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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.

E-Class	<u>Leave Benefit Rates (1)</u>		<u>Staff Benefit Rates (2)</u>	
	FY12	FY13	FY12	FY13
	Negotiated Benefit Rates	Proposed Benefit Rates	Negotiated Benefit Rates	Proposed Benefit Rates
NR	22.00%	22.20%	56.90%	52.00%
CR	23.10%	22.90%	64.00%	51.80%
XR	21.20%	21.70%	45.70%	42.80%
EX, FR	20.50%	20.80%	31.10%	29.40%
FN	2.20%	0.70%	31.10%	29.40%
F9	1.70%	1.70%	31.60%	34.10%
AR, A9	1.40%	1.10%	38.10%	32.50%
FT, FW	0.00%	0.00%	9.70%	10.00%
CT, GT, NT, ST, XT	0.00%	0.00%	8.70%	8.10%
NX, XX	15.90%	15.20%	48.40%	42.30%
GN, SN	0.00%	0.00%	0.00%	0.00%

(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

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UNIVERSITY
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Many Traditions One Alaska

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.

E-Class	<u>Leave Benefit Rates (1)</u>		<u>Staff Benefit Rates (2)</u>	
	FY12	FY13	FY12	FY13
	Negotiated	Proposed	Negotiated	Proposed
	<u>Benefit Rates</u>	<u>Benefit Rates</u>	<u>Benefit Rates</u>	<u>Benefit Rates</u>
NR	22.00%	22.20%	56.90%	52.00%
CR	23.10%	22.90%	64.00%	51.80%
XR	21.20%	21.70%	45.70%	42.80%
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(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.

David Godfrey
March 30, 2012
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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

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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.

