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UNIVERSITY
of ALASKA
 Many Traditions One Alaska

March 31, 2010

David Godfrey
 Office of Naval Research
 Indirect Cost Branch
 Code BD0242, Room 373
 875 N. Randolph Street
 Arlington, VA 22203

RE: University of Alaska FY11 Fringe Benefit Forward Pricing Proposal

Dear Mr. Godfrey:

This memorandum and enclosed attachments represent the University of Alaska's proposal to establish fixed with carry-forward fringe benefit rates for the period of July 1, 2010 through June 30, 2011 (FY11).

The cost methodology used is consistent with methodologies utilized for the FY10 fringe benefit forward pricing proposal. This proposal fully liquidates the FY09 staff benefit over recovery carry-forward of \$1,997,700 and leave benefit under recovery of \$510,600.

The following table summarizes the fringe benefit rates proposed for FY11 for the University of Alaska System. Also listed are the FY10 negotiated rates for comparison purposes.

E-Class	<u>Leave Benefit Rates (1)</u>		<u>Staff Benefit Rates (2)</u>	
	FY10	FY11	FY10	FY11
	Negotiated Benefit Rates	Proposed Benefit Rates	Negotiated Benefit Rates	Proposed Benefit Rates
NR	21.30%	21.40%	57.00%	58.90%
CR	22.30%	22.30%	53.80%	70.90%
XR	20.20%	20.10%	44.10%	46.20%
EX, FR	18.70%	18.80%	28.20%	30.40%
FN	2.20%	3.40%	28.20%	30.40%
F9	1.70%	1.20%	31.90%	30.60%
AR, A9	1.10%	1.40%	32.40%	39.50%
FT, FW	0.00%	0.00%	9.50%	9.60%
CT, GT, NT, ST, XT	0.00%	0.00%	8.00%	8.40%
NX, XX	14.00%	16.10%	41.90%	46.80%

(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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March 31, 2010
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We are seeking to have new rates in effect for our first payroll in July 2010. We appreciate any assistance you can provide to help complete negotiations prior to that time. In the event that a final agreement will not be likely by July 1, 2010, we request that these proposed rates be provisional rates. This would help avoid potential billing adjustments on activity between July 1 and the date of the final agreement. Please 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,



Myron J. Dosch

JFB

Attachments

cc: Debbie Rafi, ONR (one copy)
Sandra Thomson, ONR, Seattle (one copy)
Glade Stott, DCAA, Pacific Branch Office (one copy)
Christopher Mahan, DCAA, Alaska Sub-Office (one copy)

UNIVERSITY OF ALASKA

FY11 FRINGE BENEFIT FORWARD PRICING PROPOSAL



The University of Alaska
Fringe Benefit Forward Pricing Proposal

July 1, 2010 – June 30, 2011

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Attachment A: Certifications

Certificate of Fringe Benefit Costs

Certificate of Final Fringe Benefit Costs

1. Final allocated benefit costs for combined e-classes are rounded to hundreds for projection purposes.
2. Wages for FY11 are based on updated estimates of projected FY10 wages and incremented for salary and grid increases.
Annual salary increases are projected for eligible e-classes as follows:
 - AHECTE union (aka Local 6070) employees (e-class CR) – 3.63% which will go into effect December 01, 2010
 - Executive employees (e-class EX) - 2.6%
 - Non-union faculty (e-classes FR, FN) – 3.5%
 - UNAC faculty (e-class F9) – 3.5%
 - UAFT faculty (e-classes AR, A9) – 3.0%
 - Adjunct faculty (e-classes FT, FW) – 4.0%Salary grid increases are projected for eligible e-classes as follows:
 - Classified, exempt and non-exempt staff (e-classes NR, XR, NT, XT, NX, XX) – 3.0%
 - AHECTE Union employees (e-classes CR, CT) – 1.5%
 - Students (e-classes ST, SN) – 5.21% average increase
3. Leave usage is projected using average rates calculated by e-class. Use of average rates is intended to smooth individual year usage fluctuations. A four year average was used for all e-classes for the period FY06 to FY09. Leave benefit recovery carryforwards are reflected as calculated in the FY09 Fringe Benefit Incurred Cost Report.
4. Beginning July 01, 2006, UA has two public employee retirement system (PERS) plans. The public employee retirement system defined benefit (PERS-DB) plan is restricted to eligible employees with an original hire date prior to July 1, 2006. Eligible employees with an original hire date of July 1, 2006 or later may enroll in the public employee retirement system defined contribution (PERS-DC) plan or the optional retirement plan, ORP–Tier 3. Effective July 01, 2007, employer PERS-DC amount per employee, must calculate to at least the PERS-DB rate. The calculated contribution beyond the PERS-DC rate is applied to the State of Alaska PERS-DB unfunded liability. The PERS-DB and PERS-DC rates are 22.00% and 8.08% respectively, rates are established or projected by the State of Alaska, Division of Retirement. The percentage of FY09 earnings subject to this benefit is multiplied by the staff benefit wage base to estimate potential covered wages by e-class for the public retirement system plans. This amount is reduced for covered wage estimates for individuals expected to participate in the ORP–Tier 3 Plan.
5. Beginning in July 01, 2006, UA has two teacher’s retirement system (TRS) plans. The teacher’s retirement system defined benefit (TRS-DB) plan is restricted to eligible employees with an original hire date prior to July 1, 2006. Eligible employees with an original hire date of July 1, 2006 or later may enroll in the teacher’s retirement system defined contribution (TRS-DC) plan or the optional retirement plan, ORP–Tier 3. Effective July 01, 2007, employer TRS-DC amount per employee, must calculate to at least the TRS-DB rate. The calculated contribution beyond the TRS-DC rate is applied to the State of Alaska TRS-DB unfunded liability. The TRS-DB and TRS-DC rates are 12.56% and 8.75% respectively, rates are established or projected by the State of Alaska, Division of Retirement. The percentage of FY09 earnings subject to this benefit is multiplied by the staff benefit wage base to estimate potential covered wages by e-class for the teacher’s retirement system plans. This amount is reduced for covered wage estimates for individuals expected to participate in the ORP–Tier 3 Plan.

