

UNIVERSITY OF MICHIGAN

COST ACCOUNTING STANDARDS



Issued by: Financial Operations, Cost Reimbursement Office, February 2001
Revised: July 2021

Table of Contents

Purpose.....	1
Glossary	1
Introduction.....	2
The Federal Regulation	
Uniform Guidance (2 CFR Part 200).....	3
Direct vs. Indirect Costs	3
Network Costs	5
Four Tests for Allowability of both Direct and Indirect Costs	6
Enforcement of the Regulations	6
Non-compliance of the Regulations	6
Rules and Compliance	
Consistency in the Selection and Use of a Cost Accounting Period	7
Identification and Exclusion of Specifically Identifiable Unallowable Costs	7
Consistency in Allocating Cost Incurred in Like Circumstances for the Same Purpose.....	8
Consistency in Estimating, Accumulating, and Reporting Costs.....	9
Responsibility	
Unit.....	10
Central: Financial Operations, Cost Reimbursement Office	10
Consistency at the University	11
Financial Transactions	
Incurring Costs	12
Chartfields.....	12
Class	12
How to Determine the Correct Class.....	13
What Happens if the Wrong Class Is Used	13
Illustrations 1, 2 & 3	14
Effort Certification	
What, Who, When Guidelines	17
Special Rules for Personnel Appointments.....	18
Space.....	19
Appendices	
CAS Decision Tree.....	A
Class Rollup by Direct/Indirect Costs	B

PURPOSE

To provide an understanding of the Uniform Guidance (2 CFR Part 200) regulations for Cost Accounting Standards and the policies for compliance at the University of Michigan (University).

GLOSSARY

These are University specific definitions and may vary from the definitions used in 2 CFR Part 200.

Uniform Guidance Unallowable Costs – see definition below for ‘Restricted Expenses on Federal Projects.’

Facilities and Administrative (F&A) Costs – Uniform Guidance term for “indirect costs, which are those costs incurred for common or joint objectives, and which cannot be identified readily and specifically with a particular project. Examples of indirect costs are utilities, asset depreciation, plant operation and maintenance, interest, libraries, central administration, sponsored project administration and departmental administration.

Facilities and Administrative (F&A) Proposal – Proposal prepared according to Uniform Guidance regulations and submitted to the federal government to determine the University’s facilities and administrative rates.

Facilities and Administrative (F&A) Rates – Expressed as a percentage of indirect facilities and administrative costs over the respective modified total direct cost base, these rates are negotiated between the federal government and the University and applied to the modified total direct costs associated with sponsored awards in order to recover the University’s facilities and administrative costs.

The Office of Management and Budget’s (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* – Federal regulations which govern expense reimbursement activity associated with sponsored awards and the development and negotiation of the F&A proposal.

Indirect Cost Recovery Excluded (ICRX) Expenditures – University expenses which cannot be charged to sponsored awards (directly or indirectly), and must be specifically identified in the F&A Proposal. Examples: alcohol, public relations, alumni activities, and entertainment.

Restricted Expenses on Federal Projects – Certain expenses required under the Uniform Guidance to be reviewed for a “direct benefit” to a federal project, specifically: clerical and administrative salaries, supplies (consumable and office supplies), postage, telephone line charges, local calls, memberships and dues, journals and other subscriptions, books, hosting and food expenses. These expenditures are sometimes referred to as Uniform Guidance monitored costs.

Sponsored Allowable Cost – A cost specifically identified in the budget of a sponsored award, or permitted based on sponsor regulations.

INTRODUCTION

Understanding the importance of complying with this policy at the University of Michigan

External sponsors are critical to the University's missions of instruction, research, and public service. Sponsors such as the federal government, state government, foundations and corporations provide direct costs for the University's missions. Sponsors also reimburse the University for indirect costs (facilities and administrative costs) associated with sponsored activities. Indirect costs are real and necessary costs of performing sponsored activities at the University and are reimbursable in accordance with the terms of the Uniform Guidance.

OMB issued the Uniform Guidance to regulate cost accounting practices at educational institutions and to ensure equitable reimbursement for both direct and indirect costs. The University must comply with these regulations.

All costs of the University are subject to the Uniform Guidance standards. 2 CFR Part 200 establishes guidelines for computing the University's F&A rates that are calculated by the Office of Cost Reimbursement and used to recover indirect costs associated with sponsored activities.