	E-Class	NR	CR Local 6070 Union	XR	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 & SS Student	NX,XX Extended Temporary	GN,SN Non-SS Student	TOTAL
FY13 Staff Benefits Wage Base		<u>73,060,000</u>	<u>12,920,000</u>	<u>81,220,000</u>	<u>31,170,000</u>	<u>87,870,000</u>	<u>27,370,000</u>	<u>18,690,000</u>	<u>18,600,000</u>	<u>1,310,000</u>	<u>14,810,000</u>	<u>367,020,000</u>
Staff Benefits:												
PERS		11,182,100	2,188,600	14,164,300	1,612,200	-	-	-	-	-	-	29,147,200
TRS		-	-	-	861,300	3,572,500	1,489,200	-	-	-	-	5,923,000
ORP-Tier 1		-	-	103,500	1,324,400	4,817,400	998,200	-	-	-	-	7,243,500
ORP-Tier 2 and Tier 3		2,262,900	310,100	1,511,400	762,000	2,838,200	824,800	-	-	-	-	8,509,400
UA Pension Plan		4,051,500	698,800	3,478,000	809,900	3,148,300	1,090,500	140,100	-	-	-	13,417,100
Medicare & Social Security		974,900	167,000	1,059,000	389,600	1,107,100	343,200	1,254,300	1,327,600	95,200	-	6,717,900
Health Care		19,676,400	3,035,600	13,961,300	3,129,300	11,651,900	4,347,400	-	-	454,100	-	56,256,000
Life Insurance		60,800	9,500	43,200	9,700	36,700	14,000	-	-	-	-	173,900
Long Term Disability		81,300	14,400	90,400	34,700	97,800	30,500	-	-	-	-	349,100
Unemployment		181,800	32,100	202,000	77,500	218,600	68,100	46,500	46,300	3,300	-	876,200
Workers' Compensation		842,400	780,000	501,200	192,300	410,400	127,800	87,200	159,400	11,300	-	3,112,000
Tuition Waivers		616,600	96,900	437,800	98,500	371,800	142,400	197,000	-	-	-	1,961,000
Consulting/Other		119,300	50,400	114,900	39,100	117,000	38,400	19,200	19,100	2,300	-	519,700
Labor Relations		-	86,400	-	-	587,700	183,000	125,000	-	-	-	982,100
Carryforward (Over) Under from FY11		<u>(2,036,800)</u>	<u>(780,500)</u>	<u>(903,500)</u>	<u>(193,900)</u>	<u>970,000</u>	<u>(798,500)</u>	<u>(7,000)</u>	<u>(46,300)</u>	<u>(12,100)</u>	-	<u>(3,808,600)</u>
		<u>38,013,200</u>	<u>6,689,300</u>	<u>34,763,500</u>	<u>9,146,600</u>	<u>29,945,400</u>	<u>8,899,000</u>	<u>1,862,300</u>	<u>1,506,100</u>	<u>554,100</u>	-	<u>131,379,500</u>
Benefit Rates:												
PERS		15.31%	16.94%	17.44%	5.17%							29,147,200
TRS					2.76%	4.07%	5.44%					5,923,000
ORP-Tier 1				0.13%	4.25%	5.48%	3.65%					7,243,500
ORP-Tier 2 and Tier 3		3.10%	2.40%	1.86%	2.44%	3.23%	3.01%					8,509,400
UA Pension Plan		5.55%	5.41%	4.28%	2.60%	3.58%	3.98%	0.75%				13,417,100
Medicare & Social Security		1.33%	1.29%	1.30%	1.25%	1.26%	1.25%	6.71%	7.14%	7.27%		6,717,900
Health Care		26.93%	23.50%	17.19%	10.04%	13.26%	15.88%			34.66%		56,256,000
Life Insurance		0.08%	0.07%	0.05%	0.03%	0.04%	0.05%					173,900
Long Term Disability		0.11%	0.11%	0.11%	0.11%	0.11%	0.11%					349,100
Unemployment		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%		876,200
Workers' Compensation		1.15%	6.04%	0.62%	0.62%	0.47%	0.47%	0.47%	0.86%	0.86%		3,112,000
Tuition Waivers		0.84%	0.75%	0.54%	0.32%	0.42%	0.52%	1.05%				1,961,000
Consulting/Other		0.16%	0.39%	0.14%	0.13%	0.13%	0.14%	0.10%	0.10%	0.18%		519,700
Labor Relations			0.67%			0.67%	0.67%	0.67%				982,100
Carryforward (Over) Under from FY11		<u>(2.79%)</u>	<u>(6.04%)</u>	<u>(1.11%)</u>	<u>(0.62%)</u>	<u>1.10%</u>	<u>(2.92%)</u>	<u>(0.04%)</u>	<u>(0.25%)</u>	<u>(0.92%)</u>		<u>(3,808,600)</u>
		<u>52.02%</u>	<u>51.78%</u>	<u>42.80%</u>	<u>29.35%</u>	<u>34.07%</u>	<u>32.50%</u>	<u>9.96%</u>	<u>8.10%</u>	<u>42.30%</u>		<u>131,379,500</u>
FY13 Proposed Staff Benefit Rates		<u>52.00%</u>	<u>51.80%</u>	<u>42.80%</u>	<u>29.40%</u>	<u>34.10%</u>	<u>32.50%</u>	<u>10.00%</u>	<u>8.10%</u>	<u>42.30%</u>		
FY12 Negotiated Staff Benefit Rates		<u>56.90%</u>	<u>64.00%</u>	<u>45.70%</u>	<u>31.10%</u>	<u>31.60%</u>	<u>38.10%</u>	<u>9.70%</u>	<u>8.70%</u>	<u>48.40%</u>		
Increase/(Decrease)		<u>(4.90%)</u>	<u>(12.20%)</u>	<u>(2.90%)</u>	<u>(1.70%)</u>	<u>2.50%</u>	<u>(5.60%)</u>	<u>0.30%</u>	<u>(0.60%)</u>	<u>(6.10%)</u>		
Percentage Increase/(Decrease)		<u>(8.61%)</u>	<u>(19.06%)</u>	<u>(6.35%)</u>	<u>(5.47%)</u>	<u>7.91%</u>	<u>(14.70%)</u>	<u>3.09%</u>	<u>(6.90%)</u>	<u>(12.60%)</u>		
Federal Participation												
FY13 Federal Wages & Leave Accrual		9,092,800	201,300	15,574,200	4,307,800	13,428,300	1,451,200	1,107,100	6,483,400	503,100	4,834,500	56,983,700
FY13 Staff Benefit Costs		4,728,300	104,300	6,665,800	1,266,500	4,579,100	471,600	110,700	525,200	212,800	-	18,664,300
FY13 Projected Federal Participation		<u>13,821,100</u>	<u>305,600</u>	<u>22,240,000</u>	<u>5,574,300</u>	<u>18,007,400</u>	<u>1,922,800</u>	<u>1,217,800</u>	<u>7,008,600</u>	<u>715,900</u>	<u>4,834,500</u>	<u>75,648,000</u>

