



UNIVERSITY  
 of ALASKA  
 Many Traditions One Alaska

Date: December 2, 2005

To: Carol Griffin, Joe Beedle, Jim Lynch, Randy Weaver, Dave Read, Jim Johnsen, Beth Behner, Mike Humphrey, Vickie Gilligan, Michelle Pope, Dawn Wall, Tanya Hollis, Pat Pitney, Gwen White, Betty Dupee

From: Ginger Baker   
 SW Cost Analysis

Re: FY07 Fringe Benefit Forward Pricing Proposal to Establish Provisional Rates

The following table includes the FY06 negotiated leave and staff benefit rates, the FY07 proposed leave and staff benefit rates, and the % increase or decrease in rates by job group. The FY07 Fringe Benefit Forward Pricing Proposal Report to establish provisional rates has been submitted to UA's cognizant agency, Office of Naval Research (ONR). Based on discussion with ONR, we anticipate that we will be able to have a negotiated agreement in place by December 15, 2005 establishing FY07 provisional fringe benefit rates. The fringe rates did increase significantly primarily due to increases PERS, TRS, and ORP rates in conjunction with increased health care costs. Hard copies of the forward pricing proposal are attached.

Job Group	ECLS	Leave Rates			Staff Benefit Rates		
		FY06 Proposed Benefit Rates <sup>1</sup>	FY07 Proposed Benefit Rates <sup>1</sup>	% Increase/ (Decrease)	FY06 Proposed Benefit Rates <sup>2</sup>	FY07 Proposed Benefit Rates <sup>2</sup>	% Increase/ (Decrease)
Classified	NR	21.7%	21.4%	(1.4%)	50.0%	61.1%	22.2%
Classified, AHECTE	CR	23.1%	23.2%	.4%	66.2%	64.8%	(2.1%)
APT Exempt	XR	19.3%	19.4%	0.5%	39.6%	46.7%	17.9%
Executive	EX	16.7%	16.9%	1.2%	32.3%	36.8%	13.9%
Faculty, Nonunion, 12 mth	FR	16.7%	16.9%	1.2%	32.3%	36.8%	13.9%
Faculty, Nonunion, < 12 mth	FN	0.9%	0.2%	(77.8%)	32.3%	36.8%	13.9%
Faculty, UNAC	F9	1.1%	1.5%	36.4%	35.5%	45.7%	28.7%
Faculty, ACCFT	AR, A9	1.4%	1.5%	7.1%	53.8%	51.6%	(4.1%)
Faculty, Adjunct	FT, FW	0.0%	0.0%	0.0%	10.0%	9.8%	(2.0%)
Temporary	CT, GT, NT, ST, XT	0.0%	0.0%	0.0%	8.7%	8.9%	2.3%
Extended Temporary	NX, XX	15.4%	15.1%	(2.0%)	39.9%	45.1%	13.0%
Student	GN, SN	0.0%	0.0%	0.00	0.0%	0.0%	0.0%

<sup>1</sup> Distribution base: Leave rates are applied to base salaries excluding overtime, miscellaneous pay, and paid leave.

<sup>2</sup> 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

December 1, 2005

Ms. Debbie Rafi  
 Director, Indirect Cost Branch  
 Office of Naval Research  
 Code 242, Room 372  
 875 N. Randolph Street  
 Arlington, VA 22203

RE: University of Alaska FY07 Fringe Benefit Forward Pricing Proposal to Establish Provisional Rates

This memorandum and enclosed attachment represents the University of Alaska's proposal to establish provisional fringe benefit rates for the period of July 1, 2006 through June 30, 2007 (FY07).

The cost methodologies used are consistent with that utilized for the FY06 fringe benefit forward pricing proposal. There is a change in retirement programs for FY07 incorporated into this proposal. Employees hired prior to July 1, 2006 are vested into the existing defined benefit retirement programs, but employees hired after July 1, 2006 will participate in new defined contribution retirement benefit programs. Benefit covered wage bases were projected for both the existing retirement plans and the new retirement plans. We propose to fully liquidate the FY05 staff benefit carryforward less the \$1,469,400 in union job group under-recoveries that was already liquidated in the negotiated FY06 Fixed with Carryforward rates. Leave benefit under-recoveries of \$160,665.00 from FY05 are also fully liquidated in the FY07 proposal.

The following is a table summarizing the leave and staff benefit rates proposed for FY07 for the University of Alaska System. Also listed are the FY06 negotiated rates for comparison purposes.

<u>Job Group</u>	<u>Leave Rates</u>		<u>Staff Benefit Rates</u>	
	FY06 Proposed Benefit Rates <sup>1</sup>	FY07 Proposed Benefit Rates <sup>1</sup>	FY06 Proposed Benefit Rates <sup>2</sup>	FY07 Proposed Benefit Rates <sup>2</sup>
Classified	21.7%	21.4%	50.0%	61.1%
Classified, AHECTE	23.1%	23.2%	66.2%	64.8%
APT Exempt	19.3%	19.4%	39.6%	46.7%
Executive	16.7%	16.9%	32.3%	36.8%
Faculty, Nonunion 12 Mo.	16.7%	16.9%	32.3%	36.8%
Faculty, Nonunion < 12 Mo.	0.9%	0.2%	32.3%	36.8%
Faculty, UNAC	1.1%	1.5%	35.5%	45.7%
Faculty, ACCFT	1.4%	1.5%	53.8%	51.6%
Faculty, Adjunct	0.0%	0.0%	10.0%	9.8%
Temporary	0.0%	0.0%	8.7%	8.9%
Extended Temporary	15.4%	15.1%	39.9%	45.1%
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.

