To: Kim Cox,  
Fiscal Officer, UAF IARC

Through: Myron Dosch,  
Controller, SW Finance

From: Briana Walters,  
Assistant Manager, SW Office of Cost Analysis

Date: July 9, 2007

Re: FY2008-FY2010 Facilities and Administrative (F&A) Rate for Japanese sponsored research programs in IARC

As in prior years we are providing you with Facilities and Administrative (F&A) rates for Japanese and non-Japanese funded activities occurring in space leased to the Japanese as it relates to the Earth Science and Technology Organization (ESTO). The methodology for the F&A rate development is the same. It is recommended that the University of Alaska Fairbanks use the following F&A rates to recover indirect costs from Japanese and other sponsored projects:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Research FY08–FY10</th>
<th>OSA FY08–FY10</th>
<th>Training FY08-FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Non-Japanese funded activities occurring in space leased to the Japanese (ESTO)</td>
<td>28.6%</td>
<td>27.5%</td>
<td>30.0%</td>
</tr>
<tr>
<td>2. Japanese funded activities occurring in space leased to the Japanese (ESTO)</td>
<td>38.6%</td>
<td>29.6%</td>
<td>30.0%</td>
</tr>
<tr>
<td>3. All sponsored activities occurring in UAF space</td>
<td>45.1%</td>
<td>36.0%</td>
<td>30.0%</td>
</tr>
</tbody>
</table>

The rate developed for Scenario 1 is equivalent to the federal negotiated rate less the facilities components associated with buildings including depreciation, interest, and operations and maintenance for buildings, infrastructure, and other capitalizable assets. Depreciation and interest costs associated with non-building type assets have been included since they are related to people on campus, and it is therefore appropriate to include these costs in this modified rate. The rate used under Scenario 2 for activities...
taking place in campus space that is leased to the Japanese includes uncapped administrative components, but does not include the facilities components associated with buildings including depreciation, interest, and operations and maintenance for buildings, infrastructure, and other capitalizable assets since these facilities costs are already being recovered through the lease arrangement. The increased F&A rate associated with the Japanese sponsored activity is appropriate due to a high level of administrative burden associated with their projects. Under Scenario 3, the rate charged for activities utilizing UAF space that is not leased to the Japanese (ESTO) is equivalent to the federal negotiated rate. It combines all facilities components with capped administrative components.

Attached is a table that provides the detailed components of each rate for each fiscal year. Please let me know if you have questions or need additional information.

Cc: Maggie Grisca, UAF Office of Grant and Contract Administration
Ro Bailey, UAF Vice Chancellor for Administration
Joe Trubacz, SW Chief Financial Officer