Date: June 25, 2015

To: Bill Spindle, Kari Burrell, Michael Ciri, Myron Dosch

From: Tanya Hollis

Re: FY16 Fringe Benefit Forward Pricing Proposal

Attached is the revised FY16 Fringe Benefit Forward Pricing Proposal Report submitted to UA's cognizant agency, Office of Naval Research (ONR). ONR has authorized these to be used for external and internal purposes as provisional FY16 rates.

The following table summarizes the revised fringe benefit rates proposed for FY16 for the University of Alaska System. Also listed are the FY15 negotiated rates for comparison purposes.

<table>
<thead>
<tr>
<th>E-Class</th>
<th>Leave Benefit Rates (1)</th>
<th>Staff Benefit Rates (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY15 Negotiated Benefit Rates</td>
<td>FY15 Proposed Benefit Rates</td>
</tr>
<tr>
<td></td>
<td>NR 22.50%  21.00%</td>
<td>NR 43.00%  45.70%</td>
</tr>
<tr>
<td></td>
<td>CR 21.80%  23.00%</td>
<td>CR 47.60%  40.50%</td>
</tr>
<tr>
<td></td>
<td>XR 20.70%  20.90%</td>
<td>XR 38.80%  41.00%</td>
</tr>
<tr>
<td></td>
<td>EX, FR 15.60%  17.30%</td>
<td>EX, FR 27.60%  28.50%</td>
</tr>
<tr>
<td></td>
<td>FN 0.80%  9.60%</td>
<td>FN 27.60%  28.50%</td>
</tr>
<tr>
<td></td>
<td>F9  1.40%  13.70%</td>
<td>F9  27.50%  28.70%</td>
</tr>
<tr>
<td></td>
<td>AR, A9 1.20%  12.70%</td>
<td>AR, A9 29.10%  29.10%</td>
</tr>
<tr>
<td></td>
<td>FT, FW 0.00%  0.00%</td>
<td>FT, FW 9.60%  10.70%</td>
</tr>
<tr>
<td></td>
<td>CT, GT, NT, ST, XT 0.00%  0.00%</td>
<td>CT, GT, NT, ST, XT 8.60%  9.20%</td>
</tr>
<tr>
<td></td>
<td>NX, XX 19.90%  7.00%</td>
<td>NX, XX 22.80%  30.40%</td>
</tr>
<tr>
<td></td>
<td>GN, SN 0.00%  0.00%</td>
<td>GN, SN 0.00%  0.00%</td>
</tr>
</tbody>
</table>

(1) Distribution base: Leave rates are applied to base salaries excluding overtime, miscellaneous pay, and paid leave.
(2) Distribution base: Staff benefit rates are applied to base salaries plus overtime, miscellaneous pay, and leave accrual provisions.

cc: Ashok Roy, Nichole Pittman, Michelle Rizk, Erik Seastedt, Erika Van Flein, Raaj Kurapati, Sandra Culver, Jason Theis, Kelly Thorngren, Roxy Felkl, Debbie Carlson, Alesia Kruckenberry, Tara Ferguson, Carolyn Weaver
June 24, 2015

Ms. Beth Snyder  
Contracting Officer  
Office of Naval Research  
Indirect Cost Branch  
Code BD0242, Room 368  
875 N. Randolph Street  
Arlington, VA 22203

RE: University of Alaska FY16 Fringe Benefit Forward Pricing Proposal

Dear Ms. Snyder:

This memorandum and enclosed attachments represent the University of Alaska's proposal to establish fixed with carry-forward fringe benefit rates for the period of July 1, 2015 through June 30, 2016 (FY16).

The cost methodology used is consistent with methodologies utilized in past fringe benefit forward pricing proposals. This proposal fully liquidates the FY14 staff benefit over recovery carry-forward of $12,667,100 and leave benefit over recovery of $16,600.

The following table summarizes the fringe benefit rates proposed for FY16 for the University of Alaska System. Also listed are the FY15 negotiated rates for comparison purposes.

<table>
<thead>
<tr>
<th>E-Class</th>
<th>Leave Benefit Rates (1)</th>
<th>Staff Benefit Rates (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY15 Negotiated Benefit Rates</td>
<td>FY16 Proposed Benefit Rates</td>
</tr>
<tr>
<td>NR</td>
<td>22.60%</td>
<td>21.00%</td>
</tr>
<tr>
<td>CR</td>
<td>21.80%</td>
<td>23.00%</td>
</tr>
<tr>
<td>XR</td>
<td>20.70%</td>
<td>20.90%</td>
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<tr>
<td>EX, FR</td>
<td>15.60%</td>
<td>17.30%</td>
</tr>
<tr>
<td>FN</td>
<td>0.80%</td>
<td>9.60%</td>
</tr>
<tr>
<td>F9</td>
<td>1.40%</td>
<td>13.70%</td>
</tr>
<tr>
<td>AR, A9</td>
<td>1.20%</td>
<td>12.70%</td>
</tr>
<tr>
<td>FT, FW</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>CT, GT, NT, ST, XT</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>NX, XX</td>
<td>19.90%</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

(1) Distribution base: Leave rates are applied to base salaries excluding overtime, miscellaneous pay, and paid leave.

(2) Distribution base: Staff benefit rates are applied to base salaries plus overtime, miscellaneous pay, and leave accrual provisions.
Please contact me if you have any questions or if you need additional information. Thanks for your consideration of this proposal.