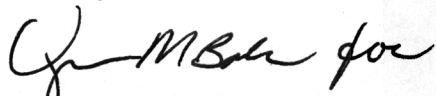
(2) Distribution base: Staff benefit rates are applied to base salaries plus overtime, miscellaneous pay, and leave accrual provisions.

Debbie Rafi  
April 29, 2005  
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We appreciate any assistance you can provide to help complete negotiations quickly since we are seeking to have these provisional rates in effect as soon as possible. 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: Ms. Sandra Thomson, ONR, Seattle (one copy)  
Ms. Debora Yee, DCAA, Seattle Branch Office (one copy)  
Mr. Paul O'Donnell, DCAA, Alaska Sub-Office (one copy)

UNIVERSITY OF ALASKA

FY07 FORWARD PRICING FRINGE BENEFIT PROPOSAL  
TO ESTABLISH PROVISIONAL RATES



The University of Alaska  
Fringe Benefit Forward Pricing Proposal  
To Establish Provisional Rates

July 1, 2006 – June 30, 2007

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1. Final allocated benefit costs for combined job groups are rounded to hundreds for projection purposes.
2. Wages for FY07 are based on updated estimates of projected FY06 wages and incremented as follows:  
Classified, exempt and non-exempt staff, executive employees, nonunion faculty and extended temporary (job groups NR, XR, FN, FR, EX) - 2.6%.  
AHECTE union employees (job group CR) – 2.6%  
UNAC faculty (job group F9) – 4.7%  
ACCFT faculty (job group A9, AR) - 4.6%  
Adjunct faculty (job group FT, FW) – 4.6%  
AHECTE Union employees (CR, CT) – 1.0% salary grid increase per their collective bargaining agreement.  
Exempt and non-exempt staff (NR, XR, NT, XT, NX, XX) – 2.0% 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 three year average was used for all job groups for the period FY02 to FY04.
4. Beginning in FY07, UA will have new public employee retirement system (NPRS) and teachers' retirement system (NTRS) defined contribution plans for employees hired July 1, 2006 or later in addition to the existing PERS and TRS defined benefit plans for employees hired prior to July 1, 2006. The PERS, NPERS, TRS, and NTRS rates are projected at 20.58%, 10.00%, 26.00%, and 12.00% respectively, for employees using rates established or projected by the State of Alaska, Division of Retirement. The percentage of FY05 earnings subject to each benefit type is multiplied by the staff benefit wage base to estimate covered wages by job group. This approach is consistent with the FY06 staff benefit projections. The estimated covered wages by job group are reduced by the projected covered wages for employees hired after July 1, 2006 that will participate in the NPERS and NTRS defined contribution plans.
5. Beginning in FY06, UA will have two separate optional retirement plans, ORP and NORP. In June of 2005, the University Board of Regents established a new ORP plan for employees hired prior to July 1, 2006 will continue to participate in the current defined benefit plans. The ORP rate is projected at 21.0% using the 3 year average TRS rate. The FY07 NORP rate is projected at the 12% rate established by the UA Board of Regents for FY06. The percentage of FY05 earnings subject to each benefit type is multiplied by the staff benefit wage base to estimate covered wages by job group. This approach is consistent with the FY06 staff benefit projections. The estimated covered wages by job group are reduced by the projected covered wages for employees hired after July 1, 2006 that will participate in the NORP plans.
6. 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 FY05 wages subject to pension benefits by the staff benefit wage base. This approach is consistent with the FY06 staff benefit projections. No increase in costs are anticipated for pension administration costs so they are projected at the FY06 level. Projected pension administration costs are allocated to job groups prorata based on the covered wage base.

7. The percentage of FY05 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. This approach is consistent with FY06 staff benefit projections. 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 \$90,000 for adjunct faculty and temporary job groups. All new adjuncts will contribute to social security, not pension.
8. 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 had two health care plans, one for non-union employees and one for union employees. In FY06, union employees moved to the "UA Choice" plan implemented in FY05 for all non-union employees. This plan offers employees some flexible benefit options and matches the employee contributions with current year costs. 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. Allocation to individual union job groups (CR, F9, and AR/A9) is based on the number of employee participants in each eligible job group. Estimated spouse dependent and employee recoveries were allocated prorata based on headcount.
9. Life insurance costs are estimated based on 12 months at the estimated rate of \$0.1365 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. This projected cost was held constant at the FY06 level.
10. 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 estimated rate of \$0.353 per \$100 of eligible salary. The annual administrative fee is calculated at a rate of \$0.2625 per employee. The annual self insurance cost is based on a three years rolling average. 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. The total LTD projected costs were held constant at the FY06 level.
11. 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. The total unemployment projected costs were held constant at the FY06 level.
12. Workers' Compensation costs are estimated \$2,117,000 allocated to job group pools based on a combination of claims experience and exposure. The claims cost are estimated at the actuarial consultant's projected self insured FY06 claims level incremented the average increase per year in worker's compensation benefit costs for the period FY04 to FY06 of 8%. An additional \$434,000 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. The other costs are also incremented 8%.
13. Tuition waiver costs are projected at the FY06 level plus 10% due to approved tuition increases. 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.

