



Date: April 1, 2003

To: Mark Neumayr, Cindy Matson, Carol Griffin, Joe Beedle, Jim Lynch, Randy Weaver, Dave Read, Jim Johnsen, Beth Behner, Mike Humphrey, Vickie Gilligan, Carol Holz, Dawn Wall, Tanya Hollis

From: Ginger Baker,
 SW Cost Analysis

Re: FY04 Fringe Benefit Forward Pricing Proposal

Attached is the letter and FY04 Fringe Benefit Forward Pricing Proposal Report sent to UA's cognizant agency, Office of Naval Research, this week. The fringe rates did increase significantly primarily due to increases in PERS, TRS, and ORP rates in conjunction with increased health care costs. The groups that experienced the largest increases also had significant growth in the number of employees and wage base for the past couple of years. We have requested that the proposal audit be completed early enough to allow us to have negotiated rates in place by July 1st. The following table summarizes the FY03 negotiated leave and staff benefit rates, the FY04 proposed leave and staff benefit rates, and the % increase or decrease in rates by job group.

Job Group	ECLS	Leave Rates			Staff Benefit Rates		
		FY03 Negotiated Benefit Rates ¹	FY04 Proposed Benefit Rates ¹	% Increase/ (Decrease)	FY03 Negotiated Benefit Rates ²	FY04 Proposed Benefit Rates ²	% Increase/ (Decrease)
Classified	NR	20.0%	20.7%	3.5%	37.0%	40.2%	8.7%
Classified, AHECTE	CR	20.7%	21.2%	2.4%	41.0%	38.2%	-6.8%
APT Exempt	XR	19.9%	19.5%	-2.0%	27.0%	31.2%	15.6%
Executive	EX	15.7%	15.5%	-1.3%	23.1%	25.2%	9.1%
Faculty, Nonunion	FN, FR	15.7%	15.5%	-1.3%	23.1%	25.2%	9.1%
Faculty, UNAC	F9	1.1%	1.5%	36.4%	30.0%	34.7%	15.7%
Faculty, ACCFT	AR, A9	1.4%	1.3%	-7.1%	29.1%	33.4%	14.8%
Faculty, Adjunct	FT, FW	0.0%	0.0%	0.0%	9.2%	9.1%	-1.1%
Temporary	CT, GT, NT, ST, XT	0.0%	0.0%	0.0%	8.1%	8.4%	3.7%
Extended Temporary	NX, XX	13.8%	15.0%	8.7%	37.9%	39.5%	4.2%
Student	GN, SN	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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.

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UNIVERSITY
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 Many Traditions One Alaska

March 31, 2003

Ms. Debbie Rafi
 Indirect Cost Division
 Office of Naval Research
 Department of the Navy
 800 North Quincy Street
 Arlington, VA 22217-5660

RE: University of Alaska FY2004 Fringe Benefit Forward Pricing Proposal

This memorandum and enclosed attachments represent the University of Alaska's proposal to establish fixed-with-carryforward fringe benefit rates for the period of July 1, 2003 through June 30, 2004 (FY2004).

The cost methodology used is consistent with that utilized for the FY2003 fringe benefit forward pricing proposal. In recent years, UA has experienced a significant increase in health care costs resulting in a significant under recovery of staff benefit costs. In an attempt to limit rate fluctuations between fiscal years, we proposed to liquidate our staff benefit under recovery carryforward for FY01 over a two-year period. As a result, \$1,318,371 of the FY2001 under recovery was liquidated in our FY03 rates with the remaining \$1,575,488 liquidated in the proposed FY2004 rates. We are proposing to fully liquidate our FY02 under recovery of \$4,221,069 in our proposed FY2004 rates. Our leave benefit carryforwards from FY02 are fully liquidated in the FY04 proposal.

The following is a table summarizing the leave and staff benefit rates proposed for FY2004 for the University of Alaska System. Also listed are the FY2003 negotiated rates for comparison purposes.

<u>Job Group</u>	<u>Leave Rates</u>		<u>Staff Benefit Rates</u>	
	FY2003 Negotiated <u>Benefit Rates (1)</u>	FY2004 Proposed <u>Benefit Rates (1)</u>	FY2003 Negotiated <u>Benefit Rates (2)</u>	FY2004 Proposed <u>Benefit Rates (2)</u>
Classified	20.0%	20.7%	37.0%	40.2%
Classified, AHECTE	20.7%	21.2%	41.0%	38.2%
APT Exempt	19.9%	19.5%	27.0%	31.2%
Executive	15.7%	15.5%	23.1%	25.2%
Faculty, Nonunion	15.7%	15.5%	23.1%	25.2%
Faculty, UNAC	1.1%	1.5%	30.0%	34.7%
Faculty, ACCFT	1.4%	1.3%	29.1%	33.4%
Faculty, Adjunct	0.0%	0.0%	9.2%	9.1%
Temporary	0.0%	0.0%	8.1%	8.4%
Extended Temporary	13.8%	15.0%	37.9%	39.5%
Student	0.0%	0.0%	0.0%	0.0%

(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.

