Date: March 31, 2012
To: Bill Spindle, Pat Pitney, James Danielson
From: Tanya Hollis
Re: FY13 Fringe Benefit Forward Pricing Proposal

Attached is the FY13 Fringe Benefit Forward Pricing Proposal Report submitted to UA’s cognizant agency, Office of Naval Research (ONR). Although these rates have been submitted, they have not been negotiated with ONR. Therefore, these rates should only be used for internal purposes. We have requested that the proposal audit be completed early enough to allow UA to have negotiated rates in place by July 1, 2012. You will be notified when we have a fully executed negotiation agreement in place for external usage of the FY13 rates.

The following table summarizes the fringe benefit rates proposed for FY13 for the University of Alaska System. Also listed are the FY12 negotiated rates for comparison purposes.

<table>
<thead>
<tr>
<th>E-Class</th>
<th>Leave Benefit Rates (1)</th>
<th>Staff Benefit Rates (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY12 Negotiated Benefit Rates</td>
<td>FY13 Proposed Benefit Rates</td>
</tr>
<tr>
<td>NR</td>
<td>22.00%</td>
<td>22.20%</td>
</tr>
<tr>
<td>CR</td>
<td>23.10%</td>
<td>22.90%</td>
</tr>
<tr>
<td>XR</td>
<td>21.20%</td>
<td>21.70%</td>
</tr>
<tr>
<td>EX, FR</td>
<td>20.50%</td>
<td>20.80%</td>
</tr>
<tr>
<td>FN</td>
<td>2.20%</td>
<td>0.70%</td>
</tr>
<tr>
<td>F9</td>
<td>1.70%</td>
<td>1.70%</td>
</tr>
<tr>
<td>AR, A9</td>
<td>1.40%</td>
<td>1.10%</td>
</tr>
<tr>
<td>FT, FW</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>CT, GT, NT, ST, XT</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>NX, XX</td>
<td>15.90%</td>
<td>15.20%</td>
</tr>
<tr>
<td>GN, SN</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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

cc: Myron Dosch, Nichole Pittman, Donald Smith, Erika Van Flein, Michelle Rizk, Michelle Pope, Raaj Kurapati, Sandra Culver, Phillip Harrington, Joan Gunnarsen, Barbara Hyde, Joan Fiorenzi
March 30, 2012

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

RE: University of Alaska FY13 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, 2012 through June 30, 2013 (FY13).

The cost methodology used is consistent with methodologies utilized in past fringe benefit forward pricing proposals. This proposal fully liquidates the FY11 staff benefit over recovery carry-forward of $3,808,600 and leave benefit under recovery of $1,233,800.

The following table summarizes the fringe benefit rates proposed for FY13 for the University of Alaska System. Also listed are the FY12 negotiated rates for comparison purposes.

<table>
<thead>
<tr>
<th>E-Class</th>
<th>Leave Benefit Rates (1)</th>
<th>Staff Benefit Rates (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY12</td>
<td>FY13</td>
</tr>
<tr>
<td></td>
<td>Negotiated Benefit Rates</td>
<td>Proposed Benefit Rates</td>
</tr>
<tr>
<td>NR</td>
<td>22.00%</td>
<td>22.20%</td>
</tr>
<tr>
<td>CR</td>
<td>23.10%</td>
<td>22.90%</td>
</tr>
<tr>
<td>XR</td>
<td>21.20%</td>
<td>21.70%</td>
</tr>
<tr>
<td>EX, FR</td>
<td>20.50%</td>
<td>20.80%</td>
</tr>
<tr>
<td>FN</td>
<td>2.20%</td>
<td>0.70%</td>
</tr>
<tr>
<td>F9</td>
<td>1.70%</td>
<td>1.70%</td>
</tr>
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<td>AR, A9</td>
<td>1.40%</td>
<td>1.10%</td>
</tr>
<tr>
<td>FT, FW</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>CT, GT, NT, ST, XT</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
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<td>15.20%</td>
</tr>
<tr>
<td>GN, SN</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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

