



Date: April 1, 2004

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

From: Ginger Baker,
 SW Cost Analysis

Re: FY05 Fringe Benefit Forward Pricing Proposal

Attached is the letter and FY05 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 FY04 negotiated leave and staff benefit rates, the FY05 proposed leave and staff benefit rates, and the % increase or decrease in rates by job group.

Job Group	ECLS	Leave Rates			Staff Benefit Rates		
		FY04 Negotiated Benefit Rates ¹	FY05 Proposed Benefit Rates ¹	% Increase/ (Decrease)	FY04 Negotiated Benefit Rates ²	FY05 Proposed Benefit Rates ²	% Increase/ (Decrease)
Classified	NR	20.7%	22.0%	6.3%	40.2%	42.2%	5.0%
Classified, AHECTE	CR	21.2%	21.6%	1.9%	38.2%	38.7%	1.3%
APT Exempt	XR	19.5%	20.7%	6.2%	31.2%	34.8%	11.5%
Executive	EX	15.5%	17.5%	12.9%	25.2%	26.8%	6.4%
Faculty, Nonunion	FN, FR	15.5%	17.5%	12.9%	25.2%	26.8%	6.4%
Faculty, UNAC	F9	1.5%	1.4%	-6.7%	34.7%	32.4%	-6.6%
Faculty, ACCFT	AR, A9	1.3%	1.7%	30.8%	33.4%	34.7%	3.9%
Faculty, Adjunct	FT, FW	0.0%	0.0%	0.0%	9.1%	9.8%	7.7%
Temporary	CT, GT, NT, ST, XT	0.0%	0.0%	0.0%	8.4%	8.4%	0.0%
Extended Temporary	NX, XX	15.0%	15.2%	1.3%	39.5%	36.0%	-8.9%
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.

Randy L. Weaver, CPA
 Controller
 Phone: (907) 474-7711
 Fax: (907) 474-5921
 randy.weaver@alaska.edu



209 Butrovich Building
 910 Yukon Drive, Suite 209
 PO Box 755120
 Fairbanks, AK 99775-5120

UNIVERSITY
of ALASKA
 Many Traditions One Alaska

March 31, 2004

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 FY2005 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, 2004 through June 30, 2005 (FY2005).

The cost methodology used is consistent with that utilized for the FY2004 fringe benefit forward pricing proposal. We are proposing to fully liquidate our FY03 under recovery of \$583,855 in our proposed FY2005 rates. Leave benefit under recoveries of \$998,722 from FY03 are also fully liquidated in the FY05 proposal.

The following is a table summarizing the leave and staff benefit rates proposed for FY2005 for the University of Alaska System. Also listed are the FY2004 negotiated rates for comparison purposes.

<u>Job Group</u>	<u>Leave Rates</u>		<u>Staff Benefit Rates</u>	
	<u>FY2004</u>	<u>FY2005</u>	<u>FY2004</u>	<u>FY2005</u>
	<u>Negotiated</u>	<u>Proposed</u>	<u>Negotiated</u>	<u>Proposed</u>
	<u>Benefit Rates (1)</u>	<u>Benefit Rates (1)</u>	<u>Benefit Rates (2)</u>	<u>Benefit Rates (2)</u>
Classified	20.7%	22.0%	40.2%	42.2%
Classified, AHECTE	21.2%	21.6%	38.2%	38.7%
APT Exempt	19.5%	20.7%	31.2%	34.8%
Executive	15.5%	17.5%	25.2%	26.8%
Faculty, Nonunion	15.5%	17.5%	25.2%	26.8%
Faculty, UNAC	1.5%	1.4%	34.7%	32.4%
Faculty, ACCFT	1.3%	1.7%	33.4%	34.7%
Faculty, Adjunct	0.0%	0.0%	9.1%	9.8%
Temporary	0.0%	0.0%	8.4%	8.4%
Extended Temporary	15.0%	15.2%	39.5%	36.0%
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.

