

**UNIVERSITY OF PITTSBURGH
OFFICE OF THE CONTROLLER – COST ACCOUNTING
FUNCTION CODE DEFINITIONS**

The University utilizes two activity or “function” codes in the PRISM financial system to analyze and report financial information to external parties: the NACUBO function code and the A-21 function code. Although the names and definitions of the two sets of reporting attributes bear some resemblance, there is a distinct difference in the purpose that each one serves.

The NACUBO functions are expense classifications established and defined by the National Association of College and University Business Officers (NACUBO) to improve comparability of data among institutions of higher education and are used to prepare a footnote to the University’s Audited Financial Statements, titled “Functional Expenses.”

In contrast, the A-21 functions are expense categories established and described in the Federal government’s Office of Management and Budget (OMB) Circular A-21 that provide a uniform method of grouping costs into various direct and indirect cost pools for the primary purpose of calculating indirect cost reimbursement rates on sponsored projects. These rates are submitted to the Federal government for approval in the University’s Facilities and Administrative (F&A) Cost Rate Proposal, which is a cost study required by OMB Circular A-21.

As part of the Data Integrity Project in the Office of Financial Information, both sets of function definitions were reviewed and it was determined that a dependent relationship existed between the two function codes. However, since the two function codes were set up in the financial system as independent value sets, codes were occasionally being coded with conflicting functions in error.

To eliminate these coding errors, a new three-digit combined Function Code was created. The first digit represents the NACUBO function code and the last two digits represent the A-21 function code. Currently, there are 10 NACUBO functions and 15A-21 functions which have been combined to form 26 valid Function Codes.

Below are the individual NACUBO and A-21 function codes and descriptions followed by the new combined Function Codes¹ and descriptions.

<u>NACUBO Code</u>	
1xx	Instruction
2xx	Research
3xx	Public Service
4xx	Academic Support
5xx	Libraries
6xx	Student Services
7xx	Institutional Support
8xx	Operation & Maintenance of Plant
9xx	Scholarships & Fellowships
0xx	Auxiliary Enterprises (005) and Not Applicable (000)

<u>A-21 Code</u>	
x01	Instruction
x02	Organized Research, On-campus
x03	Organized Research, Off-campus
x04	Other Sponsored Projects
x05	Other Institutional Activities
x10	OMP, Building related
x11	OMP, Non-building related
x13	General Administration
x14	Sponsored Projects Administration
x15	Student Services
x16	Deans
x18	Libraries
x94	Specialized Service Facilities
x97	Scholarships & Fellowships
x00	Not Applicable

¹ Function coding is only required for accounts in entities 02, 03, 04 and 05. All other accounts must be coded as Not Applicable (000).

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Function Code	
000	Not Applicable
005	Auxiliary Enterprise
101	Instruction
201	Departmental Research
202	Organized Research - On-campus
203	Organized Research - Off-campus
304	Public Service - Other Sponsored Projects
305	Public Service - Other Institutional Activities
401	Academic Support - Instruction
405	Academic Support - Other Institutional Activities
416	Academic Support - Deans
494	Academic Support - Specialized Service Facilities
518	Libraries
594	Library Service Center
605	Student Services - Other Institutional Activities
615	Student Services
694	Student Health Service Center
705	Institutional Support - Other Institutional Activities
711	Institutional Support - OMP, Non-building related
713	Institutional Support - General Administration
714	Institutional Support - Sponsored Projects Administration
794	Institutional Support - Central Support Services
810	OMP - Building related
811	OMP - Non-building related
894	OMP – Work-in-Process Clearing
997	Scholarships & Fellowships

NACUBO Function Definitions

1xx Instruction

Includes expenditures for credit and non-credit courses, for academic, vocational, and technical instruction, for remedial and tutorial instruction, and for regular, special, and extension sessions. Also includes expenditures for departmental research and public service that are not separately budgeted. Excludes expenditures for academic administration when the primary assignment is administration -for example, academic deans. However, expenditures for department chairmen, in which instruction is still an important role of the administrator, are included.

101 Instruction

2xx Research

Includes all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the University (i.e. Sponsored Research) or separately budgeted by an organizational unit within the institution (i.e., University Research or Departmental Research). Subject to these conditions, it includes expenditures for individual and/or sponsored research as well as those of institutes and research centers. This category does not include all sponsored programs nor is it limited to sponsored research, since internally supported research programs, if separately budgeted, are included in this category. Expenditures for *non-research* sponsored programs, such as community service programs, health service projects and clinical trials, are excluded from this category.