6. Effective July 01, 2006, UA has three separate optional retirement plans, ORP–Tier 1, ORP–Tier 2, and ORP–Tier 3. The ORP–Tier 1 plan is for eligible employees with an original hire date prior to July 1, 2005. The University Board of Regents established ORP–Tier 2, for eligible employees with an original hire date during FY06. The University Board of Regents also established a third optional retirement plan with an expanded employee eligibility criteria, ORP–Tier 3. It is available to all retirement eligible employees with an original hire date of July 1, 2006 or later. The ORP–Tier 1 rate is projected at 12.56% using the 3 year average TRS-DB rate. The ORP–Tier 2 and ORP–Tier 3 rate is established by the Board of Regents at 12.00%. The percentage of FY09 earnings eligible for all the optional retirement plan benefits is multiplied by the staff benefit wage base to estimate total optional retirement plan covered wages by e-class. The projected covered wage base for employees newly hired between FY09 and FY11 is allocated to the multiple retirement options based on the percentages of the actual FY10 newly hired eligible employees in each e-class from July 2009 through February 2010, adjusted for applicable grid and salary increases. The ORP–Tier 2 and ORP–Tier 3 projected covered wage base is subtracted from the estimated total optional retirement plan wages by e-class resulting in the ORP Tier 1 covered wage base.
7. Pension costs are estimated at 7.65% of covered wages below \$42,000 for regular employees and \$106,800 for eligible adjunct faculty. E-class covered wages for the fiscal year are calculated by multiplying the percentage of FY09 wages subject to pension benefits by the FY11 projected staff benefit wage base. New eligible employees expected to enroll in ORP–Tier 3 are eligible for pension benefits. Employees enrolled in the PERS-DC and TRS-DC retirement plans are not eligible for pension benefits so the amount of projected covered wages for PERS-DC and TRS-DC is subtracted from the calculated gross pension covered wage base. Projected pension administration costs are allocated to e-classes prorata based on the covered wage base.
8. The percentage of FY09 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 e-class. Medicare costs are projected at 1.45% of covered wages for all employees hired after April 1986. Social security is estimated at 6.2% of covered wages below \$106,800 for adjunct faculty and temporary e-classes. All new adjunct faculty will contribute to social security, not pension.
9. Health care costs are estimated at projected usage levels less projected recoveries. All benefit eligible e-classes pay for spouse/dependent health coverage if elected. The current plan offers employees some flexible benefit options and matches the employee contributions with current year costs. Projected health care claims costs are allocated to union (e-classes CR, F9, and AR/A9) and non-union (e-classes NR, XR, EX/FR/FN and NX/XX) plan groups based on prior year actual claims costs. Other health care costs, except wellness, are allocated based on plan usage or projected plan participants. Projected spouse/dependent and employee recoveries are allocated based on projected plan participants. Non-union costs and recoveries are further allocated to e-classes by projected non-union participants. Wellness costs are allocated to all projected health care eligible employees, including opt-outs.
10. Life insurance administrative costs are estimated at \$0.18/\$1,000 of the insured amount. Allocation to individual e-classes is based on the number of employee participants in each eligible e-class.
11. Long term disability insurance (LTD) costs are for self-insurance with a limit of three months coverage plus premium costs for remaining LTD coverage. This is estimated based on 12 months at the estimated rate of \$0.21 per \$100 of salary. The annual administrative fee is calculated at the estimated rate of \$0.007 per \$100 of salary. The annual self insurance cost is based on a three year rolling average. LTD costs are allocated to e-classes prorata based on the staff benefit wage base.
12. Unemployment costs are projected based on the average of 4 years actual experience plus estimated current year usage, then adjusted consistent with current trends. Allocated to e-classes prorata based on the staff benefit wage base.

The Workers' Compensation claims cost are estimated at the actuarial consultant's projected self insured FY11 claims level. Workers' Compensation costs are allocated to e-class pools based on a combination of claims experience and exposure. Additional costs for insurance premiums, professional fees, office operations, and loss prevention are allocated to non-student e-classes prorata based on the staff benefit wage base.

13. Tuition waiver costs are projected at the FY10 estimated usage level and adjusted for increases or decreases in tuition rates for FY11. Employee (excluding adjunct) projected tuition waiver costs are allocated to applicable e-class pools based on the number of eligible employees. Adjunct projected tuition waiver costs are allocated to that specific e-class. 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 respective program director. AHECTE legal trust costs are allocated entirely to the benefiting e-class, CR. Employee Assistance Program (EAP) costs are allocated to health care eligible employees. Consulting and other projected costs are allocated to non-student e-classes prorata based on the staff benefit wage base.
15. Labor relations costs are projected at the level forecasted by the respective program director and Statewide Office of Labor and Employee Relations and are allocated to the union e-classes prorata based on their staff benefit wage base.
16. Staff benefit recovery carryforwards are reflected as calculated in the FY09 Fringe Benefit Incurred Cost Report.

