEDS instructional program categories and offered for credit as part of a formal postsecondary education degree or certificate program.
- Open university, short courses, and home study falling within this classification and offered for credit are included.
- do **not** include instructional offerings that are part of programs leading toward degrees or certificates at levels below the higher education level, such as adult basic education.

Community Education

- 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.
- includes noncredit instructional offerings carried out by the institution's extension division as well as noncredit offerings that are part of the adult education or continuing education program.
- This subclass 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.

Preparatory/Remedial Instruction

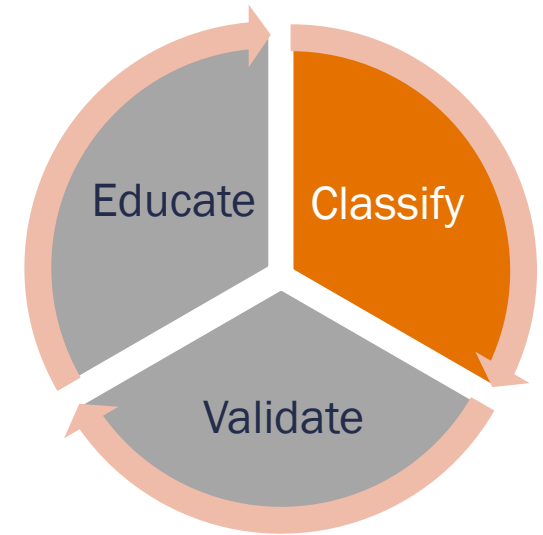
- includes expenses for formally organized and/or separately budgeted instructional activities that give students the basic knowledge and skills required by the institution before they can undertake formal academic course work leading to a postsecondary degree or certificate. Such activities, which are 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. If students may satisfy preparatory requirements by taking offerings provided primarily for other than remedial or preparatory purposes, those offerings should be classified elsewhere.

Instructional Information Technology

This subclass includes expenses for formally organized and/or separately budgeted instructional information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service—will be classified as academic support and the remainder as institutional support.

Instruction – In Practice

- Tim is buying dry erase markers, a whiteboard, and an iPad for Professor Jones History 101 class using Designated Tuition funds.
 - *This is an example of an expense that should be classified as (FN001) Instruction -General Academic*
- Dr. Jones teaches 3 sections of History 101 and 1 section of History 201 which account for approximately 80% of his time. In addition, Dr. Jones spends 20% of his time pursuing research endeavors.
 - *Only the 80% of Dr. Jones' salary should be coded as (FN001) Instruction – General. The remaining 20% should be coded as Research to properly represent Dr. Jones' duties.*
- What about Tim's salary?
 - *Because Tim works for a department organization that provides instruction, his efforts should be categorized as (FN001) Instruction General as well. Tim's activities are part of the institution's instructional program.*



Research

- Activities *specifically organized to produce research*, whether commissioned by the institution, a government agency or external third party.
- Organized Research often has a proposal and award process which includes criteria, technical review, funding and notification. It frequently requires a project deliverable, periodic progress reports and a fiscal technical report which summarizes the project results and draws conclusion.
- Can be research performed by individuals, groups, institutes or research centers.
- Departmental research that is separately budgeted is included in Research. Conversely, if it is not separately budgeted, it typically would be considered Instruction.
- Is not limited only to sponsored research. Internally supported research programs, if separately budgeted, may also be included.

Research – Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN008 Research Institutes and Centers	FNH052 Institutes and Research Centers	FNH094 Research
FN009 Research Projects & Individual	FNH053 Individual and Project Research	FNH094 Research
FN010 Research Information Technology	FNH054 Research Information Technology	FNH094 Research
FN065 Research State Research Initiative	FNH104 State Research Initiative	FNH094 Research

(FN008) Research – Institutes and Centers

- Use when recording the costs/expenses of organized research and development activities that are separately budgeted and accounted for, and that are sponsored by Federal and non-Federal agencies and organizations.