Sincerely,

Myron J. Dosch

MJD/TLH/sab

Attachments

cc: Linda Shipp, ONR (one copy)
    Nancy Machida, DCAA, Alaska Sub-Office (one copy)
UNIVERSITY OF ALASKA

FY16 FRINGE BENEFIT FORWARD PRICING PROPOSAL
The University of Alaska
Fringe Benefit Forward Pricing Proposal

July 1, 2015 – June 30, 2016

Table of Contents

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-3</td>
</tr>
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</tr>
<tr>
<td>4</td>
<td>6-8</td>
</tr>
<tr>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

Attachment A: Certifications

Certificate of Fringe Benefit Costs

Certificate of Final Fringe Benefit Costs
1. Final allocated benefit costs for combined e-classes are rounded to hundreds for projection purposes.

2. Wages for FY16 are based on updated estimates of projected FY15 wages and incremented for salary and grid increases and are rounded to the nearest hundred for projection purposes. The Sikuliaq R/V FY16 overtime and miscellaneous pay included in the fringe benefit forward pricing proposal are based on being at sea for 195 days (27.86 weeks).

Annual salary and/or grid increases are projected for eligible e-classes as follows:

- Classified, exempt and non-exempt staff (e-classes NR, XR, NX, XX) – 2.5%
- Temporary exempt and non-exempt staff (e-classes NT, XT) – 0%
- Executive employees (e-classes EX) – 0%
- Non-union faculty (e-classes FR, FN) – 2.0%
- UNAC faculty (e-class F9) – 2.0%
- UAFT faculty (e-classes AR, A9) – 2.0%
- Adjunct faculty (e-classes FT, FW) – 2.0%
- Local 6070 Union employees (e-classes CR, CT) – 1.9%

Step or other increases are projected for eligible e-classes as follows:

- The F9 e-class will receive a $750 increase to their base salary. The AR/A9 e-classes will receive a $900 distribution, which does not increase base salary. Local 6070 Union employees (e-classes CR, CT) will receive a step increase, calculated at 2.0% average.

3. Leave usage is projected using average rates calculated by e-class. Use of average rates is intended to smooth individual year usage fluctuations. A three year average was used for all e-classes using FY13 and FY14 actual leave usage combined with FY15 estimated leave usage. The leave usage projections were adjusted for changes to the leave program, which include changes to the Annual Leave Cash-in program, Personal Holiday Leave, faculty time off, and changes to the leave program as a result of changes to UA Policy and Regulation.

As of February 01, 2015, classified, non-exempt and exempt staff (NR, XR) employees at grade 80 or above, extended temporary (NX, XX) employees at grade 80 or above, Executive (EX) and non-represented 12-month faculty (FR) employees are no longer eligible for the Annual Leave Cash-in program. Effective July 01, 2015 the additional NR e-class Personal Holiday Leave day and the XR e-class Personal Holiday Leave day are going away. Employees in the UNAC faculty (e-class F9) and UAFT faculty (e-class A9) are eligible for fifteen days off during the nine month contract period as well as the twelve holidays listed in their collective bargaining agreements. Employees in the UAFT faculty (e-class AR) are eligible for annual leave. Non-union faculty in the FN e-class are eligible for three days of faculty time off, and twelve holiday days. As a result of changes to UA Policy and Regulation, Administrative Leave is being separated into two leave categories, personal safety leave and other administrative leave. For FY16 UA is conservatively projecting one day of personal safety leave for all employees. FY16 benefit recovery carryforwards are reflected as calculated in the FY14 Fringe Benefit Incurred Cost Report.

4. Beginning July 01, 2006, UA has two public employee retirement system (PERS) plans. The public employee retirement system defined benefit (PERS-DB) plan is restricted to eligible employees with an original hire date prior to July 1, 2006. Eligible employees hired on July 1, 2006 or later may enroll in the public employee retirement system defined contribution (PERS-DC) plan.
Effective July 01, 2015, the non-exempt and exempt staff (e-classes NR, XR) employees and Local 6070 Union employees (e-class CR) are no longer eligible to participate in ORP Tier 3 retirement plan unless they were grandfathered in from previous employment. New employees will be eligible for PERS-DC with Pension.

Effective July 01, 2007, the PERS-DC employer contribution amount per employee, must calculate to at least the PERS-DB rate. The calculated contribution beyond the PERS-DC rate is applied to the State of Alaska PERS-DB unfunded liability. The PERS-DB and PERS-DC rates are 22.00% and 6.90% respectively; rates are established or projected by the State of Alaska, Division of Retirement.

Effective July 01, 2007, in addition to the minimum employer contribution for the PERS-DC plan, the statute also established a minimum PERS base salary for the UA System requiring the total fiscal year PERS covered wages to meet the FY08 Base Salary. The FY16 PERS covered wages were lower than the FY08 Base Salary, therefore, an additional contribution is calculated at the PERS-DB contribution rate.

The FY16 projected employer contribution was calculated using a three year average for the applicable benefit eligible e-classes, and adjusted for FY15 position increases/(decreases), FY16 position reductions, and retirement plan design changes.