	E-Class	NR	CR AHECTE Union Classified	XR APT Exempt	EX, FN, FR Executives & Nonunion Faculty	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
FY11 Staff Benefits Wage Base		73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000	12,930,000	349,150,000
Staff Benefits:												
PERS		12,057,100	2,217,800	13,864,700	1,308,400	-	-	-	-	-	-	29,448,000
TRS		-	-	9,300	694,400	3,816,700	1,540,700	-	-	-	-	6,061,100
ORP-Tier 1		-	-	71,800	1,194,600	4,215,700	941,300	-	-	-	-	6,423,400
ORP-Tier 2 and Tier 3		1,867,600	226,900	1,132,100	689,600	2,174,200	706,100	-	-	-	-	6,796,500
UA Pension Plan		4,162,100	654,400	3,514,400	721,000	3,053,700	1,155,900	144,500	-	-	-	13,406,000
Medicare & Social Security		975,100	160,400	980,000	337,600	1,043,600	325,000	1,171,300	1,211,000	74,600	-	6,278,600
Health Care		22,966,600	4,099,200	15,058,400	3,151,700	10,709,600	5,455,200	-	-	379,700	-	61,820,400
Life Insurance		180,400	29,100	118,200	24,700	102,300	37,300	-	-	-	-	492,000
Long Term Disability		126,100	21,200	131,100	47,600	146,000	45,400	-	-	-	-	517,400
Unemployment		96,300	16,200	100,100	36,300	111,400	34,700	23,000	22,100	1,300	-	441,400
Workers' Compensation		821,900	702,200	482,500	175,200	409,900	127,500	84,500	149,000	9,100	-	2,961,800
Tuition Waivers		516,100	83,200	338,300	70,800	292,900	106,700	148,000	-	-	-	1,556,000
Consulting/Other		94,300	48,500	79,600	24,100	80,800	26,700	11,000	10,600	1,400	-	377,000
Labor Relations		-	81,800	-	-	563,600	175,400	116,200	-	-	-	937,000
Carryforward from FY09		(714,600)	392,600	(637,900)	(72,500)	(755,300)	(233,100)	(18,800)	30,800	11,100	-	(1,997,700)
		<u>43,149,000</u>	<u>8,733,500</u>	<u>35,242,600</u>	<u>8,403,500</u>	<u>25,965,100</u>	<u>10,444,800</u>	<u>1,679,700</u>	<u>1,423,500</u>	<u>477,200</u>	<u>-</u>	<u>135,518,900</u>
Benefit Rates:												
PERS		16.44%	18.00%	18.19%	4.73%							29,448,000
TRS				0.01%	2.51%	4.50%	5.83%					6,061,100
ORP-Tier 1				0.09%	4.31%	4.97%	3.56%					6,423,400
ORP-Tier 2 and Tier 3		2.55%	1.84%	1.49%	2.49%	2.56%	2.67%					6,796,500
UA Pension Plan		5.68%	5.31%	4.61%	2.60%	3.60%	4.38%	0.83%				13,406,000
Medicare & Social Security		1.33%	1.30%	1.29%	1.22%	1.23%	1.23%	6.69%	7.18%	7.31%		6,278,600
Health Care		31.32%	33.27%	19.76%	11.38%	12.62%	20.66%			37.23%		61,820,400
Life Insurance		0.25%	0.24%	0.16%	0.09%	0.12%	0.14%					492,000
Long Term Disability		0.17%	0.17%	0.17%	0.17%	0.17%	0.17%					517,400
Unemployment		0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%		441,400
Workers' Compensation		1.12%	5.70%	0.63%	0.63%	0.48%	0.48%	0.48%	0.88%	0.89%		2,961,800
Tuition Waivers		0.70%	0.68%	0.44%	0.26%	0.35%	0.40%	0.85%				1,556,000
Consulting/Other		0.13%	0.39%	0.10%	0.09%	0.10%	0.10%	0.06%	0.06%	0.14%		377,000
Labor Relations			0.66%			0.66%	0.66%	0.66%				937,000
Carryforward from FY09		(0.97%)	3.19%	(0.84%)	(0.26%)	(0.89%)	(0.88%)	(0.11%)	0.18%	1.09%		(1,997,700)
		<u>58.85%</u>	<u>70.88%</u>	<u>46.23%</u>	<u>30.35%</u>	<u>30.60%</u>	<u>39.53%</u>	<u>9.59%</u>	<u>8.43%</u>	<u>46.79%</u>	<u>-</u>	<u>135,518,900</u>
FY11 Proposed Staff Benefit Rates		<u>58.90%</u>	<u>70.90%</u>	<u>46.20%</u>	<u>30.40%</u>	<u>30.60%</u>	<u>39.50%</u>	<u>9.60%</u>	<u>8.40%</u>	<u>46.80%</u>		
FY10 Negotiated Staff Benefit Rates		<u>57.00%</u>	<u>53.80%</u>	<u>44.10%</u>	<u>28.20%</u>	<u>31.90%</u>	<u>32.40%</u>	<u>9.50%</u>	<u>8.00%</u>	<u>41.90%</u>		
Increase/(Decrease)		<u>1.90%</u>	<u>17.10%</u>	<u>2.10%</u>	<u>2.20%</u>	<u>(1.30%)</u>	<u>7.10%</u>	<u>0.10%</u>	<u>0.40%</u>	<u>4.90%</u>		
Percentage Increase/(Decrease)		<u>3.33%</u>	<u>31.78%</u>	<u>4.76%</u>	<u>7.80%</u>	<u>(4.08%)</u>	<u>21.91%</u>	<u>1.05%</u>	<u>5.00%</u>	<u>11.69%</u>		
Federal Participation												
FY11 Federal Wages & Leave Accrual		9,452,300	135,800	15,092,800	3,340,600	13,377,900	1,296,000	1,386,200	5,421,800	249,800	3,795,200	53,548,400
FY11 Staff Benefit Costs		5,567,405	96,282	6,972,874	1,015,542	4,093,637	511,920	133,075	455,431	116,906	-	18,963,072
FY11 Projected Federal Participation		<u>15,019,705</u>	<u>232,082</u>	<u>22,065,674</u>	<u>4,356,142</u>	<u>17,471,537</u>	<u>1,807,920</u>	<u>1,519,275</u>	<u>5,877,231</u>	<u>366,706</u>	<u>3,795,200</u>	<u>72,511,472</u>

