

UNIVERSITY OF ALASKA
FY14 - FY16 FACILITIES AND ADMINISTRATIVE
COST RATE FORWARD PRICING PROPOSAL



University of Alaska
FY14 – FY16 Facilities and Administrative Cost Rate Forward Pricing Proposal
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FY14 – FY16 Facilities and Administrative Cost Projections

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Appendix A: Explanation for FY14-FY16 Organized Research Proposed Component Changes

Explanation for Organized Research Proposed Rate Component Changes that exceed the prior Negotiated Rate by 10%

Appendix B: Certifications and Assurances

Certificate of F&A Costs (2 CFR Part 220 Appendix A, Section K.2.b)
Certificate of Indirect Costs (FAR 52-242.4)
Assurance of Foreign Government or Industry Subsidies (2 CFR Part 220 Appendix A, Section G.1.a(3))
Certificate of Lobbying (2 CFR Part 220 Appendix A, Section J.28)
Certificate of Use Allowance or Depreciation (2 CFR Part 220 Appendix A, Section J.14.g)
Assurance of Compliance with 26% Administration Cap (2 CFR Part 220 Appendix A, Section G.8.a)
Assurance of Compliance with Federal Compensation Caps
DFARS 231.303(1) Waiver

General

1. Projections prepared for FY14-FY16 are based on analyzing trend information from the previous base year FY09 as compared to FY12, as well as consulting with management at each campus for known changes.
2. Projection factors are applied to the FY12 base year. When appropriate, FY14 factors are double those of FY15 and FY16 to account for the intervening year (FY13).
3. The projection utilizes the institutional functional use survey that was completed in FY12 plus anticipated occupancy or usage changes and additions due to new facilities.
4. Building depreciation cost pools are projected at FY12 levels except for the addition of new buildings that were completed in FY13 or scheduled for completion during the projection years.
5. Equipment depreciation is consistent with the FY12 base year.

Statewide Administration

1. General Administrative costs are projected to increase 3% in FY14, FY15 and FY16.
2. Operations & maintenance pool costs are projected to increase 3% in FY14, FY15 and FY16.

University of Alaska Fairbanks

1. The Other on-campus organized research base is expected to decrease to \$82,058,000 in FY14 due to sequestration and funding competition; then increase to \$82,874,000 in FY15 and \$84,524,000 in FY16.
2. Federal funding for the Arctic Region Supercomputing Center (ARSC) has significantly declined resulting in elimination of a separate ARSC rate. Remaining ARSC activity is included in the Organized Research rate.
3. The R/V Sikuliaq is a new research vessel that is owned by the National Science Foundation and operated by the School of Fisheries and Ocean Sciences. The vessel is expected to launch the later part of FY14. As such, a separate Ship rate is proposed.
4. Geophysical Institute's Poker Flat base is projected to decrease from FY12 approximately 2% in FY14, with an increase of 1% in FY15 and 2% in FY16.
5. The Other Sponsored Activities (OSA) base is projected to increase from FY12 to \$24,437,000 in FY14; increase to \$24,768,000 in FY15 and \$25,105,000 in FY16.

6. The Instruction base is expected to decrease approximately 3% in FY14, with an increase of 1% for FY15 and FY16.
7. The Other Institutional Activity (OIA) base is projected to increase to \$31,535,000 in FY14; increase to \$32,250,000 in FY15 and \$32,985,000 in FY16.
8. Building depreciation is projected to increase \$4,013,000 in FY14 and remain constant in FY15 and FY16 due to the addition of the Life Sciences and Orca buildings, and new infrastructure.
9. Equipment depreciation is consistent with the FY12 base year.
10. The Operations and Maintenance pools are projected to increase approximately 6% in FY14, 2% in FY15 and 4% in FY16.
11. Projections to the Interest pool includes interest expense related to the Life Sciences building, the greenhouse addition to Arctic Health Research building and new infrastructure.
12. General Administration is projected to decrease 1% in FY14, then increase 1% per year for FY15 and FY16.
13. Central pool costs including Sponsored Projects Administration and Student Services Administration are projected to increase 1% in FY14, then 2% for FY12 and 1% for FY13.
14. Library costs are projected to increase 1% in FY14, then 2% for FY12 and 1% for FY13.
15. Department Administration expenditures are projected to increase approximately 2% in FY14, 1% in FY15 and 2% in FY16.

University of Alaska Anchorage

1. The On-Campus research base is projected to decrease to \$12,243,000 in FY14 as a result of sequestration and funding competition; then increase to \$12,366,000 in FY15 and \$12,552,000 in FY16.
2. The Other Sponsored Activities (OSA) base is projected to increase of 3% in FY14, and an increase of approximately 1% in FY15 and FY16.
3. Instruction is projected to increase to \$77,173,000 FY14; increase \$77,978,000 in FY15 and \$78,792,000 in FY16.
4. The Other Institutional Activities (OIA) base is anticipated to increase 8% in FY14 and increase 6% for FY12 and FY13.
5. Building depreciation is consistent with the FY12 base year.
6. Annual Operations and Maintenance costs are projected to increase approximately 6.7% in FY14, and less than 1% in FY15 and FY16.

7. Projections to the Interest cost pool includes interest expense related to buildings and renovations.
8. General Administration costs are projected to increase an average of 16% in FY14, then increase 8% in FY15 and 6% in FY16 based on historical growth trends, then slightly declining in FY15 and FY16 due to a program prioritization review.
9. Sponsored Projects Administration costs are projected to increase 19.8% in FY14 and approximately 8% in FY15 and FY16 due to increased staffing levels for new personnel which incorporates moderate salary and benefit increases.
10. Student Services Administration costs are projected to increase 15.7% in FY14 and 6% in FY15 and FY16 due to historical growth trends, plus a 3.2% adjustment for advising personnel.
11. Library costs are projected to increase 16.6% in FY14, and 6.5% in FY15 and FY16 mainly due to increases in electronic journal costs which have increased significantly since FY10.
12. Department Administration expenditures are projected to increase 24.8% in FY14, 11.75% for FY15 and 9.75% for FY16 based on historical growth trends, then slightly declining in FY15 and FY16 due to a program prioritization review.

University of Alaska Southeast

1. Research is projected to remain flat in FY14 and increase 1% for FY15 and FY16. This is based on expected federal budget cuts and sequestration.
2. Other Sponsored Activities (OSA) are expected to remain flat in FY14 and increase 1% in FY15 and FY16.
3. Instruction is projected to remain flat in FY14 and increase 1% in FY15 and FY16.
4. The Other Institutional Activities (OIA) base is anticipated to increase approximately 14% in FY14, and 7% for FY15 and FY16 based on historical trends.
5. Operations and Maintenance expense is projected to increase 8% in FY14 and increase 4% in FY15 and FY16.
6. The Interest pool is consistent with the FY12 base year.
7. Building depreciation is consistent with the FY12 base year.
8. General Administration is projected to increase 8% in FY14 and then increase 4% in FY15 and FY16.
9. Department Administration expenditures are projected to increase 8% in FY14 and 4% in FY15 and FY16.

10. Sponsored Projects Administration is projected to decrease 8% in FY14, and then increase 4% in FY15 and FY16.
11. Student Services Administration is projected to increase 8% in FY14 and then increase 4% in FY15 and FY16.
12. Library is expected to increase 8% in FY14 and then increase 4% in FY15 and FY16.

University of Alaska Fairbanks (UAF)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Combined Proposed Component Structure for FY14 - FY16
Administrative Costs Capped at 26%

UAF Schedule 2
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	Other On-campus Research	Ship	Poker Flat	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY14 - FY16	249,456,000	12,956,000	8,118,000	74,310,000	169,147,000
Estimated pool costs:					
Building depreciation	15,532,000	128,000	54,000	2,210,000	22,101,000
Equipment depreciation	3,386,000	0	0	378,000	1,512,000
Interest	5,429,000	0	0	173,000	6,537,000
Operations & maintenance	34,646,000	1,033,000	0	4,996,000	40,456,000
General administration	30,207,000	1,562,000	983,000	8,256,000	41,395,000
Department administration	53,922,000	4,154,000	1,498,000	14,228,000	60,102,000
Sponsored projects administration	3,924,000	238,000	150,000	1,386,000	176,000
Student services administration	0	0	0	0	41,077,000
Library	3,362,000	0	0	612,000	24,389,000
	150,408,000	7,115,000	2,685,000	32,239,000	237,745,000
Excess administration costs	(23,195,000)	(2,586,000)	(521,000)	(4,549,000)	(98,772,000)
Total facilities and administration costs	127,213,000	4,529,000	2,164,000	27,690,000	138,973,000
Rate elements:					
Building depreciation	6.2%	1.0%	0.7%	3.0%	13.1%
Equipment depreciation	1.4%	0.0%	0.0%	0.5%	0.9%
Interest	2.2%	0.0%	0.0%	0.2%	3.9%
Operations & maintenance	13.9%	8.0%	0.0%	6.7%	23.9%
General administration	12.1%	12.1%	12.1%	11.1%	24.5%
Department administration	21.6%	32.1%	18.5%	19.1%	35.5%
Sponsored projects administration	1.6%	1.8%	1.8%	1.9%	0.1%
Student services administration	0.0%	0.0%	0.0%	0.0%	24.3%
Library	1.3%	0.0%	0.0%	0.8%	14.4%
	60.3%	55.0%	33.1%	43.3%	140.6%
Capped rate effect	-9.3%	-20.0%	-6.4%	-6.1%	-58.4%
Net calculated average rate	51.0%	35.0%	26.7%	37.2%	82.2%
Voluntary Decrease in Rate	0.0%	0.0%	0.0%	0.0%	-32.2%
Suggested Rate for FY14-FY16	51.0%	35.0%	26.7%	37.2%	50.0%

University of Alaska Fairbanks (UAF)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY14
Administrative Costs Capped at 26%

UAF Schedule 2a
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	Other On-campus Research	Ship	Poker Flat	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base	82,058,000	514,000	2,670,000	24,437,000	55,827,000
Estimated pool costs:					
Building depreciation	5,178,000	24,000	18,000	738,000	7,369,000
Equipment depreciation	1,128,000	0	0	126,000	504,000
Interest	1,717,000	0	0	57,000	2,023,000
Operations & maintenance	11,338,000	185,000	0	1,648,000	13,252,000
General administration	10,028,000	63,000	326,000	2,743,000	13,722,000
Department administration	17,942,000	1,059,000	493,000	4,715,000	19,803,000
Sponsored projects administration	1,336,000	10,000	51,000	472,000	60,000
Student services administration	0	0	0	0	13,476,000
Library	1,102,000	0	0	201,000	8,017,000
	49,769,000	1,341,000	888,000	10,700,000	78,226,000
Excess administration costs	(7,971,000)	(998,000)	(176,000)	(1,576,000)	(32,546,000)
Total facilities and administration costs	41,798,000	343,000	712,000	9,124,000	45,680,000

University of Alaska Fairbanks (UAF)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY15
Administrative Costs Capped at 26%

UAF Schedule 2b
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	Other On-campus Research	Ship	Poker Flat	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base	82,874,000	6,117,000	2,697,000	24,768,000	56,381,000
Estimated pool costs:					
Building depreciation	5,176,000	52,000	18,000	737,000	7,368,000
Equipment depreciation	1,129,000	0	0	126,000	504,000
Interest	1,863,000	0	0	58,000	2,268,000
Operations & maintenance	11,491,000	416,000	0	1,661,000	13,424,000
General administration	9,991,000	737,000	325,000	2,740,000	13,760,000
Department administration	17,778,000	1,562,000	497,000	4,713,000	19,946,000
Sponsored projects administration	1,287,000	113,000	49,000	456,000	58,000
Student services administration	0	0	0	0	13,724,000
Library	1,120,000	0	0	205,000	8,144,000
	49,835,000	2,880,000	889,000	10,696,000	79,196,000
Excess administration costs	(7,509,000)	(822,000)	(170,000)	(1,469,000)	(32,829,000)
Total facilities and administration costs	42,326,000	2,058,000	719,000	9,227,000	46,367,000

University of Alaska Fairbanks (UAF)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY16
Administrative Costs Capped at 26%

UAF Schedule 2c
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	Other On-campus Research	Ship	Poker Flat	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base	84,524,000	6,325,000	2,751,000	25,105,000	56,939,000
Estimated pool costs:					
Building depreciation	5,178,000	52,000	18,000	735,000	7,364,000
Equipment depreciation	1,129,000	0	0	126,000	504,000
Interest	1,849,000	0	0	58,000	2,246,000
Operations & maintenance	11,817,000	432,000	0	1,687,000	13,780,000
General administration	10,188,000	762,000	332,000	2,773,000	13,913,000
Department administration	18,202,000	1,533,000	508,000	4,800,000	20,353,000
Sponsored projects administration	1,301,000	115,000	50,000	458,000	58,000
Student services administration	0	0	0	0	13,877,000
Library	1,140,000	0	0	206,000	8,228,000
	50,804,000	2,894,000	908,000	10,843,000	80,323,000
Excess administration costs	(7,715,000)	(766,000)	(175,000)	(1,504,000)	(33,397,000)
Total facilities and administration costs	43,089,000	2,128,000	733,000	9,339,000	46,926,000

University of Alaska Anchorage (UAA)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Combined Proposed Component Structure for FY14 - FY16
Administrative Costs Capped at 26%

UAA Schedule 3
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY14 - FY16	<u>37,161,000</u>	<u>41,344,000</u>	<u>233,943,000</u>
Estimated pool costs:			
Building depreciation	4,138,000	869,000	23,115,000
Equipment depreciation	285,000	37,000	2,253,000
Interest	123,000	21,000	617,000
Operations & maintenance	4,517,000	1,737,000	38,826,000
General administration	5,414,000	5,883,000	58,545,000
Department administration	14,075,000	12,790,000	99,847,000
Sponsored projects administration	2,317,000	2,998,000	1,383,000
Student services administration	0	0	49,213,000
Library	295,000	216,000	19,489,000
	<u>31,164,000</u>	<u>24,551,000</u>	<u>293,288,000</u>
Excess administration costs	<u>(12,144,000)</u>	<u>(10,922,000)</u>	<u>(148,163,000)</u>
Total facilities and administration costs	<u>19,020,000</u>	<u>13,629,000</u>	<u>145,125,000</u>
Rate elements:			
Building depreciation	11.1%	2.1%	9.9%
Equipment depreciation	0.8%	0.1%	1.0%
Interest	0.3%	0.1%	0.3%
Operations & maintenance	12.2%	4.2%	16.6%
General administration	14.6%	14.2%	25.0%
Department administration	37.9%	30.9%	42.7%
Sponsored projects administration	6.2%	7.3%	0.6%
Student services administration	0.0%	0.0%	21.0%
Library	0.8%	0.5%	8.3%
	<u>83.9%</u>	<u>59.4%</u>	<u>125.4%</u>
Capped rate effect	<u>-32.7%</u>	<u>-26.4%</u>	<u>-63.3%</u>
Net calculated average rate	51.2%	33.0%	62.1%
Voluntary Decrease in Rate	<u>0.0%</u>	<u>0.0%</u>	<u>-12.1%</u>
Suggested Rate for FY14-FY16	<u>51.2%</u>	<u>33.0%</u>	<u>50.0%</u>

University of Alaska Anchorage (UAA)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY14
Administrative Costs Capped at 26%

UAA Schedule 3a
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY14	<u>12,243,000</u>	<u>13,648,000</u>	<u>77,173,000</u>
Estimated pool costs:			
Building depreciation	1,383,000	301,000	7,746,000
Equipment depreciation	96,000	13,000	756,000
Interest	44,000	7,000	210,000
Operations & maintenance	1,510,000	597,000	12,939,000
General administration	1,756,000	1,913,000	18,667,000
Department administration	4,133,000	3,864,000	29,925,000
Sponsored projects administration	715,000	927,000	426,000
Student services administration	0	0	15,467,000
Library	94,000	69,000	6,168,000
	<u>9,731,000</u>	<u>7,691,000</u>	<u>92,304,000</u>
Excess administration costs	<u>(3,421,000)</u>	<u>(3,156,000)</u>	<u>(44,420,000)</u>
Total facilities and administration costs	<u>6,310,000</u>	<u>4,535,000</u>	<u>47,884,000</u>

University of Alaska Anchorage (UAA)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY15
Administrative Costs Capped at 26%

UAA Schedule 3b
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY15	<u>12,366,000</u>	<u>13,781,000</u>	<u>77,978,000</u>
Estimated pool costs:			
Building depreciation	1,379,000	290,000	7,703,000
Equipment depreciation	95,000	12,000	751,000
Interest	41,000	7,000	206,000
Operations & maintenance	1,504,000	578,000	12,931,000
General administration	1,804,000	1,963,000	19,567,000
Department administration	4,702,000	4,275,000	33,369,000
Sponsored projects administration	770,000	998,000	460,000
Student services administration	0	0	16,388,000
Library	98,000	72,000	6,490,000
	<u>10,393,000</u>	<u>8,195,000</u>	<u>97,865,000</u>
Excess administration costs	<u>(4,061,000)</u>	<u>(3,653,000)</u>	<u>(49,510,000)</u>
Total facilities and administration costs	<u>6,332,000</u>	<u>4,542,000</u>	<u>48,355,000</u>

University of Alaska Anchorage (UAA)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY16
Administrative Costs Capped at 26%

UAA Schedule 3c
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY16	<u>12,552,000</u>	<u>13,915,000</u>	<u>78,792,000</u>
Estimated pool costs:			
Building depreciation	1,376,000	278,000	7,666,000
Equipment depreciation	94,000	12,000	746,000
Interest	38,000	7,000	201,000
Operations & maintenance	1,503,000	562,000	12,956,000
General administration	1,854,000	2,007,000	20,311,000
Department administration	5,240,000	4,651,000	36,553,000
Sponsored projects administration	832,000	1,073,000	497,000
Student services administration	0	0	17,358,000
Library	<u>103,000</u>	<u>75,000</u>	<u>6,831,000</u>
	<u>11,040,000</u>	<u>8,665,000</u>	<u>103,119,000</u>
Excess administration costs	<u>(4,662,000)</u>	<u>(4,113,000)</u>	<u>(54,233,000)</u>
Total facilities and administration costs	<u>6,378,000</u>	<u>4,552,000</u>	<u>48,886,000</u>

University of Alaska Southeast (UAS)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Combined Proposed Component Structure for FY14 - FY16
Administrative Costs Capped at 26%

UAS Schedule 4
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY14 - FY16	1,989,000	1,533,000	33,048,000
Estimated pool costs:			
Building Depreciation	270,000	9,000	2,124,000
Equipment Depreciation	15,000	0	360,000
Interest	147,000	0	27,000
Operations & maintenance	321,000	21,000	6,185,000
General administration	432,000	334,000	14,993,000
Department administration	582,000	551,000	12,918,000
Sponsored projects administration	508,000	393,000	204,000
Student services administration	0	0	10,772,000
Library	65,000	33,000	7,083,000
	2,340,000	1,341,000	54,666,000
Excess administration costs	(1,005,000)	(879,000)	(30,295,000)
Total facilities and administration costs	1,335,000	462,000	24,371,000
Rate elements:			
Building Depreciation	13.6%	0.6%	6.4%
Equipment Depreciation	0.8%	0.0%	1.1%
Interest	7.4%	0.0%	0.1%
Operations & maintenance	16.1%	1.4%	18.7%
General administration	21.7%	21.8%	45.4%
Department administration	29.3%	35.9%	39.1%
Sponsored projects administration	25.5%	25.6%	0.6%
Student services administration	0.0%	0.0%	32.6%
Library	3.3%	2.2%	21.4%
	117.7%	87.5%	165.4%
Capped rate effect	-50.5%	-57.3%	-91.7%
Net calculated average rate	67.2%	30.2%	73.7%
Voluntary Decrease in Rate	-8.2%	0.0%	-23.7%
Suggested Rate for FY14-FY16	59.0%	30.2%	50.0%

University of Alaska Southeast (UAS)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY14
Administrative Costs Capped at 26%

UAS Schedule 4a
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY14	656,000	506,000	10,909,000
Estimated pool costs:			
Building depreciation	90,000	3,000	709,000
Equipment depreciation	5,000	0	120,000
Interest	49,000	0	9,000
Operations & maintenance	100,000	7,000	1,991,000
General administration	141,000	109,000	4,843,000
Department administration	187,000	176,000	4,143,000
Sponsored projects administration	163,000	126,000	65,000
Student services administration	0	0	3,447,000
Library	21,000	11,000	2,287,000
	756,000	432,000	17,614,000
Excess administration costs	(320,000)	(279,000)	(9,662,000)
Total facilities and administration costs	436,000	153,000	7,952,000

University of Alaska Southeast (UAS)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY15
Administrative Costs Capped at 26%

UAS Schedule 4b
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY15	663,000	511,000	11,016,000
Estimated pool costs:			
Building Depreciation	90,000	3,000	708,000
Equipment Depreciation	5,000	0	120,000
Interest	49,000	0	9,000
Operations & maintenance	107,000	7,000	2,061,000
General administration	144,000	111,000	4,993,000
Department administration	194,000	183,000	4,303,000
Sponsored projects administration	169,000	131,000	68,000
Student services administration	0	0	3,588,000
Library	22,000	11,000	2,360,000
	780,000	446,000	18,210,000
Excess administration costs	(335,000)	(292,000)	(10,088,000)
Total facilities and administration costs	445,000	154,000	8,122,000

