

MEMORANDUM FOR: Patrice Hall, Economic Reimbursables Division (ERD)
Audry Kindlon, National Science Foundation (NSF)
Annual Business Survey (ABS) stakeholders

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Date: January 6, 2022

SUBJECT: Findings and Recommendations from Non-profit Cognitive Interviews for the 2022 Annual Business Survey

The purpose of this memorandum is to provide major findings and recommendations (along with resolutions) from one round of debriefing interviews for the 2022 ABS.

Methodology

This section includes a brief overview of the research design used in testing this instrument.

We conducted 22 interviews with non-profit 2020 ABS respondents to gain a better understanding of the companies within the survey. We used the companies' answers to the 2020 questionnaire to frame our points of discussion. During these interviews, we sought following information:

- Understanding of specific questions and why respondents reported the way they did
- Assessing the respondent's ability to answer specific questions
- Identifying difficulties in completing the questionnaire

Item-specific Findings and Recommendations:

C.11 RESEARCH PERFORMANCE BY TYPE OF COST

How much of the < **C.7 Funding for Research Performed by This Organization** > spent on research performed within your organization was for each of the following types of costs?

\$Bil. | Mil. | Thou.

a. Salaries, wages, and fringe benefits

- Include costs for all compensation and benefits of employees that are included in the total reported on C.7.
 - Include payroll taxes such as Social Security and Medicare.
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b. Depreciation and amortization on property, plant, equipment, and intangible assets

- Include depreciation on tangible research assets such as buildings or equipment as well as the amortization of intangible assets such as patents.

c. All other costs

- Include administrative and overhead costs clearly associated with your organization's research.

Total

Findings:

- Most respondents understood the meaning of the question.
- Some respondents stated that they would need to consult HR/Payroll for part A.
- Some respondents also noted that they would have to contact others for part B. Examples include:
 - CFO
 - Director of research
 - Accounting dept.
- One respondent forgot the definition of 'amortization.'
- Some respondents noted that it would be difficult or impossible to determine the admin costs for research only.
- One respondent noted that it would help to include the term 'indirect costs' in item C. This respondent also stated that their organization included an 'indirect costs rate' within their grant proposals and would likely use that number.

Recommendation(s):

- None needed.

C.17 TOTAL CAPITAL EXPENDITURES FOR YOUR ORGANIZATION

What was the amount of your organization's capital expenditures in 2021?

Total

\$Bil. | Mil. | Thou.

\$ _____

Findings:

- Respondents understood this question and most already reported this figure on other surveys and in their audited financials.
- One respondent thought this was asking for research cap ex.
- Many respondents reported having a monetary threshold for capital expenditures of \$5000. Others also included a useful life beyond one year.
- Some respondents kept this data by their respective fiscal year, and they wanted clarification on if they could use fiscal year data.

Recommendation(s):

- Include the word 'total' within the question text, not just the title: "What was the amount of your organization's total capital expenditures in 2021?"
- Clarify whether respondents can go by their fiscal year.

C.18 TOTAL CAPITAL EXPENDITURES FOR RESEARCH OPERATIONS

How much of the <**C.17TOTAL CAPITAL EXPENDITURES FOR YOUR ORGANIZATION**> in capital expenditures was for research operations?

- Organizations should allocate capital expenditures that benefit both research and other operations on a reasonable basis.
- None of the costs reported here should be included in C.7, Funding for Research Performed by your organization. **Direct participant to C.7, if necessary.**
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Total \$Bil. | Mil. | Thou.
\$ _____

Findings:

- Most respondents understood the meaning of the question.
- Some respondents felt this would be difficult to answer. Many of these respondents did not differentiate capital expenditures by research and non-research use.
 - Some of these respondents stated that it would take an unreasonable amount of time to obtain this data.
 - A few respondents stated that all of their activities were research, making this question easy to answer.
- Some respondents did not know what was included in 'research operations.'

Recommendation(s):

- Include a definition of 'research operations.'

C.19 CAPITAL EXPENDITURES FOR RESEARCH OPERATIONS BY TYPE OF COST

How much of the <C.18 TOTAL CAPITAL EXPENDITURES FOR RESEARCH OPERATIONS > in capital expenditures for research operations was for the following?

	\$Bil. Mil. Thou.
a. Land acquisition	\$ _____
b. Buildings and land improvement	\$ _____
c. Equipment	\$ _____
d. Capitalized software	\$ _____
e. All other capital expenditures for research operations	\$ _____
Total	\$ _____

Findings:

- Most respondents understood the meaning of the question.
- Some respondents were unsure about what was included in some of the categories, such as land improvements.
- One respondent note that their capital expenditures were not broken up into these categories, and it would require manual work to do so.
- One respondent wanted to know if implantable devices used for research were considered capital expenditures. Another was unsure of the distinction between items C and E.
- One respondent stated that they would include salaries in item E. Other examples included:
 - Vehicles
 - Lease hold improvements
 - Infrastructure

Recommendation(s):

- Provide help text for each of the items in this question.