



Space Survey Instructions

New Mexico Tech
Cost Accounting and Reporting
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The purpose of this document is to establish guidelines necessary to comply with the Code of Federal Regulations Title 2: Grants and Agreements Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Appendix III in order to facilitate the development of a University Facilities and Administration (F&A) rate.

This document is continually being updated; we would appreciate any information and/or insight that would help us develop stronger policies for NMIMT's research community.

Table of Contents

- I. Introduction 3**
 - A. What is the Space Utilization Survey and Cost Category Coding? 3
- II. Who Will Participate in the Space Survey? 4**
- III. How Are Cost Categories Determined? 5**
- IV. What Documentation Must Be Maintained? 7**
- V. Handling Specific Room Categories and Situations 8**
 - A. Research Laboratories 8
 - a. *Student Work in Research Labs* 8
 - b. *Space Coded Solely for Organized Research (OR) or Other Sponsored Activity (OS)* 8
 - B. Offices 9
 - C. Conference Rooms and Similar Multi-purpose Rooms 9
 - D. Classrooms, Class Labs and Related Service Rooms 9
 - E. Service Centers / Specialized Service Facilities 9
 - F. Vacant Space 10
- VI. Federal Red Flags and Risk Areas 11**
- VII. Training Schedule 12**
- VIII. References 13**

I. Introduction

The development of the facilities and administrative (F&A) rate is outlined in the Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Appendix III, Indirect (F&A) Costs Identification and Assignment and Rate Determination for Institutions of Higher Education (IHEs) (herein after Uniform Guidance or UG) in order to create mutual understanding between representatives of universities and the federal government as to how much and under what conditions the federal government will participate in cost recovery for the university's **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) costs proposal (note that F&A costs are also referred to as "indirect costs"). The results of the survey determine how most of the facility costs (equipment and building depreciation, interest, and operation and maintenance expenses) in the F&A cost proposal will be allocated to various Institute functions such as instruction, organized research, other sponsored activities and other Institute activities. Because space substantially impacts the F&A rate, it is essential to accurately determine and assign the utilization of each room to the correct cost categories.

A. What is the Space Utilization Survey and Cost Category Coding?

The space survey gathers data about the specific uses of campus space. The process involves defining campus space according to functional use through the allocation of cost category codes. The two-letter cost category codes used for describing the space utilization are based on guidance from the Uniform Guidance and are defined in NMIMT's Space Cost Category Definitions located at <http://www.nmt.edu/ocar/index.php>

II. Who Will Participate in the Space Survey?

Department or research center personnel who are knowledgeable about room use aspects, such as occupants and activities carried out, will determine for each room the cost category that best describes the use of the space over the period of time defined by the survey. Any questions should be addressed to the Cost Accounting and Reporting Office (CAR).

For contact information, see <http://www.nmt.edu/ocar/index.php>

III. How Are Cost Categories Determined?

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 must reflect how each room was used during the **entire** fiscal year, or years, in question. The survey should not represent a snapshot of how the space was used at a particular point in time (e.g., the last day of the year).

The coding of a room must take into account **all occupants** of the room. The coding of space must be based on the activities the occupants undertake 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 that lab is financed through funding for those projects (or is reported as cost sharing on the projects), then the space they use in the lab is coded as organized research (OR). The term "paid from a grant" includes both salaries paid directly and salaries reported as committed or mandatory cost share.

Note: Organized research includes all research and development activities of NMIMT that are separately budgeted and accounted for on a specific project basis and research cost sharing. See the NMIMT Space Cost Category Definitions document at <http://www.nmt.edu/ocar/index.php> for more information.

Conversely, 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); this space must be coded as instruction/departmental research (IN), as applicable. Research lab space used by unpaid students, visiting scientists, and faculty emeriti must also be coded as instruction/departmental research (IN), as applicable.

If the individuals working in the lab are working on and financed by organized research projects as well as general institutional activities/funds, then the lab space should be coded and assigned to organized research (OR) and instruction/departmental research (IN). Space used jointly by more than one function (as determined by the users of the space) shall be allocated using institute-wide salaries and wages applicable to the benefiting major functions (UG Appendix III, (B)(3)(b)).

Space used for activities reported on a personnel activity report (PAR) as **committed** cost sharing (whether mandated or voluntary) on organized research projects must be coded as organized research (OR). Space used for the activities of faculty and senior researchers reported as voluntary **uncommitted** cost sharing (VUCS), or work in excess of contractual or proposed commitments, on organized research projects must also be coded as organized research (OR, regardless of how the cost sharing is reported in effort reports).

The federal government allows VUCS to be included for allocation purposes, but does not require it to be included in the organized research base (see the [SPA Cost Share Policy](#) or refer to OMB [Circular A-21 Clarification Memorandum 01-06](#) dated January 5, 2001, "Clarification of OMB-A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs"). Because the federal government receives free work when faculty or senior researchers work in excess of their proposed commitments on a project, there is no reason to further penalize the university by disallowing the space's cost recovery (numerator) to the benefiting function. Nor does the federal government require that VUCS inclusion be added in the form of a direct allocation to the organized research base (denominator). See the F&A Cost Category Manual at <http://www.nmt.edu/ocar/index.php> for more information.

