



UNIVERSITY
of ALASKA
Many Traditions One Alaska

To: Kim Cox, Executive Officer, UAF IARC

Through: Tanya Hollis, Director, SW Office of Cost Analysis *AH*

From: Briana Walters, Assistant Director, SW Office of Cost Analysis *BW*

Date: January 12, 2011

Re: FY2011-FY2013 Facilities and Administrative (F&A) Rate for Japanese sponsored research programs in IARC, Final Predetermined Rates

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. These rates are based on the current FY11-FY13 negotiated predetermined rate agreement with ONR. It is recommended that the University of Alaska Fairbanks use the following rates to recover F&A costs from Japanese and other sponsored projects:

<u>Scenario</u>	<u>Research</u> FY11-FY13	<u>DoD</u> <u>Research</u> <u>Contracts</u> FY11-FY13	<u>DoD Basic</u> <u>Research</u> <u>Contracts</u> FY11-FY13	<u>OSA</u> FY11-FY13	<u>Training</u> FY11-FY13
1. Non-Japanese funded activities occurring in space leased to the Japanese (ESTO)	28.8%	39.6%	35.3%	27.7%	35.0%
2. Japanese funded activities occurring in space leased to the Japanese (ESTO)	39.6%	39.6%	35.3%	29.2%	35.0%
3. All sponsored activities occurring in UAF space	49.5%	60.3%	53.8%	34.2%	35.0%

The rate developed for Scenario 1 is equivalent to the federal negotiated provisional 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 provisional rate. It combines all facilities components with capped administrative components.

Please note, UAF Organized Research now has two possible F&A rates, one that is “capped” and one that is “uncapped” for use on Department of Defense (DoD) contracts.

For all new UAF organized research awards other than those contracts funded by the DoD, please use 49.5%. For new DoD contracts UAF may apply the “uncapped” 60.3% organized research F&A rate. Although the “uncapped” rate is available, DoD Appropriations Act PL110-118 places expenditure limitations as a condition of doing business with DoD for basic research awards. The act limits indirect cost recovery for basic research awards to 35% of total costs. This translates to 53.8% of direct costs (not MTDC). Please note that the 53.8% is only applicable to basic research contracts. For ease of implementation, we recommend that new UAF DoD basic research contracts be set up with an F&A rate no greater than 53.8% applied to an MTDC base.

Cc: Andrew Parkerson-Gray, UAF Office of Sponsored Programs
Maggie Griscavage, UAF Office of Grant and Contract Administration
Pat Pitney, UAF Vice Chancellor for Administration
Joe Trubacz, SW Chief Financial Officer
Myron Dosch, SW Controller