(2) Distribution base: Staff benefit rates are applied to base salaries plus overtime, miscellaneous pay, and leave accrual provisions.
We are seeking to have new rates in effect for our first payroll in July 2012. 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, 2012, 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

dcw

Attachments

cc: Debbie Rafi, ONR (one copy)
    Sandra Thomson, ONR, Seattle (one copy)
    Ray Kim, DCAA, Pacific Branch Office (one copy)
    Christopher Mahan, DCAA, Alaska Sub-Office (one copy)
UNIVERSITY OF ALASKA

FY13 FRINGE BENEFIT FORWARD PRICING PROPOSAL
# The University of Alaska
## Fringe Benefit Forward Pricing Proposal
### July 1, 2012 – June 30, 2013

### Table of Contents

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>Significant Assumptions</td>
</tr>
<tr>
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<td>Staff Benefit Rate Projections</td>
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<td>3</td>
<td>Leave Benefit Projections</td>
</tr>
<tr>
<td>4</td>
<td>Staff Benefit Cost Distribution</td>
</tr>
<tr>
<td>5</td>
<td>Wage Base Projection</td>
</tr>
</tbody>
</table>

Attachment A: Certifications

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

2. Wages for FY13 are based on updated estimates of projected FY12 wages and incremented for salary and grid increases.

   Annual salary increases are projected for eligible e-classes as follows:
   - Local 6070 Union employees (e-classes CR, CT) – 1.78% (average) effective December 01, 2012
   - Executive employees (e-class EX) - 2.0%
   - Non-union faculty (e-classes FR, FN) – 2.5%
   - UNAC faculty (e-class F9) – 2.5%
   - UAFT faculty (e-classes AR, A9) – 2.35%
   - Adjunct faculty (e-classes FT, FW) – 1.7%

   Salary grid increases are projected for eligible e-classes as follows:
   - Classified, exempt and non-exempt staff (e-classes NR, XR, NX, XX) – 3.5%
   - Local 6070 Union employees (e-classes CR, CT) – 1.65%
   - Temporary exempt and non-exempt staff (e-classes NT, XT) – 2.0%

3. Leave usage is projected using average rates calculated by e-class. Use of average rates is intended to smooth individual year usage fluctuations. A three year average was used for all e-classes using FY10 and FY11 actual leave usage combined with FY12 estimated leave usage. Effective FY12, employees may cash-in additional annual leave. In addition, annual leave usage is anticipated to grow due to extended campus closures. To accommodate the anticipated growth to annual leave usage, a usage increment was projected based on an average increase per year over a four year period. Leave benefit recovery carryforwards are reflected as calculated in the FY11 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, the PERS-DC employer contribution amount per employee, must calculate to at least the PERS-DB rate. The calculated contribution beyond the PERS-DC rate is applied to the State of Alaska PERS-DB unfunded liability. The PERS-DB and PERS-DC rates are 22.00% and 5.62%, respectively. Rates are established or projected by the State of Alaska, Division of Retirement. The percentage of FY11 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.

5. Beginning in July 01, 2006, UA has two teacher’s retirement system (TRS) plans. The teacher’s retirement system defined benefit (TRS-DB) plan is restricted to eligible employees with an original hire date prior to July 1, 2006. Eligible employees with an original hire date of July 1, 2006 or later may enroll in the teacher’s retirement system defined contribution (TRS-DC) plan or the optional retirement plan, ORP–Tier 3. Effective July 01, 2007, the TRS-DC employer contribution amount per employee, must calculate to at least the TRS-DB rate. The calculated contribution beyond the TRS-DC rate is applied to the State of Alaska TRS-DB unfunded liability. The TRS-DB and TRS-DC rates are 12.56% and 7.49%, respectively. Rates are established or projected by the State of Alaska, Division of Retirement. The percentage of FY11 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.
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 14.00% per Class Action Settlement effective FY13. The ORP–Tier 2 and ORP–Tier 3 rate is established by the Board of Regents at 12.00%. The percentage of FY11 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.