E-Class	NR	CR AHECTE Union	XR	EX, FR Executives & Nonunion Faculty (a)	FN Nonunion Faculty (a)	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
Projected FY11 Leave Wage Base	59,210,000	9,740,000	63,150,000	19,830,000	3,610,000	81,450,000	25,510,000	17,480,000	16,540,000	850,000	12,900,000	310,270,000
FY09 Actual Leave Usage Rates:												
Annual Leave	9.07%	9.58%	9.32%	9.07%						7.72%		
Sick Leave	5.70%	6.21%	4.57%	2.96%	2.95%	1.17%	1.46%			3.42%		
Holiday/Other Leave	6.37%	6.07%	5.46%	5.35%						5.59%		
	21.14%	21.86%	19.35%	17.38%	2.95%	1.17%	1.46%	n/a	n/a	16.73%	n/a	
Average Leave Usage Rates:												
Annual Leave	9.06%	9.32%	9.59%	9.25%	n/a	n/a	n/a	n/a	n/a	6.78%	n/a	
Sick Leave	5.69%	6.42%	4.68%	2.95%	1.86%	1.37%	1.43%	n/a	n/a	3.47%	n/a	
Holiday/Other Leave	6.41%	6.17%	5.50%	5.36%	n/a	n/a	n/a	n/a	n/a	5.44%	n/a	
Total Average Leave Rate	21.16%	21.91%	19.77%	17.56%	1.86%	1.37%	1.43%	n/a	n/a	15.69%	n/a	
FY11 Leave Benefit Projection												
Annual Leave Usage	5,364,426	907,768	6,056,085	1,834,275	-	-	-	-	-	57,630	-	14,220,184
FY09 Carryforward Under (Over)	142,900	63,200	283,600	200,800						(1,300)		689,200
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Annual Leave Projection	5,507,326	970,968	6,339,685	2,035,075	-	-	-	-	-	56,330	-	14,909,384
Sick Leave Usage	3,369,049	625,308	2,955,420	584,985	67,146	1,115,865	364,793	-	-	29,495	-	9,112,061
FY09 Carryforward Under (Over)	31,700	(8,300)	(61,500)	37,300	56,100	(148,600)	(16,700)			1,900		(108,100)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Sick Leave Projection	3,400,749	617,008	2,893,920	622,285	123,246	967,265	348,093	-	-	31,395	-	9,003,961
Holiday/Other Leave Usage	3,795,361	600,958	3,473,250	1,062,888	-	-	-	-	-	46,240	-	8,978,697
FY09 Carryforward Under (Over)	(15,300)	(21,000)	(34,100)	(2,800)						2,700		(70,500)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Holiday/Other Leave Projection	3,780,061	579,958	3,439,150	1,060,088	-	-	-	-	-	48,940	-	8,908,197
Calculated Leave Benefit Rates												
Annual	9.30%	9.97%	10.04%	10.26%						6.63%		14,909,384
Sick	5.74%	6.33%	4.58%	3.14%	3.41%	1.19%	1.36%			3.69%		9,003,961
Holiday/Other	6.38%	5.95%	5.45%	5.35%						5.76%		8,908,197
	21.42%	22.25%	20.07%	18.75%	3.41%	1.19%	1.36%			16.08%		32,821,542
FY11 Proposed Leave Benefit Rates	21.40%	22.30%	20.10%	18.80%	3.40%	1.20%	1.40%			16.10%		
FY10 Negotiated Rates												
Increase/(Decrease)	0.10%		(0.10%)	0.10%	1.20%	(0.50%)	0.30%			2.10%		
Percentage Increase/(Decrease)	0.47%		(0.50%)	0.53%	54.55%	(29.41%)	27.27%			15.00%		
Federal Participation												
FY09 Actual Federal Participation	13.15%	1.14%	19.90%	8.36%	36.73%	16.23%	5.01%	7.93%	32.78%	25.32%	29.42%	
Projected FY11 Federal Wages	7,786,100	111,000	12,566,900	1,657,800	1,326,000	13,219,300	1,278,100	1,386,200	5,421,800	215,200	3,795,200	48,763,600
Projected FY11 Leave Benefit Costs	1,666,200	24,800	2,525,900	311,700	45,100	158,600	17,900	-	-	34,600	-	4,784,800
	9,452,300	135,800	15,092,800	1,969,500	1,371,100	13,377,900	1,296,000	1,386,200	5,421,800	249,800	3,795,200	53,548,400

3,340,600 (a)

(a) E-classes EX and FR are eligible for all leave benefits. E-class FN is only eligible for sick leave. E-classes are recombined for staff benefit calculation.