We are seeking to have new rates in effect for our first payroll in July 2003. We appreciate any assistance you can provide help complete negotiations prior to that time, as retroactive payroll and billing adjustments are very problematic under our current system. Let me know if there is anything we can do to facilitate the audit and negotiation process.

Please contact me if you have any questions or if you need additional information. Thanks for your consideration of this proposal.

Sincerely,



Randy L. Weaver

Vmb

Attachments

Cc: Mr. Linden E. Clausen, ONR, Seattle (one copy)
Mr. Terry Nuzzo, DCAA, Seattle Branch Office (one copy)
Ms. Renee Hagen, DCAA, Alaska Suboffice (one copy)

UNIVERSITY OF ALASKA
FY04 FRINGE BENEFIT PROPOSAL



UNIVERSITY OF ALASKA
FY04 FRINGE BENEFIT PROPOSAL
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Attachments A: Certifications

 Certificate of Fringe Benefit Costs

 Certificate of Final Fringe Benefit Costs

1. Final allocated benefit costs for combined job groups are rounded to hundreds for projection purposes.
2. Wages for FY04 are based on updated estimates of FY03 wages and incremented as follows:
Classified, exempt employees, executive employees, and nonunion faculty (job groups NR, XR, EX, FN, and FR) - 2.6%.
Student Employee Pay Grids (job groups GT, ST, GN, and SN) – 1.5% salary grid increase to accommodate the increase in the minimum wage.
AHECTE union employees (job group CR) - 3.0%
UNAC faculty (job group F9) - 3.2%
ACCFT faculty (job group A9) - 2.6%
Adjunct faculty (job group FT) – 5.3% minimum rate increase based on “number of semesters” seniority
3. Leave usage is projected using average rates calculated by job group. Use of average rates is intended to smooth individual year usage fluctuations. The Executive (job group EX) and nonunion faculty (job group FN and FR) usage was calculated using a blended average rate for that group. Due to significant shifts in faculty from nonunion faculty (job groups FN and FR) to the UNAC faculty (job group F9), a four year average was used for the nonunion faculty and Executive group (job group EX, FN, FR) and the UNAC faculty (job group F9). A five year average was used for all other job groups.
4. PERS, TRS, and ORP are projected at 5.58%, 12.00% and 11.33% respectively, using rates established by the State of Alaska, Division of Retirement. Used calculated wages within job groups to allocate the projected covered wages.
5. Pension costs are estimated at 7.65% applied to the wage base multiplied by the percentage of 2002 calendar year wages below \$42,000 (\$87,000 for adjunct faculty). Pension administration costs are allocated to job groups prorata based on the covered wage base.
6. Medicare is estimated at 1.45% of wages for all employees hired after April 1986 based on 2002 calendar year percent of covered wages. Social security is estimated at 6.2% of non-pension wages below \$84,900 for adjunct faculty and temporary job groups. All new adjuncts will contribute to Social Security, not Pension.
7. Health care costs are estimated at projected usage levels plus estimated retention per employee, less projected recoveries. All benefit eligible job groups pay for spouse/dependent health coverage if elected. As of CY00, UA has two health care plans. A UA 2000 plan covering all nonunion employees and the UA Plan covering all union employees. The amount charged per dependent and the cap for number of dependents charged to both union and non-union employees varies among the two groups. Allocation to individual nonunion job groups (NR, XR, EX, FN, FR, NX, and XX) is based on the number of employee participants in each eligible job group. Costs for individual union job groups (CR, F9, AR, and A9) are projected using actual costs by job group.
8. Life insurance costs are estimated based on 12 months at the negotiated rate of \$0.13 per \$1,000 of coverage from July - June. Allocation to individual job groups is based on the number of employee participants in each eligible job group.