14. 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. AHECTE contract costs were held constant at the FY06 level.
15. 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. Contract negotiations will begin in FY07 so these costs were increased by \$40,000 over the FY06 level.
16. Prior year staff benefit recovery carryforwards are estimated based on preliminary FY05 cost data.
17. In the FY05 fringe benefit rate forward pricing proposal, net health care costs were calculated based upon an incorrect recovery rate for previously incurred health care costs for union employees. As a result of union contract negotiations, the expected employee recovery due in FY05 was spread over a two-year period. The under-recovery generated from this difference would normally be built into our FY07 proposed rate. Since these costs have already been incurred in previous years, we have built the identifiable under-recovery of \$1,469,400 for the union groups in the proposed FY06 rates. These carryforward amounts liquidated in the FY06 fringe benefit forward pricing proposal are deducted from the estimated FY05 carryforward amounts.

University of Alaska  
 FY07 Staff Benefits Forward Pricing Proposal for Provisional Rates  
 FY07 Staff Benefits Rate Projection

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
FY07 Wage Base, Staff Benefits	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000	12,620,000	279,340,000
Staff Benefits:											
PERS/NPERS	12,054,400	2,133,100	10,958,000	787,600	-	-	-	-	-	-	25,933,100
TRS/NTRS	-	-	57,000	1,524,400	7,177,500	2,899,500	-	-	-	-	11,658,400
ORP/NORP	-	-	18,900	2,479,000	7,906,400	1,657,600	-	-	-	-	12,061,900
UA Pension	4,468,900	742,600	3,282,800	776,000	3,233,900	1,089,800	175,300	-	-	-	13,769,300
Medicare & Social Security	767,600	127,900	661,500	254,100	757,300	205,400	907,900	913,900	72,900	-	4,668,500
Health	18,404,500	2,593,500	10,928,100	2,507,100	8,869,900	3,095,900	-	-	393,500	-	46,792,500
Life	138,200	21,300	82,000	18,800	74,100	25,600	-	-	-	-	360,000
Long Term Disability	183,500	31,600	164,800	67,600	194,900	57,600	-	-	-	-	700,000
Unemployment	164,800	28,400	149,600	61,900	177,700	52,400	37,600	34,900	2,700	-	710,000
Workers' Compensation	739,600	784,200	284,300	117,600	294,500	86,900	61,900	168,700	13,300	-	2,551,000
Tuition	379,100	58,500	225,000	51,700	203,200	70,300	105,600	-	-	-	1,093,400
Consulting/Other	124,900	53,500	113,300	46,900	134,700	39,700	28,500	26,400	2,100	-	570,000
Labor Relations	-	60,500	-	-	378,100	111,500	79,900	-	-	-	630,000
Carryforward from FY05	434,013	558,806	(681,029)	(128,652)	1,940,225	1,127,241	(9,859)	15,748	(19,684)	-	3,236,809
Carryforward from FY05 Liquidated in FY06	-	(268,000)	-	-	(829,900)	(371,500)	-	-	-	-	(1,469,400)
Total Projected Staff Benefit Costs	37,859,513	6,925,906	26,244,271	8,564,048	30,512,525	10,147,941	1,386,841	1,159,648	464,816	-	123,265,509
Benefit Rates:											
PERS/NPERS	19.47%	19.97%	19.51%	3.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25,933,100
TRS/NTRS	0.00%	0.00%	0.10%	6.55%	10.75%	14.73%	0.00%	0.00%	0.00%	0.00%	11,658,400
ORP/NORP	0.00%	0.00%	0.03%	10.66%	11.84%	8.42%	0.00%	0.00%	0.00%	0.00%	12,061,900
UA Pension	7.22%	6.95%	5.84%	3.34%	4.84%	5.54%	1.24%	0.00%	0.00%	0.00%	13,769,300
Medicare & Social Security	1.24%	1.20%	1.18%	1.09%	1.13%	1.04%	6.43%	6.97%	7.08%	0.00%	4,668,500
Health	29.73%	24.28%	19.45%	10.78%	13.29%	15.73%	0.00%	0.00%	38.20%	0.00%	46,792,500
Life	0.22%	0.20%	0.15%	0.08%	0.11%	0.13%	0.00%	0.00%	0.00%	0.00%	360,000
Long Term Disability	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	700,000
Unemployment	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.00%	710,000
Workers' Compensation	1.19%	7.34%	0.51%	0.51%	0.44%	0.44%	0.44%	1.29%	1.29%	0.00%	2,551,000
Tuition	0.61%	0.55%	0.40%	0.22%	0.30%	0.36%	0.75%	0.00%	0.00%	0.00%	1,093,400
Consulting/Other	0.20%	0.50%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.00%	570,000
Labor Relations	0.00%	0.57%	0.00%	0.00%	0.57%	0.57%	0.57%	0.00%	0.00%	0.00%	630,000
Carryforward Rate	0.70%	2.72%	(1.21%)	(0.55%)	1.66%	3.84%	(0.07%)	0.12%	(1.91%)	0.00%	1,767,409
Total Projected Staff Benefit Rates	61.14%	64.84%	46.72%	36.83%	45.69%	51.56%	9.83%	8.85%	45.13%	0.00%	123,265,509
FY07 Proposed Staff Benefit Rates	61.10%	64.80%	46.70%	36.80%	45.70%	51.60%	9.80%	8.90%	45.10%	0.00%	
FY06 Negotiated Staff Benefit Rates	50.00%	66.20%	39.60%	32.30%	35.50%	53.80%	10.00%	8.70%	39.90%	0.00%	
Increase/(Decrease)	11.10%	(1.40%)	7.10%	4.50%	10.20%	(2.20%)	(0.20%)	0.20%	5.20%	0.00%	
Percentage Increase/(Decrease)	22.20%	(2.11%)	17.93%	13.93%	28.73%	(4.09%)	(2.00%)	2.30%	13.03%	0.00%	
Federal Participation											
FY07 Federal Wages & Leave Accrual	9,585,393	271,163	13,533,153	3,370,284	11,956,582	1,465,697	1,363,457	5,129,300	296,190	4,038,174	51,009,393
FY07 Staff Benefit Costs	5,856,675	175,714	6,319,982	1,240,265	5,464,158	756,300	133,619	456,508	133,582	-	20,536,803
FY07 Proj. Federal Participation	15,442,068	446,877	19,853,135	4,610,549	17,420,740	2,221,997	1,497,076	5,585,808	429,772	4,038,174	71,546,196