5. Beginning in July 01, 2006, UA has two teacher’s retirement system (TRS) plans. The teacher’s retirement system defined benefit (TRS-DB) plan is restricted to eligible employees with an original hire date prior to July 1, 2006. Eligible employees with an original hire date of July 1, 2006 or later may enroll in the teacher’s retirement system defined contribution (TRS-DC) plan or the optional retirement plan, ORP–Tier 3. Effective July 01, 2007, the TRS-DC employer contribution amount per employee, must calculate to at least the TRS-DB rate. The calculated contribution beyond the TRS-DC rate is applied to the State of Alaska TRS-DB unfunded liability. The TRS-DB and TRS-DC rates are 12.56% and 9.04% respectively; rates are established or projected by the State of Alaska, Division of Retirement. The FY16 projected employer contribution was calculated using a three year average for the applicable benefit eligible e-classes, and adjusted for FY15 position increases/(decreases) and FY16 position reductions.

6. Effective July 01, 2006, UA has three separate optional retirement plans, ORP–Tier 1, ORP–Tier 2, and ORP–Tier 3. The ORP–Tier 1 plan is for eligible employees with an original hire date prior to July 1, 2005. The University Board of Regents established ORP–Tier 2, for eligible employees with an original hire date during FY06. The University Board of Regents also established a third optional retirement plan with an expanded employee eligibility criteria, ORP–Tier 3. It is available to all retirement eligible employees with an original hire date between July 1, 2006 and June 30, 2015. Effective July 01, 2015, non-exempt and exempt staff (e-classes NR, XR) employees and Local 6070 Union employees (e-class CR) can no longer elect to participate in ORP Tier 3 retirement plan unless they were grandfathered in from previous employment. The ORP–Tier 1 rate is 14.0%. The ORP–Tier 2 and ORP–Tier 3 rates are 12.0%. The FY16 projected employer contribution was calculated using a three year average for the applicable benefit eligible e-classes, and adjusted for FY15 position increases/(decreases), FY16 position reductions, and retirement plan design changes.

7. Pension costs are estimated at 7.65% of covered wages below $42,000 for regular employees and $118,500 for eligible adjunct faculty. Effective July 01, 2015, new employees electing PERS-DC and TRS-DC plans will be eligible for Pension. The FY14 staff benefit eligible earnings and Pension costs were adjusted to account for new employees hired on July 01, 2015 or later in the PERS-DC and TRS-DC retirement plans that will receive Pension as part of their retirement benefit. The adjusted staff benefit eligible earnings and Pension costs were used to arrive at an adjusted percentage of earnings subject to Pension. The adjusted percentage of earnings subject to Pension was then multiplied by the FY16 staff benefit wage base to calculate FY16 gross covered wages by e-class for Pension. The benefit rate is applied to the Pension covered wage base for each e-class in order to project the benefit cost.

8. The percentage of FY14 earnings subject to medicare benefits or social security benefits is multiplied by the staff benefit wage base to calculate covered wages for each respective benefit type by e-class. Medicare costs are projected at 1.45% of covered wages for all
employees hired after April 1986. Social security is estimated at 6.2% of covered wages below $118,500 for adjunct faculty and temporary e-classes. All new adjunct faculty will contribute to social security, not pension.

9. Health care costs are estimated at projected usage levels less projected recoveries. All benefit eligible e-classes pay for spouse/dependent health coverage if elected. The current plan offers employees some flexible benefit options and matches the employee contributions with current year costs. Projected health care costs net of cobra recoveries are allocated to health care eligible e-classes, NR, CR, XR, EX/FR/FN, F9, AR/A9 and NX/XX, based on projected plan participants, including Cobra, and excluding opt-outs. Employee and spouse/dependent recoveries are allocated to all projected health care eligible employees, including Cobra, and excluding opt-outs. Cobra recipients may use online wellness services; however, they are not eligible to receive the Wellness rebate.

UA is currently in the three month measurement period to monitor whether student and temporary employees, e-classes FT/FW, CT/GT/NT/ST/XT, and GN/SN, should be offered health care according to the Affordable Care Act (ACA). Early indicators show very few, if any, employees will meet the criteria to be offered health care through the UA Health Plan. Since there is no historical data from UA or other entities, it is unknown how many employees who are offered health care would choose to be on the UA Health Plan. Therefore, Health Care was not allocated to employees in the FT/FW, CT/GT/NT/ST/XT, and GN/SN e-classes.

10. Life insurance administrative costs are estimated at $0.065/$1,000 of the insured amount. Allocation to individual e-classes is based on the number of employee participants in each eligible e-class.

11. Long term disability insurance (LTD) costs are $0.154 per $100 of covered payroll. Benefits begin after a 90 day waiting period. LTD costs are allocated to e-classes prorata based on the staff benefit wage base.

12. Unemployment is projected using a four year average, excluding high year. Allocated to e-classes prorata based on the staff benefit wage base.

13. The FY16 Worker’s Compensation claim costs were projected using a ten year average of actual claims costs. The premiums are projected based on pre-renewal meetings with each insurance vendor. Additional operational costs and professional fees are projected based on salary increments and trend percentages. Effective in FY16, Workers’ Compensation is allocated based on employee headcount.

14. Tuition remission costs are projected at the FY15 estimated usage level and adjusted for increases or decreases in tuition rates for FY16. Employee (excluding adjunct) projected tuition remission costs are allocated to applicable e-class pools based on the number of eligible employees. Adjunct projected tuition remission costs are allocated to that specific e-class.

15. Consulting and other costs are projected at the level forecasted by the respective program director. Employee Assistance Program (EAP) costs are allocated to health care eligible employees. Consulting and other projected costs are allocated to all e-classes (except GN, SN) prorata based on the staff benefit wage base.