9. LTD costs are for self insurance with a limit of 3 months coverage plus premium costs for remaining LTD coverage, estimated based on 12 months at the negotiated rate of \$0.336 per \$100 of eligible salary. The annual administrative fee is calculated at a rate of \$0.25 per employee. The annual self insurance cost is based on the prior three years average of \$14,000. LTD costs are allocated to job groups prorata based on the staff benefit wage base.
10. Unemployment costs are projected based on 4 years actual experience average, then adjusted consistent with current trends. Allocated to job groups prorata based on the staff benefit wage base.
11. Workers' Compensation costs are estimated at the actuarial consultant's projected self insured FY03 claims level of \$1,545,600 allocated to job group pools based on a combination of claims experiences and exposure. An additional \$244,800 for insurance premiums, professional fees, office operations, and loss prevention is allocated to non-student job groups prorata based on the staff benefit wage base.
12. Tuition waiver costs are projected at the FY03 estimated usage level and adjusted for increases or decreases in tuition rates for FY04. Employee (excluding adjunct) projected tuition waiver costs are allocated to applicable job groups based on the number of employees. Adjunct projected tuition waiver costs are allocated to that specific job group. Effective CY02, adjuncts may accrue up to three credits per semester, up to twelve credits. These credits may be used for the employee, spouse or dependent. Effective FY00, dependent and spouse tuition waiver costs are unallowable.
13. AHECTE Legal Trust costs, consulting, and other costs are projected at the level forecasted by the program director. AHECTE legal trust costs are allocated entirely to the benefiting job group, CR. Consulting and other costs are allocated to job groups prorata based on the staff benefit wage base.
14. Labor relations costs are projected at the level forecasted by the program director and Statewide Office of Faculty and Staff Relations (formerly Human Resources) and are allocated to the union job groups prorata based on their staff benefit wage base.
15. Prior year staff benefit recovery carryforwards are as calculated in the FY02 Fringe Benefit Incurred Cost Report. Due to the size of the underrecovery in FY01, 54% of the carryforward was not liquidated in the FY03 rates, but is liquidated in the FY04 rate projections.

University of Alaska
FY04 Staff Benefit Rate Projection

SB Schedule 2

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion	F9	A9,AR	FT, FW	CT, GT, NT, ST, XT	NX,XX	GN,SN	TOTAL
	<u>Classified</u>	<u>AHECTE</u>	<u>APT Exempt</u>	<u>Faculty</u>	<u>UNAC Faculty</u>	<u>ACCFT Faculty</u>	<u>Adjunct Faculty</u>	<u>Temporary Student SS</u>	<u>Extended Temporary</u>	<u>Student</u>	<u>TOTAL</u>
FY04 Wage Base, Staff Benefits	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000	11,230,000	245,870,000
Staff Benefits:											
PERS	2,688,800	549,800	3,216,500	182,500	-	-	-	-	-	-	6,637,600
TRS	-	-	40,700	615,000	3,132,700	1,329,400	-	-	-	-	5,117,800
ORP	-	-	18,100	955,200	3,414,200	803,500	-	-	-	-	5,191,000