Job Group	NR	CR	XR	EX, FR Executives & 12 Mth Nonunion Faculty	FN Less than 12 Mth Nonunion Faculty	EX, FR, FN 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
FY07 Leave Benefits Wage Base Projection	49,540,000	8,280,000	46,780,000	16,680,000	3,210,000	-	64,760,000	19,320,000	14,080,000	12,680,000	890,000	12,570,000	248,790,000
FY05 Actual Leave Usage Rates (1):													
Annual Leave	8.88%	9.82%	9.22%	9.60%	n/a	8.18%	n/a	n/a	n/a	n/a	6.18%	n/a	
Sick Leave	5.58%	5.90%	4.57%	2.97%	0.95%	2.67%	1.52%	1.45%	n/a	n/a	2.56%	n/a	
Holiday/Other Leave	6.30%	6.32%	5.50%	5.41%	n/a	4.61%	n/a	n/a	n/a	n/a	5.24%	n/a	
Total Leave Usage Rate	20.76%	22.04%	19.29%	17.98%	0.95%	15.46%	1.52%	1.45%	n/a	n/a	13.98%	n/a	
Average Leave Usage Rates (2):													
Annual Leave	9.14%	9.33%	9.63%	9.52%	n/a	0.00%	n/a	n/a	n/a	n/a	6.84%	n/a	
Sick Leave	5.48%	6.20%	4.54%	2.67%	1.02%	0.00%	1.24%	1.49%	n/a	n/a	3.50%	n/a	
Holiday/Other Leave	6.40%	6.39%	5.54%	5.32%	n/a	0.00%	n/a	n/a	n/a	n/a	5.10%	n/a	
Total Average Leave Usage Rates	21.02%	21.92%	19.71%	17.51%	1.02%	0.00%	1.24%	1.49%	n/a	n/a	15.44%	n/a	
FY07 Leave Benefit Projection													
Annual Leave Usage	4,527,956	772,524	4,504,914	1,587,936	-	-	-	-	-	-	60,876	-	11,454,206
FY05 Carryforward Under (Over)	56,765	82,697	(233,839)	(60,724)	(20,861)	(81,586)	-	-	-	-	3,059	-	(254,489)
Reclassifications	-	-	-	-	20,861	81,586	-	-	-	-	-	-	102,447
Annual Leave Projection	4,584,721	855,221	4,271,075	1,527,212	-	-	-	-	-	-	63,935	-	11,302,164
Sick Leave Usage	2,714,792	513,360	2,123,812	445,356	32,742	-	803,024	287,868	-	-	31,150	-	6,952,104
FY05 Carryforward Under (Over)	93,871	(3,320)	52,815	(19,875)	(189)	(20,064)	155,612	(1,329)	-	-	(7,944)	-	249,577
Reclassifications	-	-	-	-	(27,003)	20,064	-	-	-	-	-	-	(6,939)
Sick Leave Projection	2,808,663	510,040	2,176,627	425,481	5,550	-	958,636	286,539	-	-	23,206	-	7,194,742
Holiday/Other Leave Usage	3,170,560	529,092	2,591,612	887,376	-	-	-	-	-	-	45,390	-	7,224,030
FY05 Carryforward Under (Over)	19,548	23,727	52,182	(27,238)	(6,142)	(33,380)	-	-	-	-	1,850	-	30,547
Reclassifications	-	-	-	-	6,142	33,380	-	-	-	-	-	-	39,522
Holiday/Other Leave Projection	3,190,108	552,819	2,643,794	860,138	-	-	-	-	-	-	47,240	-	7,294,099
Calculated Leave Benefit Rates													
Annual	9.25%	10.33%	9.13%	9.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.18%	0.00%	11,302,164
Sick	5.67%	6.16%	4.65%	2.55%	0.17%	0.00%	1.48%	1.48%	0.00%	0.00%	2.61%	0.00%	7,194,742
Holiday/Other	6.44%	6.68%	5.65%	5.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.31%	0.00%	7,294,099
Total Projected Leave Rates	21.36%	23.17%	19.43%	16.87%	0.17%	0.00%	1.48%	1.48%	0.00%	0.00%	15.10%	0.00%	25,791,005
FY07 Proposed Leave Benefit Rates	21.40%	23.20%	19.40%	16.90%	0.20%	0.00%	1.50%	1.50%	0.00%	0.00%	15.10%	0.00%	
FY06 Negotiated Rates	21.70%	23.10%	19.30%	16.70%	0.90%	0.00%	1.10%	1.40%	0.00%	0.00%	15.40%	0.00%	
Increase/(Decrease)	(0.30%)	0.10%	0.10%	0.20%	(0.70%)	0.00%	0.40%	0.10%	0.00%	0.00%	(0.30%)	0.00%	
Percentage Increase/(Decrease)	(1.38%)	0.43%	0.52%	1.20%	(77.78%)	0.00%	36.36%	7.14%	0.00%	0.00%	(1.95%)	0.00%	
Federal Participation													
FY05 Actual Federal Participation	15.94%	2.66%	24.23%	9.85%	45.07%	17.40%	18.19%	7.47%	9.68%	40.45%	28.91%	32.13%	
Projected FY07 Federal Wages	7,895,711	220,100	11,334,299	1,642,980	1,446,747	-	11,779,884	1,444,036	1,363,457	5,129,300	257,333	4,038,174	46,552,021
Projected FY07 Leave Benefit Costs	1,689,682	51,063	2,198,854	277,664	2,893	-	176,698	21,661	-	-	38,857	-	4,457,372
FY07 Proj. Federal Wages Plus Leave Benefits	9,585,393	271,163	13,533,153	1,920,644	1,449,640	-	11,956,582	1,465,697	1,363,457	5,129,300	296,190	4,038,174	51,009,393
													3,370,284 (3)