16. Labor relations costs are projected at the level forecasted by the Statewide Office of Labor and Employee Relations director and approved by the UA controller. They are allocated to the union e-classes prorata based on their staff benefit wage base.

17. Staff benefit recovery carryforwards are reflected as calculated in the FY14 Fringe Benefit Incurred Cost Report.
## FY16 Staff Benefits Rate Projection

### E-Class NR CR XR EX. FN, FR F9 AR, A9 FT, FW CT, GT, NT, NX,XX GN,SN

<table>
<thead>
<tr>
<th>Faculty</th>
<th>Student</th>
</tr>
</thead>
</table>

### Classified Classified APT Exempt

<table>
<thead>
<tr>
<th>Faculty</th>
<th>Nonunion Union Union Adjunct Temporary &amp; Extended Non-SS</th>
</tr>
</thead>
</table>

### FY16 Staff benefits wage base

| Total | 66,172,500 | 13,085,700 | 88,800,200 | 30,041,400 | 90,429,700 | 26,935,800 | 19,088,800 | 20,065,900 | 820,400 | 13,833,300 | 369,273,700 |

### Staff benefits:

**PERS**

- 9,541,900
- 1,879,500
- 15,200,800
- 1,449,100
- -
- -
- -
- -
- -
- -
- -
- 28,071,300

**TRS**

- -
- 359,900
- 4,349,400
- 1,196,000
- 4,955,200
- -
- -
- -
- -
- -
- 15,236,400

**UA pension plan**

- 3,453,600
- 662,700
- 3,650,700
- 746,400
- 1,030,700
- 353,100
- -
- -
- -
- -
- 12,629,700

**Medicare & Social Security**

- 877,800
- 177,400
- 1,193,400
- 385,200
- 1,194,800
- 353,100
- 1,319,900
- 1,473,600
- 58,900
- -
- 7,034,100

**Health care**

- 16,427,800
- 2,761,600
- 14,374,300
- 2,931,500
- 11,060,400
- 3,752,900
- -
- -
- 226,600
- -
- 51,535,100

**Life insurance**

- 54,800
- 48,000
- 173,400
- 10,100
- 13,800
- -
- -
- -
- -
- -
- 173,400

**Long term disability**

- 72,100
- 14,200
- 96,700
- 32,700
- 98,500
- 29,300
- -
- -
- -
- -
- 343,500

**Unemployment**

- 134,300
- 26,600
- 180,300
- 61,000
- 183,600
- 40,700
- 1,700
- -
- -
- -
- 721,600

**Workers' compensation**

- 134,300
- 26,600
- 180,300
- 61,000
- 183,600
- 40,700
- 1,700
- -
- -
- -
- 721,600

**Unemployment**

- -
- 36,400
- -
- -
- -
- -
- -
- -
- -
- 415,800

**Carryforward (over) under from FY14**

- (4,292,100)
- (1,066,400)
- (3,348,300)
- (647,800)
- (2,229,500)
- (987,200)
- (17,200)
- (31,800)
- (46,800)
- -
- (12,667,100)