(FN009) Research Projects and Individual

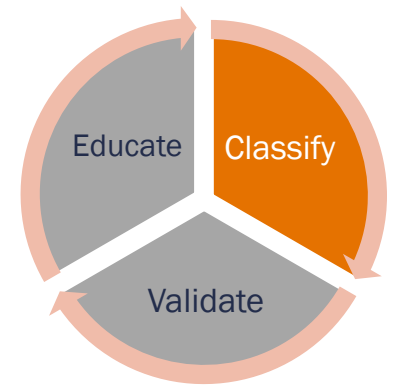
- This function is used in connection with expenses incurred in support of research projects that are formally sponsored by the institution, NOT an external agency. These project funds are awarded to institutional investigators based on evaluation of proposals and requests submitted internally. This function is used along with university/non-sponsored funds.

(FN010) Research Informational Technology

- The Research function is used in connection with expenses incurred by faculty and investigators in support of their general research and attributed to technology associated with those activities.
- May include the use of discretionary funds (e.g., faculty start up, faculty contributions, F&A recovery) by faculty or investigator to advance his or her research activities. These projects are not specifically budgeted and accounted for.

Research – In Practice

- Tim purchases 100 test tubes, 20 petri dishes and three microscopes from funds given to the University by the National Science Foundation to conduct research related to plant stem cells.
 - *These items are being purchased for a specific research project and using funds given to the university solely for this research project, this would be coded as (FN008) Research Institutes and Centers.*
- The Department of Biological Sciences is allocating \$250,000 of their \$1m Designated state and tuition fund budget to research endeavors.
 - *The key here is that Biological Sciences is budgeting this research expense from Designated state and tuition funds, which would classify this as (FN009) Research – Projects and Individual.*



Public Service

- These are activities the institution undertakes that provide non-instructional services for the benefits of external individuals, groups and/or organizations.
- Includes, but is not limited to, non-instructional community service events, programs and activities, cooperative extension services, consulting, radio and television, public broadcasting services, among many others.
- Key parameter is the activity must be “**non-instructional**” and delivered to **external parties**.
- Note: If classroom instruction is involved it should most likely will fall under Instruction.

Public Service – Function Codes and Hierarchies

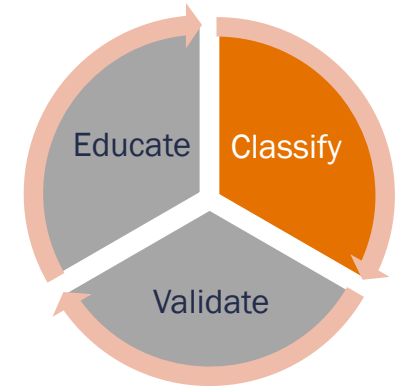
Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN011 Community Service	FNH055 Community Service	FNH095 Public Service
FN012 Public Broadcasting Services	FNH056 Public Broadcasting Services	FNH095 Public Service
FN013 Public Service Information Technology	FNH057 Public Service Information Technology	FNH095 Public Service
FN066 Community Service - Funds for Excellence	FNH055 Community Service	FNH095 Public Service

Public Service – Transaction Codes and Subcategories

- (FN011) Community Service
 - Used to classify expenditures for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to UVA. Examples include conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services provided to particular sectors of the community.
 - Use this function when recording expenditures for public service activities that are charged to University and donor funds (E&G, discretionary).
- (FN012) Public Service – Broadcasting
 - This function is used when recording the costs/expenses of public service activities that are separately budgeted and accounted for, and that are directed to media and broadcasting initiatives
- (FN013) Public Service – Information Technology
 - This function is used when recording the costs/expenses of technology that are separately budgeted and accounted for, and that are utilized in delivery public service in FN011 or FN012