- (1) Usage rates from FY05 Staff Benefit Incurred Cost Report.
- (2) Average leave usage rates from FY06 Staff Benefit Forward Pricing Proposal.
- (3) Job groups EX and FR are eligible for all leave benefits. Job group FN is eligible for only sick leave. These job groups are recombined for staff benefit calculations.

University of Alaska  
 FY07 Staff Benefits Forward Pricing Proposal for Provisional Rates  
 FY07 Staff Benefit Cost Distribution Projection

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
FY07 Projected wage base, staff benefits	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000	12,620,000	279,340,000
Number of eligible employees (A)	1,666	257	989	227	893	309	1,023		36		5,400
<b>PERS:</b>											
FY07 PERS Estimated Contribution rate	20.58%	20.58%	20.58%	20.58%							
FY07 NPERS Estimated Contribution rate	10.00%	10.00%	10.00%	10.00%							
Percentage of Wages Covered (B)	98.36%	100.00%	97.63%	16.79%							
Benefit Covered Wage Base (1)	60,894,676	10,680,000	54,848,534	3,905,354							130,328,564
Less NPERS Covered Wage Base	4,515,000	613,000	3,118,000	152,000							8,398,000
PERS Covered Wage Base	56,379,676	10,067,000	51,730,534	3,753,354							121,930,564
PERS Cost	11,602,937	2,071,789	10,646,144	772,440							25,093,310
NPERS Cost	451,500	61,300	311,800	15,200							839,800
Total PERS & NPERS Cost	12,054,437	2,133,089	10,957,944	787,640							25,933,110
Use	12,054,400	2,133,100	10,958,000	787,600							25,933,100
PERS/NPERS Rate	19.47%	19.97%	19.51%	3.39%							
<b>TRS:</b>											
FY07 TRS Estimated Contribution rate			26.00%	26.00%	26.00%	26.00%					
FY07 NTRS Estimated Contribution rate			12.00%	12.00%	12.00%	12.00%					
Percentage of Wages Covered (B)			0.39%	25.73%	42.29%	58.10%					
Benefit Covered Wage Base (1)			219,102	5,984,798	28,232,804	11,434,080					45,870,784
Less NTRS Covered Wage Base			-	226,000	1,164,000	524,000					1,914,000
TRS Covered Wage Base			219,102	5,758,798	27,068,804	10,910,080					43,956,784
TRS Cost			56,967	1,497,287	7,037,889	2,836,621					11,428,764
NTRS Cost			-	27,120	139,680	62,880					229,680
Total TRS & NTRS Cost			56,967	1,524,407	7,177,569	2,899,501					11,658,444
Use			57,000	1,524,400	7,177,500	2,899,500					11,658,400
TRS/NTRS Rate			0.10%	6.55%	10.75%	14.73%					
<b>ORP:</b>											
FY07 ORP Estimated Contribution rate			21.00%	21.00%	21.00%	21.00%					
FY07 NORP Estimated Contribution rate			12.00%	12.00%	12.00%	12.00%					
Percentage of Wages Covered (B)			0.16%	52.79%	58.21%	41.67%					
Benefit Covered Wage Base (1)			89,888	12,278,954	38,860,996	8,200,656					59,430,494
Less NORP Covered Wage Base			-	1,106,000	2,827,000	717,000					4,650,000
ORP Covered Wage Base			89,888	11,172,954	36,033,996	7,483,656					54,780,494
ORP Cost			18,876	2,346,320	7,567,139	1,571,568					11,503,903
NORP Cost			-	132,720	339,240	86,040					558,000
Total ORP & NORP Cost			18,876	2,479,040	7,906,379	1,657,608					12,061,903
Use			18,900	2,479,000	7,906,400	1,657,600					12,061,900
ORP/NORP Rate			0.03%	10.66%	11.84%	8.42%					
<b>UA Pension Plan:</b>											
2004 Contribution rate (C)	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%				
Percentage of Wages Covered (B)	94.22%	90.76%	76.27%	43.55%	63.23%	72.28%	16.22%				
Pension Covered Wage Base (1)	58,331,602	9,693,168	42,848,486	10,129,730	42,212,348	14,224,704	2,288,642				179,728,680
Pension Plan Administration Costs (2) (D)	6,491	1,079	4,768	1,127	4,697	1,583	255				20,000
Pension Contribution	4,462,370	741,530	3,277,910	774,920	3,229,240	1,088,190	175,080				13,749,240
Pension Cost	4,468,861	742,609	3,282,678	776,047	3,233,937	1,089,773	175,335				13,769,242