	E-Class	NR	CR AHECTE Union	XR	EX, FR, FN Executives & Nonunion Faculty	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX, XX Extended Temporary	GN, SN Student	TOTAL
FY11 Projected Staff Benefits Wage Base		73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000	12,930,000	349,150,000
Number of Eligible Employees		1,669	269	1,094	229	947	345	902		28		5,483
PERS:												
FY11 PERS-DB Projected Contribution Rate		22.00%	22.00%	22.00%	22.00%							
FY11 PERS-DC Projected Contribution Rate		8.08%	8.08%	8.08%	8.08%							
Percentage of PERS Wages Covered		78.07%	84.89%	84.70%	22.30%							
PERS Benefit Covered Wage Base (a)		57,240,924	10,458,448	64,558,340	6,174,870							138,432,582
PERS-DC Covered Wage Opting ORP-Tier 3 (b)		(2,435,745)	(377,478)	(1,536,995)	(227,455)							(4,577,673)
Revised Percentage of PERS Wages Covered		74.75%	81.83%	82.68%	21.48%							
PERS-DB Covered Wage Base		50,538,411	9,256,271	62,058,863	5,947,415							127,800,960
PERS-DC Covered Wage Base		4,266,768	824,699	962,482	-							6,053,949
PERS-DB Cost		11,118,450	2,036,380	13,652,950	1,308,431							28,116,211
PERS-DC Cost		344,755	66,636	77,769	-							489,160
PERS-DC Cost: DB Unfunded Liability (c)		593,934	114,798	133,977	-							842,709
Total PERS Cost		12,057,139	2,217,814	13,864,696	1,308,431							29,448,080
Use		12,057,100	2,217,800	13,864,700	1,308,400							29,448,000
PERS Rate		16.44%	18.00%	18.19%	4.73%							
TRS:												
FY11 TRS-DB Projected Contribution Rate				12.56%	12.56%	12.56%	12.56%					
FY11 TRS-DC Projected Contribution Rate				8.75%	8.75%	8.75%	8.75%					
Percentage of TRS Wages Covered				0.10%	20.73%	37.08%	48.33%					
TRS Benefit Covered Wage Base (a)				76,220	5,740,137	31,469,796	12,763,953					50,050,106
TRS-DC Covered Wage Opting ORP-Tier 3 (b)				(1,815)	(211,441)	(1,081,791)	(497,616)					(1,792,663)
Revised Percentage of TRS Wages Covered				0.10%	19.97%	35.81%	46.45%					
TRS-DB Covered Wage Base				74,405	5,113,786	28,657,709	11,520,926					45,366,826
TRS-DC Covered Wage Base				-	414,910	1,730,296	745,411					2,890,617
TRS-DB Cost				9,345	642,292	3,599,408	1,447,028					5,698,073
TRS-DC Cost				-	36,305	151,401	65,223					252,929
TRS-DC Cost: DB Unfunded Liability (c)				-	15,808	65,924	28,401					110,133
Total TRS Cost				9,345	694,405	3,816,733	1,540,652					6,061,135
Use				9,300	694,400	3,816,700	1,540,700					6,061,100
TRS Rate				0.01%	2.51%	4.50%	5.83%					
ORP-Tier 1:												
FY11 ORP Tier 1 Projected Contribution Rate				12.56%	12.56%	12.56%	12.56%					
Percentage of ORP Wages Covered				0.75%	55.17%	62.60%	50.82%					
ORP Benefit Covered Wage Base (a)				571,650	15,276,573	53,128,620	13,421,562					82,398,405
ORP-Tier 2 Covered Wage Base				n/a	(1,312,506)	(3,029,859)	(517,636)					(4,860,001)
ORP-Tier 3 Covered Wage Base (b)				n/a	(4,453,166)	(16,534,295)	(5,409,104)					(26,396,565)
ORP-Tier 1 Benefit Covered Wage Base				571,650	9,510,901	33,564,466	7,494,822					51,141,839
ORP Tier 1 Percentage of Wages Covered				0.75%	34.35%	39.55%	28.38%					
ORP-Tier 1 Cost				71,799	1,194,569	4,215,697	941,350					6,423,415
Use				71,800	1,194,600	4,215,700	941,300					6,423,400
ORP-Tier 1 Rate				0.09%	4.31%	4.97%	3.56%					
ORP-Tier 2 and Tier 3:												
FY11 ORP Tier 2 & Tier 3 Projected Contribution Rate		12.00%	12.00%	12.00%	12.00%	12.00%	12.00%					
Percentage of ORP-Tier 2 Wages Covered					4.74%	3.57%	1.96%					
Percentage of ORP-Tier 3 Wages Covered		23.98%	16.94%	14.88%	17.34%	20.46%	21.17%					
ORP-Tier 2 Covered Wage Base					1,312,506	3,029,859	517,636					4,860,001
ORP-Tier 3 Covered Wage Base (b)		17,579,110	2,086,432	11,340,024	4,800,101	17,363,377	5,589,980					58,759,024
ORP-Tier 2 Cost					157,501	363,583	62,116					583,200
ORP-Tier 3 Cost		2,109,493	250,372	1,360,803	576,012	2,083,605	670,798					7,051,083
ORP Forfeitures		(241,878)	(23,470)	(228,661)	(43,922)	(273,010)	(26,860)					(837,801)
Total ORP-Tier 2 and Tier 3 Cost		1,867,615	226,902	1,132,142	689,591	2,174,178	706,054					6,796,482
Use		1,867,600	226,900	1,132,100	689,600	2,174,200	706,100					6,796,500
ORP-Tier 2 and Tier 3 Rate		2.55%	1.84%	1.49%	2.49%	2.56%	2.67%					