Debbie Rafi
March 31, 2004
Page 2

We are seeking to have new rates in effect for our first payroll in July 2004. We appreciate any assistance you can provide to 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)
Mr. Paul O'Donnell, DCAA, Alaska Suboffice (one copy)

UNIVERSITY OF ALASKA

FY05 FORWARD PRICING FRINGE BENEFIT PROPOSAL



The University of Alaska
Fringe Benefit Forward Pricing Proposal

July 1, 2004 – June 30, 2005

Table of Contents

Schedule	Page
1 Significant Assumptions	1-2
2 Staff Benefit Rate Projections	3
3 Leave Benefit Projections	4
4 Staff Benefit Cost Distribution	5-7
5 Wage Base Projection	8

Attachment 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 FY05 are based on updated estimates of FY04 wages and incremented as follows:
Classified, exempt employees, executive employees, and nonunion faculty (job groups NR, XR, EX, FN, and FR) - 2.6%.
AHECTE union employees (job group CR) – 2.3%
UNAC faculty (job group F9) – 4.7%
ACCFT faculty (job group A9, AR) - 4.6%
Adjunct faculty (job group FT, FW) – 1.0%
AHECTE Union employees (CR, CT) – 1.5% salary grid increase per their collective bargaining agreement.
Exempt and non-exempt staff (NR, XR, NT, XT, NX, XX) – 1.0% salary grid increase approved by the UA Board of Regents
3. Leave usage is projected using average rates calculated by job group. Use of average rates is intended to smooth individual year usage fluctuations. A five year average was used for all job groups.
4. PERS, TRS, and ORP are projected at 10.58%, 16.00% and 13.0% respectively, using rates established by the State of Alaska, Division of Retirement. The percentage of FY03 earnings subject to each benefit type is multiplied by the staff benefit wage base to calculate covered wages by job group for each benefit.
5. Pension costs are estimated at 7.65% of covered wages. Job group covered wages for the fiscal year are calculated by multiplying the percentage of FY03 wages subject to pension benefits by the staff benefit wage base. Projected pension administration costs are allocated to job groups prorata based on the covered wage base.
6. The percentage of FY03 earnings subject to medicare benefits or social security benefits is multiplied times the staff benefit wage base to calculate covered wages for each respective benefit type by job group. 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 \$87,900 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, one for non-union employees and one for union employees. In FY05, non-union employees will move to a new "UA Choice" plan that offers employees some flexible benefit options and matches the employee contributions with current year costs. Union employees will remain on the UA Traditional Plan, which requires employees to pay for their share of health care costs after the year in which those costs were incurred. 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 \$9,500. LTD premium and self insurance costs are allocated to job groups prorata based on the staff benefit wage base. The administrative fee is allocated based on headcounts.
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 \$1,683,500 allocated to job group pools based on a combination of claims experiences and exposure. An additional \$340,100 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 FY04 estimated usage level and adjusted for increases or decreases in tuition rates for FY05. 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 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 FY03 Fringe Benefit Incurred Cost Report.