IV. What Documentation Must Be Maintained?

The new “buzz phrase” among industry-wide trainers, institute personnel, and auditors concerned with space surveys is, “Match space to base.” To accomplish this goal, maintain a log of how a space is used on no less than a monthly basis. Also, keep a list of all grant and contract research that is performed in the space, according to FUND numbers. This will allow NMIMT to accurately allocate the use of space to the benefiting functions and recover the cost of space used for research. Matching space to base should be documented on a real-time basis.

The space survey documentation must identify all occupants of all research laboratories for whom any portion of work is coded as organized research (OR) or other sponsored activities (OS). Remember that organized research includes research cost sharing and internally funded institute research projects, which are separately budgeted and accounted for, and administered by the Research Division.

For rooms coded for any reason as organized research (OR) or other sponsored activities (OS), the research projects (both sponsored and institute funded) that financed the salaries of the occupants of the room must be identified. If a portion of the salary-supporting work in a lab is considered cost sharing (as reported on faculty effort certification reports or PARs) or is considered VUCS, then an additional designation of cost share should be noted.

Note: In the event your space is audited by federal auditors, 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 a manner that allows you or someone else in your department to easily understand and explain the basis for those decisions.

V. Handling Specific Room Categories and Situations

A. Research Laboratories

The principal activity performed in research labs is usually organized research (OR). However, if some of the occupants in a research lab are either 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/departmental research (IN) because it was not separately budgeted and accounted for as university research.

Space used by faculty emeriti and visiting scientists not paid by the institute should be coded as other institutional activities (OA).

a. Student Work in Research Labs

Note: The handling of student work in research labs is particularly important.

Space used by students must be coded as organized research (OR) or other sponsored activity (OS), as applicable, if the students are:

- Paid by research grants/contracts,
- Supported by research training grants/fellowships that are considered organized research (OR) or other sponsored activity (OS), 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). These classifications include students working in labs for academic credit as well as students using labs for non-research work such as course development or thesis writing.

If students paid from organized research funds perform non-research work in the lab, a portion of that space's use should be coded as instruction/departmental research (IN), as applicable.

b. Space Coded Solely for Organized Research (OR) or Other Sponsored Activity (OS)

Federal auditors pay particular attention to rooms coded solely as organized research (OR) or other sponsored activity (OS). A "yes" response to any of the following questions usually indicates that a room should **not** be coded solely as OR or OS:

Are bridge funds, start-up funds, or any other variety of seed money used to fund the activities (including salaries and benefits of the occupants) taking place in the room?

Is the room used by either 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 either by visiting scientists who are not paid by the institute or by other non-institute individuals or faculty emeriti?

Are there any other occupants who are not paid from organized research (OR) or other sponsored activity (OS) 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?

B. Offices

Offices within academic departments should be coded as (IN)/(DA). The space will then be allocated on the basis of department-wide salaries and wages. The exception is the office of the department secretary, which should be coded as departmental administration (DA) only.

Offices used by faculty emeriti or visiting scientists who are not paid by the institute should be coded as other institutional activities (OA).

C. 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 as (IN/DA) and accompanied by a list of cost categories that describes the uses of the space.

D. Classrooms, Class Labs and Related Service Rooms

Classroom, class labs, and related service rooms should normally be coded as instruction/departmental research (IN).

In limited situations, open labs and computer labs may be used for organized research (OR) or other sponsored activities (OS). If you have a space jointly used in this fashion, do your best to indicate the type of use, as detailed under the "What Documentation Must Be Maintained?" section within this document. Call the Cost Accounting and Reporting Office for assistance if clarification is needed.

E. Service Centers / Specialized Service Facilities

Service center space is used in whole or in part for business units of direct recovery with break-even as the intended goal and can only operate as such if registered with the Cost Accounting and Reporting Office. Specialized service facility space is designated space that is directly charged to users of a specific specialized service facility. These services are provided for highly complex or specialized facilities operated by the non-Federal entity, such as computing facilities, and wind tunnels. Unless you know for sure, you should contact the Cost Accounting and Reporting Office to assist you in making the appropriate determination.

F. Vacant Space

Space should be coded vacant (VA) only if it was vacant or under renovation for the full twelve 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 while occupied.

VI. Federal Red Flags and Risk Areas

The following situations are considered red flags or areas of higher risk by federal auditors:

Research labs are coded solely as organized research (OR), other sponsored research (OS), or service center (SC) / specialized service facilities (SF),

“Cookie cutter” functionalization (e.g., **every** research lab in a department is cost category coded exactly the same),

Cost category results are inconsistent when compared to funding sources supporting the work in a research lab,

Cost category codes are inconsistent with room type designations, or

Space classified as organized research (OR) space without any associated organized research funding sources or budgets.

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

VII. Training Schedule

To assist you with this key data accumulation process, the Cost Accounting and Reporting Office offers periodic training workshops. The dates will be scheduled through the Human Resources Department.

VIII. References

Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards.

Office of Management and Budget, *Circular A-21 Clarification Memorandum 01-06*, dated January 5, 2001. "Clarification of OMB-A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs."