APPENDIX B: DEFINITIONS
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Academic Support. A classification or program used for the categorization of expenditures that includes funds expended to provide support services for the institution’s primary missions of instruction, research, and public service. This category includes expenditures for libraries, museums, media and technology (including computing support), academic administration, and separately budgeted course development costs. However, the costs associated with the office of the chief academic officer of the college are included in the Institutional Support category.

Agency Funds. Funds held by a college acting as custodian or fiscal agent. Moneys are deposited with the institution for safekeeping, to be used by the depositor at will. Typical examples of agency funds are deposits by student organizations and college work-study funds for outside employers. Agency funds are not part of current operating funds.

Auxiliary Enterprises. Fee driven or self supporting services such as cafeterias and residence halls.

Benchmarking. A systematic approach for conducting comparative statistical analyses of an organization relative to others.

Best Practice College. A college whose method of operation or process in a particular area has been designated as one of the best.

Budget. A plan of financial information embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing the expenditures.

Budget Unit. A department, center, board or other component of an institution that receives, expends, or disburses funds. In a college, budget units include departments, offices, and centers.

Capital Outlay. Expenditures for the upkeep, preservation, development, improvement or acquisition of lands, buildings, or major fixed equipment.

Current Funds. An accounting term for the grouping of revenues and expenditures related to operation of the college during a specific time period. Current funds are used to carry out the primary missions of the college. Excluded are any revenues or expenditures related to the construction or purchase of property and buildings; funds held in endowments; funds held as “Agency” funds; and certain loan funds. Annual expenditures and revenues of a college are called “Current Funds.” Current funds may be restricted or unrestricted.

Current Unrestricted Funds. Resources for the annual operation of a college that have no limitations or restrictions placed on their expenditure by external agencies or donors. Current Unrestricted Funds permit the widest range of flexibility in expenditure. Legislative appropriations and tuition and fee revenues are examples of Current Unrestricted Funds.
**Current Restricted Funds.** Resources for the annual operation of a college that have externally established expenditure limitations or stipulations on their use. Restrictions may be broad such as scholarship aid, or quite specific such as funds donated for a particular purpose.

**Debt Service.** Interest and principal repaid on debt instruments such as bonds.

**Designated Funds.** Revenues assigned for a particular purpose by the governing board.

**Education and General Expenditures.** Current fund expenditures in all categories except Auxiliary Enterprises. Included are expenditures made in support of the primary missions of the college.

**Endowment and Similar Funds.** Funds contributed by a donor from which the earned income may be spent, but not the corpus of the donation. This fund group includes true endowment funds, term endowment funds, and quasi-endowment funds. Term endowment funds are those whose nature changes after a specified period of time. Quasi-endowment funds are those resources that are internally designated by management or the governing board as an endowment whose principal may be invested.

**Equipment.** In the operating budget, equipment is categorized as capitalized (an item purchased for $1,000 or more) and non-capitalized (an item that costs less than $1,000). Equipment that costs less than $300 usually is not considered a fixed asset and is not budgeted as an “equipment expense.”

**Financial Aid.** See “Scholarships and Fellowships.”

**FTE.** Full time equivalent. Used in a budget to represent a full time employee. A full time Equivalent employee works 2,080 hours during a fiscal year, including holidays. FTE also is used to represent a full time student (FTES or FTSE), and is equal to 15 semester credit hours.

**Fund.** An independent fiscal and accounting entity with a self-balancing set of accounts that records all resources together with all related liabilities, obligations, reserves, and equities. These are segregated for the purpose of carrying on specific activities in accordance with limitations, restrictions, laws, or regulations.

**Fund Balance.** The net difference between a fund’s assets and liabilities; or the excess of a fund’s revenues over its expenditures and encumbrances for a specific time period.