Immaterial variances due to rounding are ignored

E-Class	NR	CR Local 6070 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 & SS Student	NX,XX Extended Temporary	GN,SN Non-SS Student	TOTAL
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	1,100,000	14,780,000	324,920,000
FY11 Actual Leave Usage Rates:												
Annual Leave	9.36%	9.28%	10.16%	10.20%			0.01%			6.37%		
Sick Leave	5.97%	6.79%	4.77%	3.20%	0.85%	1.57%	1.26%			2.90%		
Holiday/Other Leave	6.46%	6.36%	5.56%	5.35%						5.72%		
Total Actual Leave Usage Rate	21.79%	22.43%	20.49%	18.75%	0.85%	1.57%	1.27%	n/a	n/a	14.99%	n/a	
Average Leave Usage Rates:												
Annual Leave	9.39%	9.35%	10.39%	10.80%	n/a	n/a	n/a	n/a	n/a	6.68%	n/a	
Sick Leave	5.81%	6.74%	4.86%	3.44%	1.40%	1.54%	1.33%	n/a	n/a	2.82%	n/a	
Holiday/Other Leave	6.48%	6.14%	5.57%	5.42%	n/a	n/a	n/a	n/a	n/a	5.45%	n/a	
Total Average Leave Rate	21.68%	22.23%	20.82%	19.66%	1.40%	1.54%	1.33%	n/a	n/a	14.95%	n/a	
FY13 Leave Benefit Projection												
Annual Leave Usage	5,501,600	945,300	6,900,000	2,283,100	-	-	-	-	-	73,500	-	15,703,500
FY11 Carryforward Under (Over)	98,300	19,300	488,500	204,400	-	-	-	-	-	7,300	-	817,800
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Annual Leave Projection	5,599,900	964,600	7,388,500	2,487,500	-	-	-	-	-	80,800	-	16,521,300
Sick Leave Usage	3,404,100	681,400	3,227,500	727,200	72,800	1,292,700	357,500	-	-	31,000	-	9,794,200
FY11 Carryforward Under (Over)	179,200	36,700	60,800	47,300	(38,600)	154,800	(50,900)	-	-	(7,100)	-	382,200
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Sick Leave Projection	3,583,300	718,100	3,288,300	774,500	34,200	1,447,500	306,600	-	-	23,900	-	10,176,400
Holiday/Other Leave Usage	3,796,600	620,800	3,699,000	1,145,800	-	-	-	-	-	60,000	-	9,322,200
FY11 Carryforward Under (Over)	16,300	13,600	13,700	(11,700)	-	-	-	-	-	1,900	-	33,800
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Holiday/Other Leave Projection	3,812,900	634,400	3,712,700	1,134,100	-	-	-	-	-	61,900	-	9,356,000
Calculated Leave Benefit Rates												
Annual	9.56%	9.54%	11.13%	11.77%						7.35%		16,521,300
Sick	6.12%	7.10%	4.95%	3.66%	0.66%	1.72%	1.14%			2.17%		10,176,400
Holiday/Other	6.51%	6.27%	5.59%	5.36%						5.63%		9,356,000
	22.19%	22.91%	21.67%	20.79%	0.66%	1.72%	1.14%			15.15%		36,053,700
FY13 Proposed Leave Benefit Rates	22.20%	22.90%	21.70%	20.80%	0.70%	1.70%	1.10%			15.20%		
FY12 Negotiated Rates												
Increase/(Decrease)	0.20%	(0.20%)	0.50%	0.30%	(1.50%)		(0.30%)			(0.70%)		
Percentage Increase/(Decrease)	0.91%	(0.87%)	2.36%	1.46%	(68.18%)		(21.43%)			(4.40%)		
Federal Participation												
FY11 Actual Federal Participation	12.70%	1.62%	19.27%	8.33%	41.64%	15.73%	5.34%	5.93%	35.82%	39.70%	32.71%	
Projected FY13 Federal Wages	7,440,900	163,800	12,797,200	1,761,000	2,165,300	13,203,800	1,435,400	1,107,100	6,483,400	436,700	4,834,500	51,829,100
Projected FY13 Leave Benefit Costs	1,651,900	37,500	2,777,000	366,300	15,200	224,500	15,800	-	-	66,400	-	5,154,600
FY13 Proj Federal Wages plus Leave Accrual	9,092,800	201,300	15,574,200	2,127,300	2,180,500	13,428,300	1,451,200	1,107,100	6,483,400	503,100	4,834,500	56,983,700
												4,307,800 (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 pooled for staff benefit calculation.