	E-Class	NR	CR AHECTE Union	XR	EX, FR, FN Executives & Nonunion Faculty	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX, XX Extended Temporary	GN, SN Student	TOTAL
FY11 Projected Staff Benefits Wage Base		73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000	12,930,000	349,150,000
Number of Eligible Employees		1,669	269	1,094	229	947	345	902		28		5,483
UA Pension Plan:												
2010 Contribution Rate		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%				
Percentage of Wages Covered		82.62%	77.64%	63.87%	36.12%	51.13%	61.16%	10.78%				
Gross Pension Covered Wage Base (a)		60,576,984	9,565,248	48,681,714	10,001,628	43,394,031	16,152,356	1,886,500				190,258,461
PERS-DC Covered Wage Base		(4,266,768)	(824,699)	(962,482)	-	-	-	-				(6,053,949)
TRS-DC Covered Wage Base		-	-	-	(414,910)	(1,730,296)	(745,411)	-				(2,890,617)
Net Pension Covered Wage Base		56,310,216	8,740,549	47,719,232	9,586,718	41,663,735	15,406,945	1,886,500				181,313,895
Pension Plan Administration Costs (d)		4,658	723	3,948	793	3,447	1,275	156				15,000
Pension Contribution		4,307,732	668,652	3,650,521	733,384	3,187,276	1,178,631	144,317				13,870,513
Pension Forfeitures		(150,248)	(14,995)	(140,037)	(13,220)	(136,974)	(24,036)	-				(479,510)
Pension Cost		4,162,142	654,380	3,514,432	720,957	3,053,749	1,155,870	144,473				13,406,003
Use		4,162,100	654,400	3,514,400	721,000	3,053,700	1,155,900	144,500				13,406,000
Pension Rate		5.68%	5.31%	4.61%	2.60%	3.60%	4.38%	0.83%				
Medicare/Social Security:												
2010 Contribution Rate - Medicare		1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%		
2010 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%		
Percentage of Wages Covered by Medicare		91.72%	89.77%	88.67%	84.08%	84.80%	84.88%	98.68%	94.63%	95.53%		
Percentage of Wages Covered by Social Security								84.88%	93.65%	95.56%		
Medicare Covered Wage Base (a)		67,249,104	11,059,664	67,584,274	23,281,752	71,969,760	22,416,808	17,269,000	15,964,081	974,406		297,768,849
Social Security Covered Wage Base (a)								14,854,000	15,798,755	974,712		31,627,467
Medicare/Social Security Cost		975,112	160,365	979,972	337,585	1,043,562	325,044	1,171,349	1,211,002	74,561		6,278,552
Use		975,100	160,400	980,000	337,600	1,043,600	325,000	1,171,300	1,211,000	74,600		6,278,600
Medicare/Social Security Rate		1.33%	1.30%	1.29%	1.22%	1.23%	1.23%	6.69%	7.18%	7.31%		
Health Care:												
Health Care Participants (e)		1,574	246	1,032	216	873	303			26		4,270
Health Cost Net of Cobra Health Recovery (e)		26,471,845	4,660,982	17,356,621	3,632,701	12,855,822	6,193,358			437,549		71,608,878
Employee and Dependent Recovery (e)		(3,505,223)	(561,808)	(2,298,216)	(481,022)	(2,146,189)	(738,159)			(57,900)		(9,788,517)
Health Cost Net of Cobra and Employee Recovery		22,966,622	4,099,174	15,058,405	3,151,679	10,709,633	5,455,199			379,649		61,820,361
Use		22,966,600	4,099,200	15,058,400	3,151,700	10,709,600	5,455,200			379,700		61,820,400
Health Care Rate		31.32%	33.27%	19.76%	11.38%	12.62%	20.66%			37.23%		
Life Insurance:												
Eligible Employees Base		1,669	269	1,094	229	947	345					4,553
Life Insurance Cost (f)		180,354	29,068	118,218	24,746	102,333	37,281					492,000
Use		180,400	29,100	118,200	24,700	102,300	37,300					492,000
Life Insurance Rate		0.25%	0.24%	0.16%	0.09%	0.12%	0.14%					
LTD Insurance												
LTD Wage Base		73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000					300,830,000
LTD Premium and Administrative Costs (g)		126,104	21,189	131,091	47,624	145,969	45,423					517,400
Use		126,100	21,200	131,100	47,600	146,000	45,400					517,400
LTD Rate		0.17%	0.17%	0.17%	0.17%	0.17%	0.17%					
Unemployment:												
Unemployment Wage Base		73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000		336,220,000
Unemployment Cost (g)		96,257	16,174	100,064	36,352	111,420	34,672	22,975	22,147	1,339		441,400
Use		96,300	16,200	100,100	36,300	111,400	34,700	23,000	22,100	1,300		441,400
Unemployment Rate		0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%		