7. Pension costs are estimated at 7.65% of covered wages below $42,000 for regular employees and $110,100 for eligible adjunct faculty. E-class covered wages for the fiscal year are calculated by multiplying the percentage of FY11 wages subject to pension benefits by the FY13 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. Projected pension administration costs are allocated to e-classes prorata based on the covered wage base.

8. The percentage of FY11 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 $110,100 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. Benefit eligible e-classes pay for dependent health coverage, if elected. The current plan offers employees flexible benefit options and matches the employee contributions with current year costs. Projected health care costs, except Wellness, are allocated net of Cobra recoveries to health care eligible e-classes, NR, CR, XR, EX/FR/FN, F9, AR/A9 and NX/XX, based on projected plan participants. Wellness costs and employee and dependent recoveries are allocated to projected health care eligible employees, excluding opt-outs.

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

11. Long term disability insurance (LTD) costs are $0.14 per $100 of covered payroll. Benefits begin after a 90 day waiting period. LTD costs are allocated to e-classes prorata based on the staff benefit wage base.

12. Unemployment is projected by combining actual FY12 year-to-date costs with the projected costs for the remainder of the fiscal year, allocated to e-classes prorata based on the staff benefit wage base.

13. The Workers’ Compensation claims cost are estimated at the actuarial consultant’s projected self insured FY13 claims level. Workers’ Compensation claims 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 prorata based on the staff benefit eligible wage base.

14. Tuition waiver costs are projected at the FY12 estimated usage level and adjusted for increases or decreases in tuition rates for FY13. 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.
15. Local 6070 Legal Trust costs, consulting, and other costs are projected at the level forecasted by the respective program director. Local 6070 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.

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

17. Staff benefit recovery carryforwards are reflected as calculated in the FY11 Fringe Benefit Incurred Cost Report.
### University of Alaska

**FY13 Staff Benefits Rate Projection**

#### Staff Benefits Wage Base

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>Temporary &amp; Extended</th>
<th>Non-SS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>376,020,000</td>
<td>87,870,000</td>
<td>29,147,200</td>
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#### Benefit Rates:

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>Temporary &amp; Extended</th>
<th>Non-SS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52.00%</td>
<td>51.80%</td>
<td>42.80%</td>
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#### Proposed Staff Benefit Rates

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>Temporary &amp; Extended</th>
<th>Non-SS</th>
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<tbody>
<tr>
<td></td>
<td>52.00%</td>
<td>51.80%</td>
<td>42.80%</td>
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</tbody>
</table>

#### Negotiated Staff Benefit Rates

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>Temporary &amp; Extended</th>
<th>Non-SS</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>56.90%</td>
<td>64.00%</td>
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#### Federal Participation

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>Temporary &amp; Extended</th>
<th>Non-SS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56.90%</td>
<td>64.00%</td>
<td>45.70%</td>
</tr>
</tbody>
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---

Immaterial variances due to rounding are ignored.
### FY13 Leave Benefit Projection

#### E-Class

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX, FR</th>
<th>FN</th>
<th>F9</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local 6070</td>
<td>Classified</td>
<td>Classified</td>
<td>A Plus Exempt</td>
<td>Faculty (a)</td>
<td>Faculty (a)</td>
<td>Faculty (b)</td>
<td>Faculty (c)</td>
<td>Adjunct</td>
<td>Temporary &amp; Extended</td>
<td>Non-SS</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Faculty (a)</td>
<td>2.36%</td>
<td>1.46%</td>
<td>620,800</td>
<td>Student</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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#### FY11 Actual Leave Usage Rates:

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<thead>
<tr>
<th>Category</th>
<th>Annual Leave</th>
<th>Sick Leave</th>
<th>Holiday/Other Leave</th>
<th>Total Actual Leave Usage Rate</th>
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<tbody>
<tr>
<td></td>
<td>9.36%</td>
<td>9.28%</td>
<td>10.16%</td>
<td>10.20%</td>
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<tr>
<td></td>
<td>6.37%</td>
<td>1.46%</td>
<td>620,800</td>
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</table>

#### Average Leave Usage Rates:

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Leave</th>
<th>Sick Leave</th>
<th>Holiday/Other Leave</th>
<th>Total Average Leave Rate</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>9.39%</td>
<td>6.74%</td>
<td>1.46%</td>
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<tr>
<td></td>
<td>5.81%</td>
<td>6.74%</td>
<td>1.46%</td>
<td>2.82%</td>
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#### FY13 Leave Benefit Projection:

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Leave Usage</th>
<th>Sick Leave Usage</th>
<th>Holiday/Other Leave Usage</th>
<th>Annual Leave Projection</th>
<th>Sick Leave Projection</th>
<th>Holiday/Other Leave Projection</th>
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<tbody>
<tr>
<td></td>
<td>9,501,600</td>
<td>681,400</td>
<td>1,145,800</td>
<td>5,599,900</td>
<td>3,583,300</td>
<td>3,812,900</td>
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#### Calculated Leave Benefit Rates:

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual</th>
<th>Sick</th>
<th>Holiday/Other</th>
<th>Total Average Leave Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.56%</td>
<td>6.12%</td>
<td>6.51%</td>
<td>22.20%</td>
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#### FY13 Proposed Leave Benefit Rates:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13 Proposed Leave Benefit Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22.20%</td>
</tr>
</tbody>
</table>

#### Federal Participation:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13 Actual Federal Participation</th>
<th>FY13 Federal Wages</th>
<th>FY13 Proposed Federal Wages plus Leave Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.70%</td>
<td>7,440,900</td>
<td>9,092,800</td>
</tr>
</tbody>
</table>

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

Immaterial variances due to rounding are ignored.
### FY13 Staff Benefit Cost Distribution Projection

**E-Class** | NR | CR | XR | EX, FR, FN | F9 | AR, A9 | FT, FW | CT, GT, NT, ST, XT | NX, XX | GN, SN
---|---|---|---|---|---|---|---|---|---|---
Local 6070 | Classified | Classified | APT Exempt | Executives | UNAC | UNAC | Adjunct | Temporary & SS | Student | Extended | Non-SS | TOTAL

| FY13 Projected Staff Benefits Wage Base | 73,060,000 | 12,920,000 | 81,220,000 | 31,170,000 | 87,870,000 | 27,370,000 | 18,690,000 | 18,600,000 | 1,310,000 | 14,810,000 | 367,020,000 |
| Number of Eligible Employees | 1,559 | 245 | 1,107 | 249 | 940 | 360 | 916 | 35 | 5,411 |

#### PERS:
- **FY13 PERS-DB Projected Contribution Rate**: 22.00%
- **FY13 PERS-DC Projected Contribution Rate**: 5.62%
- **Percentage of FY11 PERS-DB Wages Covered (a)**: 62.65%
- **Percentage of FY11 PERS-DC Wages Covered (a)**: 5.92%
- **PERS-DB Covered Wage Base**: 45,772,090
- **PERS-DC Covered Wage Base**: 5,055,752
- **PERS-DB Cost**: 10,069,860
- **PERS-DC Cost**: 284,133
- **PERS-DB Cost: DB Unfunded Liability (b)**: 828,132
- **Total PERS Cost**: 11,182,125

#### TRS:
- **FY13 TRS-DB Projected Contribution Rate**: 12.56%
- **FY13 TRS-DC Projected Contribution Rate**: 7.49%
- **Percentage of FY11 TRS-DB Wages Covered (a)**: 20.00%
- **Percentage of FY11 TRS-DC Wages Covered (a)**: 0.08%
- **TRS-DB Covered Wage Base**: 6,234,000
- **TRS-DC Covered Wage Base**: 623,400
- **TRS-DB Cost**: 782,990
- **TRS-DC Cost**: 46,939
- **TRS-DC Cost: DB Unfunded Liability (b)**: 31,606
- **Total TRS Cost**: 861,289