### FY15 Negotiated staff benefit rates

<table>
<thead>
<tr>
<th>Federal participation</th>
</tr>
</thead>
</table>

### FY16 Proposed staff benefit rates

<table>
<thead>
<tr>
<th>Federal participation</th>
</tr>
</thead>
</table>

### Increase(decrease)

<table>
<thead>
<tr>
<th>Federal participation</th>
</tr>
</thead>
</table>

### Immaterial variances due to rounding are ignored

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**University of Alaska**

**Schedule 2**

**Printed: 6/23/2015**
Project FY16 leave wage base  

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>EX, FR</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, NT,</th>
<th>Projected FY16 leave wage base</th>
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<tbody>
<tr>
<td></td>
<td>Classified</td>
<td>Local 6070</td>
<td>Executives</td>
<td>Union</td>
<td>Nonunion &amp; Nonunion</td>
<td>Adjunct</td>
<td>Temporary &amp; Extended</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave</td>
<td>9.35%</td>
<td>9.63%</td>
<td>9.98%</td>
<td>9.30%</td>
<td>0.04%</td>
<td>6.43%</td>
<td></td>
</tr>
<tr>
<td>Sick leave</td>
<td>5.51%</td>
<td>6.40%</td>
<td>4.92%</td>
<td>2.26%</td>
<td>1.45%</td>
<td>1.69%</td>
<td>1.06%</td>
</tr>
<tr>
<td>Holiday/Other leave</td>
<td>6.50%</td>
<td>6.22%</td>
<td>5.52%</td>
<td>5.34%</td>
<td>0.01%</td>
<td>0.04%</td>
<td>5.22%</td>
</tr>
<tr>
<td>Total actual leave usage rate</td>
<td>21.36%</td>
<td>22.25%</td>
<td>20.42%</td>
<td>16.90%</td>
<td>1.06%</td>
<td>1.69%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Average leave usage rates:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Annual leave</td>
<td>9.36%</td>
<td>9.46%</td>
<td>9.96%</td>
<td>9.47%</td>
<td>n/a</td>
<td>n/a</td>
<td>6.27%</td>
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<tr>
<td>Sick leave</td>
<td>5.70%</td>
<td>6.59%</td>
<td>4.98%</td>
<td>2.78%</td>
<td>1.06%</td>
<td>1.66%</td>
<td>1.17%</td>
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<tr>
<td>Holiday/Other leave</td>
<td>6.74%</td>
<td>6.19%</td>
<td>5.68%</td>
<td>5.37%</td>
<td>-</td>
<td>-</td>
<td>5.39%</td>
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<td>Total average leave rate</td>
<td>21.80%</td>
<td>22.24%</td>
<td>20.62%</td>
<td>17.62%</td>
<td>1.06%</td>
<td>1.67%</td>
<td>1.21%</td>
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<td>FY16 Leave benefit projection</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave usage</td>
<td>4,977,700</td>
<td>961,000</td>
<td>7,214,700</td>
<td>2,062,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>FY16 Annual leave cash-in adjustment (b)</td>
<td>(4,100)</td>
<td>-</td>
<td>(86,100)</td>
<td>(32,800)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>FY14 Carryforward under (over)</td>
<td>(71,600)</td>
<td>17,200</td>
<td>325,400</td>
<td>49,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Annual leave projection</td>
<td>4,902,000</td>
<td>978,200</td>
<td>7,454,000</td>
<td>2,079,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sick leave usage</td>
<td>3,031,300</td>
<td>669,500</td>
<td>3,607,300</td>
<td>605,600</td>
<td>44,300</td>
<td>1,417,600</td>
<td>306,400</td>
</tr>
<tr>
<td>FY14 Carryforward under (over)</td>
<td>(278,500)</td>
<td>19,900</td>
<td>48,800</td>
<td>(176,200)</td>
<td>13,400</td>
<td>239,100</td>
<td>(74,200)</td>
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<tr>
<td>Sick leave projection</td>
<td>2,752,800</td>
<td>689,400</td>
<td>3,656,100</td>
<td>429,400</td>
<td>57,700</td>
<td>1,656,700</td>
<td>232,200</td>
</tr>
<tr>
<td>Holiday/Other leave usage</td>
<td>3,584,400</td>
<td>628,800</td>
<td>4,114,400</td>
<td>1,169,800</td>
<td>-</td>
<td>8,500</td>
<td>10,500</td>
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<tr>
<td>FY16 Personal holiday (b)</td>
<td>(256,900)</td>
<td>(355,600)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>FY16 Faculty time off (b)</td>
<td>64,300</td>
<td>4,379,500</td>
<td>1,342,800</td>
<td>5,786,600</td>
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<tr>
<td>FY16 Faculty holiday (b)</td>
<td>257,200</td>
<td>5,255,400</td>
<td>1,611,400</td>
<td>7,124,000</td>
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</tr>
<tr>
<td>FY16 Admin leave - personal safety lv taken (b)</td>
<td>204,500</td>
<td>39,100</td>
<td>278,600</td>
<td>83,800</td>
<td>21,400</td>
<td>437,900</td>
<td>134,300</td>
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<tr>
<td>FY14 Carryforward under (over)</td>
<td>(28,200)</td>
<td>4,500</td>
<td>(38,700)</td>
<td>4,400</td>
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<td>-</td>
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<tr>
<td>Holiday/Other leave projection</td>
<td>3,503,800</td>
<td>672,400</td>
<td>3,998,700</td>
<td>1,258,000</td>
<td>342,900</td>
<td>10,081,300</td>
<td>3,099,000</td>
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</table>

Calculated leave benefit rates

<table>
<thead>
<tr>
<th>E-Class</th>
<th>EX, FR</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, NT,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Non-SS</td>
</tr>
<tr>
<td>Annual</td>
<td>9.22%</td>
<td>10.29%</td>
<td>9.55%</td>
<td></td>
</tr>
<tr>
<td>Sick</td>
<td>5.18%</td>
<td>5.05%</td>
<td>1.97%</td>
<td>1.38%</td>
</tr>
<tr>
<td>Holiday/Other</td>
<td>6.59%</td>
<td>5.52%</td>
<td>5.77%</td>
<td>8.21%</td>
</tr>
<tr>
<td>Total</td>
<td>20.99%</td>
<td>20.86%</td>
<td>17.29%</td>
<td>9.59%</td>
</tr>
<tr>
<td>FY16 Proposed leave benefit rates</td>
<td>21.00%</td>
<td>20.90%</td>
<td>20.90%</td>
<td>17.30%</td>
</tr>
<tr>
<td>FY15 Negotiated rates</td>
<td>22.50%</td>
<td>21.80%</td>
<td>20.70%</td>
<td>15.60%</td>
</tr>
<tr>
<td>Increase/(decrease)</td>
<td>(1.50%)</td>
<td>1.20%</td>
<td>0.20%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Federal participation

| FY14 Actual Federal participation | 11.28% | 1.95% | 14.21% | 7.17% | 43.79% | 12.91% | 5.46% | 4.91% | 30.41% | 22.29% | 25.69% |
| Projected FY16 Federal wages | 5,998,700 | 198,100 | 10,293,200 | 1,561,900 | 1,829,900 | 11,025,100 | 1,429,700 | 924,900 | 5,857,500 | 168,600 | 3,533,400 | 42,821,000 |
| Projected FY16 leave benefit costs | 1,259,700 | 45,600 | 2,151,300 | 270,200 | 175,700 | 1,510,400 | 181,600 | 11,800 | 180,400 | 3,533,400 | 48,427,300 |
| FY16 Proj Federal wages plus leave accrual | 7,258,400 | 243,700 | 12,444,500 | 3,270,100 | 2,400,600 | 12,535,500 | 1,611,300 | 924,900 | 5,857,500 | 169,800 | 3,533,400 | 48,427,300 |

Immaterial variances due to rounding are ignored 3,837,700 (a)