Public Service – In Practice

- The History department is hosting the Teaching Virginia History conference at John Paul Jones Arena and are bringing in historians from around the State to speak. Admission is free to the public and all are welcome.
 - *Given that the expense is for an event, is being covered by the History department and is for the benefit of the general public, this would be classified as (FN011) Community Service.*
- The School of Nursing is hosting a vaccination clinic where children, ages 17 and under, can get their school required vaccinations for \$5 per child. Flu shots are also available for adults for \$10 per shot.
 - *In this example, the School of Nursing will actually be collecting some fees to help offset the costs associated with this vaccination clinic. This does **not** disqualify it from being Public Service as the costs associated with hosting this event would more than likely exceed the fees and it is for the benefit of the general public. This should be coded as (FN011) Community Service.*



Academic Support

- These are expenses incurred in providing support services for the primary instructional programs of instruction, research, and public service.
- The most common source would be academic administration, such as Deans (excluding Department Chairs, who are classified as Instruction) and administrative support staff.
 - Exceptions are Department or College/School level advising or counseling services, which should be coded as Student Services.
- Includes the preservation, display or retention of educational materials and media, such as in a library, museum or gallery.
- Also includes services provided to the primary academic mission such as media and audio-visual services, curriculum development, and academic support Information Technology.

Academic Support – Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN014 Libraries	FNH058 Libraries	FNH096 Academic Support
FN015 Museums and Galleries	FNH059 Museums and Galleries	FNH096 Academic Support
FN016 Educational Media Services	FNH060 Educational Media Services	FNH096 Academic Support
FN017 Academic Support Information Technology	FNH061 Academic Support Information Technology	FNH096 Academic Support
FN018 Ancillary Support	FNH062 Ancillary Support	FNH096 Academic Support
FN019 Academic Administration	FNH063 Academic Administration	FNH096 Academic Support
FN020 Course and Curriculum Development	FNH064 Course and Curriculum Development	FNH096 Academic Support
FN021 Academic Personnel Development	FNH065 Academic Personnel Development	FNH096 Academic Support

Academic Support – Transaction Codes and Subcategories

(FN014) Academic Support – Libraries

- Includes expenditures for all those activities that directly support the collection, cataloging, storage, and distribution of published materials, primarily in support of the institution's academic programs. To be included in this subprogram, a library should be separately organized including both general and departmental libraries.

(FN015) Academic Support – Museums & Galleries

- Includes expenditures for those activities related to the collection, preservation, and exhibition of historical materials, art objects, scientific displays, and so forth primarily in support of an institution's academic programs. This subprogram is not restricted to the collection, preservation, and exhibition of inanimate objects. For example, it is appropriate to classify under this subprogram the activities associated with an arboretum. To be included in this subprogram, a museum or gallery should be separately organized, including museums and galleries serving the whole institution, several academic departments, or a single academic department. Libraries and audio/visual services are excluded.

Academic Support – Transaction Codes and Subcategories

(FN016) Educational Media Services

- Includes expenditures for audio and visual services that have been established to support the institution's instruction, research, and public service programs. Dial access centers, learning resource centers, and closed-circuit television facilities typically would be included here. Audio/visual services that support a single academic department, such as German language laboratory, should be charged directly to that department.

(FN017) Academic Support Information Technology

- Includes expenditures for academic computer services that have been established to support the instruction, research, and public service missions of the institution. Computing Centers, Division Computing Centers, Graduate Research Services, Instructional Research Computing, and Satellite Computing Centers are to be included in this subprogram. Administrative data processing services should be included under the Program of Institutional Support. Academic computing and network expenditures should be distributed to user areas by the end of the fiscal year.

Academic Support – Transaction Codes and Subcategories

(FN018) Ancillary Support

- Includes expenditures for those academic program support services not previously classified. These services normally would provide joint services to the instruction, research, and public service areas. Examples of such services are demonstration schools, teaching clinics, and university presses. The expenditures of teaching hospitals are excluded.