Use	4,468,900	742,600	3,282,800	776,000	3,233,900	1,089,800	175,300				13,769,300
Pension Rate	7.22%	6.95%	5.84%	3.34%	4.84%	5.54%	1.24%				

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
FY07 Projected wage base, staff benefits	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000	12,620,000	279,340,000
Medicare/Social Security:											
2004 Contribution Rate - Medicare (C)	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 (C)							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%		
Percentage Of Wages Covered By Medicare (B)	85.51%	82.60%	81.20%	75.34%	78.23%	71.98%	98.25%	92.28%	92.80%		
Percentage Of Wages Covered By Social Security (B)							80.80%	90.85%	92.48%		
Medicare Covered Wage Base (1)	52,939,241	8,821,680	45,618,160	17,524,084	52,226,348	14,165,664	13,863,075	12,097,908	955,840		218,212,000
Social Security Covered Wage Base (1)							11,400,880	11,910,435	952,544		24,263,859
Medicare/Social Security Cost	767,619	127,914	661,463	254,099	757,282	205,402	907,869	913,867	72,917		4,668,432
Use	767,600	127,900	661,500	254,100	757,300	205,400	907,900	913,900	72,900		4,668,500
Medicare/Social Security Rate	1.24%	1.20%	1.18%	1.09%	1.13%	1.04%	6.43%	6.97%	7.08%		
Health Care:											
Eligible Employees Base (F)	1,637	252	972	223	864	301			35		4,284
Health Cost Net Of Cobra Health Recovery(3) (G)	21,508,606	3,721,519	12,771,145	2,930,005	12,759,495	4,445,148			459,866		58,595,784
Employee And Dependent Recovery (3) (G)	(3,104,037)	(863,664)	(1,843,082)	(422,847)	(2,961,133)	(1,031,599)			(66,366)		(10,292,728)
Union Debt Repayment Recovery (G)	-	(264,368)	-	-	(928,486)	(317,668)			-		(1,510,522)
Total Health Cost Net Of Cobra And Employee Recovery (3)	18,404,569	2,593,487	10,928,063	2,507,158	8,869,876	3,095,881			393,500		46,792,534
Use	18,404,500	2,593,500	10,928,100	2,507,100	8,869,900	3,095,900			393,500		46,792,500
Health Care Rate	29.73%	24.28%	19.45%	10.78%	13.29%	15.73%			38.20%		
Life Insurance:											
Eligible Employees Base (A)	1,666	257	989	227	893	309					4,341
Life Insurance Cost (B)	138,163	21,313	82,018	18,825	74,057	25,624					360,000
Use	138,200	21,300	82,000	18,800	74,100	25,600					360,000
Life Insurance Rate	0.22%	0.20%	0.15%	0.08%	0.11%	0.13%					
LTD Insurance											
Ltd Wage Base	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000					238,470,000
Ltd Premium And Self Insured Costs (D)	178,095	30,723	161,611	66,911	192,047	56,613					686,000
Ltd Administration Costs (4) (D)	5,373	829	3,190	732	2,879	997					14,000
Total LTD costs	183,468	31,552	164,801	67,643	194,926	57,610					700,000
Use	183,500	31,600	164,800	67,600	194,900	57,600					700,000
LTD Rate	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%					
Unemployment:											
Unemployment Wage Base	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000		266,720,000
Unemployment Cost (D)	164,803	28,430	149,549	61,917	177,713	52,388	37,560	34,898	2,742		710,000
Use	164,800	28,400	149,600	61,900	177,700	52,400	37,600	34,900	2,700		710,000
Unemployment Rate	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%		
Workers' Compensation:											
Average Claims Percentage Base (E)	30.18%	36.22%	9.11%	3.77%	8.78%	2.59%	1.84%	6.96%	0.55%		100.00%
Forecast Claims Cost	638,911	766,776	192,859	79,811	185,873	54,830	38,953	147,343	11,644		2,117,000
Other Costs (5)	100,738	17,378	91,415	37,848	108,631	32,023	22,959	21,332	1,676		434,000
Total Workers' Compensation Costs	739,649	784,154	284,274	117,659	294,504	86,853	61,912	168,675	13,320		2,551,000
Use	739,600	784,200	284,300	117,600	294,500	86,900	61,900	168,700	13,300		2,551,000
Workers' Compensation Rate	1.19%	7.34%	0.51%	0.51%	0.44%	0.44%	0.44%	1.29%	1.29%		