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>	
FY05 Wage Base, Staff Benefits	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000	12,240,000	261,590,000
Staff Benefits:											
PERS	6,286,700	1,105,500	5,527,200	420,000	-	-	-	-	-	-	13,339,400
TRS	-	-	35,000	926,200	4,131,300	1,813,900	-	-	-	-	6,906,400
ORP	-	-	13,200	1,379,900	4,381,800	1,007,000	-	-	-	-	6,781,900
UA Pension	4,455,100	749,600	3,439,500	752,400	3,043,800	1,109,400	184,200	-	-	-	13,734,000
Medicare & Social Security	732,300	122,400	621,200	226,900	648,900	187,400	786,400	884,100	66,900	-	4,276,500
Health	12,475,300	1,441,300	7,668,700	1,610,000	5,279,200	1,826,600	-	-	287,800	-	30,588,900
Life	125,100	20,500	76,900	16,200	66,900	25,700	-	-	-	-	331,300
Long Term Disability	172,200	30,100	152,200	58,800	168,200	54,500	-	-	-	-	636,000
Unemployment	144,100	25,200	128,500	50,100	142,700	46,000	30,600	30,500	2,300	-	600,000
Workers' Compensation	570,000	635,900	241,800	94,300	235,400	76,000	50,500	111,300	8,400	-	2,023,600
Tuition	344,400	56,500	211,700	44,500	184,000	70,900	103,000	-	-	-	1,015,000
Consulting/Other	133,300	58,400	118,900	46,400	132,100	42,600	28,300	28,200	2,100	-	590,300
Labor Relations	-	57,800	-	-	327,000	105,600	70,200	-	-	-	560,600
Carryforward from FY03	(167,447)	(242,893)	332,655	(42,239)	458,344	267,411	(6,309)	6,621	(22,288)	-	583,855
	<u>25,271,053</u>	<u>4,060,307</u>	<u>18,567,455</u>	<u>5,583,461</u>	<u>19,199,644</u>	<u>6,633,011</u>	<u>1,246,891</u>	<u>1,060,721</u>	<u>345,212</u>	<u>-</u>	<u>81,967,755</u>
Benefit Rates:											
PERS	10.50%	10.54%	10.35%	2.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13,339,400
TRS	0.00%	0.00%	0.07%	4.45%	6.97%	9.48%	0.00%	0.00%	0.00%	0.00%	6,906,400
ORP	0.00%	0.00%	0.02%	6.62%	7.39%	5.26%	0.00%	0.00%	0.00%	0.00%	6,781,900
UA Pension	7.44%	7.15%	6.44%	3.61%	5.13%	5.80%	1.45%	0.00%	0.00%	0.00%	13,734,000
Medicare & Social Security	1.22%	1.17%	1.16%	1.09%	1.09%	0.98%	6.18%	6.98%	6.97%	0.00%	4,276,500
Health	20.84%	13.74%	14.36%	7.73%	8.90%	9.54%	0.00%	0.00%	29.98%	0.00%	30,588,900
Life	0.21%	0.20%	0.14%	0.08%	0.11%	0.13%	0.00%	0.00%	0.00%	0.00%	331,300
Long Term Disability	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	636,000
Unemployment	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.00%	600,000
Workers' Compensation	0.95%	6.06%	0.45%	0.45%	0.40%	0.40%	0.40%	0.88%	0.88%	0.00%	2,023,600
Tuition	0.58%	0.54%	0.40%	0.21%	0.31%	0.37%	0.81%	0.00%	0.00%	0.00%	1,015,000
Consulting/Other	0.22%	0.56%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.00%	590,300
Labor Relations	0.00%	0.55%	0.00%	0.00%	0.55%	0.55%	0.55%	0.00%	0.00%	0.00%	560,600
Carryforward Rate	(0.28%)	(2.32%)	0.62%	(0.20%)	0.77%	1.40%	(0.05%)	0.05%	(2.32%)	0.00%	583,855
	<u>42.21%</u>	<u>38.72%</u>	<u>34.76%</u>	<u>26.81%</u>	<u>32.37%</u>	<u>34.66%</u>	<u>9.80%</u>	<u>8.37%</u>	<u>35.97%</u>	<u>0.00%</u>	<u>81,967,755</u>
FY05 Proposed Staff Benefit Rates	42.20%	38.70%	34.80%	26.80%	32.40%	34.70%	9.80%	8.40%	36.00%	0.00%	
FY04 Negotiated Rates	40.20%	38.20%	31.20%	25.20%	34.70%	33.40%	9.10%	8.40%	39.50%	0.00%	
Increase/(Decrease)	2.00%	0.50%	3.60%	1.60%	(2.30%)	1.30%	0.70%	0.00%	(3.50%)	0.00%	
Percentage Increase/(Decrease)	4.98%	1.31%	11.54%	6.35%	(6.63%)	3.89%	7.69%	0.00%	(8.86%)	0.00%	
Federal Participation:											
Wages & leave accrual	7,584,268	229,107	12,935,960	2,572,592	10,703,178	1,460,650	937,260	4,649,643	259,587	3,214,097	44,546,342
Staff benefit costs	3,200,561	88,664	4,501,714	689,455	3,467,830	506,846	91,851	390,570	93,451	-	13,030,942
	<u>10,784,829</u>	<u>317,771</u>	<u>17,437,674</u>	<u>3,262,047</u>	<u>14,171,008</u>	<u>1,967,496</u>	<u>1,029,111</u>	<u>5,040,213</u>	<u>353,038</u>	<u>3,214,097</u>	<u>57,577,284</u>