(FN019) Academic Administration

- Includes expenditures for those activities that provide administrative support and management direction to the instruction, research and public service programs. Academic administration includes school and college deans and associated support staff. The activities of top-level administrative officers, such as Vice Presidents and Vice Chancellors, should be included under the subprogram Executive Management. Department and Division Chairs should be included in the Instruction program.

Academic Support – Transaction Codes and Subcategories

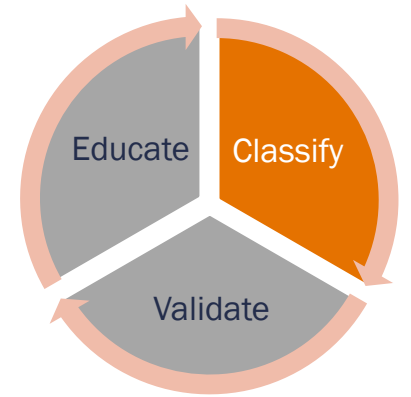
(FN020) Course and Curriculum Development

- This subcategory includes expenditures 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. Examples include college curriculum committees, curriculum development research, curriculum evaluations, and experimental studies. These courses and curriculum developments should be intended for use in future course offerings (subsequent to the current budget period). Any improvements made to the current course offerings should be charged directly to the Instructional program.

(FN021) Academic Personnel Development

- This subcategory includes expenditures for activities that provide the faculty with opportunities 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. This subprogram also includes expenditures for those activities that provide the faculty with opportunities for increasing their personal and professional growth and development or that evaluate and reward their professional performance. Included in this subprogram are expenditures for such items as faculty awards, faculty development programs, instructional evaluations, in-service faculty education programs, recitals, retreats, and scholarly faculty activities.

Academic Support– In Practice



- The Dean of the School of Architecture has asked IT to purchase and install a SmartBoard for his conference room.
 - *This purchase is made in support of the administrative duties of the Dean and therefore would be coded as (FN017) Academic Support Information Technology.*
- A new Dean of the School of Nursing has been hired.
 - *Deans are generally considered Academic Support, so this should be coded as (FN019) Academic Administration. However, if the dean were to opt to take on a 10% teaching load, then the salary and benefits should be proportioned as 90% Academic Support, 10% Instruction.*
- The Library is adding a part-time Librarian to the staff.
 - *Expenses related to campus or departmental libraries that are centrally operated would be coded as (FN014) Libraries.*
- The Campus Library has received a donation of historical works and intends to pay staff overtime to catalog the new arrivals.
 - *Any expenses related to the retention, preservation, and exhibition of historical materials would be coded as (FN015) Museums and Galleries.*

Student Services

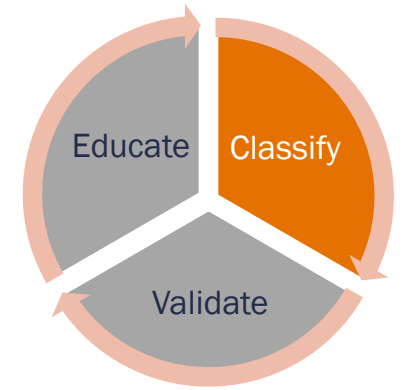
- Expenses that are incurred from activities outside the context of a formal instructional program that contribute to students' emotional and physical well-being and intellectual, cultural, and social development.
- Includes programs such as student services administration, counseling and career guidance, cultural events, student activities, student newspaper, intramural athletics, student organizations, financial aid administration, student health services, student admissions, student records, and other activities that benefit students outside of formal instructional programs.
- Activities that meet the definition and examples above but that are operated as Auxiliary Enterprises (i.e., are self-supporting) **should not** be coded as Student Services but as Auxiliary Enterprises. It is common for universities to operate athletics and student health services as Auxiliaries which would exclude them from Student Services.
- Being funded by a Student Fee does not necessarily make the activity a Student Service.

