Space Survey Instruction

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This is a working document and as such, we would appreciate any information and/or insight which would help us develop stronger policies for NMT’s research community.

Introduction

*OMB Circular A-21* provides cost accounting principles for mutual understanding between representatives of universities and the Federal Government as to how much and under what conditions the federal governments will participate in cost recovery for the universities infrastructure (facilities and administration) costs in relation to sponsored projects.

The space survey is the most critical part of the Facilities and Administrative (F&A) or indirect cost proposal. The results of the survey determine how most of the facility costs (depreciation, interest and operations and maintenance expenses) in the F&A cost proposal will be allocated to Institute organized research and other sponsored activity. Because space has a substantial impact upon the F&A rate, it is essential to accurately determine and assign the utilization of each room to the correct cost categories.

What is the Space Utilization Survey and Cost Category Coding?

The space survey gathers data on the specific use of campus space. The process involves assigning the actual functional use, by use of cost category codes and percent of use, to campus space. The cost category codes used for describing the space utilization are based on guidance from *OMB Circular A-21* and defined in the Institute’s Space Cost Category Definitions.

Who will participate in the Space Survey?

Department personnel or research center personnel who are knowledgeable about the occupants and activities performed in each room will determine the cost category that best describes the use of the space over the period of time covered in the survey. Any questions should be addressed to the Restricted Funds Department Cost Accounting Office located in room 4 of Well Hall. Call 505-835-6410 or e-mail shicks@admin.nmt.

How is the cost category determined?

The coding should be determined on a room-by-room basis. Cost category codes must identify a room’s usage in terms that reflect all activities performed in the room. The space survey should reflect how each room was used during the entire fiscal year. The survey should not represent a snapshot of how the space was used at a particular point in time like the last day of the year.
The coding of a room should take into account all occupants of the room. The coding of space should be based on the activities the occupants perform in the room and the budgets (expense funds) that pay for those activities.

- For example, if faculty, staff, or students in a research lab are working on Organized Research projects and the compensation for all of their work in the lab is paid by those projects (or is reported as cost sharing on the projects), then the space they use in the lab should be coded as Organized Research. The term “paid from a grant” includes salaries directly paid and salaries reported as committed or mandatory cost share.

- On the other hand, if an individual’s salary for work in the lab is wholly or partially paid from general institutional funds (and is not reported as cost sharing on an Organized Research project), the space used for the work paid with institutional funds should be coded as Instruction or Departmental Research as applicable. Research lab space used by unpaid students, visiting scientists, and faculty emeriti should also be coded as Instruction or Departmental Research as applicable.

- If the individuals working in the lab are working on and paid from both Organized Research projects and general institutional activities/funds the lab space should be coded and assigned to Organized Research and Instruction in the same proportion as the work performed in the lab.

Space used for activities reported on a Personnel Activity Report (PAR) as committed (mandated or voluntary) cost sharing on Organized Research projects should be coded as Organized Research. Space used for activities of faculty and senior researchers as voluntary uncommitted cost sharing (VUCS) on Organized Research projects should also be coded as Organized Research (regardless of how the cost sharing is reported in their effort reports).

The federal government allows VUCS inclusion in space for allocation purposes while not requiring it to be included in the Organized Research base. Since the federal government is receiving additional free work when faculty or senior researchers work more than they have committed on a project, they see no reason to further penalize universities by not allowing the cost recovery of the space (numerator) to be allocated to the benefiting function or requiring that it be added in the form of a direct allocation to the Organized Research base (denominator).

Cost category coding of a room should take into account the extent of use by each occupant. For example, a student working in a lab 15 hours a week for four months should be counted much less than a technician who works in the lab 40 hours a week the entire year.

Departmental or Research Center staff should maintain notes on how they determine the cost category percentages of each room and be prepared to defend those percentages in the Federal review of the F&A rate proposal.

What documentation do I need to maintain?
The new buzz phrase among industry-wide trainers, Institute personnel and auditors concerned with space surveys is “Match space to base”. NMT has not formally tackled matching space to base in past space surveys, but it is now a necessary step to attempt. The FY 2008 space survey will be the first time the attempt is made and responses will be based on memory, not documentation. For future space surveys, it should be documented on a real time basis.

The space survey documentation should identify all occupants of all research laboratories coded with any percentage as Organized Research or Other Sponsored Activities. Remember that Organized Research includes research cost share and Institute research projects internally funded which are separately budgeted and accounted for and administered by Research and Economic Development, e.g. Geophysical Research Center.

