



Space Cost Category Definitions

New Mexico Tech
Cost Accounting and Reporting
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The purpose of this document is to define the cost category codes used for the space surveys. The results of the space survey determine how most of the facility costs in the F&A or indirect cost proposal (equipment and building depreciation, interest, and operations and maintenance expenses) will allocate to the institute's direct functions such as instruction and organized research. Because space has a substantial impact upon the F&A rate, it is essential to code each room with the correct cost category code to match its function.

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.

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I. Introduction

Assigning functions or uses to space is one of the most critical parts of the Facilities and Administrative (F&A), or indirect, cost proposal. The results of the space survey determine how most of the facility costs in the F&A cost proposal (equipment and building depreciation, interest, and operations and maintenance expenses) will be allocated to the institute's direct functions, such as instruction and organized research. Because space has a substantial impact upon the F&A rate, it is essential to code each room with the correct cost category code according to its function.

The space study must be reviewed periodically, but not less frequently than every two years, and updated, if necessary, and used consistently (Uniform Guidance, Appendix III, (A)(2)(d)(3)).

Definitions of each cost category/function are listed below. The cost category codes discussed in this document are color coded. **Green** indicates an **F&A cost pool code**. **Red** indicates a **benefiting function code** that denotes either an F&A rate applied to sponsored projects or a function that receives a portion of F&A costs that the government does not reimburse. **Blue** indicates categories that are either excluded from F&A or are grouped to be allocated to functions according to specifically defined criteria.

A. Cost Categories

Major Functions (Direct Cost):

IN	Instruction and Departmental Research
OR	Organized Research (Sponsored and University Research)
OS	Other Sponsored Activities
OA	Other Institutional Activities

Indirect Cost Pools:

GA	General Administration
DA	Departmental Administration
SP	Sponsored Projects Administration
OM	Operations and Maintenance
LI	Library

F&A Exclusion Codes:

SC	Service Center (when space is part of service center rate)
SF	Specialized Service Facility (typically coded by Cost Accounting only)
EX	Exclude (non-expense funds for audit purposes. Cost Accounting will code)

Space only designation:

VA	Vacant
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II. Major Functions of the Institute

A. Instruction (IN)

Space used for teaching and training activities. This includes space used for class, student counseling, grading, class preparation and departmental research defined as development or scholarly activities not separately budgeted and accounted for as research. (Uniform Guidance, Appendix III, (A)(1)(a)).

a. Non-sponsored Teaching and Training

This term includes all non-sponsored teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis. Instructional activities include classroom teaching, preparing and typing of examinations and instructional materials, and grading examinations and assignments. This classification does not include space for research training separately budgeted for and classified as Sponsored Projects, (e.g., Organized Research—which includes University Research—or Other Sponsored Activities.

b. Departmental Research

Departmental research is funded internally from budgets that are not restricted to a specific project, which includes, but is not limited to, bridge funding for researchers in between research projects and start-up funding. This space includes labs and other research facilities used for activities that do not meet the definition of Organized Research.

Note: The key is whether the teaching or training activity that took place in the space was specifically proposed and received a budget and a specific scope of work related to that budget.

B. Organized Research (OR)

Also called, “Sponsored Research,” this function includes all research and development activities of the institute that are separately budgeted and accounted for on a specific project basis and research cost sharing. Organized research activities include the following:

- Research grants, contracts, and cooperative agreements sponsored by the federal government and nonfederal agencies and organizations (e.g. states, cities, foundations, corporations, etc.) and administered by the Sponsored Projects Administration (SPA).
- University research projects funded with institute funds, which are separately budgeted and accounted for and administered by the Research Division.
- Research cost sharing, which is related to organized research projects. This includes agency-required cost share and voluntary committed cost share (VUCS). VUCS should be included in space allocation. The government allows for facility cost recovery for VUCS because this type of cost share is not required or proposed as an inducement for award.

Note: To distinguish Organized Research from other major functions, "research" is defined as the systematic study directed toward fuller knowledge of the subject involved and includes rigorous inquiry, experiment or investigation. Research can also be described as pursuing new knowledge, understanding existing knowledge, or testing/proving existing knowledge.

Organized research projects require a proposal or other application to obtain funding, have a defined scope of work associated with the project, anticipate a "deliverable" result, and require that periodic financial and progress reports be submitted to the sponsor (Uniform Guidance, Appendix III, (A)(1)(b)(1) and 2).