Student Services - Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN022 Social and Cultural Development	FNH066 Social and Cultural Development	FNH097 Student Services
FN023 Counseling and Career Guidance	FNH067 Counseling and Career Guidance	FNH097 Student Services
FN024 Financial Aid Administration	FNH068 Financial Aid Administration	FNH097 Student Services
FN025 Student Admissions	FNH069 Student Admissions	FNH097 Student Services
FN026 Student Services Administration	FNH070 Student Services Administration	FNH097 Student Services
FN027 Student Records	FNH071 Student Records	FNH097 Student Services
FN028 Student Services Information Technology	FNH072 Student Services Information Technology	FNH097 Student Services

Student Services – In Practice

- UREG hires two new Record Administrators.
 - *Registrars and enrollment administrators are examples of Student Services and should be coded as (FN027) Student Records.*
- UVA has admissions officers both in Undergraduate Admissions and in individual schools.
 - *Admissions staff working in central and in schools would be considered (FN025) Student Admissions.*
- Sarah, an incoming first-year, visits the UVA Career Center and is provided several pamphlets and a t-shirt after discussing possible majors with career counselors.
 - The expenses associated with the UVA Career Center, be it staff salaries, the cost to print the pamphlets or to have the pens and t-shirts printed with university logos would all be considered (FN023) Counseling and Career Guidance.*
- Ahmad, a second-year undergraduate, meets with his faculty advisor about declaring a major.
 - *The expenses associated with faculty advising would be considered (FN001) Instruction General Academic.*



Institutional Support

- This category includes Management and long-range planning for the entire university. Includes executive management, planning and programming operations, legal services, fiscal operations, administrative information technology (when information technology resources are not separately accounted for, the costs associated with the three primary missions is classified as academic support and the remainder is institutional support), space management, employee personnel and records, logistical activities that provide procurement, storerooms, printing, activities concerned with community and alumni relations, including development and fundraising and other activities that provide university-wide support.
- The functions within the Institutional Support hierarchy are reserved for central units.
- Can be generally viewed as any person or expense with institution-wide responsibilities or impact.
- *Exceptions are Safety & Security and Facilities Management, which are generally considered Operations & Maintenance of Plant.*

Institutional Support – Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN029 Executive Management	FNH073 Executive Management	FNH098 Institutional Support
FN030 Fiscal Operations	FNH074 Fiscal Operations	FNH098 Institutional Support
FN031 General Administration	FNH075 General Administration	FNH098 Institutional Support
FN032 Logistical Services (General)	FNH075 General Administration	FNH098 Institutional Support
FN033 Public Relations/Development	FNH076 Public Relations/Development	FNH098 Institutional Support
FN034 Administrative Information Technology	FNH077 Administrative Information Technology	FNH098 Institutional Support

Institutional Support – Transaction Codes and Subcategories

- Nicholas is a business manager in History who has just taken an analyst position in the Office of Financial Planning & Analysis. He turned down a position in the A&S Dean's Office.
 - *Nicholas' current salary expenses would be charged to (FN001) Instruction, as they support the instruction in the department. When he assumes his new position, his salary will be coded to (FN030) Fiscal Operations, as he will work for the central finance function. Had he taken the position in the A&S Dean's Office, his salary would have been coded as (FN019) Academic Administration.*
- Gretchen is an HR Business Partner supporting the School of Medicine.
 - *Though she works in support of an academic unit, Gretchen's reporting line is through University Human Resources, and thus her compensation expenses should be coded as (FN031) General Administration.*
- Kara, from University Advancement, and Anthony, from the School of Architecture, are working on a planned giving initiative.
 - *Kara's compensation, as a development officer with institution-wide impact, should be charged to (FN033) Public Relations & Development. Anthony, employed within a school, should be charged to (FN019) Academic Administration.*