UA Pension	3,589,800	704,400	3,759,200	597,900	2,840,600	1,048,800	204,000	-	-	-	12,744,700
Medicare & Social Security	596,800	114,700	682,900	166,500	603,100	180,700	776,300	875,600	77,800	-	4,074,400
Health	9,666,400	1,616,000	7,971,700	1,164,700	6,532,100	2,082,600	-	-	272,000	-	29,305,500
Life	112,200	19,900	92,500	13,500	67,300	24,600	-	-	-	-	330,000
Long Term Disability	143,200	29,200	173,300	50,200	166,400	53,700	-	-	-	-	616,000
Unemployment	113,400	23,200	137,300	39,800	131,800	42,600	30,100	29,300	2,500	-	550,000
Workers' Compensation	468,700	605,200	217,100	62,900	203,600	65,800	46,500	111,000	9,600	-	1,790,400
Tuition	284,800	50,500	234,900	34,300	171,000	62,500	97,000	-	-	-	935,000
Consulting/Printing/Other	64,900	46,300	78,600	22,800	75,500	24,400	17,200	16,800	1,500	-	348,000
Labor Relations	-	59,900	-	-	341,100	110,200	77,800	-	-	-	589,000
Carryforward From FY02	1,468,546	(456,433)	1,507,606	354,332	1,069,740	269,738	(23,924)	18,948	12,516	-	4,221,069
Postponement Of 2/3 Carryforward From FY01	269,666	409,222	127,284	8,409	798,033	(25,815)	(61,532)	-	50,221	-	1,575,488
	19,467,212	3,771,889	18,257,690	4,268,041	19,547,173	6,072,723	1,163,444	1,051,648	426,137	-	74,025,957
Benefit Rates:											
PERS	5.56%	5.56%	5.49%	1.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6,637,600
TRS	0.00%	0.00%	0.07%	3.63%	5.57%	7.32%	0.00%	0.00%	0.00%	0.00%	5,117,800
ORP	0.00%	0.00%	0.03%	5.63%	6.07%	4.42%	0.00%	0.00%	0.00%	0.00%	5,191,000
UA Pension	7.42%	7.13%	6.42%	3.53%	5.05%	5.77%	1.59%	0.00%	0.00%	0.00%	12,744,700
Medicare & Social Security	1.23%	1.16%	1.17%	0.98%	1.07%	0.99%	6.05%	6.99%	7.20%	0.00%	4,074,400
Health	19.98%	16.36%	13.61%	6.87%	11.61%	11.46%	0.00%	0.00%	25.19%	0.00%	29,305,500
Life	0.23%	0.20%	0.16%	0.08%	0.12%	0.14%	0.00%	0.00%	0.00%	0.00%	330,000
Long Term Disability	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.00%	0.00%	0.00%	0.00%	616,000
Unemployment	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.00%	550,000
Workers' Compensation	0.97%	6.13%	0.37%	0.37%	0.36%	0.36%	0.36%	0.89%	0.89%	0.00%	1,790,400
Tuition	0.59%	0.51%	0.40%	0.20%	0.30%	0.34%	0.76%	0.00%	0.00%	0.00%	935,000
Consulting/Printing/Other	0.13%	0.47%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.14%	0.00%	348,000
Labor Relations	0.00%	0.61%	0.00%	0.00%	0.61%	0.61%	0.61%	0.00%	0.00%	0.00%	589,000
Carryforward Rate	3.59%	(0.48%)	2.79%	2.14%	3.32%	1.34%	(0.67%)	0.15%	5.81%	0.00%	5,796,557
	40.23%	38.18%	31.17%	25.17%	34.74%	33.41%	9.06%	8.39%	39.46%	0.00%	74,025,957
FY04 Proposed Staff Benefit Rates	40.20%	38.20%	31.20%	25.20%	34.70%	33.40%	9.10%	8.40%	39.50%	0.00%	
FY03 Negotiated Rates	37.00%	41.00%	27.00%	23.10%	30.00%	29.10%	9.20%	8.10%	37.90%	0.00%	
Increase/(Decrease)	3.20%	(2.80%)	4.20%	2.10%	4.70%	4.30%	(0.10%)	0.30%	1.60%	0.00%	
Percentage Increase/(Decrease)	8.65%	(6.83%)	15.56%	9.09%	15.67%	14.78%	(1.09%)	3.70%	4.22%	0.00%	
Federal Participation:											
Wages & Leave Accrual	4,655,851	221,472	12,240,742	1,673,094	8,728,173	1,224,545	939,097	4,219,521	289,340	2,779,750	36,971,584
Staff Benefit Costs	1,871,652	84,602	3,819,112	421,620	3,028,676	408,998	85,458	354,440	114,289	-	10,188,846
	6,527,503	306,074	16,059,854	2,094,714	11,756,849	1,633,543	1,024,555	4,573,961	403,629	2,779,750	47,160,432