FEDERAL REGULATION

Uniform Guidance (2 CFR Part 200)

This document sets cost accounting policy for educational institutions that receive \$50 million or more of federally sponsored awards annually (§200.419). The Uniform Guidance covers:

1. Costing regulations for both direct and indirect costs.
2. Principles for determining costs applicable to grants, contracts, and other agreements.
3. Regulations on accumulating costs for the F&A Proposal.

Direct vs. Indirect Costs

For the University to be in compliance with the Uniform Guidance, it is important to distinguish between direct and indirect costs. The Class chartfield within the University's financial structure defines direct and indirect activities. The [Class Definitions](#) provides a detailed definition of each class code category which must be assigned to the University's expense transactions.

FEDERAL REGULATION, continued

Direct Costs

Uniform Guidance defines Direct Costs as costs that can be identified specifically with:

- a particular sponsored project,
- a particular University funded research project,
- an instructional activity (including departmental research),
- any other institutional activity,
- or costs that can be directly assigned to such activities relatively easily with a high degree of accuracy, unless it fails the test of “like circumstances”.

The University groups direct costs within each of the following categories for purposes of preparing the F&A Proposal:

1. Instruction/Departmental Research
2. Organized Research
3. Other Sponsored Activities
4. Other Institutional Activities

Examples of Direct Costs:

- Alterations, repairs and maintenance costs of equipment used exclusively for the activity or program
- Assistantships, including stipends and tuition remission
- Computer costs and services directly identifiable with the activity or program
- Consultants
- Direct materials and supplies (e.g., lab supplies, chemicals, biological supplies, electronics)
- Equipment used exclusively for the activity or program
- Patient care costs
- Recharges from service units
- Salaries/wages and related benefits of faculty and staff who are an integral part of the activity or project
- Subcontracts
- Trainee/participant costs, such as stipends, tuition & fees, travel
- Travel costs (e.g., airfare, meals, lodging, conference fees)

FEDERAL REGULATION, continued

Indirect Costs

The Uniform Guidance defines indirect costs as those costs incurred for common or joint objectives, and which cannot be identified readily and specifically with:

- a particular sponsored project,
- a particular University funded research project,
- an instructional activity (including departmental research),
- any other institutional activity.

The University groups indirect costs within each of the following categories for purposes of preparing the F&A Proposal:

1. Administration (General, Departmental, Sponsored Projects & Student Services)
2. Plant Operations and Maintenance (Utilities, Depreciation)
3. Interest
4. Libraries

Examples of Indirect Costs:

- Salaries/wages and related benefits of support personnel, clerical staff and administrators
- General office supplies: pencils, pens, paper clips, etc.
- Telephone costs: local calls, cell phones, pagers
- Hosting, conferences & food
- Instrumental rental costs
- Repairs and maintenance of general purpose equipment
- Interest costs incurred for debt financed construction projects

Network Costs

Network costs are a type of indirect cost and are defined as hardware, software, personnel services and other related costs to enable University personnel to share software or data, or communicate with other individuals electronically.

Examples of Network Costs:

- Servers and their operating software
- Routers, wiring, and all other components to allow users to use the network
- General software available to all users of the network, such as e-Mail, word processing and spreadsheet applications
- All personnel and other maintenance costs for the server, general software on the server and other components of the backbone (to the wall or access point for users)

Excludes: Individual workstations and specialized hardware and software attached to the network, which is not available to all users.

Network Costs as a Recharge Activity:

Allowable if the purpose and circumstance differs significantly from normal network access (e.g. network costs for telephone interview facility would be included as part of that unit's total operating costs). Large, centralized networks may charge access fees to recover all or part of their operating costs. When units pay for these costs, the costs must be included in their accounting records as network costs.

FEDERAL REGULATION, continued

Four Tests for Allowability of both Direct and Indirect Costs

The Uniform Guidance also requires that all costs charged by the University for direct or indirect purposes must pass four basic tests. Both direct and indirect costs must be:

1. Reasonable: A reasonable person would purchase the item at the given price.
2. Allocable:
 - Incurred solely to advance the work under a sponsored agreement, OR
 - Benefits both the sponsored agreement and other work of the institution, OR
 - Necessary to the overall operation of the institution.
3. Treated Consistently: Expenses for similar purposes must be accounted for in the same way, in like circumstances, throughout the University.
4. Allowable: Any cost detailed in the approved budget on a sponsor award; any cost not specifically identified as indirect cost recovery excluded (ICRX) (examples discussed later) by the Uniform Guidance; or any cost not specifically identified in the sponsor award as being unallowable.