#### ORP-Tier 1:
- **FY13 ORP Tier 1 Projected Contribution Rate**: 14.00%
- **Percentage of ORP Tier 1 Wages Covered (a)**: 0.91%
- **ORP Tier 1 Covered Wage Base (c)**: 779,102
- **ORP-Tier 1 Cost**: 103,474
- **ORP-Tier 1 Rate**: 0.13%

#### ORP-Tier 2 and Tier 3:
- **FY13 ORP Tier 2 Projected Contribution Rate**: 12.00%
- **Percentage of ORP-Tier 2 Wages Covered (a)**: 0.08%
- **ORP-Tier 2 Covered Wage Base (c)**: 2,622,923
- **ORP-Tier 2 Cost**: 2,635,420
- **ORP Forfeiture Projection**: (372,497)
- **Total ORP-Tier 2 and Tier 3 Cost**: 8,509,400
- **ORP-Tier 2 and Tier 3 Rate**: 3.10%

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**Schedule 4**

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**University of Alaska**

**FY13 Staff Benefit Cost Distribution Projection**

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**Table Notes**:
- **Local 6070 Executives & Nonunion Faculty**: EX, FR, FN
- **UNAC Faculty**: E-Class NR, A9 FT, FW
- **Unaf Union & Nonunion**: EX, FR, FN
- **GT, NT, ST, XT**: Classified
- **GN, SN**: Classified
- **Faculty**: Classified
- **Non-SS Student**: Classified
- **Extended Non-SS Student**: Classified
- **Temporal & SS**: Classified
- **Total**: Classified

---

**Table Notes**:
- **Local 6070 Executives & Nonunion Faculty**: EX, FR, FN
- **Unaf Union & Nonunion**: EX, FR, FN
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**Table Notes**:
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- **Total**: Classified
<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
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<th>FT, FW</th>
<th>CT, GT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>12,920,000</td>
<td>81,220,000</td>
<td>31,170,000</td>
<td>87,870,000</td>
<td>27,370,000</td>
<td>16,690,000</td>
<td>18,600,000</td>
<td>1,310,000</td>
<td>14,810,000</td>
</tr>
<tr>
<td>APT Exempt</td>
<td>81,220,000</td>
<td>31,170,000</td>
<td>87,870,000</td>
<td>27,370,000</td>
<td>16,690,000</td>
<td>18,600,000</td>
<td>1,310,000</td>
<td>14,810,000</td>
<td></td>
</tr>
<tr>
<td>Classified</td>
<td>1,310,000</td>
<td>14,810,000</td>
<td>352,210,000</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### UA Pension Plan:
- **2012 Contribution Rate**: 7.65%
- **Percentage of Wages Covered (a)**: 76.73%
- **Pension Covered Wage Base**: 56,058,938
- **Pension Plan Administration Costs (d)**: 4,587
- **Pension Contribution**: 4,288,509
- **Pension Forfeitures**: (241,586)
- **Pension Cost**: 4,051,510

### Medicare/Social Security:
- **Total Contribution Rate**: 7.65%
- **Medicare Covered Wage Base**: 67,237,118
- **Social Security Covered Wage Base**: 15,923,880
- **Medicare/Social Security Cost**: 974,938
- **Medicare/Social Security Rate**: 1.33%

### Health Care:
- **Health Care Participanting Employees (e)**: 1,435
- **Health Cost Net of Cobra Health Recovery (e)**: 24,940,944
- **Employee and Dependent Recovery (e)**: (5,264,537)
- **Health Cost Net of Cobra and Employee Recovery**: 19,676,407
- **Health Care Rate**: 26.93%