University of Alaska
FY05 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
FY05 Leave benefits wage base projection	47,710,000	8,300,000	43,960,000	17,600,000	57,460,000	18,580,000	12,700,000	12,330,000	820,000	12,170,000	231,630,000
FY03 Actual leave usage rates:											
Annual leave	8.80%	9.27%	9.72%	8.76%	0.00%	0.11%	0.00%	0.00%	5.78%	0.00%	
Sick leave	5.35%	5.99%	4.58%	2.73%	1.24%	1.73%	0.00%	0.00%	3.10%	0.00%	
Holiday/other leave	6.36%	6.37%	5.57%	4.82%	0.00%	0.00%	0.00%	0.00%	5.05%	0.00%	
	<u>20.51%</u>	<u>21.63%</u>	<u>19.87%</u>	<u>16.30%</u>	<u>1.24%</u>	<u>1.84%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>13.93%</u>	<u>0.00%</u>	
Average leave usage rates:											
Annual Leave	9.56%	8.86%	10.31%	9.09%	n/a	n/a	0.00%	0.00%	6.57%	0.00%	
Sick Leave	5.41%	5.96%	4.48%	2.82%	1.21%	1.51%	0.00%	0.00%	3.54%	0.00%	
Holiday/Other Leave	6.21%	6.02%	5.35%	4.75%	n/a	n/a	0.00%	(0.00%)	4.98%	0.00%	
Total Average Leave Rate	<u>21.18%</u>	<u>20.84%</u>	<u>20.14%</u>	<u>16.66%</u>	<u>1.21%</u>	<u>1.51%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>15.09%</u>	<u>0.00%</u>	
FY05 Leave benefit projection											
Annual leave usage	4,559,555	735,055	4,530,231	1,600,502	-	-	-	-	53,854	-	11,479,197
FY03 carryforward under (over)	322,521	28,645	4,409	187,733	-	-	-	-	2,945	-	546,253
Annual leave projection	<u>4,882,076</u>	<u>763,700</u>	<u>4,534,640</u>	<u>1,788,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,799</u>	<u>-</u>	<u>12,025,451</u>
Sick leave usage	2,581,816	495,066	1,971,496	497,017	695,558	280,472	-	-	29,042	-	6,550,467
FY03 carryforward under (over)	(42,628)	(26,899)	61,266	(60,124)	81,437	40,731	-	-	(3,486)	-	50,297
Sick leave projection	<u>2,539,188</u>	<u>468,167</u>	<u>2,032,762</u>	<u>436,893</u>	<u>776,995</u>	<u>321,203</u>	<u>-</u>	<u>-</u>	<u>25,556</u>	<u>-</u>	<u>6,600,764</u>
Holiday/other leave usage	2,960,577	499,362	2,354,017	836,506	-	-	-	-	40,851	-	6,691,313
FY03 carryforward under (over)	112,700	65,231	197,286	25,326	-	-	-	(0)	1,629	-	402,172
Holiday/other leave projection	<u>3,073,277</u>	<u>564,593</u>	<u>2,551,303</u>	<u>861,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0)</u>	<u>42,480</u>	<u>-</u>	<u>7,093,485</u>
Calculated Leave Benefit Rates											
Annual	10.23%	9.20%	10.32%	10.16%	0.00%	0.00%	0.00%	0.00%	6.93%	0.00%	12,025,451
Sick	5.32%	5.64%	4.62%	2.48%	1.35%	1.73%	0.00%	0.00%	3.12%	0.00%	6,600,764
Holiday/Other	6.44%	6.80%	5.80%	4.90%	0.00%	0.00%	0.00%	(0.00%)	5.18%	0.00%	7,093,485
	<u>21.99%</u>	<u>21.64%</u>	<u>20.74%</u>	<u>17.54%</u>	<u>1.35%</u>	<u>1.73%</u>	<u>0.00%</u>	<u>(0.00%)</u>	<u>15.23%</u>	<u>0.00%</u>	<u>25,719,700</u>
FY05 Proposed Leave Benefit Rates	<u>22.00%</u>	<u>21.60%</u>	<u>20.70%</u>	<u>17.50%</u>	<u>1.40%</u>	<u>1.70%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>15.20%</u>	<u>0.00%</u>	
FY04 Negotiated Rates	20.70%	21.20%	19.50%	15.50%	1.50%	1.30%	0.00%	0.00%	15.00%	0.00%	
Increase/(Decrease)	1.30%	0.40%	1.20%	2.00%	(0.10%)	0.40%	0.00%	0.00%	0.20%	0.00%	
Percentage Increase/(Decrease)	<u>6.28%</u>	<u>1.89%</u>	<u>6.15%</u>	<u>12.90%</u>	<u>(6.67%)</u>	<u>30.77%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.33%</u>	<u>0.00%</u>	
Federal participation											
FY03 actual federal participation	13.03%	2.27%	24.38%	12.44%	18.37%	7.73%	7.38%	37.71%	27.48%	26.41%	
Projected FY05 federal wages	6,216,613	188,410	10,717,448	2,189,440	10,555,402	1,436,234	937,260	4,649,643	225,336	3,214,097	40,329,883
Projected FY05 leave benefit costs	1,367,655	40,697	2,218,512	383,152	147,776	24,416	-	-	34,251	-	4,216,459
	<u>7,584,268</u>	<u>229,107</u>	<u>12,935,960</u>	<u>2,572,592</u>	<u>10,703,178</u>	<u>1,460,650</u>	<u>937,260</u>	<u>4,649,643</u>	<u>259,587</u>	<u>3,214,097</u>	<u>44,546,342</u>