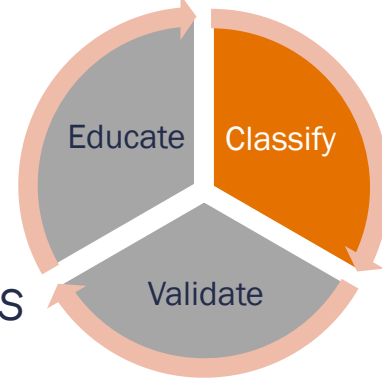
Operations & Maintenance of Plant

- This category includes all activity related to the administration, supervision, operation, maintenance, preservation, and protection of UVA's physical plant.
- The UVA Police Department, and other safety and security expenses, are usually included in O&M due to their responsibility to ensure the safety and security of the university's physical assets and those who utilize them.
- Excludes expenses that should be categorized in other areas such as auxiliary enterprises and hospitals.
- Building maintenance, custodial services, landscape and grounds maintenance and non-capitalized repairs and renovations.
- Also included are administrative activities that directly support physical plant operations, new construction, or the renovation of existing structures.

Operations & Maintenance of Plant - Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN035 Physical Plant Administration	FNH078 Physical Plant Administration	FNH099 Operation and Maintenance of Plant Expenses
FN036 Operation and Maintenance Information Technology	FNH079 Operation and Maintenance Information Technology	FNH099 Operation and Maintenance of Plant Expenses
FN037 Building Maintenance	FNH080 Building Maintenance	FNH099 Operation and Maintenance of Plant Expenses
FN038 Rental Property	FNH080 Building Maintenance	FNH099 Operation and Maintenance of Plant Expenses
FN039 Custodial Services	FNH081 Custodial Services	FNH099 Operation and Maintenance of Plant Expenses
FN040 Utilities	FNH082 Utilities	FNH099 Operation and Maintenance of Plant Expenses
FN041 Landscape and Grounds Maintenance	FNH083 Landscape and Grounds Maintenance	FNH099 Operation and Maintenance of Plant Expenses
FN042 Major Repairs and Renovations	FNH084 Major Repairs and Renovations	FNH099 Operation and Maintenance of Plant Expenses
FN043 Security and Safety	FNH085 Security and Safety	FNH099 Operation and Maintenance of Plant Expenses
FN044 Logistical Services (Plant)	FNH086 Logistical Services	FNH099 Operation and Maintenance of Plant Expenses

Operation and Maintenance – In Practice



- Grounds crews are paid overtime to prepare for Days on the Lawn.
 - *Salaries and benefits for grounds maintenance crews are considered (FN037) Building Maintenance. OTPS costs associated with grounds maintenance would be considered (FN041) Landscape and Grounds Maintenance.*
- After a recent storm, it was determined that four buildings needed new roofs for a cost of \$1.5m.
 - *The dollar amount is key in this situation, as is the fact that by replacing the roof, the useful life of each building would be extended. Assuming that each roof is over \$250k, this **would not** be considered O&M as these would be categorized as a Capital Project. Capital projects will use the project functionality (multi-funding source, or MFS) to allocate costs, and the MFS lines set up within the project should include functions based on intended use of the building.*
- A pipe burst in the men's restroom on the first floor of McLeod Hall, causing \$35k in damage.
 - *Again, the dollar amount and long-term value are keys to this transaction. Given that it is under the \$250k capitalization threshold and is not increasing the life of the asset, this should be coded as (FN037) Building Maintenance.*
- The UVA Police Department pays overtime to officers for commencement ceremonies.
 - *Police Departments are considered O&M. Personnel expenses for these employees should be coded as (FN043) Security and Safety.*