Rooms coded with any percentage as Organized Research or Other Sponsored Activities should also identify the research projects (both sponsored and Institute funded) that paid the salaries of the occupants of the room. If a portion of the salary supporting work in a lab is considered cost sharing (as reported on faculty effort certification (PAR) reports or is considered voluntary uncommitted cost sharing, then an additional designation of Cost Share should be noted.

If your space is reviewed by Federal negotiators, the review will most likely take place a year or longer after you have coded the space. It is imperative that you document your space cost categories in such a manner that will allow you or someone else in your department to easily understand and explain the basis for those decisions.

Handling of Specific Categories of Rooms and Situations

Research Laboratories

- The principal activity performed in research labs is usually Organized Research (SR). However, if some of the occupants in a research lab are paid from general institutional funds (and are not reported as cost sharing on Organized Research projects) or are unpaid, the space used for that work (paid or unpaid) should be coded as Instruction or Departmental Research (IN).

- Space used by visiting scientists not paid by the Institute and faculty emeriti should be coded Other Institutional Activities (OA).

- The handling of student in research labs is particularly important:
  - Space used by students should be coded Organized Research (SR) or Other Sponsored Activity (SO) as applicable if the students are:
    - Paid by research grants/contracts,
    - Supported by research training grants/fellowships that are considered Organized Research or Other Sponsored Activity, or
- Reported as cost sharing on research grants or contracts.
  - Space used by unpaid students and students paid from general institutional funds (and not reported as cost sharing on research grants or contracts) should be coded Instruction/Departmental Research (IN). This includes students working in labs for academic credit as well as students using the lab for non-research work such as course development or thesis writing.
  - If students paid from Organized Research funds do non-research work in the lab such as course development or thesis writing, a portion of that space should be considered Instruction (IN), as applicable.

- Federal negotiators pay particular attention to rooms coded 100% Organized Research (SR) or Other Sponsored Activity (SO). A “yes” response to any of the following usually indicates that a room should not be coded 100% SR or SO:
  - Are bridge funds, start-up funds, or any other kind of seed money used to fund the activity (salary and benefits of the occupants) taking place in the room?
  - Is the room used by any unpaid students or students paid from general institutional funds? This includes students working in labs for academic credit as well as students using the lab for non-research work such as course development or thesis writing.
  - Is the room used by visiting scientists not paid by the Institute or by other non-Institute individuals or faculty emeriti?
  - Are there any other occupants not paid from Organized Research or Other Sponsored Activity projects for their work in the lab (except where those non-sponsored project funds are considered cost sharing for a Sponsored Project)?
  - Are there any non-research activities performed in the room?

**Offices**

- Offices within academic departments should be coded to Joint Use (JT). The space will then be allocated on the basis of department wide salaries and wages. The exception to this is the office of the department secretary which should be coded to (DA). Offices used by visiting scientists not paid by the Institute and faculty emeriti should be coded as Other Institutional Activities (OA).

**Conference Rooms and Similar Multi-purpose Rooms**

- Conference rooms and similar multi-purpose rooms in academic departments, such as copy rooms, employee lounges and departmental libraries, should be coded Joint Use (JT) with a list of cost categories that describe the uses.
Classrooms, Class Labs and Related Service Rooms

- Classroom, class labs, and related service rooms should normally be coded as Instruction (IN).

- In limited situations, open lab and computer labs may be used for Organized Research or Other Sponsored Activities. If you have such space, do your best to indicate type of use of the space. Call the Cost Accounting Office for assistance if needed.

Service Centers

The space for some service centers will be recovered in their service center rates and the space for others will be recovered through the F&A process. The deciding factor is usually determined by whether the space is used exclusively for the service center or if it is used jointly with other functions. If the space recovery is included in service center rates, then the space should be coded RC. Unless you know for sure, you should contact the Cost Accounting Office to help make the determination.

Vacant Space

Space should be considered vacant only if it is vacant or under renovation for the full 12 months of the fiscal year being surveyed. If it was occupied for part of the fiscal year being surveyed, it should be coded to functions according to how it was used when occupied.

Federal Red Flags and Risk Areas

The following situations are considered red flags or areas of higher risk by Federal negotiators:

- Research labs coded as 100% Organized Research,

- Cookie cutter functionalization (i.e., all research labs in a department are cost category coded as 95% Organized Research and 5% Instruction),

- Inconsistent cost category results compared to funding sources supporting work in a research lab,

- Cost category codes which are inconsistent with room type designations,

- Space classified as Organized Research space without any Organized Research funding sources or budgets attached, or

- Sum of cost category percentages less than 100%.

Please review your cost category results closely to ensure you have taken these risk factors into consideration.
Training Schedule

To assist you with this key data accumulation process, the Restricted Funds Department Cost Accounting Office is offering a series of training classes. The dates will be scheduled through the Human Resources Office.