

*APPENDIX C:
NACUBO DEFINITION OF ELEMENTS OF
INSTITUTIONAL COST*

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INSTRUCTION

The instruction category includes expenditures for all activities that are part of an institution's instruction program. Expenditures for credit and non-credit courses; academic, vocational and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions should be included.

Expenditures for departmental research and public service that are not separately budgeted should be included in this classification. This category excludes expenditures for academic administration when the primary assignment is administration -- for example, academic deans. However, expenditures for department chairpersons and administrators for whom instruction is an important role are included.

RESEARCH

The research category includes all expenditures for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, the category includes expenditures for individual and/or project research as well as that of institutes and research centers. This category does not include all sponsored programs nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this category under the circumstances described. Expenditures for departmental research that are separately budgeted specifically for research are included in this category.

PUBLIC SERVICE

The public service category includes funds expended for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

ACADEMIC SUPPORT

The academic support category includes funds expended to provide support services for the institution's primary missions: instruction, research, and public service. It includes the retention, preservation, and display of educational materials, for example, libraries, museums, and galleries; 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; media such as audio-visual services and technology such as computing support; academic administration (including academic deans but not

department chairpersons) and personnel development providing administration support and management direction to the three primary missions; and separately budgeted support for course and curriculum development. For institutions that currently charge some of the expenditures -- for example, computing support -- directly to the various operating units of the institution, this category does not reflect such expenditures.

STUDENT SERVICES

The student services category includes funds expended for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is operated as an integral part of the department of physical education and not as an essentially self-supporting activity), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an essentially self-supporting activity). In recent years, some institutions have created an office of enrollment management; expenditures for such an office are best categorized in student services.

INSTITUTIONAL SUPPORT

The institutional support category includes expenditures for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.

Appropriate allocations of institutional support should be made to auxiliary enterprises, hospitals, and any other activities not reported under the educational and general heading of expenditures.

OPERATION AND MAINTENANCE OF PLANT

The operation and maintenance of plant category includes all expenditures of current operating funds for the operation and maintenance of the physical plant, in all cases net of the amount charged to auxiliary enterprises, hospitals, and independent operations. 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. It does not include expenditures made from the institutional plant fund accounts.

SCHOLARSHIPS AND FELLOWSHIPS

The scholarships and fellowships category includes expenditures for scholarships and fellowships -- from restricted or unrestricted current funds -- in the form of grants to students, resulting from selection by the institution or from an entitlement program. The category also includes trainee stipends, prizes, and awards. Trainee stipends awarded to individuals who are not enrolled in formal course work should be charged to instruction, research, or public service. If the institution has custody of the funds and does not select a recipient, and there is no entitlement program, the funds should be accounted for and reported in the agency funds group rather than in the current funds group.

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 College Work-Study program, charges should be classified as expenditures of the department or organizational unit to which the service is rendered. Aid to students in the form of tuition or fee remissions also should be included in this category. However, remission 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 functional expenditure category.

PLANT FUNDS

The plant funds group is used to account for unexpended plant funds to acquire long-lived assets for institutional purposes; funds set aside for the renewal and replacement of institutional properties; funds set aside for debt service charges and retirement of indebtedness on institutional plant.