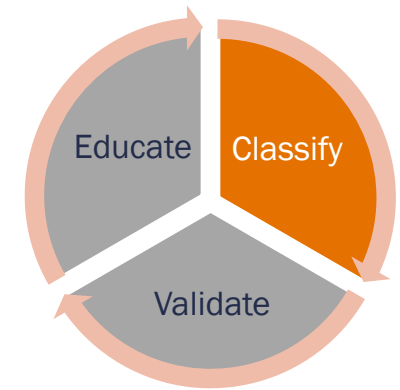
Auxiliary Enterprises

- An auxiliary enterprise exists to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services.
- The distinguishing characteristic of an auxiliary enterprise is that it is managed to operate as a self-supporting activity. Over time, the revenues will equal or exceed the expenses, although in any individual year there may be a deficit or a surplus.
- Examples are residence halls, food services, intercollegiate athletics (if operated as essentially self-supporting), college stores, faculty clubs, parking, and faculty housing. Student health services, when operated as an auxiliary enterprise, also are included.
- Hospitals, although they may serve students, faculty, or staff, are classified separately because of their financial significance.
- The auxiliary enterprise category includes all expenses relating to the operation of auxiliary enterprises. Because of a desire to assess whether the enterprise is self-supporting, expenses for operation and maintenance of plant, depreciation, interest, and administration may be charged directly or allocated, even though that allocation is not required of public institutions for financial statement purposes.

Auxiliary Enterprises – Function Codes and Hierarchies

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN047 Student Dining Services (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN048 Student Housing (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN049 Student Health (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN050 Stores and Shops (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN051 Student Activities - Std Unions/Rec Facilities (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN052 Student Activities - Rec & Intramural Programs (Aux)	FNH089 Auxiliary Enterprises - Student	FNH101 Auxiliary Enterprises
FN053 Auxiliary Enterprises - Faculty/Staff	FNH090 Auxiliary Enterprises - Faculty/Staff	FNH101 Auxiliary Enterprises
FN054 Parking and Transportation (Aux)	FNH090 Auxiliary Enterprises - Faculty/Staff	FNH101 Auxiliary Enterprises
FN055 Telecommunications Systems and Services (Aux)	FNH090 Auxiliary Enterprises - Faculty/Staff	FNH101 Auxiliary Enterprises
FN056 Intercollegiate Athletics (Aux)	FNH091 Intercollegiate Athletics	FNH101 Auxiliary Enterprises
FN057 Auxiliary Enterprises - Other	FNH092 Auxiliary Enterprises - Other	FNH101 Auxiliary Enterprises

Auxiliary Enterprises – In Practice



- Dining services hires a new chef for The Castle.
 - *Although The Castle is in a residence hall, the expenses would be classified as (FN047) Student Dining Services (Aux) and not (FN048) Student Housing (Aux).*
- Batten is paying for parking at the Central Grounds parking garage for an admissions event.
 - *Batten would remit payment to Parking and Transportation Services using the spend category Services Parking Validations (SC0736) and (FN025) Student Admissions. Parking and Transportation Services expenses associated with maintaining and staffing the garage would be coded as (FN054) Parking and Transportation (Aux).*
- The School of Education has Wifi internet in its buildings.
 - *The School of Education pays ITS Communication Services for the Wifi service using the spend category Services Telecom Cell Internet (SC0377) and the function code appropriate to the faculty/staff headcount for which they are paying. ITS Communication Services uses (FN055) Telecommunications Systems and Services to code its auxiliary expenses.*

Scholarships & Fellowships

- This category includes student awards that are recorded as expense instead of reduction to Tuition & Fees, as in the case of Discounts & Allowances.
- Includes tuition & fee waivers, grants-in-aid, and trainee stipends (unearned aid).

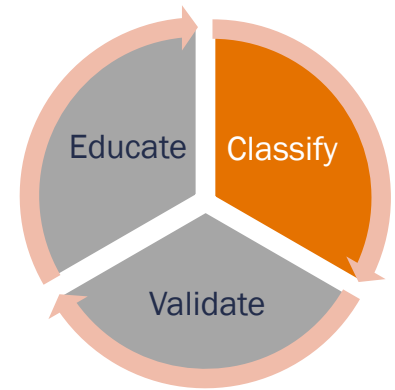
Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN045 Scholarships	FNH087 Scholarships	FNH100 Scholarships and Fellowships
FN046 Fellowships	FNH088 Fellowships	FNH100 Scholarships and Fellowships

Independent Operations

- This category includes expenses of separately owned or controlled organizations that are unrelated to the institution's primary mission.