### Life Insurance:
- **Life Insurance Cost (f)**: 60,801
- **Life Insurance Rate**: 0.08%

### LTD Insurance:
- **LTD Wage Base**: 73,060,000
- **LTD Premium and Administrative Costs (g)**: 81,335
- **LTD Rate**: 0.11%

### Unemployment:
- **Unemployment Wage Base**: 73,060,000
- **Unemployment Cost (g)**: 181,753
- **Unemployment Rate**: 0.25%
### University of Alaska

#### FY13 Staff Benefit Cost Distribution Projection

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX, FR, FN</th>
<th>F9</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local 6070</strong></td>
<td><strong>Classified</strong></td>
<td><strong>Nonunion</strong></td>
<td><strong>Classified</strong></td>
<td><strong>APT Exampt</strong></td>
<td><strong>Executives &amp; Nonunion</strong></td>
<td><strong>UNAC</strong></td>
<td><strong>UAFT</strong></td>
<td><strong>Adjunct Faculty</strong></td>
<td><strong>Temporary &amp; SS Student</strong></td>
<td><strong>Extended</strong></td>
</tr>
<tr>
<td><strong>Classified</strong></td>
<td><strong>Nonunion</strong></td>
<td><strong>Classified</strong></td>
<td><strong>Nonunion</strong></td>
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<td><strong>Nonunion</strong></td>
<td><strong>Nonunion</strong></td>
<td><strong>Nonunion</strong></td>
<td><strong>Nonunion</strong></td>
</tr>
<tr>
<td><strong>Number of Eligible Employees</strong></td>
<td>1,559</td>
<td>245</td>
<td>1,107</td>
<td>249</td>
<td>940</td>
<td>360</td>
<td>916</td>
<td>35</td>
<td>5,411</td>
<td></td>
</tr>
</tbody>
</table>

**Workers' Compensation:**

- **Average Claims Percentage Base (g)**: 29.62%, 33.70%, 13.30%, 5.10%, 8.44%, 2.63%, 1.79%, 5.06%, 0.36%, 100.00%
- **Workers’ Compensation Wage Base**: 73,060,000, 12,920,000, 81,220,000, 31,170,000, 87,870,000, 27,370,000, 18,690,000, 18,600,000, 1,310,000, 352,210,000
- **Forecast Claims Cost**: 656,764, 747,231, 294,901, 113,082, 187,140, 58,315, 39,690, 112,195, 7,982, 2,217,300
- **Other Costs (g)**: 185,590, 32,820, 206,319, 79,179, 223,211, 69,527, 47,477, 47,249, 3,328, 894,700
- **Total Workers’ Comp Costs**: 842,354, 780,051, 501,220, 192,261, 410,351, 127,842, 87,167, 159,444, 11,310, 3,112,000

- **Use**: 842,400, 780,000, 501,200, 192,300, 410,400, 127,800, 87,200, 159,400, 11,300, 3,112,000
- **Workers’ Compensation Rate**: 1.15%, 6.04%, 0.62%, 0.62%, 0.47%, 0.47%, 0.47%, 0.86%, 0.86%

**Tuition Waivers:**

- **Eligible Employees Base**: 1,559, 245, 1,107, 249, 940, 360, 916, 5,376
- **Employee Tuition Waiver Cost (h)**: 616,609, 96,901, 437,836, 98,483, 371,785, 142,386, 197,000, 1,961,000
- **Use**: 616,600, 96,900, 437,800, 98,500, 371,800, 142,400, 197,000, 1,961,000
- **Tuition Waiver Rate**: 0.84%, 0.75%, 0.54%, 0.32%, 0.42%, 0.52%, 1.05%