Whenever a room is coded as organized research, a BANNER FUND number must also be assigned to the room. Auditors are interested in matching space to base. To this end, they may request a list of specific projects that took place in the space.

C. Other Sponsored Activities (OS)

This type of space is used for programs and projects financed by federal and nonfederal agencies and organizations that involve the performance of work other than instruction and organized research. Examples of Other Sponsored Activities are sponsored training grants, public service projects, and public service conferences. Sponsored training refers to specific instructional or training activities established by grant, contract, or cooperative agreement. It also includes the sponsored training of individuals in research techniques (commonly called research training) (Uniform Guidance, Appendix III, (A)(1)(c)).

D. Other Institutional Activities (OA)

Other Institutional Activities are all activities of an institution except for instruction, departmental research, organized research, and other sponsored activities, as defined. This type of space is used for auxiliary enterprises, such as the operation of residence halls, dining halls, student unions, intercollegiate and intermural athletics, bookstores, faculty housing, student apartments, guesthouses, theaters, public museums, community relations and development, and other similar auxiliary enterprises. (Uniform Guidance, Appendix III, (A)(1)(d)).

III. Indirect (F&A) Cost Pools

A. General Administration (GA)

Space used for General Administration includes institutional activities that provide administrative support for the daily functioning of the entire institute, such as executive management, financial management and fiscal operations (accounting), general administrative services (such as personnel and payroll), and logistical services (such as campus mail and purchasing). Separate organizational units that specifically support sponsored programs, such as SPA should be classified as Sponsored Projects Administration (Uniform Guidelines, Appendix III, (B)(5)).

B. Departmental Administration (DA)

This type of space is used for the administrative activities performed by academic departments to support the primary programs of instruction, research, and other sponsored activities. This support includes the departmental chair and department-level administrative duties such as secretarial, personnel, payroll, purchasing, and other accounting activities. This space must include a portion of the Chairperson's office, the departmental secretary's entire space, any meeting rooms used to conduct general department business, any rooms used for general departmental storage, and departmental libraries used for both research and instruction. This function includes grant and contract proposal preparation for the solicitation of outside sponsors (Uniform Guidance, Appendix III, (B)(6)).

C. Sponsored Projects Administration (SP)

This space is used for all activities that involve the administration of separately budgeted research and development projects including such functions as grant and contract administration (Federal and non-Federal), special security, purchasing, personnel, administration, and editing and publishing of research and other reports. Only SPA should have any activity under this function (Uniform Guidance, Appendix III, (B)(7)).

D. Operation and Maintenance (OM)

Space used for Operations and Maintenance includes services related to the central administration, supervision, operation, maintenance, preservation, and protection of campus facilities. Services include janitorial and custodial services; repairs and ordinary or normal alterations to buildings, equipment, and furniture; design services; security; earthquake and disaster preparedness; environmental health and safety; property and equipment insurance; space and capital leasing; facility planning and management; care of grounds; and maintenance and operation of buildings and other physical facilities (Uniform Guidance, Appendix III, (B)(4)).

E. Library (LI)

Library space is used for activities that directly support the operation of the library. Departmentally funded libraries (which do not report to the central library system and do not have a "check out" system and librarian) should be treated as departmental administrative space (Uniform Guidance, Appendix III, (B)(8)).

IV. F&A Exclusion Codes**A. Service Center (SC)**

This space is used in whole or in part for business units of direct recovery with break-even as the intended goal. A service center can only operate as such if registered with the Cost Accounting and Reporting office. If you are unsure how space is recovered in your service center, contact the Cost Accounting and Reporting Office.

B. Specialized Service Facility (SF)

This cost category is used to designate 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.

C. Exclude (EX)

This category is designated for funds that are not incorporated into F&A cost recovery. These are primarily non-expense funds. Cost Accounting and Reporting will identify exclusion codes.

V. Space-only Designation

A. Vacant (VA)

Vacant space includes only that space which is vacant for the entire fiscal year. If the space is only vacant for part of the fiscal year, assign functions according to how it was used when it was occupied.

Note: During an audit, sometimes the interviewee states that the space selected for audit is not in use. Remember, if the space was in use at any point during the fiscal year being audited, then, for the purposes of the audit, it is not considered vacant. You may state that although the space was in use for part of the fiscal year being audited, it is currently not in use.

VI. References

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).