E-Class	NR	CR AHECTE Union	XR	EX, FR, FN Executives & Nonunion Faculty	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX, XX Extended Temporary	GN, SN Student	TOTAL
FY11 Projected Staff Benefits Wage Base	73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000	12,930,000	349,150,000
Number of Eligible Employees	1,669	269	1,094	229	947	345	902		28		5,483
Workers' Compensation:											
Average Claims Percentage Base (g)	30.92%	34.39%	12.89%	4.68%	7.76%	2.41%	1.60%	5.04%	0.31%		100.00%
Workers' Compensation Wage Base	73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000		336,220,000
Forecast Claims Cost	597,374	664,415	249,035	90,418	149,923	46,561	30,912	97,373	5,989		1,932,000
Other Costs (g)	224,571	37,735	233,452	84,811	259,945	80,891	53,600	51,671	3,124		1,029,800
Total Workers' Comp Costs	821,945	702,150	482,487	175,229	409,868	127,452	84,512	149,044	9,113		2,961,800
Use	821,900	702,200	482,500	175,200	409,900	127,500	84,500	149,000	9,100		2,961,800
Workers' Compensation Rate	1.12%	5.70%	0.63%	0.63%	0.48%	0.48%	0.48%	0.88%	0.89%		
Tuition Waivers:											
Eligible Employees Base	1,669	269	1,094	229	947	345	902				5,455
Employee Tuition Waiver Cost (h)	516,133	83,187	338,316	70,817	292,857	106,690	148,000				1,556,000
Use	516,100	83,200	338,300	70,800	292,900	106,700	148,000				1,556,000
Tuition Waiver Rate	0.70%	0.68%	0.44%	0.26%	0.35%	0.40%	0.85%				
Consulting/Other:											
Consulting/Other Wage Base	73,320,000	12,320,000	76,220,000	27,690,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000		336,220,000
AHECTE Legal Trust (i)		33,000									33,000
Employee Assistance Program Costs (f)	48,068	7,700	31,529	6,595	27,300	10,000			808		132,000
Consulting Cost (g)	46,231	7,768	48,060	17,460	53,514	16,653	11,034	10,637	643		212,000
Total Consulting/Other cost	94,299	48,468	79,589	24,055	80,814	26,653	11,034	10,637	1,451		377,000
Use	94,300	48,500	79,600	24,100	80,800	26,700	11,000	10,600	1,400		377,000
Consulting/Other Rate	0.13%	0.39%	0.10%	0.09%	0.10%	0.10%	0.06%	0.06%	0.14%		
Labor Relations:											
Labor Relations Wage Base		12,320,000			84,870,000	26,410,000	17,500,000				141,100,000
Labor Relations Cost		81,813			563,595	175,380	116,212				937,000
Use		81,800			563,600	175,400	116,200				937,000
Labor Relations Rate		0.66%			0.66%	0.66%	0.66%				
Staff Benefit Carryforward:											
Carryforward from FY09 to be Liquidated in FY11	(714,600)	392,600	(637,900)	(72,500)	(755,300)	(233,100)	(18,800)	30,800	11,100		(1,997,700)
Carryforward Rate	(0.97%)	3.19%	(0.84%)	(0.26%)	(0.89%)	(0.88%)	(0.11%)	0.18%	1.09%		

Immaterial variances due to rounding are ignored

- (a) Projected benefit covered wage base using the ratio of FY09 PERS, TRS, ORP, Pension, Medicare, and Social Security wages to FY09 staff benefit wage base.
- (b) Due to the addition of ORP Tier 3 and the changes in PERS and TRS the expected shift in covered wages will be allocated using the percentages of covered wages eligible for retirement benefits in FY09. Historically e-classes NR, CR & XR have been ineligible for ORP Tier 1 or Tier 2, so a covered wage base for Tier 1 & 2 will not be projected for these e-classes.
- (c) Effective FY08, employer PERS & TRS defined contribution (DC) per employee, must calculate to at least the employer defined benefit (DB) rate. The calculated contribution beyond the DC rates is applied to the State of Alaska DB unfunded liability.
- (d) Allocated prorata based on pension wage base.
- (e) Projected health care claims costs are allocated to the union and non-union plan groups based on prior year actual claims costs. Other health care costs, except wellness, are allocated based on plan usage or plan participants. Projected recoveries are allocated based on projected plan participants. Non-union costs and recoveries are further allocated to e-classes by non-union participants. Wellness costs are allocated to all health care eligible employees, including opt-outs.
- (f) Allocated prorata based on eligible e-class headcount.
- (g) Allocated prorata based on eligible e-class staff benefit wage base.
- (h) Pooled e-classes FT/FW allocation based on projected tuition cost. Allocated remaining projected tuition costs for benefit eligible e-classes prorata based on headcount.
- (i) Allocated to benefiting e-class, CR.

University of Alaska
 FY11 Wage Base Projection
 Using Average % Completion Method