University of Alaska
FY05 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>	
FY05 Projected wage base, staff benefits											
Leave benefit wage base (Sch 5)	47,710,000	8,300,000	43,960,000	17,600,000	57,460,000	18,580,000	12,700,000	12,330,000	820,000	12,170,000	231,630,000
FY03 leave benefit wage base	35,276,157	7,681,541	48,690,006	14,240,059	52,210,143	17,380,320	12,792,197	12,108,488	942,973	11,258,696	212,580,580
Projected dollar change	12,433,843	618,459	(4,730,006)	3,359,941	5,249,857	1,199,680	(92,197)	221,512	(122,973)	911,304	19,049,420
Projected percentage change	35.25%	8.05%	(9.71%)	23.59%	10.06%	6.90%	(0.72%)	1.83%	(13.04%)	8.09%	
Proposed leave rates	22.00%	21.60%	20.70%	17.50%	1.40%	1.70%	0.00%	0.00%	15.20%	0.00%	
Leave accrual	10,496,200	1,792,800	9,099,720	3,080,000	804,440	315,860	-	-	124,640	-	25,713,660
Overtime pay (FY03 actual)	1,129,854	342,501	-	-	-	-	-	206,956	12,044	33,161	1,724,516
Miscellaneous pay (FY03 actual)	100,977	24,001	362,100	118,966	928,564	224,517	15,634	120,978	50	32,137	1,927,924
FY05 overtime pay (1)	1,528,095	370,077	-	-	-	-	-	210,742	10,474	35,844	2,155,232
FY05 miscellaneous pay (1)	136,569	25,933	326,924	147,036	1,021,934	240,014	15,521	123,191	43	34,738	2,071,903
	<u>59,870,864</u>	<u>10,488,810</u>	<u>53,386,644</u>	<u>20,827,036</u>	<u>59,286,374</u>	<u>19,135,874</u>	<u>12,715,521</u>	<u>12,663,933</u>	<u>955,157</u>	<u>12,240,582</u>	<u>261,570,795</u>
FY05 Staff benefits wage base	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000	12,240,000	261,590,000
Number of eligible employees	<u>1,604</u>	<u>263</u>	<u>986</u>	<u>207</u>	<u>857</u>	<u>330</u>	<u>1,180</u>		<u>37</u>		<u>5,464</u>
PERS:											
FY05 Contribution rate	10.58%	10.58%	10.58%	10.58%							
Percentage of wages covered	99.25%	99.61%	97.85%	19.06%							
PERS covered wage base (2)	59,420,975	10,449,089	52,242,115	3,970,198							126,082,377
PERS cost	6,286,739	1,105,514	5,527,216	420,047							13,339,516
Use	6,286,700	1,105,500	5,527,200	420,000							13,339,400
PERS rate	10.50%	10.54%	10.35%	2.02%							
TRS:											
FY05 Contribution rate			16.00%	16.00%	16.00%	16.00%					
Percentage of wages covered			0.41%	27.79%	43.55%	59.23%					
TRS covered wage base (2)			218,899	5,788,657	25,820,795	11,336,622					43,164,973
TRS cost			35,024	926,185	4,131,327	1,813,860					6,906,396
Use			35,000	926,200	4,131,300	1,813,900					6,906,400
TRS rate			0.07%	4.45%	6.97%	9.48%					
ORP:											
FY05 Contribution rate			13.00%	13.00%	13.00%	13.00%					
Percentage of wages covered			0.19%	50.96%	56.85%	40.47%					
ORP covered wage base (2)			101,441	10,614,968	33,706,365	7,745,958					52,168,732
ORP cost			13,187	1,379,946	4,381,827	1,006,975					6,781,935
Use			13,200	1,379,900	4,381,800	1,007,000					6,781,900
ORP rate			0.02%	6.62%	7.39%	5.26%					
UA Pension Plan:											
2004 Contribution rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%				
Percentage of wages covered	97.13%	93.27%	84.09%	47.15%	67.01%	75.66%	18.90%				
Pension covered wage base (2)	58,151,731	9,784,023	44,895,651	9,821,345	39,730,229	14,481,324	2,404,080				179,268,383
Pension plan administration costs (3)	6,488	1,092	5,009	1,096	4,432	1,615	268				20,000
Pension contribution	4,448,610	748,480	3,434,520	751,330	3,039,360	1,107,820	183,910				13,714,030
Pension cost	4,455,098	749,572	3,439,529	752,426	3,043,792	1,109,435	184,178				13,734,030
Use	4,455,100	749,600	3,439,500	752,400	3,043,800	1,109,400	184,200				13,734,000
Pension rate	7.44%	7.15%	6.44%	3.61%	5.13%	5.80%	1.45%				