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>
FY07 Projected wage base, staff benefits	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000	12,620,000	279,340,000
Tuition waivers:											
Eligible Employees Base (A)	1,666	257	989	227	893	309	1,023				5,364
Employee Tuition Waiver Cost (6)	379,101	58,481	225,048	51,654	203,203	70,313	105,600				1,093,400
Use	379,100	58,500	225,000	51,700	203,200	70,300	105,600				1,093,400
Tuition Waiver Rate	0.61%	0.55%	0.40%	0.22%	0.30%	0.36%	0.75%				
Consulting/Printing/Other:											
Consulting/Printing/Other Wage Base	61,910,000	10,680,000	56,180,000	23,260,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000		266,720,000
Ahecte Legal Trust (7) (D)		32,000									32,000
Consulting Cost (D)	124,878	21,543	113,320	46,918	134,662	39,696	28,461	26,444	2,078		538,000
Total Consulting/Other Cost	124,878	53,543	113,320	46,918	134,662	39,696	28,461	26,444	2,078		570,000
Use	124,900	53,500	113,300	46,900	134,700	39,700	28,500	26,400	2,100		570,000
Consulting/Other Rate	0.20%	0.50%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%		
Labor Relations:											
Labor Relations Wage Base		10,680,000			66,760,000	19,680,000	14,110,000				111,230,000
Labor Relations Cost		60,491			378,125	111,466	79,918				630,000
Use		60,500			378,100	111,500	79,900				630,000
Labor Relations Rate		0.57%			0.57%	0.57%	0.57%				
Staff Benefit Carryforward:											
Carryforward from FY05	434,013	558,806	(681,029)	(128,652)	1,940,225	1,127,241	(9,859)	15,748	(19,684)		3,236,809
Carryforward Liquidated in FY06	-	(268,000)	-	-	(829,900)	(371,500)	-	-	-		(1,469,400)
Remaining Carryforward from FY05 to be Liquidated in FY07	434,013	290,806	(681,029)	(128,652)	1,110,325	755,741	(9,859)	15,748	(19,684)		1,767,409
Carryforward Rate	0.70%	2.72%	(1.21%)	(0.55%)	1.66%	3.84%	(0.07%)	0.12%	(1.91%)		

**FY07 Allocation Methodologies**

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

**FY07 Staff Benefit Rate Significant Assumptions**

- (A) Assumed headcount was constant from FY06 projected levels to FY07
- (B) Assumed percentage of covered wages from FY05 was reasonable approximation for FY07
- (C) Assumed contribution rate would remain constant from FY06 to FY07
- (D) Assumed that costs would remain constant from FY06 to FY07
- (E) Assumed workers compensation average claims percentage base remains constant from FY06 to FY07
- (F) Used Mercer's FY07 headcount projections which are based on estimated eligible employees less employees that opt out of the health care program.
- (G) Health care costs less cobra health recovery based on FY07 projected costs and recoveries  
 Employee and dependent recoveries projected based on headcount and UA Choice Annual Rates  
 Union debt repayment during FY07 based on headcount projections and annual debt repayment rate agreed to for FY06 and FY07 by unions for transition to UA Choice.  
 Represents repayment for FY04 and FY05 employee recovery needed that would have been collected during FY06 on the existing unions retrospective health care plan.