University of Alaska
FY04 Leave Benefit Projection

SB Schedule 3

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion Faculty	F9 UNAC Faculty	AR, A9 ACCFT Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
FY04 Leave Benefits Wage base Projection	38,990,000	7,840,000	48,820,000	14,510,000	53,940,000	17,640,000	12,790,000	12,230,000	930,000	11,170,000	218,860,000
FY02 Actual Leave Usage Rates:											
Annual Leave	8.80%	8.95%	8.95%	8.57%	0.13%	(0.05%)	0.00%	0.00%	7.72%	0.00%	
Sick Leave	5.43%	6.03%	4.34%	2.24%	1.38%	1.32%	0.00%	0.00%	3.87%	0.00%	
Holiday/Other Leave	6.50%	6.32%	5.48%	4.84%	0.00%	0.00%	0.00%	0.00%	5.38%	0.00%	
	<u>20.73%</u>	<u>21.30%</u>	<u>18.77%</u>	<u>15.65%</u>	<u>1.51%</u>	<u>1.27%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>16.97%</u>	<u>0.00%</u>	
Average Leave Usage Rates:											
Annual Leave	9.30%	8.97%	9.81%	8.51%	n/a	n/a	0.00%	0.00%	6.67%	0.00%	
Sick Leave	5.46%	6.23%	4.44%	2.86%	1.20%	1.48%	0.00%	0.00%	3.56%	0.00%	
Holiday/Other Leave	6.11%	5.80%	5.25%	4.73%	n/a	n/a	0.00%	0.00%	4.91%	0.00%	
Total Average Leave Rate	<u>20.87%</u>	<u>21.00%</u>	<u>19.50%</u>	<u>16.10%</u>	<u>1.20%</u>	<u>1.48%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>15.14%</u>	<u>0.00%</u>	
FY04 Leave Benefit Projection											
Annual Leave Usage	3,626,081	703,361	4,790,297	1,234,907	-	-	-	-	62,052	-	10,416,698
FY02 Carryforward Under/(Over)	(32,316)	314	31,086	109,591	-	-	-	-	(2,837)	-	105,838
Annual Leave Projection	<u>3,593,765</u>	<u>703,675</u>	<u>4,821,383</u>	<u>1,344,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,215</u>	<u>-</u>	<u>10,522,536</u>
Sick Leave Usage	2,129,439	488,399	2,169,281	414,412	647,850	261,929	-	-	33,066	-	6,144,376
FY02 Carryforward Under/(Over)	(56,667)	(27,611)	(64,883)	(191,826)	152,368	(30,892)	-	-	1,791	-	(217,720)
Sick Leave Projection	<u>2,072,772</u>	<u>460,788</u>	<u>2,104,398</u>	<u>222,586</u>	<u>800,218</u>	<u>231,037</u>	<u>-</u>	<u>-</u>	<u>34,857</u>	<u>-</u>	<u>5,926,656</u>
Holiday/Other Leave Usage	2,380,871	454,837	2,561,983	686,569	-	-	-	-	45,628	-	6,129,888
FY02 Carryforward Under/(Over)	17,512	44,999	15,891	99	-	-	-	-	(325)	-	78,176
Holiday/Other Leave Projection	<u>2,398,383</u>	<u>499,836</u>	<u>2,577,874</u>	<u>686,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,303</u>	<u>-</u>	<u>6,208,064</u>
Calculated Leave Benefit Rates											
Annual	9.22%	8.98%	9.88%	9.27%	0.00%	0.00%	0.00%	0.00%	6.37%	0.00%	10,522,536
Sick	5.32%	5.88%	4.31%	1.53%	1.48%	1.31%	0.00%	0.00%	3.75%	0.00%	5,926,656
Holiday/Other	6.15%	6.38%	5.28%	4.73%	0.00%	0.00%	0.00%	0.00%	4.87%	0.00%	6,208,064
	<u>20.69%</u>	<u>21.24%</u>	<u>19.47%</u>	<u>15.53%</u>	<u>1.48%</u>	<u>1.31%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>14.99%</u>	<u>0.00%</u>	<u>22,657,256</u>
FY04 Proposed Leave Benefit Rates	<u>20.70%</u>	<u>21.20%</u>	<u>19.50%</u>	<u>15.50%</u>	<u>1.50%</u>	<u>1.30%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>15.00%</u>	<u>0.00%</u>	
FY03 Negotiated Rates	20.00%	20.70%	19.90%	15.70%	1.10%	1.40%	0.00%	0.00%	13.80%	0.00%	
Increase/(Decrease)	0.70%	0.50%	(0.40%)	(0.20%)	0.40%	(0.10%)	0.00%	0.00%	1.20%	0.00%	
Percentage Increase/(Decrease)	<u>3.50%</u>	<u>2.42%</u>	<u>(2.01%)</u>	<u>(1.27%)</u>	<u>36.36%</u>	<u>(7.14%)</u>	<u>0.00%</u>	<u>0.00%</u>	<u>8.70%</u>	<u>0.00%</u>	
Federal Participation											
FY02 Actual Federal Participation	9.89%	2.33%	20.98%	9.98%	15.94%	6.85%	7.34%	34.50%	27.05%	24.89%	
Projected FY04 Federal Wages	3,857,374	182,733	10,243,299	1,448,566	8,599,185	1,208,830	939,097	4,219,521	251,600	2,779,750	33,729,954
Projected FY04 Leave Benefit Costs	798,477	38,739	1,997,443	224,528	128,988	15,715	-	-	37,740	-	3,241,630
	<u>4,655,851</u>	<u>221,472</u>	<u>12,240,742</u>	<u>1,673,094</u>	<u>8,728,173</u>	<u>1,224,545</u>	<u>939,097</u>	<u>4,219,521</u>	<u>289,340</u>	<u>2,779,750</u>	<u>36,971,584</u>