(a) E-classes EX and FR are eligible for annual leave, sick leave, & holiday leave. E-class FN is eligible for sick leave & holiday leave. The EX/FR and FN e-classes are separate for leave benefit rates, but are combined into pooled e-class EX/FR/FN for staff benefit.
(b) See item 3 on Schedule 1 for leave plan design changes.
(c) NX, XX annual leave rate was projected to be (1.53)% in FY16 due to a decrease in leave wage base and headcount, and an over recovery from FY14. Since it is not reasonable to project a negative annual leave rate, zero percent will be projected.
### University of Alaska Staff Benefit Cost Distribution Projection

#### FY16 Projected Staff Benefits Wage Base

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR Local 6070</th>
<th>XR</th>
<th>EX, FR, FN Executives &amp; Nonunion</th>
<th>F9</th>
<th>AR, A8 Union Unions</th>
<th>FT, FW</th>
<th>CT, GT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Classified</td>
<td></td>
<td>Adjunct</td>
<td></td>
<td>Temporary &amp; Extended</td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>68,172,500</td>
<td>13,085,700</td>
<td>68,820,200</td>
<td>30,941,400</td>
<td>90,429,700</td>
<td>19,088,800</td>
<td>20,065,900</td>
<td>820,400</td>
<td>13,833,300</td>
<td>362,273,700</td>
</tr>
<tr>
<td>Number of eligible employees</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1,335 230 1,171</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### PERS:

- **PERS-DB cost (a)**: 4,825,332 1,075,548 10,681,925 1,234,967 17,817,772
- **PERS-DC cost (a)**: 3,306,504 526,155 2,272,517 - 6,105,176
- **Total PERS cost**: 8,131,836 1,601,703 12,954,442 1,234,967 23,922,948
- **PERS FY16 shortfall cost (b)**: 1,410,087 277,741 2,246,343 214,147 4,148,318
- **Use**: 9,541,923 1,879,444 15,200,785 1,449,114 28,071,300
- **PERS rate**: 14.42% 14.36% 17.12% 4.82%

#### TRS:

- **TRS-DB cost (a)**: 530,000 2,059,467 857,700 3,447,167
- **TRS-DC cost (a)**: 65,667 498,067 1,196,000 4,349,368
- **Use**: 595,900 2,557,500 1,196,000 4,349,400
- **TRS rate**: 1.98% 2.83% 4.44%

#### ORP-Tier 1:

- **ORP-Tier 1 cost (a)(c)**: 24,167 102,833 1,142,033 4,016,567 687,033 5,972,633
- **Use**: 24,200 102,800 1,142,000 4,016,600 687,000 5,972,600
- **ORP-Tier 1 rate**: 0.34% 1.02% 3.80% 4.44% 2.55%

#### ORP-Tier 2 and Tier 3:

- **ORP-Tier 2 cost (a)(c)**: 10,133 8,467 5,467 270,500 38,533 333,100
- **ORP-Tier 3 cost (a)**: 3,267,117 4,117,317 1,683,267 4,927,400 1,142,900 16,046,189
- **ORP forfeiture projection**: (426,600) (24,700) (63,800) (242,700) (117,100) (1,142,900)
- **Total ORP-Tier 2 and Tier 3 cost**: 2,850,650 603,888 3,857,784 1,624,934 4,955,200 1,343,900 15,236,389
- **Use**: 2,850,700 603,900 3,857,800 1,624,900 4,955,200 1,343,900 15,236,400
- **ORP-Tier 2 and Tier 3 rate**: 4.31% 4.61% 4.34% 3.51% 5.54% 4.99%

#### UA Pension Plan:

- **2015 Contribution rate**: 7.65% 7.65% 7.65% 7.65% 7.65% 7.65% 7.65%
- **Percentage of wages covered (d)**: 73.50% 67.52% 55.70% 33.97% 44.95% 52.94% 8.05%
- **Pension covered wage base**: 48,836,788 8,835,665 49,461,711 10,205,064 40,684,150 14,259,813 1,154,872 173,201,863
- **Pension contribution**: 3,720,714 675,913 3,783,821 760,887 3,109,583 1,090,876 88,348 13,249,942
- **Pension forfeitures**: (267,100) (13,200) (133,100) (34,300) (112,300) (60,200) (620,200)
- **Use**: 3,453,614 662,713 3,650,721 740,588 2,997,283 1,030,676 88,348 12,629,742
- **Pension rate**: 5.22% 5.06% 4.11% 2.48% 3.31% 3.83% 0.46%
### FY16 Staff Benefit Cost Distribution Projection

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>Local 6070</th>
<th>Union</th>
<th>EX, FR, FT,</th>
<th>AR, A8</th>
<th>FT, FW</th>
<th>CT, GT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
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<tbody>
<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Classified</td>
<td>68,172,500</td>
<td></td>
<td>13,085,700</td>
<td>66,088,800,200</td>
<td>30,041,400</td>
<td>90,429,700</td>
<td>26,935,800</td>
<td>19,088,800</td>
<td>20,065,900</td>
<td>820,400</td>
</tr>
<tr>
<td>Classifed</td>
<td>1,335</td>
<td>230</td>
<td>1,171</td>
<td>245</td>
<td>910</td>
<td>336</td>
<td>954</td>
<td>20</td>
<td>5,201</td>
<td></td>
</tr>
</tbody>
</table>