Enforcement of Federal Regulations

The federal government enforces the Uniform Guidance at the University in three ways:

1. The University must submit a disclosure statement to the federal government that details the University's cost accounting policies and practices designed to ensure compliance with the Uniform Guidance.
2. Every federally sponsored award is subject to audit by its funding agency.
3. The F&A Proposal and supporting documentation is reviewed by the University's cognizant agency, the Department of Health and Human Services, Division of Cost Allocation Services, during the negotiation process.

Non-compliance with Federal Regulations

The University is subject to the following penalties for failure to comply with the Uniform Guidance:

1. Inability to recover indirect costs through the application of the University's F&A Rate. During FY2019, the University's most recent base year, \$302.8 million in facilities and administrative costs were recovered. This represents a significant source of funding for the General Fund.
2. Reduction of F&A Rates.
3. Fines, interest, and penalties.

RULES and COMPLIANCE

The Uniform Guidance has four basic rules for compliance. These rules, and the policies and procedures instituted by the University to comply, are detailed in this section.

Rule #1 - Consistency in the selection and use of a cost accounting period

How does University of Michigan comply?

Both the University's consolidated financial statements and its F&A proposal are based upon the same fiscal year, which begins on July 1 and ends on June 30.

The project periods for grants and contracts are based on negotiations with sponsors and are not bound by this standard.

Rule #2 - Identification and exclusion of specifically identifiable unallowable costs

How does University of Michigan comply?

To comply with this rule, the University established the policy on Indirect Cost Recovery Excluded (ICRX) Expenditures, which is applied consistently across the institution.

ICRX expenditures are allowable to the University as costs of doing business. However, these expenditures are excluded from instruction, research, and other sponsored activity direct and indirect cost pools to calculate the facilities and administrative rates as they are considered unallowable expenses for purposes of cost reimbursement under the Uniform Guidance. When an ICRX expense is included in the budget of a sponsored award the expense becomes an allowable cost.

Examples of ICRX Expenditures:

Advertising	Meals & Travel
Alcoholic Beverages	Memberships
Commencement	Meetings & Conferences
Entertainment	Public Relations
Fund Raising	Recruiting
Hosting	Selling & Marketing
Lobbying	Student Activity Cost

The University's policy on ICRX expenditures is on the Financial Operations [website](#).

RULES and COMPLIANCE, continued

Rule #3 - Consistency in allocating costs incurred in like circumstances for the same purpose

Each type of cost must be allocated once and only on one basis (i.e. direct or indirect) to a sponsored award or to other cost objective. This is to prevent double counting. Costs that are typically treated as indirect costs must not also be treated as direct costs. In addition, the Uniform Guidance specifies that certain costs must generally be indirect costs. For a reference of restricted expenses on federal projects please refer to the [Sponsored Programs Job Aid: Review of Uniform Guidance Reports](#).

Consistency also means that the entire University must utilize consistent practices. For example, if LSA considers support staff as an indirect cost, so must Engineering.

Direct Costs: Costs that can be identified with one activity or assigned to one activity relatively easily with a high degree of accuracy.

Indirect Costs: Costs that benefit multiple activities or those that cannot be reasonably and accurately assigned to direct activities.

How does University of Michigan comply?

One tool is education. The Office of Cost Reimbursement is responsible for educating the University community about cost accounting standards and practices.

A second tool is the proper use of the Class chartfield. The University uses the Class chartfield to identify direct and indirect costs. It is important to understand class codes, related definitions, and how to use classes correctly. The Class Roll-up to Direct/Indirect Costs document included as Appendix B, will help you identify the proper class code for transactions.

RULES and COMPLIANCE, continued

Rule #4 - Consistency in estimating, accumulating and reporting costs

Practices to estimate costs in proposals to potential sponsors must be consistent with practices to accumulate and report costs incurred during the performance of a sponsored award.

Costs are estimated in the proposal budgeting process.

Costs are accumulated as costs are incurred during the sponsored award period.

Costs are reported in the final report submitted to a sponsor that details the costs incurred on a sponsored award.

The purpose of this rule is to prevent an expense from being a direct cost in one instance and an indirect cost in another. If this were to happen, the federal government could be charged twice for the same cost.

How does University of Michigan comply?

The proposal budget lists the specific expenditure types, for example: faculty salaries and benefits, equipment, and lab supplies.

As costs are incurred on a sponsored award, Account and Class chartfields are assigned to each transaction. The Account indicates the type of cost. The Class reflects the sponsor award's functional activity as defined in the proposal.

The Final Report of total costs on a sponsored award is prepared utilizing the Account chartfield assigned to the transactions.