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>
FY05 Projected wage base, staff benefits	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000	12,240,000	261,590,000
Medicare/Social Security:											
2004 Contribution rate - medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	
2004 Contribution rate - social security							6.20%	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%	7.65%	
Percentage of wages covered by medicare	84.35%	80.50%	80.24%	75.13%	75.48%	67.53%	95.84%	92.70%	91.57%	91.57%	
Percentage of wages covered by social security							77.30%	90.96%	91.06%	91.06%	
Medicare covered wage base (2)	50,500,345	8,444,450	42,840,136	15,649,579	44,752,092	12,925,242	12,190,848	11,735,820	879,072		199,917,584
Social security covered wage base (2)							9,832,560	11,515,536	874,176		22,222,272
Medicare/social security cost	732,255	122,445	621,182	226,919	648,905	187,416	786,386	884,133	66,945		4,276,586
Use	732,300	122,400	621,200	226,900	648,900	187,400	786,400	884,100	66,900		4,276,500
Medicare/social security rate	1.22%	1.17%	1.16%	1.09%	1.09%	0.98%	6.18%	6.98%	6.97%		
Health Care:											
Eligible employees base	1,604	263	986	207	857	330			37		4,284
Health cost net of recovery (4)	12,475,332	1,441,323	7,668,751	1,609,971	5,279,226	1,826,572			287,773		30,588,948
Use	12,475,300	1,441,300	7,668,700	1,610,000	5,279,200	1,826,600			287,800		30,588,900
Health care rate	20.84%	13.74%	14.36%	7.73%	8.90%	9.54%			29.98%		
Life insurance:											
Eligible employees base	1,604	263	986	207	857	330					4,247
Life insurance cost	125,125	20,516	76,916	16,148	66,853	25,742					331,300
Use	125,100	20,500	76,900	16,200	66,900	25,700					331,300
Life insurance rate	0.21%	0.20%	0.14%	0.08%	0.11%	0.13%					
LTD insurance											
LTD wage base	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000					223,010,000
LTD premium and self insured costs	167,253	29,305	149,150	58,191	165,632	53,469					623,000
LTD administration costs (5)	4,910	805	3,018	634	2,623	1,010					13,000
Total LTD costs	172,163	30,110	152,168	58,825	168,255	54,479					636,000
Use	172,200	30,100	152,200	58,800	168,200	54,500					636,000
LTD rate	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%					
Unemployment:											
Unemployment wage base	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000		249,350,000
Unemployment cost	144,063	25,242	128,469	50,122	142,667	46,056	30,608	30,463	2,310		600,000
Use	144,100	25,200	128,500	50,100	142,700	46,000	30,600	30,500	2,300		600,000
Unemployment rate	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%		
Workers' Compensation:											
Average claims percentage base	29.01%	36.92%	10.03%	3.92%	9.18%	2.96%	1.97%	5.59%	0.42%		100.00%
Forecast claims cost	488,382	621,548	168,938	65,911	154,513	49,880	33,149	94,047	7,132		1,683,500
Other costs (6)	81,659	14,308	72,821	28,411	80,868	26,107	17,349	17,268	1,309		340,100
Total workers' comp costs	570,041	635,856	241,759	94,322	235,381	75,987	50,498	111,315	8,441		2,023,600
Use	570,000	635,900	241,800	94,300	235,400	76,000	50,500	111,300	8,400		2,023,600
Workers' compensation rate	0.95%	6.06%	0.45%	0.45%	0.40%	0.40%	0.40%	0.88%	0.88%		