**Consulting/Other:**

- **Consulting/Other Wage Base**: 73,060,000, 12,920,000, 81,220,000, 31,170,000, 87,870,000, 27,370,000, 18,690,000, 18,600,000, 1,310,000, 352,210,000
- **EAP Eligible Employee Base**: 1,559, 245, 1,107, 249, 940, 360, 916, 35, 4,495
- **Local 6070 Legal Trust (i)**: 30,150
- **Employee Assistance Program Costs (f)**: 44,151, 6,938, 31,351, 7,052, 26,621, 10,196, 991, 127,300
- **Consulting Cost (g)**: 75,132, 13,286, 83,525, 32,054, 90,362, 28,146, 19,220, 69,527, 1,347
- **Total Consulting/Other cost**: 119,283, 50,374, 114,876, 39,106, 116,983, 38,146, 19,200, 19,200, 2,338
- **Use**: 119,300, 50,400, 114,900, 39,100, 117,000, 38,400, 19,200, 19,100, 2,300
- **Consulting/Other Rate**: 0.16%, 0.75%, 0.54%, 0.32%, 0.42%, 0.52%, 1.05%

**Labor Relations:**

- **Labor Relations Wage Base**: 12,920,000, 81,220,000, 87,870,000, 27,370,000, 18,690,000, 18,600,000, 1,310,000, 352,210,000
- **Use**: 86,400, 183,000, 124,995
- **Labor Relations Rate**: 0.67%

**Staff Benefit Carryforward:**

- **FY11 Carryforward (Over) Under to Liquidate in FY13** (2,036,800, 780,500, 903,500, 193,900, 970,000, 798,500, 7,000, 46,300, 12,100, 3,808,600, 2,036,800, 780,500, 903,500, 193,900, 970,000, 798,500, 7,000, 46,300, 12,100, 3,808,600)
- **Carryforward (Over) Under Rate**: 2.79%, 0.84%, 1.11%, 0.92%, 1.10%, 2.92%, 0.92%

- **Immaterial variances due to rounding are ignored**

(a) Projected benefit covered wages for PERS-DB, PERS-DC, TRS-DB, TRS-DC, ORP Tiers 1, 2 and 3, Pension, Medicare, and Social Security wages by applying the FY11 ratio of benefit eligible wages to FY11 staff benefit wages to the FY13 projected staff benefit wage base.

(b) 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.

(c) Historically e-classes NR, CR & XR are ineligible for ORP Tier 1 and Tier 2. An ORP Tier 1 and Tier 2 covered wage base will be projected for e-class XR for employees with grandfathered eligibility into these plans, a covered wage base will not be projected for e-classes NR or CR.

(d) Allocated prorata based on pension wage base.

(e) Projected health care costs, except Wellness, are allocated net of Cobra recoveries, based on projected health care participants. Effective FY12. Wellness costs and employee and dependent recoveries are allocated based on projected health care eligible employees, "excluding opt-outs".

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

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

(h) Pooled e-classes FT/FW allocation based on projected tuition cost. Allocated remaining projected tuition costs for benefit eligible e-classes prorata based on headcount.

(i) Allocated to benefiting e-class, CR.
<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX, FR</th>
<th>FN</th>
<th>F9</th>
<th>AR, A9</th>
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<tbody>
<tr>
<td></td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Faculty (a)</td>
<td>Faculty (a)</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>SS Student</td>
</tr>
<tr>
<td>SWOHR Average Projected Headcount for FY12</td>
<td>1,559</td>
<td>245</td>
<td>1,107</td>
<td>249</td>
<td>940</td>
<td>360</td>
<td>916</td>
<td>36</td>
<td>35</td>
<td>5,411</td>
<td></td>
</tr>
<tr>
<td>Total FY12 Headcount</td>
<td>1,559</td>
<td>245</td>
<td>1,107</td>
<td>249</td>
<td>-</td>
<td>940</td>
<td>360</td>
<td>916</td>
<td>36</td>
<td>35</td>
<td>5,411</td>
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**SWOHR FY13 Projected Average Headcount**

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<thead>
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<th>NR</th>
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<td></td>
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<td>(a)</td>
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<td>360</td>
<td>916</td>
<td>35</td>
<td>5,411</td>
</tr>
</tbody>
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**FY13 Leave Benefits Wage Base Projection:**