### Medicare/Social Security:

- **2015 Contribution rate - Medicare**: 1.45%
- **2015 Contribution rate - Social Security**: 6.20%
- **Total contribution rate**: 1.45% + 6.20% = 7.65%
- **Percentage of wages covered by Medicare**: 91.49%
- **Percentage of wages covered by Social Security**: 88.50%
- **Medicare covered wage base**: 60,541,220
- **Social Security covered wage base**: 16,893,588
- **Medicare/Social Security cost**: 877,848
- **Use**: 877,800
- **Medicare/Social Security rate**: 1.33%

### Health care:

- **Eligible employees base**: 1,335
- **Health care participanting employees**: 1,160
- **Health care net of cobra health recovery**: 19,690,309
- **Use**: 19,627,800
- **Health care rate**: 24.83%

### Life insurance:

- **Eligible employees base**: 1,335
- **Life insurance base**: 54,765
- **Use**: 54,800
- **Life insurance rate**: 0.08%

### Long term disability:

- **Long term disability wage base**: 66,172,500
- **Long term disability**: 72,053
- **Use**: 72,100
- **Long term disability rate**: 0.11%

### Unemployment:

- **Unemployment wage base**: 66,172,500
- **Unemployment cost**: 134,341
- **Use**: 134,300
- **Unemployment rate**: 0.20%

### Workers’ compensation:

- **Workers’ compensation head count**: 1,335
- **Workers’ comp costs**: 448,649
- **Use**: 448,700
- **Workers’ compensation rate**: 0.68%

### Total:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY16 Projected staff benefits wage base</th>
<th>Number of eligible employees</th>
<th>Medicare/Social Security</th>
<th>Health care</th>
<th>Life insurance</th>
<th>Long term disability</th>
<th>Unemployment</th>
<th>Workers’ compensation</th>
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<tbody>
<tr>
<td></td>
<td>66,172,500</td>
<td>1,335</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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<td>877,800</td>
<td>19,627,800</td>
<td>54,800</td>
<td>134,300</td>
<td>448,700</td>
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<tr>
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<td>88,800,200</td>
<td>1,171</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30,041,400</td>
<td>245</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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</tr>
<tr>
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<td>90,429,700</td>
<td>910</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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<td>26,935,800</td>
<td>336</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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<td>19,088,800</td>
<td>954</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
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<td>20,065,900</td>
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<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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<td>820,400</td>
<td>820,400</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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</tr>
<tr>
<td></td>
<td>369,273,700</td>
<td>5,201</td>
<td>877,848</td>
<td>19,690,309</td>
<td>54,765</td>
<td>134,341</td>
<td>448,649</td>
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**Total**: 369,273,700
### FY16 Staff Benefit Cost Distribution Projection

**E-Class**  
<table>
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<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX, FR, FN Executives</th>
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<th>FT, FW</th>
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<th>GN, SN</th>
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<tbody>
<tr>
<td>Classified</td>
<td>Union &amp; Nonunion</td>
<td>Classified</td>
<td>Union</td>
<td>Adjunct</td>
<td>Temporary &amp; Extended</td>
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<td>TOTAL</td>
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<td></td>
<td></td>
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<tr>
<td>Unions</td>
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<td>Local 6070</td>
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<td>Faculty</td>
<td>Student</td>
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<tr>
<td>13,085,700</td>
<td>88,800,200</td>
<td>30,041,400</td>
<td>90,429,700</td>
<td>26,935,800</td>
<td>19,088,800</td>
<td>20,065,900</td>
<td>820,400</td>
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<td></td>
</tr>
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</table>

**Tuition remission:**

<table>
<thead>
<tr>
<th>Eligible employees base</th>
<th>1,335</th>
<th>230</th>
<th>1,171</th>
<th>245</th>
<th>910</th>
<th>336</th>
<th>954</th>
<th>20</th>
<th>5,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use</td>
<td>504,700</td>
<td>97,000</td>
<td>87,000</td>
<td>92,000</td>
<td>344,000</td>
<td>127,000</td>
<td>209,000</td>
<td>1,807,000</td>
<td></td>
</tr>
</tbody>
</table>

**Consulting/Other:**

| EAP eligible employee base | 1,332 | 230 | 1,169 | 245 | 901 | 336 | 20 | 4,323 |

### Labor relations:

| Labor relations wage base | 13,085,700 | 88,800,200 | 30,041,400 | 90,429,700 | 26,935,800 | 19,088,800 | 20,065,900 | 820,400 | 149,540,000 |

**Immaterial variances due to rounding are ignored**

(a) **PERS-DB, PERS-DC, TRS-DB, TRS-DC, ORP Tiers 1, 2 and 3** were projected using a three year average based on actual costs for each of the plans. Effective FY08, employer PERS & TRS defined contribution (DC) per employee, must calculate to at least the employer defined benefit (DB) rate. The calculated contribution beyond the DC rates is applied to the State of Alaska DB unfunded liability. The PERS-DC and TRS-DC FY16 costs include the DB unfunded liability, and adjustments for FY15 position increases/(decreases), FY16 position reductions, and FY15 plan design changes.

(b) Effective FY08, if the current PERS wage base does not meet the FY08 wage base, UA must pay the difference in PERS costs. SWOCA has estimated the FY16 shortfall cost to be $4.1 million. The PERS shortfall cost is allocated based on total PERS cost.

(c) Historically e-classes NR, CR & XR are ineligible for ORP Tier 1 and Tier 2. An ORP Tier 1 rate will be projected for e-class XR for employees with grandfathered eligibility into the plan. An ORP Tier 2 rate will be projected for e-classes NR and XR for employees with grandfathered eligibility into the plan.