University of Alaska
FY05 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>	
FY05 Projected wage base, staff benefits	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000	12,240,000	261,590,000
Tuition waivers:											
Eligible employees base	1,604	263	986	207	857	330	1,180				5,427
Employee tuition waiver cost (7)	344,443	56,477	211,733	44,451	184,032	70,864	103,000				1,015,000
Use	344,400	56,500	211,700	44,500	184,000	70,900	103,000				1,015,000
Tuition waiver rate	0.58%	0.54%	0.40%	0.21%	0.31%	0.37%	0.81%				
Consulting/printing/other:											
Consulting/printing/other wage base	59,870,000	10,490,000	53,390,000	20,830,000	59,290,000	19,140,000	12,720,000	12,660,000	960,000		249,350,000
AHECTE legal trust (8)		35,000									35,000
Consulting cost	133,330	23,361	118,899	46,388	132,038	42,625	28,327	28,194	2,138		555,300
Total consulting/other cost	133,330	58,361	118,899	46,388	132,038	42,625	28,327	28,194	2,138		590,300
Use	133,300	58,400	118,900	46,400	132,100	42,600	28,300	28,200	2,100		590,300
Consulting/other rate	0.22%	0.56%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%		
Labor relations:											
Labor relations wage base		10,490,000			59,290,000	19,140,000	12,720,000				101,640,000
Labor relations cost		57,857			327,017	105,568	70,158				560,600
Use		57,800			327,000	105,600	70,200				560,600
Labor relations rate		0.55%			0.55%	0.55%	0.55%				
Staff benefit carryforward:											
Carryforward from FY03	(167,447)	(242,893)	332,655	(42,239)	458,344	267,411	(6,309)	6,621	(22,288)		583,855
Carryforward rate	(0.28%)	(2.32%)	0.62%	(0.20%)	0.77%	1.40%	(0.05%)	0.05%	(2.32%)		