A sponsor or an agent of the sponsor should find that proposal costs and actual costs are essentially the same in type and amount.

The monthly Project Budget Report is the tool to monitor sponsored awards for consistency. Since the Project Budget Report is a summary of budget and actual expenditures, it is equally important to reconcile the monthly Statement of Activity.

RESPONSIBILITY

Responsibility for compliance with the Uniform Guidance rests in two areas, at the unit level, and centrally.

Unit Responsibilities

Individuals with the authority to initiate transactions associated with sponsored activities must understand the Uniform Guidance regulations as well as internal University policies which have been designed to assist with compliance. The University's [Standard Practice Guide \(SPG\)](#) outlines the standards for fiscal responsibility in section 500.01. However, merely complying with these written policies and procedures is not enough. The Principal Investigator (PI) or Department Manager* is the individual with the ultimate responsibility for the administrative and programmatic aspects of the project.

These responsibilities include ensuring funds are spent in accordance with University and sponsor guidelines. As such, the PI must exercise reasonable care and judgment in the performance of fiscal duties. In addition to University guidelines and procedures the PI must also adhere to the specific sponsor guidelines of projects supported by the Federal government, other government entities, industry, foundations, and the like.

* The Department Manager is responsible when there is no Project Director for a chartfield combination.

Financial Operations, Office of Cost Reimbursement Responsibilities

1. Prepare the facilities and administrative cost proposal and analysis in accordance with the Uniform Guidance.
2. Provide training and guidance to the University community on:
 - ICRX expenditures
 - Cost accounting standards
 - Proper usage of Class
 - Space Survey – Organized Research Activity Panel/Room Use Function Codes

CONSISTENCY AT THE UNIVERSITY

Another consistency regulation of Uniform Guidance is that the University must ensure that the financial data utilized in preparing the F&A proposal is consistent with the space survey data and human resource data, including effort reporting.

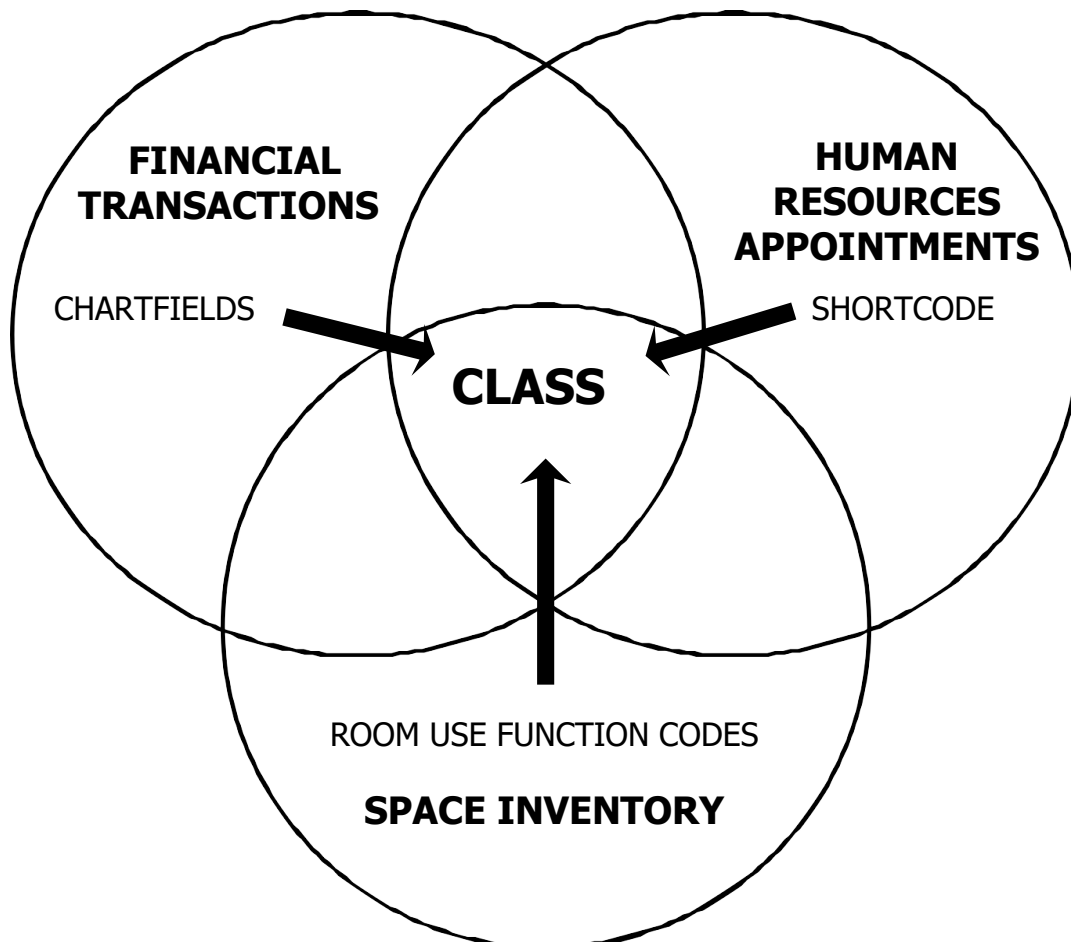
In the Space Survey, the **ROOM USE FUNCTION** code defines the activity performed in the room.