**Headcount.** A person; used to refer to students or employees. One human being equals one headcount.

**Institutional Support.** A classification or program used for the categorization of expenditures. General administrative expenditures are those of the college offices responsible for planning, organizing, directing, and controlling activities of the entire college and include fiscal operations, administrative data processing, employee personnel services, and support services.
Instruction. A classification or program used for the categorization of expenditures. The “Instruction” budget includes the costs of faculty salaries, the costs of operating academic departments, expenses associated with academic administration for undergraduate and graduate programs, and the costs of departmental research. Instruction is the most complex, and most expensive, component of a college’s expenditures.

Loan Funds. Resources that may be lent to students, faculty or staff, provided by various sources. Loan funds are not a part of the current expenditures of the college.

Mandatory Transfers. Transfers from one fund group to another due to binding legal agreements or agreements with external agencies. Transfers from tuition revenues to plant funds for bonding debt service payments are mandatory transfers.

Mission Statement. A short and comprehensive statement of purpose. The mission identifies what the college, program, or department does and for whom it does it, and describes the services and customers.

Non-current Funds. All categories of funds that are not included in the fund group that is used for the day-to-day operations of the college. Non-current funds groups include Loan Funds, Agency Funds, Plant Funds, Endowment and Similar Funds, and Annuity and Life Income Funds.

Non-mandatory Transfer. A transfer from one fund group to another that is made at the discretion of the governing board. An example of a non-mandatory transfer is the use of tuition and fee revenues for plant fund projects.

Operating Budget. A plan of all proposed operating expenditures excluding capital outlay expenditures.

Peers. Colleges that are “most like” one another based on similarities on a group of variables.

Plant Operation and Maintenance. A classification or program used for the categorization of expenditures related to custodial services; grounds and building maintenance; repair of structural, electrical, and mechanical components of the campus; mail service; utility costs; and other activities to keep the campus in a state of good repair and service.

Plant Funds. Resources set aside for renewal and replacement of college properties, debt service, and the cost of long-lived assets (other than endowment and similar funds).

Program. Functions and activities of a college or within a college that are pre-planned to fulfill a definite objective. A program is a combination of inputs or resources producing outputs or services designed to achieve desired outcomes or objectives. Examples are Instruction and Student Services.

Public Service. A classification or budget program used for the categorization of expenditures related to activities that provide non-instructional services to individuals and groups external to the institution.
Restricted Funds. Revenues whose use is limited by the donor or other external agencies.

Revenues. Additions to assets that do not increase any liability, do not represent the recovery of an expenditure, or do not represent the cancellation of liabilities without a corresponding increase in other liabilities or a decrease in assets.

Scholarships and Fellowships. A budget program used for the categorization of expenditures for scholarships, prizes, awards, federal grants, tuition and fee waivers, and other aid awarded to students for which services to the college are not required. Also called “Financial Aid.”

State appropriations. Allocations of state resources by the Legislature for a governmental unit or entity.

Strategic Plan. An organization’s plan that extends for a period of at least three years and contains a mission statement, goals, objectives, strategies for accomplishing the objectives, and related performance measures.

Student/Faculty Ratio. The number of headcount or full-time equivalent students divided by the number of faculty. Lower ratios are perceived to be “better” because lower ratios imply that more faculty are available to contribute to the learning environment.

Student Services. A classification or program used for the categorization of expenditures that include activities that relate to the aspects of campus life that provide non-academic services to students. Typically included in Student Services activities are admissions, registration, student records, counseling centers, financial aid administration (but not the financial aid itself), placement or career services, health services, minority student services, orientation, supplementary educational services, and supervision of student activities.

Transfers (Mandatory and Non-Mandatory). Categories of expenditures that relate to the movement of funds out of and into “Current Funds” from the Plant Fund, Endowment Fund, and other fund groups of the college. See also Mandatory Transfers and Non-Mandatory Transfers.

Tuition and Fees. A source of revenue for a college. Tuition and fees relate to the charges that each student must pay to attend classes.

Unrestricted Funds. Revenues or assets that may be used for the benefit of the institution without restriction or limitation by an external agency or donor.

NOTE: Many of the definitions included here were adapted (with permission) from the National Association of College and University Business Officers’ Handbook.