- (1) Applied FY05:FY03 leave benefit wage base increase to FY03 actuals.
- (2) Projected benefit covered wage base using the ratio of FY03 PERS, TRS, ORP, Pension, Medicare, and Social Security wages to FY03 staff benefit wage base.
- (3) Allocated prorata based on pension wage base.
- (4) Projected health care costs are allocated to union job groups (AR, A9, F9, CR) using projected costs for each group. Projected health care costs for the nonunion job groups (NR, XR, EX, FN, FR, NX, XX) are allocated prorata to each group based on headcount.
- (5) Allocated prorata based on headcount.
- (6) Allocated prorata based on staff benefit wage base.
- (7) Job group FT, FW based on projected tuition cost; NR, CR, XR, EX, FN, FR, F9, A9, AR are allocated based on headcount.
- (8) Allocated to benefitting job group, CR.

University of Alaska
 FY05 Wage Base Projection
 Using Average % Completion Method

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
SWOHR Headcount for FY04 (Payrun R04)	<u>Classified</u> 1,422	<u>AHECTE</u> 263	<u>APT Exempt</u> 1,168	207	857	330	1,180		37		5,464
Reclassification Project Changes	182		(182)								-
Total Headcount	1,604	263	986	207	857	330	1,180		37		5,464
FY05 Leave benefits wage base projection:											
FY03 Actual leave wage base	35,276,157	7,681,541	48,690,006	14,240,059	52,210,143	17,380,320	12,792,197	12,108,488	942,973	11,258,696	212,580,580
Estimated FY04 Leave Wage Base	46,038,572	7,994,107	42,416,941	17,157,885	54,882,304	17,760,272	12,573,770	12,252,580	813,431	12,170,754	224,060,616
Pay Grid Adjustments (1)	<u>460,386</u>	<u>119,912</u>	<u>424,169</u>	-	-	-	-	80,050	8,134	-	1,092,651
	46,498,958	8,114,019	42,841,110	17,157,885	54,882,304	17,760,272	12,573,770	12,332,630	821,565	12,170,754	225,153,267
Estimate FY05 increase (2)	1,208,973	186,622	1,113,869	446,105	2,579,468	816,973	125,738	-	-	-	6,477,748
Projected FY05 Leave Wage Base	<u>47,707,931</u>	<u>8,300,641</u>	<u>43,954,979</u>	<u>17,603,990</u>	<u>57,461,772</u>	<u>18,577,245</u>	<u>12,699,508</u>	<u>12,332,630</u>	<u>821,565</u>	<u>12,170,754</u>	<u>231,631,015</u>
Use	47,710,000	8,300,000	43,960,000	17,600,000	57,460,000	18,580,000	12,700,000	12,330,000	820,000	12,170,000	231,630,000

(1) Effective 07/01/2004, the Board of Regents approved a 1% increase to the exempt and nonexempt staff pay grids and job groups represented by the AHECTE Local 6070 Collective Bargaining Agreement (CR,CT) will receive a 1.5% grid increase.

(2) 2.6% for job groups FN, FR, NR, XR and EX; 2.3% for CR; 4.7% for F9; 4.6% for AR/A9; 1.0% for FT/FW

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

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 March 31, 2004 to establish final fringe benefit cost rates for July 1, 2004 through June 30, 2005 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


Signature

Vice President for Finance
Title

3/31/04
Date of Execution


**The University of Alaska
Certificate of Fringe Benefit Costs
(OMB Circular A21, Section K.2.b)**

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 March 31, 2004 to establish fixed fringe benefit cost rates for the period beginning July 1, 2004 through June 30, 2005 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


Signature

Vice President for Finance
Title

3/31/04
Date of Execution