All financial expenditures include a **CLASS** chartfield that defines the functional activity supported by the expenditure.

Salary appointments in the Human Resource database define how personnel time is allocated to an activity. The salary and fringe benefit costs are distributed to the financial statements using a **SHORTCODE**. The **CLASS** is one element of the Shortcode.

Therefore, person, expense, and room data must all be in agreement. In the cost accounting world this is referred to as "SPACE = BASE".

The following three sections will help you understand the inter-relationship between Financial Transactions, Effort Certification, and the Departmental Space Inventory.



FINANCIAL TRANSACTIONS

For the University to comply with the Uniform Guidance, it is important to understand the relationship between a purchase and the financial transaction on the Statement of Activity.

There are four methods to incur costs associated with a sponsored activity:

1. Journal Entry – transfer of cost from one set of chartfields to another
2. Payroll – salaries and benefits
3. Procurement – non-salary goods and services, includes P-Card
4. Service Unit Billing – goods and services from internal sources

The University utilizes PeopleSoft as its general ledger accounting system. This system is also known internally as M-Pathways, and is a transaction based system whereby each transaction carries a variety of identifiers, which are referred to as “chartfield combinations.”

A chartfield combination provides information in the form of unique identifiers which allows the University to properly accumulate and report transaction activity. The following four examples of chartfield combinations tell a “story” describing each transaction.

Business Unit	Budget Year	Fund	DeptID	Program	Class	Project Grant	Account
UMICH	2022	10000	213000	ADMIN	11100		510200
UMICH	2022	20000	213000		22000	F000624	500700
UMICH	2022	10000	213000	CSTSH	22000	F000624	614000
UMICH	2022	52000	213000	RCHRG	92320	U003337	550000

The Class chartfield defines the functional activity supported by an expenditure (see [Class Definitions](#)). Individuals responsible for recording transaction level activity must identify and assign the appropriate Class for every expense transaction.

Here are some facts about the Class chartfield that you must know:

- Class is used to assign expenses to cost pools for the facilities and administrative cost proposal.
- Class is used for Financial Reporting purposes and impacts amounts disclosed within the University’s consolidated financial statements.
- Sponsored awards in funds 20000 and 25000 ALWAYS use the same Class on all transactions, including cost sharing.

By using the proper Class on each transaction you are complying with the rule of consistency in estimating, accumulating, and reporting costs for the same purpose in like circumstances.

FINANCIAL TRANSACTIONS, continued

How to determine the Correct Class?

It is sometimes difficult to decide the appropriate Class to assign to a transaction. These documents are designed to assist you in making the proper determination:

1. [ICRX Expenditures](#)
2. [Class Definitions](#)
3. Appendix A – CAS Decision Tree
4. Appendix B – Class Rollup by Direct/Indirect Costs

If you are ever in doubt as to the appropriate Class on a given transaction, please contact the Office of Cost Reimbursement at cost.reimbursement.office@umich.edu and we will walk you through the thought process.

What happens if an incorrect class is assigned to a transaction?

It is important to understand that serious consequences may result from using the incorrect class. First, the University could be in non-compliance with the Uniform Guidance. Secondly, we might misstate the University's indirect cost rates in the indirect cost proposal.

The following pages illustrate what could happen if the wrong Class is assigned to a transaction.