University of Alaska Southeast (UAS)
FY14-FY16 Facilities and Administrative Costs Rate Projections
Proposed Component Structure for FY16
Administrative Costs Capped at 26%

UAS Schedule 4c
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	Other On-campus Research	Other Sponsored Activities	Instruction/ Training
Estimated MTDC base for FY16	670,000	516,000	11,123,000
Estimated pool costs:			
Building Depreciation	90,000	3,000	707,000
Equipment Depreciation	5,000	0	120,000
Interest	49,000	0	9,000
Operations & maintenance	114,000	7,000	2,133,000
General administration	147,000	114,000	5,157,000
Department administration	201,000	192,000	4,472,000
Sponsored projects administration	176,000	136,000	71,000
Student services administration	0	0	3,737,000
Library	22,000	11,000	2,436,000
	804,000	463,000	18,842,000
Excess administration costs	(350,000)	(308,000)	(10,545,000)
Total facilities and administration costs	454,000	155,000	8,297,000

University of Alaska
FY14 - FY16 Facilities and Administrative Costs Rate Projections
Variance between FY11-FY13 F&A Negotiated Rates and FY14-FY16 F&A Projection Rates
Administrative Costs Capped at 26%

Item	UAF			UAA			UAS		
	FY11-FY13	FY14-FY16	% Increase (Decrease)	FY11-FY13	FY14-FY16	% Increase (Decrease)	FY11-FY13	FY14-FY16	% Increase (Decrease)
	Negotiated Other On-campus Research	Proposed Other On-campus Research		Negotiated Other On-campus Research	Proposed Other On-campus Research		Negotiated Other On-campus Research	Proposed Other On-campus Research	
Rate components:									
Building depreciation	5.2%	6.2%	19.2%	4.9%	11.1%	126.5%	4.9%	13.6%	177.6%
Equipment depreciation	1.0%	1.4%	40.0%	0.6%	0.8%	33.3%	0.5%	0.8%	60.0%
Interest	1.5%	2.2%	46.7%	1.2%	0.3%	-75.0%	3.1%	7.4%	138.7%
Operations & maintenance	14.8%	13.9%	-6.1%	11.6%	12.2%	5.2%	7.7%	16.1%	109.1%
General administration	12.0%	12.1%	0.8%	12.3%	14.6%	18.7%	20.9%	21.7%	3.8%
Sponsored projects administration	1.4%	1.6%	14.3%	2.7%	6.2%	129.6%	8.9%	25.5%	186.5%
Department administration	24.1%	21.6%	-10.4%	31.1%	37.9%	21.9%	25.7%	29.3%	14.0%
Student services administration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Library	1.5%	1.3%	-13.3%	1.0%	0.8%	-20.0%	4.0%	3.3%	-17.5%
	61.5%	60.3%		65.4%	83.9%		75.7%	117.7%	
Capped rate effect	-11.5%	-9.3%		-20.1%	-32.7%		-29.5%	-50.5%	
Net actual calculated rate	50.0%	51.0%		45.3%	51.2%		46.2%	67.2%	
Final predetermined rate FY11-FY13	49.5%			45.3%			45.0%		

This narrative provides explanations for the FY14-FY16 proposed organized research component rate changes by campus which exceeds the prior negotiated rate component by 10%. The FY14-FY16 model will be referred to as the “proposed model” and the FY11-FY13 model used to develop the current negotiated rates will be referred to as the “negotiated model” throughout this narrative. In addition, the FY12 incurred cost model will be referred to as the FY12 base year model.

University of Alaska Fairbanks (UAF)

For UAF organized research, four proposed rate components increased more than 10% in comparison to the negotiated model.

The building depreciation component increased from 5.2% to 6.2%. The addition of new facilities with research functions includes the Life Sciences building, the Orca building and the greenhouse addition to the Arctic Health Research building. These buildings result in additional assignable square feet allocated to the research function. In turn, this increase in organized research space has a direct impact on the allocation of building depreciation. Additionally, new infrastructure will come into service in the projection years to support the operations of the Life Sciences building.