University of Alaska  
 FY07 Staff Benefit Rates Forward Pricing Proposal for Provisional Rates  
 FY07 Wage Base Projection

Job Group	NR	CR	XR	EX, FR Executives & Nonunion Faculty	FN 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 FY05 Projected Average Headcount	1,622	257	962	170	51	873	302	1,023		35		5,295
Reclassification Project Changes	21		(21)									-
<b>Total FY05 Headcount</b>	<b>1,643</b>	<b>257</b>	<b>941</b>	<b>170</b>	<b>51</b>	<b>873</b>	<b>302</b>	<b>1,023</b>		<b>35</b>		<b>5,295</b>
SWOHR FY06 Projected Average Headcount (1)	1,666	257	989	175	52	893	309	1,023		36		5,400
<b>FY07 Leave Benefits Wage Base Projection:</b>												
FY05 Actual Leave Benefit Wage Base (2)	45,980,103	8,032,535	44,582,346	15,628,322	2,730,474	59,261,695	17,876,538	13,449,307	12,604,496	846,788	12,573,263	233,565,867
Projected FY06 Leave Wage Base (1)	47,810,000	8,010,000	45,140,000	16,260,000	3,130,000	61,840,000	18,470,000	13,460,000	12,600,000	880,000	12,570,000	240,170,000
Pay Grid Adjustment (3)	478,100	80,100	451,400	-	-	-	-	-	76,700	8,800	-	1,095,100
Projected FY06 Leave Wage Base Adjusted for Grid Increases	48,288,100	8,090,100	45,591,400	16,260,000	3,130,000	61,840,000	18,470,000	13,460,000	12,676,700	888,800	12,570,000	241,265,100
FY07 Estimated Salary Increase (4)	1,255,491	186,072	1,185,376	422,760	81,380	2,906,480	849,620	619,160	-	-	-	7,506,339
FY07 Projected Leave Benefits Wage Base	49,543,591	8,276,172	46,776,776	16,682,760	3,211,380	64,746,480	19,319,620	14,079,160	12,676,700	888,800	12,570,000	248,771,439
Use	49,540,000	8,280,000	46,780,000	16,680,000	3,210,000	64,760,000	19,320,000	14,080,000	12,680,000	890,000	12,570,000	248,790,000
<b>FY07 Staff Benefits Wage Base Projection:</b>												
Projected FY07 Leave Wage Base	49,540,000	8,280,000	46,780,000	16,680,000	3,210,000	64,760,000	19,320,000	14,080,000	12,680,000	890,000	12,570,000	248,790,000
FY05 Actual Leave Benefit Wage Base (2)	45,980,103	8,032,535	44,582,346	15,628,322	2,730,474	59,261,695	17,876,538	13,449,307	12,604,496	846,788	12,573,263	233,565,867
Projected Dollar Change	3,559,897	247,465	2,197,654	1,051,678	479,526	5,498,305	1,443,462	630,693	75,504	43,212	(3,263)	15,224,133
Projected Percentage Change	7.74%	3.08%	4.93%	6.73%	17.56%	9.28%	8.07%	4.69%	0.60%	5.10%	(0.03%)	
FY07 Proposed Leave Rates	21.40%	23.20%	19.40%	16.90%	0.20%	1.50%	1.50%	0.00%	0.00%	15.10%	0.00%	
Leave Accrual	10,601,560	1,920,960	9,075,320	2,818,920	6,420	971,400	289,800	-	-	134,390	-	25,818,770
Overtime Pay (FY05 Actual)	1,143,949	377,600	-	-	-	-	-	-	233,096	8,615	24,661	1,787,921
Miscellaneous Pay (FY05 Actual)	498,255	84,860	306,328	447,059	50,403	942,650	69,232	27,946	190,530	1,254	24,562	2,643,079
FY07 Overtime Pay (5)	1,232,516	389,233	-	-	-	-	-	-	234,492	9,055	24,654	1,889,950
FY07 Miscellaneous Pay (5)	536,832	87,475	321,428	477,143	59,255	1,030,109	74,822	29,257	191,672	1,318	24,556	2,833,867
FY07 Projected Staff Benefits Wage Base	61,910,908	10,677,668	56,176,748	19,976,063	3,275,675	66,761,509	19,684,622	14,109,257	13,106,164	1,034,763	12,619,210	279,332,587
Use	61,910,000	10,680,000	56,180,000	19,980,000	3,280,000	66,760,000	19,680,000	14,110,000	13,110,000	1,030,000	12,620,000	279,340,000
												23,260,000 (6)

(1) Consistent with the FY06 Staff Benefit Forward Pricing Proposal.

(2) Per FY05 Staff Benefit Final Incurred Cost Report

(3) Per BOR regulation (R04.05.040.D), "Annually, the Board of Regents will review the staff salary schedule. Annual COLA adjustments will be applied to the staff salary schedule, not to exceed 2 percent, and subject to funding availability, based on the Consumer Price Index (CPI) as reported by the Alaska Department of Labor and Workforce Development." A 1% COLA adjustment is a reasonable estimate for percentage grid increases for purposes of developing provisional rates.

(4) Consistent with the FY06 Staff Benefit Forward Pricing Proposal, projected salary increases of 2.6% for job groups NR, XR, FN, FR, and EX; 2.6% for CR; 4.7% for F9, 4.6% for AR/A9, 4.6% for FT/FW were used for FY07 and FY08.

(5) Applied FY07:FY05 leave benefit wage base increase to FY05 actual overtime and miscellaneous pay to estimate FY07 overtime and miscellaneous pay.

(6) Beginning in FY06, job group EX, FN, FR has been split into two job group EX, FR and FR for leave benefit calculations. The EX, FR job group includes job classes eligible for all leave types. The FN job group is eligible for sick leave only. Job group for staff benefit calculation.