

Fund Functions

A functional expense classification is a method of grouping expenses according to the purpose for which the costs are incurred. The classification tells *why* an expense was incurred rather than *what* was purchased. The NDUS assigns functions to funds for the functional operating expense note for the financial statements and for management tracking and other reporting purposes. 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. All NDUS funds must be assigned a function code from the list below. The Integrated Post-secondary Education Data System (IPEDS) is the basis for the fund function codes used by the NDUS in PeopleSoft as follows:

Function	Code	Function Description
No Function	00	No Function
Auxiliary Services	01	Auxiliary services
Instruction	11	General academic instruction
	12	Vocational/technical instruction
	13	Medical school instruction
Public Service	21	Community Service
Research	31	Institutional research
	32	Research centers
	33	EPSCOR
Academic Support	41	Academic libraries
	42	Academic administration
	43	Other support services
	44	Information technology-Academic support
Student Services	51	Student services
Institutional Support	61	General administration
	62	Information technology-Institutional support
	63	Internal service funds
	64	Reserves
Physical plant	71	Physical plant
Scholarships	81	Scholarships and fellowships
Unexpended plant	91	Plant improvements – appropriated
	92	Other unexpended plant funds

The Integrated Post-secondary Education Data System (IPEDS) definition for each major function is as follows.

Auxiliary Services

Auxiliary enterprises are essentially self-supporting operations and may include residence halls, food services, intercollegiate athletics, college unions, college stores, and other self-supporting services. Institutions include actual or allocated costs for operation and maintenance of plant and interest, if applicable.

Instruction

Expenses associated with the colleges, schools, departments, and other instructional divisions of the institution and for departmental research and public service that are not separately budgeted. This would include academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities. Excludes expenses for academic administration where the primary function is administration (e.g., academic deans). Information technology expenses related to instructional activities, if the institution separately budgets and expenses information technology resources, are included (otherwise these expenses are included in academic support).

Research

Expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. The category includes institutes and research centers and individual and project research. This function does not include non-research, sponsored programs (e.g., training programs). Also included are information technology expenses related to research activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support.)

Public Service

Expenses associated with activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Examples may include conferences, institutes, general advisory services, reference bureaus, community services, cooperative extension services, public broadcasting services, and similar services provided to particular sectors of the community. Also includes information technology expenses related to the public service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support).

Academic Support

Expenses associated with activities and services that support the institution's primary missions of instruction, research, and public service. It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or veterinary and dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; academic administration (including academic deans but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development expenses. Also included are information technology expenses related to academic support activities; if an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to this function and the remainder to institutional support.

Student Services

Expenses associated with admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program. Examples may include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction outside the normal academic program (remedial instruction for example), career guidance, counseling, financial aid administration, and student records. Intercollegiate athletics and student health services may also be included except when operated as essentially self-supporting auxiliary enterprises. Also may include information technology expenses related to student service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in institutional support.)

Institutional Support

Expenses associated with the day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development. Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function.

Physical Plant

Expenses associated with operations established to provide service and maintenance related to campus grounds and facilities used for educational and general purposes. Examples may include utilities, custodial, general maintenance, property insurance, and similar items. Expenses of this function are reduced by amounts reallocated to auxiliary enterprises, hospitals, and independent operations at year-end for financial statement purposes. Also includes information technology expenses related to operation and maintenance of plant activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in institutional support).

Scholarships and Fellowships

The scholarships and fellowships classification includes expenses for scholarships and fellowships—from restricted or unrestricted funds—in the form of grants that neither require the student to perform service to the institution as consideration for the grant, nor require the student to repay the amount of the grant to the funding source. In public institutions, they may result from selection by the institution or from an entitlement program. The classification also includes trainee stipends, prizes, and awards. (However, trainee stipends awarded to individuals who are not enrolled in formal course work should be charged to instruction, research, or public service.)

The scholarships and fellowships classification excludes student awards that are made in exchange for services provided to the institution, such as graduate and teaching assistantships and student work-study programs. When services are required in exchange for financial assistance, charges should be classified as expenses of the department or organizational unit to which the service is rendered and reported as expenses of the function classification benefited by the work provided by the student.

Unexpended Plant Funds

Expenses associated with extraordinary repairs, renovations, additions or new construction of capital assets.