The equipment depreciation component increased from 1.0 % to 1.4%. In total, equipment depreciation increased from base year FY09 to FY12. This results in an increased basis for the projection years. The addition of new facilities with research functions include Life Sciences, the Orca building and the greenhouse addition to the Arctic Health Research building. This increase in organized research space has a direct impact on the allocation of equipment depreciation. Equipment depreciation is summarized by responsible department and then allocated using statistics gathered through the functional use space survey to all of the responsible department’s activities based on ASF by function.

The interest expense component increased from 1.5% to 2.2%. Construction of the new Life Sciences building, greenhouse addition and infrastructure were financed, which is reflected in the interest expense component.

The sponsored projects administration component increased from 1.4% to 1.6%. This increase is attributed to cross-allocations from building depreciation and interest. There is no overall effect on the F&A rate because the administration component is capped at 26% and UAF’s negotiated and proposed administrative rate components exceed the 26% cap.

University of Alaska Anchorage (UAA)

For UAA organized research, five proposed rate components increased more than 10% in comparison to the negotiated model.

The building depreciation component increased from 4.9% to 11.1%. The completion of facilities with research functions includes the Integrated Sciences Building (ISB) and the Health Sciences Building which became fully utilized during this rate cycle. Full occupancy of these buildings results in additional assignable square feet allocated to the research function. In turn, this increase in organized research space has a direct impact on the allocation of building depreciation.

The equipment depreciation component increased from 0.6% to 0.8%. In total, equipment depreciation increased from base year FY09 to FY12. This results in an increased basis for the projection years. As previously mentioned, Integrated Sciences building and the Health Sciences building became fully utilized during this rate cycle. This increase in organized research space has a direct impact on the allocation of equipment depreciation. Equipment depreciation is summarized by responsible department and then allocated using statistics gathered through the functional use space survey to all of the responsible department's activities based on ASF by function.

The general administration component increased from 12.3% to 14.6%. In total, general administration increased from base year FY09 to FY12. Also, UAA's research base increased, while the OSA base decreased causing a greater allocation of the campus general administrative costs to flow to organized research.

The sponsored project administration (SPA) component increased from 2.7% to 6.2%. In total, SPA increased from base year FY09 to FY12. In addition, SPA received a higher cross-allocation from general administration, due to the increased general administration costs. There is no overall effect on the F&A rate because the administration component is capped at 26% and UAA's negotiated and proposed administrative rate components exceed the 26% cap.

The department administration component increased from 31.1% to 37.9%. This increase is mainly due to increased staffing levels combined with a rise in departmental direct activities related to research. There is no overall effect on the F&A rate because the administration component is capped at 26% and UAA's negotiated and proposed administrative rate components exceed the 26% cap.

University of Alaska Southeast (UAS)

For UAS organized research, six proposed rate components increased more than 10% in comparison to the negotiated model.

The building depreciation component increased from 4.9% to 13.6%. A higher proportion of the MTDC base is related to research in the proposed model than in the negotiated model. Given this, more of UAS space is used for research purposes, causing the building depreciation component to flow to research.

The equipment depreciation component increased from 0.5% to 0.8%. In total, equipment depreciation increased from base year FY09 to FY12. This results in an increased basis for the projection years. As previously mentioned, a higher proportion of the space at UAS is used for research. This increase in organized research space has a direct impact on the allocation of equipment depreciation. Equipment depreciation is summarized by responsible department and then allocated using statistics gathered through the functional use space survey to all of the responsible department's activities based on ASF by function.

The interest expense component increased from 3.1% to 7.4%. As previously mentioned, a higher proportion of the space at UAS is used for research. This increase in organized research space has a direct impact on the allocation of interest.

The operations and maintenance (O&M) component increased from 7.7% to 16.1%. In total, O&M increased from base year FY09 to FY12. As previously mentioned, a higher proportion of the space at UAS is used for research which results in an increased allocation of O&M costs that benefit the research function.

The sponsored project administration (SPA) component increased from 8.9% to 25.5%. The sponsored activity in the base year model is comprised of a higher proportion of research activity than the negotiated model which results in an increased allocation of SPA costs to research. In addition, there are more SPA costs to allocate in the base year and proposed model compared to the negotiated model. There is no overall effect on the F&A rate because the administration component is capped at 26%.

The department administration component increased from 25.7% to 29.3%. The proposed model department administration cost that is allocated to research decreased from the amount of cost in the negotiated model. However, given that the research MTDC base also decreased, the calculated percentage of department administration costs compared to the base increased.

