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:

- 10-Instruction*
- 20-Research
- 30-Public Service
- 35-Patient Care*
- 40-Academic Support*

→ *** Note: 10/35/40 expenses can be lumped within the same fund**.

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.ttuhsc.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.

What about program codes for revenues and transfers?

As discussed above, program codes are a tool that was designed to help classify the function of expenses; however, as a general guideline, all revenue and transfers should be coded to the default as well.

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 Svc	7015- Prof Svc	7015- Prof Svc	7015- Prof Svc
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

Remember, departments will be able to lump 10-Instruction, 35-Patient Care, and 40-Academic Support expenses within one fund; however, the department will be responsible for establishing separate budgets at the program level. For example, if a department plans to spend M&O dollars for Instruction, Patient Care, and Academic Support, the department will need to establish a 7010 budget, within the fund-Orgn combo, for 10, 35, and 40.

Plan for Budgeting at the Program Code Level

Currently, FY10 TTUHSC budgets are at the Fund/Orgn (BAVL) or at the Fund/Orgn/ Account (Budget Pool Account) level.

For FY11, 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 10** - Business Affairs and Accounting Services have built default Program Codes for each Fund in Banner.   Please recall, departments are allowed to group 10-Instruction, 35-Patient Care, and 40-Academic Support expenses within the same fund; however, that particular fund will be defaulted to a 10, 35, or 40 program code, which will be determined based on the fund's purpose and who is being paid out of the fund. All other program codes (20-Research, 30-Public Service, 50-Student Service, 60-Institutional Support, etc.) are on a one-to-one relationship with funds, meaning all expenses for these funds should be coded to the fund's default program code.
>
> Accounting Services is doing an analysis of FY 10 non-payroll related expenditures, at the Fund Level, and will move transactions to match the defaulted Program Codes.

These transactions, which are only reclassifying the program codes for non-salary related expenses, will be recorded monthly via "HE" documents. Note, the description in the "HE" documents lists the original transaction being reclassified.

Accounting Services is also working with the Budget Office, to review/update FY 10 PAFs and payroll related transactions.

Note: Research has to be separately budgeted (separate Fund) to be included in the Research Report. Departments are responsible for checking their Research funds and expenses using the Research Expenditure reports found in Cognos.

2. FY 11 - Budgets will load to FY 11 at the FOP (BAVL) or FOAP (Budget Pool Account) level according to defaulted Program Codes. During the year, Accounting Services will continue to monitor/update errors for non-payroll related expenses, and will contact departments with recurring errors.

Accounting Services will also continue to work with Budget to identify any and all payroll related, program code errors. In these cases, the department will be contacted, and the department will be responsible for correcting the errors with a PAF.

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

- 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

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

TTUHSC Finance Systems Management [5]
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