FINANCIAL TRANSACTIONS, continued

Illustration #1

\$200,000 of ICRX expenditures are incorrectly recorded as Instruction

RATES AS CALCULATED w/ ERROR			RATES AFTER CORRECTION		
INSTRUCTION	RATE	CORRECTIONS	INSTRUCTION	RATE	
INDIRECT COSTS	250,060,000		INDIRECT COSTS	250,060,000	
					62.55%
DIRECT COSTS	400,000,000	(200,000)	DIRECT COSTS	399,800,000	
	62.52%				
ORGANIZED RESEARCH	RATE		ORGANIZED RESEARCH	RATE	
INDIRECT COSTS	130,140,000		INDIRECT COSTS	130,140,000	
					52.06%
DIRECT COSTS	250,000,000		DIRECT COSTS	250,000,000	
	52.06%				52.06%
		(200,000)			

Error:

\$200,000 of Development expenses were classified as Instruction. However, Development costs are always ICRX expenses and must be identified with a Class that ends in "X".

Correction:

Reduce the Instruction Direct Cost Pool by \$200,000. Instruction is always a direct cost. All ICRX costs are assigned to a separate cost pool for purposes of the indirect cost proposal.

Net Effect:

1. The Direct Costs of Instruction decreases
2. The indirect cost rate for Instruction increases
3. The rate for Organized Research does not change

FINANCIAL TRANSACTIONS, continued

Illustration #2

\$200,000 of Departmental Administration expenditures are incorrectly recorded as Instruction

RATES AS CALCULATED w/ ERROR			RATES AFTER CORRECTION		
INSTRUCTION	RATE	CORRECTIONS	INSTRUCTION	RATE	
INDIRECT COSTS	250,060,000	123,000	INDIRECT COSTS	250,183,000	
					62.58%
DIRECT COSTS	400,000,000	(200,000)	DIRECT COSTS	399,800,000	
	62.52%				
ORGANIZED RESEARCH			ORGANIZED RESEARCH		
INDIRECT COSTS	RATE		INDIRECT COSTS	RATE	
INDIRECT COSTS	130,140,000	77,000	INDIRECT COSTS	130,217,000	
					52.09%
DIRECT COSTS	250,000,000		DIRECT COSTS	250,000,000	
	52.06%				
		<u>0</u>			

Error:

\$200,000 of Departmental Administration expenses were classified as Instruction

Correction:

1. Reduce the Instruction Direct Cost Pool by \$200,000
2. Allocate \$200,000 Departmental Administration expenses to Instruction (\$123,000) and Organized Research (\$77,000) as Indirect Costs

Net Effect:

1. The Direct Costs of Instruction decreases
2. The Indirect Costs for both Instruction and Organized Research increase
3. The rates for both Instruction and Organized Research increase

FINANCIAL TRANSACTIONS, continued

Illustration #3

\$200,000 of Development (ICRX) expenditures are incorrectly recorded as Departmental Administration expenditures

RATES AS CALCULATED w/ ERROR				RATES AFTER CORRECTION			
INSTRUCTION		RATE	CORRECTIONS	INSTRUCTION		RATE	
INDIRECT COSTS	250,060,000		(123,000)	INDIRECT COSTS	249,937,000		
		62.52%				62.48%	
DIRECT COSTS	400,000,000			DIRECT COSTS	400,000,000		
ORGANIZED RESEARCH		RATE		ORGANIZED RESEARCH		RATE	
INDIRECT COSTS	130,140,000		(77,000)	INDIRECT COSTS	130,063,000		
		52.06%				52.03%	
DIRECT COSTS	250,000,000			DIRECT COSTS	250,000,000		
			(200,000)				
			(200,000)				

Error:

\$200,000 of Development expenses were classified as Departmental Administration. However, Development costs are always ICRX expenses and must be identified with a Class that ends in "X".

Correction:

1. Reduce the Instruction Indirect Costs by \$123,000
2. Reduce Organized Research Indirect Costs by \$77,000

Net Effect:

1. The Indirect Costs for both Instruction and Organized Research decrease
2. Direct costs do not change
3. The rates for both Instruction and Organized Research decrease

EFFORT CERTIFICATION

What, Who and When Guidelines

What is "Effort Certification"?

The Uniform Guidance requires that all charges to federal grants be supported by a strong system of internal control which provides reasonable assurance that the charges are reasonable, allowable, and properly allocated. The University's effort reporting process, which is a self-attestation of an employee's University activities for a stated time period, serves as the foundation of this strong system of internal control. Appropriately certified effort provides objective documentation to demonstrate to the University's sponsoring partners that the sponsor did in fact receive the level of effort committed through the award process.

Who is required to certify effort?

1. Paid from a sponsored award
2. Paid from a cost sharing Project/Grant related to a sponsored award
3. Medical School faculty member who holds an MD

When is Effort Certification done?

It depends on the individual and how he or she is paid.