201 Departmental Research
202 Organized Research - On-campus
203 Organized Research - Off-campus

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3xx Public Service

Includes expenditures for activities that are established primarily to provide *non-instructional* services beneficial to individuals and groups external to the University. These activities include community service programs (excluding instructional activities) and cooperative extension services. 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.

- 304 Public Service - Other Sponsored Projects
- 305 Public Service - Other Institutional Activities

4xx Academic Support

Includes funds expended primarily to provide support services for the institution's primary missions - instruction, research, and public service. It includes:

- (1) the retention, preservation, and exhibition of historical materials, art objects, and scientific displays - for example, museums and galleries (function 405);
- (2) 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 which provide a mechanism through which students can gain practical experience (function 401);
- (3) media such as audiovisual services and technology such as academic computing support (function 401);
- (4) academic administration (including academic deans but not department chairmen) providing administrative support and management direction to the three primary missions (function 416);and
- (5) separately budgeted support for academic personnel development (including professional conferences), course and curriculum development, and formal academic counseling activities (function 401).

Excludes administrative computing support, which is classified as institutional support.

- 401 Academic Support - Instruction
- 405 Academic Support - Other Institutional Activities
- 416 Academic Support - Deans
- 494 Academic Support - Specialized Service Facilities

5xx Libraries

Includes expenditures for organized activities that directly support the operation of a catalogued or otherwise classified collection (i.e. the general campuses' libraries and departmental libraries that are centrally operated, staffed, and controlled). These activities include the retention, preservation, and display of educational materials. This category includes all libraries under the University Library System (ULS) and the Health Sciences Library System (HSLs), as well as the Law Library and all regional campus libraries. Excludes expenditures for professional, scientific and other reference materials by departments outside the officially recognized libraries listed above.

- 518 Libraries
- 594 Library Service Center

6xx Student Services

Includes funds expended for offices of admissions and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal instruction

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program. It includes expenditures for student activities cultural events, student newspaper, intramural athletics, student organizations, intercollegiate athletics, counseling and career guidance, student advising (excluding informal academic counseling services by the faculty in relation to course assignments, which is instruction), student aid administration, student records, and student health service. Excluded from this category are activities of the institution's chief administrative officer for student affairs, whose activities are institution-wide and, therefore, are classified as institutional support.

605 Student Services - Other Institutional Activities (Athletics only)
615 Student Services
694 Student Health Service Center

7xx Institutional Support

Includes expenditures for:

- (1) central executive-level activities concerned with management and long-range planning of the entire institution, such as the governing board, planning and programming, and legal services (function 713);
- (2) fiscal operations, including the investment office (function 713);
- (3) administrative computing support(function 713);
- (4) space management(function 713);
- (5) employee personnel and records (function 713);
- (6) logistical activities that provide procurement(713), storerooms(713), safety(711), security(711), printing(794), and transportation services (711) to the institution;
- (7) support services to faculty and staff that are not operated as auxiliary enterprises (function 705); and
- (8) activities concerned with community and alumni relations, including development and fund raising (function 705).

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. Note: the best way to distinguish Institutional Support from Academic Support is to identify who benefits from the activities-Institutional Support activities benefit the entire university whereas Academic Support activities benefit only those who participate directly in the institution's primary missions of instruction, research, and public service.

705 Institutional Support - Other Institutional Activities
711 Institutional Support - OMP, Non-building related
713 Institutional Support - General Administration
714 Institutional Support - Sponsored Projects Administration
794 Institutional Support - Central Support Services

8xx Operation & Maintenance of Plant

Includes all expenditures of current operating funds for the operation and maintenance of physical plant, in all cases net of amounts charged to auxiliary enterprises, hospitals, and independent operations. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, and similar items. Activities related to the development of plans for plant expansion or modification, as well as plans for new construction, should also be included.

810 OMP - Building related
811 OMP - Non-building related
894 OMP - Work-In-Process Clearing

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9xx Scholarships & Fellowships

Includes expenditures for scholarships and fellowships -from restricted or unrestricted current funds -in the form of grants to students, resulting either from selection by the institution or from an entitlement program. It also includes trainee stipends, prizes, and awards, except trainee stipends awarded to individuals who are not enrolled in formal course work, which should be charged to instruction, research, or public service as appropriate. 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 federal College Work-Study Program, the charges should be classified as expenditures of the department or organizational unit to which the service is rendered. Also includes aid to students in the form of tuition or fee remissions. However, remissions 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 benefit expenditures in the appropriate function category.