(d) Projected benefit coverage wages for Pension, Medicare, and Social Security wages by applying the FY14 ratio of benefit eligible wages to FY14 staff benefit wages to the FY16 projected staff benefit wage base.

(e) Projected health care costs are allocated net of Cobra recoveries based on projected health care participants, including Cobra, and excluding opt-outs. Wellness costs and employee and dependent recoveries are allocated based on projected health care eligible employees, including Cobra, and excluding opt-outs.

(f) Allocated prorata based on eligible e-class headcount.

(g) Allocated prorata based on eligible e-class staff benefit wage base.

(h) Pooled e-classes FT/FW allocation based on projected tuition cost. Allocated remaining projected tuition costs for benefit eligible e-classes prorata based on headcount.
## E-Class FY16 Wage Base Projection

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>EX</th>
<th>FR</th>
<th>FN</th>
<th>F9</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, NT, NX, XX</th>
<th>GN, SN</th>
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<tbody>
<tr>
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</tr>
<tr>
<td>Faculty (a)</td>
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<tr>
<td>Faculty (a)</td>
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<tr>
<td>Faculty</td>
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**Faculty TOTAL**

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<th>Local 6075</th>
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<th>UNAC</th>
<th>UAFT</th>
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<th>Union</th>
<th>Adjunct</th>
<th>Temporary &amp; SS Student</th>
<th>Extended</th>
<th>Non-SS</th>
<th>TOTAL</th>
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<tr>
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<td>237</td>
<td>1,250</td>
<td>194</td>
<td>61</td>
<td>960</td>
<td>353</td>
<td>954</td>
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<td>-</td>
<td>5,456</td>
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</table>

### Salary/grid increases are as follows:
- 2.5% for NR, XR, NX, XX; 0% for NT, XT; 0% for EX; 2.0% for FR, FN and F9; 2.0% for AR, A9; 2.0% for FT, FW; 1.9% for CR, CT; 0% for SN, ST; 0% for GN, GT.

### Adjustments to leave accrual:
- Annual leave cash in reclassification (e)
  - 4,100
- Personal holiday reclassification (e)
  - 256,900
- Faculty time off reclassification (e)
  -
- Faculty holiday reclassification (e)
  - (257,200)
- "Admin Lv- Personal Safety Lv Taken" reclassification (e)
  - (204,500)

**Total adjustments to leave accrual**

<table>
<thead>
<tr>
<th>Adjusted leave accrual</th>
<th>56,500</th>
<th>163,100</th>
<th>513,000</th>
<th>342,900</th>
<th>(10,072,800)</th>
<th>(3,088,500)</th>
<th>541,700</th>
</tr>
</thead>
</table>

### Immaterial variances due to rounding are ignored.

<table>
<thead>
<tr>
<th>(a)</th>
<th>E-classes EX and FR are eligible for annual leave, sick leave, &amp; holiday leave. E-class FN is eligible for sick leave &amp; holiday leave. The EX, FR, and FN e-classes are separate for leave benefit rates, but are combined into pooled e-class EX/FR/FN for staff benefit rates.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>Salary/grid increases are as follows: 2.5% for NR, XR, NX, XX; 0% for NT, XT; 0% for EX; 2.0% for FR, FN and F9; 2.0% for AR, A9; 2.0% for FT, FW; 1.9% for CR, CT; 0% for SN, ST; 0% for GN, GT.</td>
</tr>
<tr>
<td>(c)</td>
<td>A 2% step increase is being projected for e-classes CR, CT.</td>
</tr>
<tr>
<td>(d)</td>
<td>The &quot;Average leave wage of one employee&quot; is multiplied by the UA position reduction estimate to calculate an amount by which to reduce the FY16 leave benefit wage base.</td>
</tr>
<tr>
<td>(e)</td>
<td>Applied projected % change between FY14 and FY16 leave benefit wage bases to the FY14 Overtime and Miscellaneous Pay actuals.</td>
</tr>
<tr>
<td>(f)</td>
<td>The University took delivery of the Sikuliaq Research Vessel (RV) in June 2014, therefore, an estimate of the FY16 overtime and miscellaneous pay for the Sikuliaq RV is being incorporated in to the FY16 staff benefit wage base projection.</td>
</tr>
<tr>
<td>(g)</td>
<td>(h) E-class F9 will receive a distribution of $750. E-classes AR/A9 will receive a distribution of $500.</td>
</tr>
</tbody>
</table>
The University of Alaska
Certificate of Fringe Benefit Costs

(2 CFR § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance))

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

1. I have reviewed the forward pricing fringe benefit cost proposal submitted herewith;

2. All costs included in the proposal dated June 24, 2015 to establish fixed with carry-forward fringe benefit cost rates for the period beginning July 1, 2015 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): 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 causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

I declare that the foregoing is true and correct.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Vice-President for Finance & Administration/Chief Financial Officer
Title

Date of Execution
The University of Alaska
Certificate of Final Fringe Benefit Costs
(FAR 52.242-4)

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

1. All costs included in this proposal dated June 24, 2015 to establish final fringe benefit cost rates for July 1, 2015 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 fringe benefit 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.

The University of Alaska
Institution

Ashok K. Roy, Ph.D., CIA, CBA
Vice-President for Finance & Administration/Chief Financial Officer
Title

6/29/15
Date of Execution