Effort certification occurs at different times:

1. Regular employees – after the end of the fiscal year
2. Temporary employees – on each timesheet
3. Graduate Students – at the end of each term

The following guidelines must be followed for all personnel appointment forms:

- Appointment should reasonably reflect the activities performed. Each set of chartfields that a person is appointed to represents one activity. The faculty/staff member must be aware of the distribution of their salary to different activities.
- An individual is appointed to chartfields based on their budgeted or anticipated workload for the upcoming year. When a significant change (+ or – 5%) in their activity occurs, the appointment must be changed to reflect the revised workload. Under University policy, a change in an employee's plan of 5% or more is significant, and must be processed in the University's HR system to reflect the new effort distribution. If an individual's activity changes, the department administrator must be notified to make the appropriate change in the appointment.
- Bi-weekly staff certify their effort with each pay period. If the effort during the bi-weekly period is different than their appointment, correction documents must be submitted to distribute the wages to the appropriate activities (chartfields)

EFFORT CERTIFICATION, continued

Special Rules for Personnel Appointments

Administrative & Clerical Salaries

Per Uniform Guidance rule §200.413(c): "The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) The costs are not also recovered as indirect costs."

University Application: Departmental Administration – salaries and fringe benefits of secretarial, clerical, administrative officers, administrative assistants, and administrative work of faculty (including bid and proposal preparation) – use Class code 11100.

Salary Cost Sharing – use cost sharing chartfields.

Plant Operations & Maintenance – facility, space, and networking – use Class 71000.

Indirect Cost Recovery Excluded (ICRX) salaries & wages – for effort associated with any of the ICRX expenses/activities, use the appropriate Class ending in an "X".

If you would like more information about effort certification, please refer to [U-M's Policy on Effort Certification](#). Detailed information and procedures about effort reporting and certification can be found on the Financial Operations [website](#). If you have questions about effort certification, please contact the Payroll Office at effort.reporting.payroll@umich.edu.

SPACE

The University conducts an annual space survey to identify space owned or leased by the University. The survey includes various data elements for each room surveyed.

One of the data elements is the Room Use Function code (RUF code). This code represents the activity(ies) performed in the room during the fiscal year. Room Use Function codes have a critical relationship to the Class chartfield. Refer to Appendix B - Class Rollup to Direct/Indirect Costs for additional details relative to the Class rollup to individual Room Use Function codes.

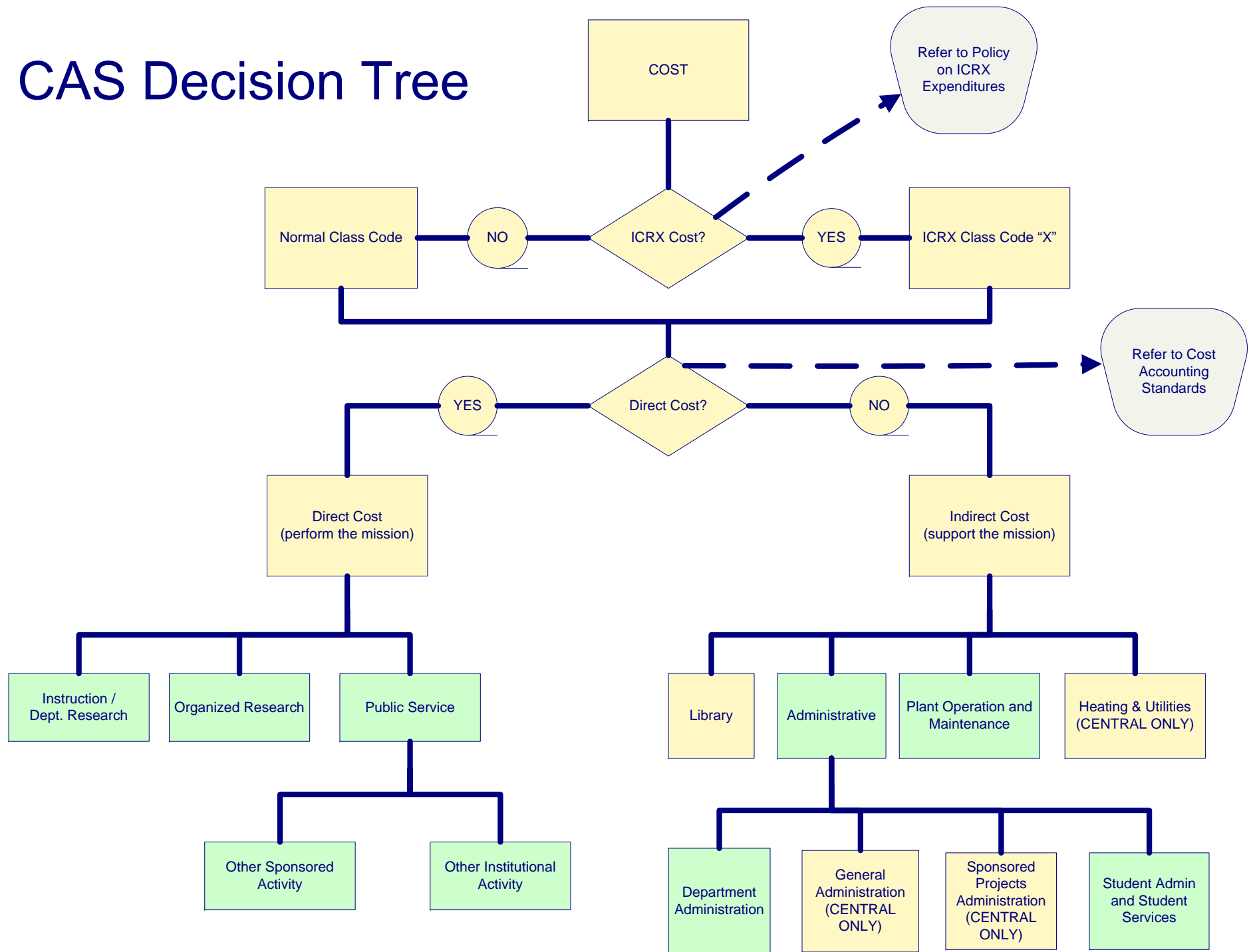
The Office of Cost Reimbursement reviews the Organized Research Activity panels in the space survey to ensure the Class for each Project/Grant is a valid Organized Research chartfield. Consistency must exist between Space (RUF Codes), Project/Grant (Class), and Effort (Class).