	NR	CR AHECTE Union	XR	EX, FR Executives & Nonunion Faculty (A)	FN Nonunion Faculty (A)	F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary Student SS	NX,XX Extended Temporary	GN,SN Student	TOTAL
SWOHR Average Projected Headcount for FY10	1,669	269	1,094	229		947	345	902		28		5,483
Total FY10 Headcount	1,669	269	1,094	229	-	947	345	902		28		5,483
Budget Request to Legislature - New Positions (D)	-	-	-	-	-	-	-	-	-	-	-	-
SWOHR FY11 Projected Average Headcount	1,669	269	1,094	229 (A)	(A)	947	345	902		28		5,483
FY11 Leave Benefits Wage Base Projection:												
FY09 Leave Benefit Wage Base	56,163,800	9,032,300	57,343,600	19,334,400	3,145,500	74,485,400	22,613,300	16,191,900	14,166,000	716,400	12,680,100	285,872,700
Estimated FY10 Leave Wage Base	57,488,200	9,396,500	61,315,100	19,278,300	3,489,700	78,695,700	24,763,100	16,811,000	16,088,800	821,600	12,604,100	300,752,100
Pay Grid Adjustments (B)	1,724,600	140,900	1,839,500						453,200	24,700	299,900	4,482,800
Estimated FY11 Grid Adjusted Leave Wage Base	59,212,800	9,537,400	63,154,600	19,278,300	3,489,700	78,695,700	24,763,100	16,811,000	16,542,000	846,300	12,904,000	305,234,900
Estimate FY11 Increase (C)	-	202,000	-	548,100	122,100	2,754,300	742,900	672,400	-	-	-	5,041,800
Projection for FY11 New Position Estimates (D)	-	-	-	-	-	-	-	-	-	-	-	-
Projected FY11 Leave Wage Base	59,212,800	9,739,400	63,154,600	19,826,400	3,611,800	81,450,000	25,506,000	17,483,400	16,542,000	846,300	12,904,000	310,276,700
Use	59,210,000	9,740,000	63,150,000	19,830,000	3,610,000	81,450,000	25,510,000	17,480,000	16,540,000	850,000	12,900,000	310,270,000
FY11 Staff Benefits Wage Base Projection:												
Projected FY11 Leave Wage Base	59,210,000	9,740,000	63,150,000	19,830,000	3,610,000	81,450,000	25,510,000	17,480,000	16,540,000	850,000	12,900,000	310,270,000
FY09 Leave Benefit Wage Base	56,163,800	9,032,300	57,343,600	19,334,400	3,145,500	74,485,400	22,613,300	16,191,900	14,166,000	716,400	12,680,100	285,872,700
Projected Dollar Change	3,046,200	707,700	5,806,400	495,600	464,500	6,964,600	2,896,700	1,288,100	2,374,000	133,600	219,900	24,397,300
Projected Percentage Change	5.42%	7.84%	10.13%	2.56%	14.77%	9.35%	12.81%	7.96%	16.76%	18.65%	1.73%	
Proposed Leave Rates	21.40%	22.30%	20.10%	18.80%	3.40%	1.20%	1.40%	0.00%	0.00%	16.10%	0.00%	
Leave Accrual	12,670,900	2,172,000	12,693,200	3,728,000	122,700	977,400	357,100	-	-	136,900	-	32,858,200
Overtime Pay (FY09 Actual)	1,211,300	345,900							246,000	26,300	16,100	1,845,600
Miscellaneous Pay (FY09 Actual)	151,000	29,600	338,700	381,000	2,600	2,231,500	479,300	15,900	40,300	1,800	11,200	3,682,900
FY11 Overtime Pay Projection (E)	1,277,000	373,000	-	-	-	-	-	-	287,200	31,200	16,400	1,984,800
FY11 Miscellaneous Pay Projection (E)	159,200	31,900	373,000	390,800	3,000	2,440,200	540,700	17,200	47,100	2,100	11,400	4,016,600
Projected FY11 Staff Benefits Wage Base	73,317,100	12,316,900	76,216,200	23,948,800	3,735,700	84,867,600	26,407,800	17,497,200	16,874,300	1,020,200	12,927,800	349,129,600
Use	73,320,000	12,320,000	76,220,000	23,950,000	3,740,000	84,870,000	26,410,000	17,500,000	16,870,000	1,020,000	12,930,000	349,150,000
				27,690,000 (A)								

Immaterial variances due to rounding are ignored

- (A) Pooled e-class EX/FN/FR has been split into two separate pooled e-classes, EX/FR and FN, for leave benefit calculations. Pooled e-class EX/FR include positions eligible for all leave types. The FN e-class is eligible for sick leave only. The e-classes are recombined for staff benefit calculation. Headcount numbers are used only during the staff benefit calculations where they are re-combined into pooled e-class EX/FR/FN. No benefit would be realized requesting SWOHR to provide them separately.
- (B) A 3.0% increase to the exempt and nonexempt staff (NR, XR, NX, XX, NT, XT) pay grids is expected. E-classes represented by the AHECTE Local 6070 Collective Bargaining Agreement (CR, CT) will receive a 1.5% grid increase. An increase to the student grid (ST, SN) of 5.21% is planned to reflect the changes in the State of Alaska minimum wages. E-classes GT and GN are not impacted by minimum wage.
- (C) Annual salary increases of 2.6% for e-class EX; 3.5% for e-classes FR, FN and F9; 3.0% for e-class group AR/A9; 4.0% for e-class group FT/FW are expected; 3.63% average increase for e-class CR will go into effect 01-Dec-10 and per CBA is projected for 7/12 of the fiscal year.
- (D) No funding was included in the FY11 budget to the legislature for new positions.
- (E) Applied projected percentage change between FY09 and FY11 leave benefit wage bases to the FY09 Overtime and Miscellaneous Pay actuals.

**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, 2010 to establish fixed with carry-forward fringe benefit cost rates for the period beginning July 1, 2010 through June 30, 2011 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



Joseph Trubacz

Chief Financial Officer

Title

3/31/10
Date of Execution

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, 2010 to establish final fringe benefit cost rates for July 1, 2010 through June 30, 2011 are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final fringe benefit cost rates will apply, and
2. This proposal does not include any costs, which are unallowable under applicable cost principles of the FAR or its supplements.

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

The University of Alaska
Institution


Joseph Trubacz

Chief Financial Officer
Title

3/31/10
Date of Execution