**The University of Alaska
Certificate of F&A Costs**

(2 CFR Part 220 Appendix A, Section K.2.b)


This is to certify that to the best of my knowledge and belief:

1. I have reviewed the F&A cost proposal submitted herewith;
2. All costs included in the proposal, dated April 10, 2013 to establish forward pricing F&A costs rate for the period beginning July 1, 2013 through June 30, 2016 are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and with the cost principles applicable to those agreements.
3. This proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): advertising and public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and,
4. All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.
5. The rate proposal is prepared using the same cost accounting practices that are disclosed in the DS-2 including its amendments and revisions, filed with and approved by the cognizant agency.

I declare under penalty of perjury that the foregoing is true and correct.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Name of Official

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Signature

Vice President for Finance & Administration/Chief Financial Officer
Title

4/10/13
Date of Execution

The University of Alaska
Certificate of Final Indirect Costs
(FAR 52.242-4)
(62 FR 239)


This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in this proposal dated April 10, 2013 to establish final indirect cost rates for July 1, 2013 through June 30, 2016 are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply, and
2. This proposal does not include any costs, which are unallowable under applicable cost principles of the FAR or its supplements.

I declare under penalty of perjury that the foregoing is true and correct.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Name of Official

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Signature

Vice President for Finance & Administration/Chief Financial Officer
Title

4/10/13
Date of Execution

**The University of Alaska
Additional Certifications and Assurances**

This is to certify that I have reviewed the University's Facilities and Administrative Cost Proposal dated April 10, 2013 to establish forward pricing facilities and administrative costs for the period July 1, 2013 through June 30, 2016 and attest to the following:

Statement of Assurance that Federal Funds are not Used to Subsidize Industry and/or Foreign Government Programs (2 CFR Part 220 Appendix A, Section G.1a (3))

The fund accounting system used by the University prevents subsidizing industry and/or foreign government programs. Restricted funds, including federal awards, are recorded in separate funds. Direct expenditures from these funds are restricted to the exclusive purpose of the award. Since all restricted funds are grouped in the major functions of the University (Instruction, Research, Other Institutional Activities and other bases), the appropriate share of indirect costs is allocated to Industry and/or foreign government expenditures regardless of whether or not overhead is charged on the actual activity.

Certificate of Lobbying (2 CFR Part 220 Appendix A, Section J.28)

To the best of my knowledge and belief, the subject proposal complies with the requirements and standards of OMB Circular A-21, Section J28 Lobbying, in that any institutional costs associated with activities defined as lobbying have been treated as other unallowable activity as required by this section.

Certificate of Use Allowance or Depreciation (2 CFR Part 220 Appendix A, Section J.14.g)

To the best of my knowledge and belief, the use allowance and depreciation included in the subject proposal is supported by adequate property records and physical inventories taken at least once every two years to ensure that the assets exist and are usable, used, and needed.

Statement of Assurance that the Proposal is in Compliance with 26% Administrative Cap Requirements (2 CFR part 220 Appendix A, Section G.8a)


The administrative costs of the University as covered by the relevant parts of Section F of OMB Circular A-21 (General Administration and General Expenses, Department Administration, Sponsored Project Administration) do not exceed 26% of the MTDC base for each negotiated rate in the proposal covered by this certification.

Assurance on Executive Compensation

To the best of my knowledge and belief, the University is in compliance with any applicable limitations on individual compensation charged to federal awards.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Name of Official

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Signature

Vice President for Finance & Administration/Chief Financial Officer
Title

4/10/13
Date of Execution


**The University of Alaska
DFARS 231.303 (1) WAIVER**

I am aware of and understand the provision in section 841 of the National Defense Authorization Act for Fiscal Year 1994 which prohibits implementation of the OMB Circular A-21 26 percent cap on reimbursement of administrative indirect cost for Department of Defense contracts awarded to institutions of higher education on or after November 30, 1993.

The University of Alaska hereby requests a waiver of DFARS 231.303(1) for the period July 1, 2013 through June 30, 2016 to simplify the university's overall management of cost reimbursements under Department of Defense contracts. This waiver will be applied to all rates included in the FY14-FY16 Facilities and Administrative Cost Rate Forward Pricing Proposal dated April 10, 2013 except for the University of Alaska Fairbanks Organized Research rate.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Name of Official

msd

Signature

Vice President for Finance & Administration/Chief Financial Officer
Title

4/10/13
Date of Execution