Function	NACUBO Function Hierarchy Level 1	NACUBO Function Hierarchy Level 2
FN061 Independent Operations/Institutional	FNH041 Independent Operations	FNH042 Independent Operations

Scholarships & Fellowships – In Practice



- Rebecca, an out-of-state PhD student, is serving as a GTA in the Anthropology department.
 - *Rebecca's GTA wages, tuition remission, and health insurance would be coded as (FN001) Instruction General Academic, as earned via PROV-001 Graduate Assistantships. Her fellowship from the Harrison endowment, paid as a stipend, and her tuition adjustment, not required via PROV-001, would be coded as (FN046) Fellowships.*
- Wilson is an in-state GRA working 10 hours on a federal grant and 10 hours under his faculty mentor.
 - *Half of Wilson's GRA wages, tuition remission, and health insurance would be charged to (FN008) Research, Centers and Institutes (the function set for the grant). The other half of his wages, remission, and health insurance would be charged to (FN001) Instruction General Academic, as the work for his faculty mentor was not part of a separately budgeted research activity. He was also granted a departmental stipend to support cost of living, which should be coded as (FN046) Fellowships, as it is unearned aid.*

Gray Areas, Caveats and Other Things to Consider

- Source of funds should be considered when selecting the function.
- For instance, purchasing the exact same item with tuition/state funds and separately with auxiliary funds would necessitate using two different function codes.
- Expenses supporting research, but not part of a separately budgeted research program (e.g., a sponsored grant or an internal grants program) would generally be coded to instruction.

Gray Areas, Caveats and Other Things to Consider

NACUBO function generally follows the 80/20 or 90/10 Rule... 80-90% of the time, when assigning the function classification, you will use the same one or two over and over again. The other 10-20% may take some further research and reaching out for help.

Gray Areas, Caveats and Other Things to Consider

A good line of demarcation exists in determining instruction. Simply ask yourself “Is there a student involved?” If the answer is yes, generally speaking, it should probably fall under instruction.

For academic departments, unless an expense is separately budgeted – a grant, an internal grants program, etc. – you can default to instruction.

Gray Areas, Caveats and Other Things to Consider

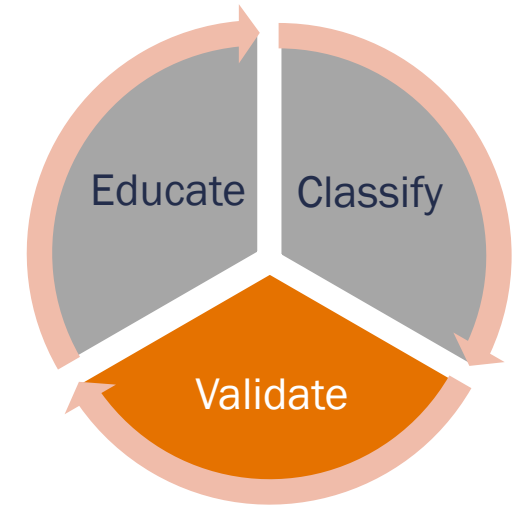


**Golden
Rule:
Never
Guess**

- Never feel as if you must guess!
- If you are entering a transaction and do not know how to code the function, contact your unit's budget/finance office to discuss your situation and get help with how to code it.
- If your unit's budget/finance office does not know how to address the situation, they should contact askfinance@virginia.edu with the subject line "Function question."
- We'll be sure to add more clarity to our function guidance as we receive and address your questions.

Validation

- At the transactional level, employees are expected to review and validate function prior to completion of each business process.
- Preparers and approvers should review and validate (and potentially fix) function prior to completion of monthly account certifications.
- Centrally, a review and validation cycle will be created where transactions will be reviewed at a high level for accuracy and consistency with NACUBO definitions.



THANK YOU!

Questions?

Contact askfinance@virginia.edu
with the subject line "Function question."