University Of Alaska
FY04 Staff Benefit Cost Distribution

SB Schedule 4

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion	F9	A9,AR	FT, FW	CT, GT, NT, ST, XT	NX,XX	GN,SN	TOTAL
	<u>Classified</u>	<u>AHECTE</u>	<u>APT Exempt</u>	<u>Faculty</u>	<u>UNAC Faculty</u>	<u>ACCFT Faculty</u>	<u>Adjunct Faculty</u>	<u>Temporary Student SS</u>	<u>Extended Temporary</u>	<u>Student</u>	
FY04 Projected Wage Base, Staff Benefits											
Leave Benefit Wage Base (Sch 5)	38,990,000	7,840,000	48,820,000	14,510,000	53,940,000	17,640,000	12,790,000	12,230,000	930,000	11,170,000	218,860,000
Proposed Leave Rates	20.70%	21.20%	19.50%	15.50%	1.50%	1.30%	0.00%	0.00%	15.00%	0.00%	
Leave Accrual	8,070,930	1,662,080	9,519,900	2,249,050	809,100	229,320	-	-	139,500	-	22,679,880
FY04 Overtime Pay (1)	1,218,422	363,275	-	-	-	-	-	221,245	7,235	36,798	1,846,975
FY04 Miscellaneous Pay (1)	106,406	19,300	228,778	203,260	1,489,565	302,569	37,420	71,592	2,087	27,584	2,488,561
	<u>48,385,758</u>	<u>9,884,655</u>	<u>58,568,678</u>	<u>16,962,310</u>	<u>56,238,665</u>	<u>18,171,889</u>	<u>12,827,420</u>	<u>12,522,837</u>	<u>1,078,822</u>	<u>11,234,382</u>	<u>245,875,416</u>
FY04 Staff Benefits Wage Base	<u>48,390,000</u>	<u>9,880,000</u>	<u>58,570,000</u>	<u>16,960,000</u>	<u>56,240,000</u>	<u>18,170,000</u>	<u>12,830,000</u>	<u>12,520,000</u>	<u>1,080,000</u>	<u>11,230,000</u>	<u>245,870,000</u>
Number Of Eligible Employees	<u>1,386</u>	<u>246</u>	<u>1,143</u>	<u>167</u>	<u>832</u>	<u>304</u>	<u>1,103</u>		<u>39</u>		<u>5,220</u>
PERS:											
FY04 Contribution Rate	5.58%	5.58%	5.58%	5.58%							
PERS Covered Wages (2)	48,187,094	9,852,494	57,643,972	3,270,902							118,954,463
PERS Cost	2,688,840	549,769	3,216,534	182,516							6,637,659
Use	2,688,800	549,800	3,216,500	182,500							6,637,600
PERS Rate	<u>5.56%</u>	<u>5.56%</u>	<u>5.49%</u>	<u>1.08%</u>							
TRS:											
FY04 Contribution Rate			12.00%	12.00%	12.00%	12.00%					
TRS Wages (2)			339,148	5,125,379	26,105,877	11,078,079					42,648,484
TRS Cost			40,698	615,045	3,132,705	1,329,369					5,117,817
Use			40,700	615,000	3,132,700	1,329,400					5,117,800
TRS Rate			<u>0.07%</u>	<u>3.63%</u>	<u>5.57%</u>	<u>7.32%</u>					
ORP:											
FY04 Contribution Rate			11.33%	11.33%	11.33%	11.33%					
ORP Wages (2)			159,861	8,431,056	30,134,123	7,091,921					45,816,960
ORP Cost			18,112	955,239	3,414,196	803,515					5,191,062
Use			18,100	955,200	3,414,200	803,500					5,191,000
ORP Rate			<u>0.03%</u>	<u>5.63%</u>	<u>6.07%</u>	<u>4.42%</u>					
UA Pension Plan:											
2003 Contribution Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%				
Wage Base	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000				221,040,000
2002 Calendar Year Wages	39,832,032	9,394,456	57,007,938	15,754,539	50,948,213	17,493,791	12,594,946				203,025,915
2002 Covered Wages	38,565,880	8,741,711	47,754,861	7,248,621	33,584,965	13,178,417	2,613,644				151,688,099
Percentage of Wages Covered	96.82%	93.05%	83.77%	46.01%	65.92%	75.33%	20.75%				
Estimated FY03 Covered Wages	46,851,813	9,193,518	49,063,381	7,803,250	37,073,301	13,687,819	2,662,421				166,335,503
Pension Plan Admin Costs	5,634	1,105	5,899	938	4,458	1,646	320				20,000
Pension Contribution	3,584,160	703,300	3,753,350	596,950	2,836,110	1,047,120	203,680				12,724,670
Pension Cost	3,589,794	704,405	3,759,249	597,888	2,840,568	1,048,766	204,000				12,744,670
Use	3,589,800	704,400	3,759,200	597,900	2,840,600	1,048,800	204,000				12,744,700
Pension Rate	<u>7.42%</u>	<u>7.13%</u>	<u>6.42%</u>	<u>3.53%</u>	<u>5.05%</u>	<u>5.77%</u>	<u>1.59%</u>				