997 Scholarships & Fellowships

005 Auxiliary Enterprise

An auxiliary enterprise is defined as a necessary business function that contributes to and relates directly to the University's missions, goals and objectives. It exists to provide goods or services to students, faculty, or staff as individuals and charges fees directly related to, although not necessarily equal to, the cost of the goods or services. Per OMB Circular A-21, the cost of each service shall consist of both its direct costs and its allocable share of Facilities and Administrative (F&A) costs which comprise facilities and general administration expenses. Auxiliary operations are managed as essentially self-supporting activities, although sometimes a portion of student fees or other support is allocated to assist these activities. These operations are expected to generate surpluses at sufficient levels that establish adequate reserves to fund capital projects without drawing on the University's general reserves and/or operating budget. Although services may be provided to other University departments and the general public, the primary source of revenue is fees charged to students, faculty and staff. Examples are residence halls, food services, college stores, faculty clubs, faculty and staff parking, and faculty housing. Student health services, when operated as an auxiliary enterprise, also should be included.

000 Not Applicable

This category includes all expenditures associated with the patient care operations of the hospital (i.e. the hospital reimbursable accounts: 02.03048 through 02.03200), including nursing and other professional services, general services, administrative services, fiscal services, and charges for physical plant operations and institutional support. Expenditures for those activities that take place within the hospital, but which are categorized more appropriately as instruction or research, should be excluded. This category also includes unrestricted (entity 02) activities of WPIC and UPCI (area 93), unrestricted (entities 02 & 03) balance sheet accounts, and all accounts in entities 06, 07, 08, 09, 24, 25, 28, 47 and 48.

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A-21 Function Definitions

x01 Instruction
Instruction means all teaching and training activities of an institution, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division, an extension division or athletics. It includes sponsored instruction and training, research training, and departmental research. Sponsored instruction and training means specific instructional or training activity established by grant, contract or cooperative agreement. Research training means the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities. Departmental research means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of OMB Circular A-21, is not considered as a major function, but as a part of the instruction function of the institution.

101 Instruction
201 Departmental Research
401 Academic Support - Instruction

x02 Organized Research
x03 Organized research means all research and development activities of an institution that have been specifically organized to produce research outcomes and are separately budgeted and accounted for. Research and development means all research activities, both basic and applied, and all development activities that are performed by a non-Federal entity. Research is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Development is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. The term "separately budgeted and accounted for" refers to the University's pre-and post-award accounting obligation to propose a budget and provide a final accounting of expenses to the sponsoring agency. Organized research includes sponsored research and university research. Sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. University research means all research and development activities that are supported by either of the following: committed cost sharing expenditures that directly support externally sponsored research and development awards; or University funding through a competitive application and award process.

202 Organized Research - On-campus
203 Organized Research - Off-campus*

* Off-campus refers to research projects conducted in (1) leased facilities where the lease costs are proposed to the sponsor, accepted and charged directly to the sponsored project or (2) facilities or locations that are neither owned nor leased by the University.

x04 Other Sponsored Projects
Other sponsored projects (OSP) are activities sponsored by a third party (either federal or non-federal) that are not research or instruction. This category includes sponsored public service projects that benefit the public at large or special public sectors. Examples include community and health service programs and clinical trials. It excludes construction grants and scholarships/fellowships which are coded as 810 and 997 respectively.

304 Public Service - Other Sponsored Projects

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x05 Other Institutional Activities

Other institutional activities consists of those "direct cost objectives" not defined for inclusion in another direct cost pool (i.e. instruction, organized research, other sponsored projects or specialized service facilities). It includes activities such as public service (function 305), community relations (function 705), auxiliary enterprises (function 005), museums and galleries (function 405), and intercollegiate athletics (function 605). It also includes student unions, faculty housing, guest houses, chapels, theaters and any other activity whose costs are "unallowable" to sponsored agreements.

Public service activities, coded as function 305, provide general services to the community at large or special sectors within the community and are concerned with making available to the public, various resources and unique capabilities that exist within the institution.

Community relations activities, coded as function 705, are established to maintain relationships with the general community, the University's alumni, or other constituents, and to conduct activities related to development and fund raising.