- **FY11 Leave Benefit Wage Base (Actuals)**: $58,003,700, $9,687,200, $63,511,500, $20,596,100, $3,753,300, $81,001,900, $26,102,100, $17,583,900, $17,038,100, $1,146,500, $14,595,100, $313,001,400.
- **Estimated FY12 Leave Wage Base**: $56,610,300, $9,843,600, $64,167,600, $20,691,600, $5,073,100, $81,887,900, $26,263,000, $18,789,100, $1,805,600, $17,984,300, $317,300,000.
- **FY10-FY11 Retro Compensation (f)**: $217,000.
- **Pay Grid Adjustments (b)**: $1,981,400, $162,400, $2,245,900, $205,900, $37,300, $0, $4,632,900.
- **Projected FY13 Leave Wage Base (Actuals)**: $58,590,000, $10,110,000, $66,410,000, $21,140,000, $5,200,000, $83,940,000, $26,880,000, $18,670,000, $18,100,000, $1,310,000, $14,810,000, $367,020,000.

**FY13 Staff Benefits Wage Base Projection:**

- **Projected FY13 Leave Wage Base**: $58,590,000, $10,110,000, $66,410,000, $21,140,000, $5,200,000, $83,940,000, $26,880,000, $18,670,000, $18,100,000, $1,310,000, $14,810,000, $367,020,000.
- **Actual FY11 Leave Benefit Wage Base**: $58,003,700, $9,687,200, $63,511,500, $20,596,100, $3,753,300, $81,001,900, $26,102,100, $17,583,900, $17,038,100, $1,146,500, $14,595,100, $313,001,400.
- **Projected Percentage Change**: 1.01%, 4.36%, 4.56%, 2.64%, 39.21%, 3.63%, 2.98%, 6.18%, 6.23%, 1.27%.
- **Proposed Leave Rates**: 22.20%, 22.90%, 21.70%, 20.80%, 0.70%, 1.70%, 1.10%, 0.00%, 0.00%, 15.20%, 0.00%.

**Immaterial variances due to rounding are ignored.**

(a) E-classes EX and FR are eligible for all leave benefits. E-class FN is only eligible for sick leave. E-classes are pooled for staff benefit calculation. Headcount numbers are used only during the staff benefit calculations where they are combined into pooled e-class EX/FR/FN.

(b) A 3.5% increase to the exempt and nonexempt staff (NR, XR, NX, XX) pay grids is expected; e-classes represented by the Local 6070 Collective Bargaining Agreement (CR, CT) will receive a 1.65% grid increase; a 2.0% increase to the temporary exempt and nonexempt staff (NT, XT) pay grids is projected.

(c) Annual salary increases of 2.0% for e-class EX; 2.5% for e-classes FR, FN and F9; 2.35% for e-class group AR/A9; 1.7% for e-class group FT/FW are expected.

(d) No funding was included in the FY13 budget to the legislature for new positions.

(e) Applied projected % change between FY11 and FY13 leave benefit wage bases to the FY11 Overtime and Miscellaneous Pay actuals.

(f) Excluding compensation earned in FY10 & FY11 by Adjuncts (FW) whose primary e-class was non-exempt classified (NR) which had been retroactively paid to them in December 2011. Compensation for any possible overtime hours in prior fiscal years based on primary ECLS.

(g) Projecting immaterial decrease for pooled e-classes NX, XX - Extended Temporary employee wages.
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 30, 2012 to establish fixed with carry-forward fringe benefit cost rates for the period beginning July 1, 2012 through June 30, 2013 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

Myron Dosth
Controller, for the Chief Financial Officer
Title

March 30, 2012
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 30, 2012 to establish final fringe benefit cost rates for July 1, 2012 through June 30, 2013 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

Myron Bosch
Controller, for the Chief Financial Officer
Title

March 30, 2012
Date of Execution