University Of Alaska
FY04 Staff Benefit Cost Distribution

SB Schedule 4

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion	F9	A9,AR	FT, FW	CT, GT, NT, ST, XT	NX,XX	GN,SN	TOTAL
	<u>Classified</u>	<u>AHECTE</u>	<u>APT Exempt</u>	<u>Faculty</u>	<u>Faculty</u>	<u>ACCFT Faculty</u>	<u>Adjunct Faculty</u>	<u>Temporary Student SS</u>	<u>Extended Temporary</u>	<u>Student</u>	
FY04 Projected Wage Base, Staff Benefits	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000	11,230,000	245,870,000
Medicare/Social Security:											
2003 Contribution Rate - Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	
2003 Contribution Rate - Social Security							6.20%	6.20%	6.20%		
Total Contribution Rate	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	7.65%	7.65%	7.65%		
Wage Base	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000		234,640,000
2002 Calendar Year Wages	39,832,032	9,394,456	57,007,938	15,754,539	50,948,213	17,493,791	12,594,946	12,205,069	927,665		216,158,649
2002 CY Medicare Wages	33,878,694	7,522,814	45,839,175	10,664,577	37,676,429	12,000,252	12,011,076	11,387,665	889,521		171,870,203
2002 CY Social Security Wages							9,482,261	11,104,254	869,495		21,456,010
Percentage Of CY Wages Covered By Medicare	85.05%	80.08%	80.41%	67.69%	73.95%	68.60%	95.36%	93.30%	95.89%		
Percentage Of CY Wages Covered By SS							75.29%	90.98%	93.73%		
Estimated FY04 Medicare Covered Wages	41,157,579	7,911,624	47,095,204	11,480,579	41,589,729	12,464,112	12,235,233	11,681,504	1,035,592		186,651,156
Estimated FY04 SS Covered Wages							9,659,224	11,390,780	1,012,278		22,062,282
Medicare/Social Security Cost	596,785	114,719	682,880	166,468	603,051	180,730	776,283	875,610	77,777		4,074,303
Use	596,800	114,700	682,900	166,500	603,100	180,700	776,300	875,600	77,800		4,074,400
Medicare/Social Security Rate	1.23%	1.16%	1.17%	0.98%	1.07%	0.99%	6.05%	6.99%	7.20%		
Health Care:											
Number Of Eligible Employees	1,386	246	1,143	167	832	304			39		4,117
Health Cost Net Of Recovery (3)	9,666,417	1,616,031	7,971,656	1,164,713	6,532,092	2,082,626			271,999		29,305,534
Use	9,666,400	1,616,000	7,971,700	1,164,700	6,532,100	2,082,600			272,000		29,305,500
Health Rate	19.98%	16.36%	13.61%	6.87%	11.61%	11.46%			25.19%		
Life Insurance:											
Number Of Eligible Employees	1,386	246	1,143	167	832	304					4,078
Life Insurance Cost	112,158	19,907	92,494	13,514	67,327	24,600					330,000
Use	112,200	19,900	92,500	13,500	67,300	24,600					330,000
Life Insurance Rate	0.23%	0.20%	0.16%	0.08%	0.12%	0.14%					
LTD Insurance											
LTD Eligible Wages	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000					208,210,000
LTD Cost	143,164	29,230	173,283	50,177	166,389	53,757					616,000
Use	143,200	29,200	173,300	50,200	166,400	53,700					616,000
LTD Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%					
Unemployment:											
Unemployment Eligible Wages	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000		234,640,000
Unemployment Cost	113,427	23,159	137,288	39,755	131,827	42,591	30,074	29,347	2,532		550,000
Use	113,400	23,200	137,300	39,800	131,800	42,600	30,100	29,300	2,500		550,000
Unemployment Rate	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%		
Workers Compensation:											
Average Claims Percentage	27.06%	38.49%	10.10%	2.92%	9.38%	3.03%	2.14%	6.33%	0.55%		100.00%
Claims Forecast Allocated Per											
Claims Percentage	418,239	594,902	156,050	45,187	144,974	46,838	33,073	97,893	8,444		1,545,600
Other Costs (4)	50,486	10,308	61,106	17,694	58,675	18,957	13,386	13,061	1,127		244,800
Net Workers' Compensation Costs	468,725	605,210	217,156	62,881	203,649	65,795	46,459	110,954	9,571		1,790,400
Use	468,700	605,200	217,100	62,900	203,600	65,800	46,500	111,000	9,600		1,790,400
Workers' Compensation Rate	0.97%	6.13%	0.37%	0.37%	0.36%	0.36%	0.36%	0.89%	0.89%		

University Of Alaska
FY04 Staff Benefit Cost Distribution

SB Schedule 4

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion Faculty	F9 UNAC Faculty	A9,AR ACCFT Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
FY04 Projected Wage Base, Staff Benefits	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000	11,230,000	245,870,000
Tuition Waivers:											
Number Of Eligible Employees	1,386	246	1,143	167	832	304	1,103				5,181
Employee Tuition Waiver Cost (5)	284,813	50,551	234,878	34,318	170,970	62,470	97,000				935,000
Use	284,800	50,500	234,900	34,300	171,000	62,500	97,000				935,000
Tuition Waiver Rate	0.59%	0.51%	0.40%	0.20%	0.30%	0.34%	0.76%				
Consulting/Printing/Other:											
Consulting/Printing/Other Base	48,390,000	9,880,000	58,570,000	16,960,000	56,240,000	18,170,000	12,830,000	12,520,000	1,080,000		234,640,000
AHECTE Legal Trust (6)		33,000									33,000
Consulting/Printing/Other Cost	64,963	13,264	78,629	22,768	75,501	24,393	17,224	16,808	1,450		315,000
Total Consulting/Printing/Other Cost	64,963	46,264	78,629	22,768	75,501	24,393	17,224	16,808	1,450		348,000
Use	64,900	46,300	78,600	22,800	75,500	24,400	17,200	16,800	1,500		348,000
Consulting/Printing/Other Rate	0.13%	0.47%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.14%		
Labor Relations:											
Labor Relations Base		9,880,000			56,240,000	18,170,000	12,830,000				97,120,000
Labor Relations Cost		59,920			341,080	110,190	77,810				589,000
Use		59,900			341,100	110,200	77,800				589,000
Labor Relations Rate		0.61%			0.61%	0.61%	0.61%				
Staff Benefit Carryforward:											
Carryforward From FY02	1,468,546	(456,433)	1,507,606	354,332	1,069,740	269,738	(23,924)	18,948	12,516		4,221,069
Postponment 2/3 Of Carryforward From FY01	269,666	409,222	127,284	8,409	798,033	(25,815)	(61,532)	0	50,221		1,575,488
Net Under (Over) Recovery	1,738,212	(47,211)	1,634,890	362,741	1,867,773	243,923	(85,456)	18,948	62,737		5,796,557
Carryforward Rate	3.59%	(0.48%)	2.79%	2.14%	3.32%	1.34%	(0.67%)	0.15%	5.81%		