Auxiliary enterprises, coded as function 005, provide goods or services directly or indirectly to students, faculty, or staff and are managed essentially as self-supporting activities. Although services may be provided to other university departments, the primary source of revenue is fees charged to students, faculty and staff. Examples include student housing and dining facilities, bookstores, faculty and staff services provided for convenience.

005	Auxiliary Enterprises
305	Public Service - Other Institutional Activities
405	Academic Support - Other Institutional Activities
605	Student Services - Other Institutional Activities
705	Institutional Support - Other Institutional Activities

x10 O&M, Building related

This category includes all activities devoted to the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant which can be associated with a specific building.

810	OMP - Building related
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x11 O&M, Non-building related

This category includes all activities devoted to the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant, including campus grounds, which can NOT be associated with a specific building. It includes facilities management, facilities planning, safety, emergency preparedness, hazardous waste disposal, security, and central receiving.

711	Institutional Support - O&M, Non-building related
811	OMP - Non-building related

x13 General Administration

General administration consists of all activities of general executive and administrative offices that serve or benefit the entire University. Examples include executive offices, such as chancellor and general counsel; administrative offices, such as human resources, faculty records, computing services and systems development (CSSD), and risk management; and

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financial management offices, such as payroll, purchasing services, budget and financial reporting, and financial information services. Offices that charge for their services (i.e. mailing services, copy center, and central animal facility) are excluded from this category.

713 Institutional Support - General Administration

x14 Sponsored Projects Administration

This category consists of those organizations established primarily for the administration of sponsored projects institution-wide. Examples include Office of Research, Research/Cost Accounting, Office of Research Integrity, Research Conduct and Compliance Office, Institutional Review Board and Office of Technology Management. Excludes administration of sponsored projects at the school level, which should be classified as Departmental Administration (x16).

714 Institutional Support - Sponsored Projects Administration

x15 Student Services

Student services includes offices of admissions and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal academic program. This includes student activities, cultural events, student newspaper, intramural athletics, student organizations, counseling and career guidance, student aid administration, and student health service. It also includes activities established to provide financial aid and assistance for students such as financial analysis and counseling, work study and student employment, scholarships, loans, grants, and records and collections.

615 Student Services

x16 Deans

This category consists of the academic deans' offices which provide administrative support and management direction to the University's three primary missions-instruction, research, and public service.

416 Academic Support - Deans

x18 Libraries

This category consists of all activities supporting the operation and/or maintenance of catalogued or otherwise classified collections of published material (i.e. the general campus libraries and departmental libraries that are centrally operated, staffed, and controlled). This includes only those libraries officially recognized by the University under the University Library System and Health Sciences Library System as well as the Law Library and all regional campus libraries.

518 Libraries

x94 Specialized Service Facilities

This category consists of departments that charge for products and services provided to other University departments and sponsored projects. Some of these services involve the use of highly complex or specialized facilities. These services could be purchased from external commercial sources, but for reasons of convenience, cost or control, are provided more effectively within the University. The cost of each service shall consist of both its direct costs and an allocable share of indirect costs, including general administrative expenses and facility-

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related costs. Examples include mailing services (794), copy center (794), computing/network services (794), and central animal facility (494).

- 494 Academic Support - Specialized Service Facilities
- 594 Library Service Center
- 694 Student Health Service Center
- 794 Institutional Support - Central Support Services
- 894 OMP - Work-in-Process Clearing

x97 Scholarships & Fellowships

Includes expenditures for scholarships and fellowships -from restricted or unrestricted current funds -in the form of grants to students, resulting either from selection by the institution or from an entitlement program. It also includes trainee stipends, prizes, and awards, except trainee stipends awarded to individuals who are not enrolled in formal course work, which should be charged to instruction, research, or public service as appropriate.

- 997 Scholarships & Fellowships

x00 Not Applicable

This category includes all expenditures associated with the patient care operations of the hospital (i.e. the hospital reimbursable accounts: 02.03048 -02.03200), including nursing and other professional services, general services, administrative services, fiscal services, and charges for physical plant operations and institutional support. Expenditures for those activities that take place within the hospital, but which are categorized more appropriately as instruction or research, should be excluded. This category also includes unrestricted (entity 02) activities of WPIC and UPCI (area 93), unrestricted (entities 02 & 03) balance sheet accounts, and all accounts in entities 06, 07, 08, 09, 24, 25, 28, 47 and 48.

- 000 Not Applicable