Cost Reimbursement uses the space survey data in the F&A proposal to allocate space related costs, such as depreciation, utilities, and plant operations and maintenance.

For additional information regarding the University's annual space survey process, please refer to the Office of Space Analysis [website](#).

· APPENDICES ·

CAS Decision Tree



Class Rollup to Activities

Direct Activities		Indirect Activities	
Class	Class Description	Class	Class Description
Instruction / Departmental Research		Departmental Administration	
11000	Instruction	11100	Departmental Administration: Instruction Section
11010 – 11030	Special Categories – Med School Only	11110, 11130	Special Categories – Med School Only
13000	Community Education	13100	Departmental Administration: Community Education
14000	Preparatory / Remedial Instruction	21100	Departmental Administration: Research Section
16000	Instruction – Research Training Grants	43000	Media Services
21000	Departmental Research	44000	Academic Computing Support
42000	Museums and Galleries	46000	Academic Administration
47000	Course and Curriculum Improvement	46100	Academic Personnel Development
Organized Research		General Administration	
22000	Organized Research – On Campus	61000	Executive Management
22100	Organized Research – Off Campus	62000	Fiscal Operations
Public Service: Other Sponsored Activities		63000	General Administrative Services
31000	Public Service – External Sponsor	64000	Logistical Services
31200	Clinical Trials	66000	Administrative Computing Support
Public Service: Other Institutional Activities		Sponsored Projects Administration	
31100	Public Service – U of M Funded	48000	Sponsored Projects Administration
31101 – 31109	Special Categories – UMMG Only	Student Administration and Services	
32000	Public Broadcasting Services	51000	Student Services Administration
65000	Public Relations / Development	52000	Social and Cultural Enrichment
92310	Auxiliary Activities – Student	53000	Advising, Career Guidance, Counseling, & Acad Advising
92320	Auxiliary Activates – Faculty and Staff	54000	Financial Aid Administration
Scholarships & Fellowships*		55000	Student Admissions
81000	Scholarships & Fellowships – Undergraduate	56000	Student Health Services
82000	Scholarships & Fellowships – Graduate	57000	Student Records
83000	Scholarships & Fellowships – Professional	Plant Operations and Maintenance	
		71000	Operations & Maintenance
		71100	Physical Plant Administration
		71200	Building and Structure Maintenance
		71300	Custodial Services
		71500	Landscape and Grounds Maintenance
		Heating Plant and Utilities	
		72000	Heating Plant and Utilities
		Library	
		41000	Libraries

*Non-MTDC Expenses