- (1) Applied FY03:FY02 leave wage increase to FY02 actuals
- (2) Projected benefit eligible covered wages based on percentage of FY02 PERS, TRS, ORP wages to FY02 staff benefit wage base.
- (3) Job groups AR, A9, F9, CR are based on health care cost; NR, XR, EX, FN, FR, NX, XX are allocated based on headcount
- (4) Allocated prorata based on staff benefit wage base
- (5) Job group FT, FW based on projected tuition cost; NR, CR, XR, EX, FN, FR, F9, A9, AR are allocated based on headcount.
- (6) Allocated to benefiting job group, CR.

University of Alaska
 FY04 Wage Base Projection
 Using Average % Completion Method

SB Schedule 5

Job Group	NR	CR	XR	EX, FN, FR Executives & Nonunion Faculty	F9 UNAC Faculty	AR, A9 ACCFT Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
10/1/02 Headcount	1,288	246	1,200	167	813	304	1,103		39		5,160
Reclassification Project Changes	57		(57)								-
Additional Projected For Initiatives (2)	41	-	-	-	19	-	-		-		60
Total Headcount	1,386	246	1,143	167	832	304	1,103		39		5,220
FY04 Leave Benefits Wage Base Projection:											
FY02 Actual Leave Wage Base	30,034,343	7,416,372	46,028,504	12,999,897	46,528,904	16,732,929	12,390,082	11,465,827	739,752	10,175,714	194,512,324
Estimated FY03 Leave Wage Base	36,966,018	7,615,854	47,580,963	14,138,028	51,447,958	17,193,876	12,145,588	12,167,439	930,667	11,002,585	211,188,976
Estimate FY04 Increase (1)	961,116	228,476	1,237,105	367,589	1,646,335	447,041	643,716	-	-	-	5,531,378
Student Employee Pay Grid Revision (3)	37,927,134	7,844,330	48,818,068	14,505,617	53,094,293	17,640,917	12,789,304	12,167,439	930,667	11,002,585	216,720,354
Additional Projected For Initiatives (2)	-	-	-	-	-	-	-	67,010	-	165,039	232,049
Projected FY04 Leave Wage Base	1,060,000	-	-	-	845,000	-	-	-	-	-	1,905,000
Use	38,990,000	7,844,000	48,820,000	14,510,000	53,940,000	17,640,000	12,790,000	12,230,000	930,000	11,170,000	218,860,000

(1) 2.6% for job groups FN, FR, NR, XR and EX; 3.0% for CR; 3.2% for F9; 2.6% for AR/A9; 5.3% for FT/FW from SWOHR

(2) Based on 50% of the authorized budget for FY03 Initiative funded positions from Budget & Instit. Research

(3) Board of Regents approved revisions to the student employee pay grid, effective 01/01/2003

CERTIFICATE OF FRINGE BENEFIT COSTS

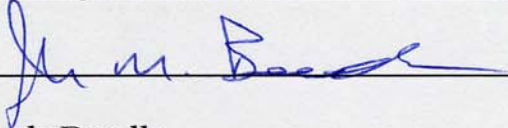
UNIVERSITY OF ALASKA

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

1. I have reviewed the fringe benefit cost proposal submitted March 31, 2003; and
2. All costs included in the proposal dated March 31, 2003, to establish fixed rates for the period July 1, 2003 – June 30, 2004, are allowable in accordance with the requirements of the federal agreements to which they apply and with the cost principles applicable to those agreements; and
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 causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.
5. The fringe benefit 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.

Institution: University of Alaska

Signature: 

Name of Official: Joseph Beedle

Title: Vice President for Finance

Date of Execution: March 31, 2003

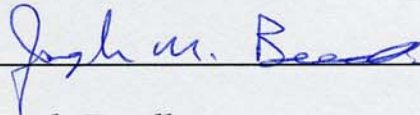
CERTIFICATE OF FRINGE BENEFIT COSTS

UNIVERSITY OF ALASKA

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

1. All costs included in this proposal dated March 31, 2003, to establish forward pricing fringe benefit cost rates for July 1, 2003 to June 30, 2004, are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the grants and contracts to which the fringe benefit rates will apply; and
2. This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements.

Institution: University of Alaska

Signature: 

Name of Official: Joseph Beedle

Title: Vice President for Finance

Date of Execution: March 31, 2003