Immaterial variances due to rounding are ignored

E-Class	NR	CR Local 6070 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 & SS Student	NX, XX Extended Temporary	GN, SN Non-SS Student	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%	22.00%	22.00%	22.00%							
FY13 PERS-DC Projected Contribution Rate	5.62%	5.62%	5.62%	5.62%							
Percentage of FY11 PERS-DB Wages Covered (a)	62.65%	70.81%	77.67%	23.07%							
Percentage of FY11 PERS-DC Wages Covered (a)	6.92%	6.19%	1.60%	0.44%							
PERS-DB Covered Wage Base	45,772,090	9,148,652	63,083,574	7,190,919							125,195,235
PERS-DC Covered Wage Base	5,055,752	799,748	1,299,520	137,148							7,292,168
PERS-DB Cost	10,069,860	2,012,703	13,878,386	1,582,002							27,542,951
PERS-DC Cost	284,133	44,946	73,033	7,708							409,820
PERS-DC Cost: DB Unfunded Liability (b)	828,132	130,999	212,861	22,465							1,194,457
Total PERS Cost	11,182,125	2,188,648	14,164,280	1,612,175							29,147,228
Use	11,182,100	2,188,600	14,164,300	1,612,200							29,147,200
PERS Rate	15.31%	16.94%	17.44%	5.17%							
TRS:											
FY13 TRS-DB Projected Contribution Rate				12.56%	12.56%	12.56%					
FY13 TRS-DC Projected Contribution Rate				7.49%	7.49%	7.49%					
Percentage of FY11 TRS-DB Wages Covered (a)				20.00%	30.34%	39.54%					
Percentage of FY11 TRS-DC Wages Covered (a)				2.00%	2.03%	3.78%					
TRS-DB Covered Wage Base				6,234,000	26,659,758	10,822,098					43,715,856
TRS-DC Covered Wage Base				623,400	1,783,761	1,034,586					3,441,747
TRS-DB Cost				782,990	3,348,466	1,359,256					5,490,712
TRS-DC Cost				46,693	133,604	77,490					257,787
TRS-DC Cost: DB Unfunded Liability (b)				31,606	90,436	52,454					174,496
Total TRS Cost				861,289	3,572,506	1,489,200					5,922,995
Use				861,300	3,572,500	1,489,200					5,923,000
TRS Rate				2.76%	4.07%	5.44%					
ORP-Tier 1:											
FY13 ORP Tier 1 Projected Contribution Rate			14.00%	14.00%	14.00%	14.00%					
Percentage of ORP Tier 1 Wages Covered (a)			0.91%	30.35%	39.16%	26.05%					
ORP Tier 1 Covered Wage Base (c)			739,102	9,460,095	34,409,892	7,129,885					51,738,974
ORP-Tier 1 Cost			103,474	1,324,413	4,817,385	998,184					7,243,456
Use			103,500	1,324,400	4,817,400	998,200					7,243,500
ORP-Tier 1 Rate			0.13%	4.25%	5.48%	3.65%					
ORP-Tier 2 and Tier 3:											
FY13 ORP Tier 2 Projected Contribution Rate			12.00%	12.00%	12.00%	12.00%					
FY13 ORP Tier 3 Projected Contribution Rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%					
Percentage of ORP-Tier 2 Wages Covered (a)			0.08%	3.32%	2.64%	1.17%					
Percentage of ORP-Tier 3 Wages Covered (a)	30.06%	22.00%	18.60%	18.05%	26.26%	29.57%					
ORP-Tier 2 Covered Wage Base (c)			64,976	1,034,844	2,319,768	320,229					3,739,817
ORP-Tier 3 Covered Wage Base	21,961,836	2,842,400	15,106,920	5,626,185	23,074,662	8,093,309					76,705,312
ORP-Tier 2 Cost			7,797	124,181	278,372	38,427					448,777
ORP-Tier 3 Cost	2,635,420	341,088	1,812,830	675,142	2,768,959	971,197					9,204,636
ORP Forfeiture Projection	(372,497)	(31,020)	(309,271)	(37,353)	(209,137)	(184,792)					(1,144,070)
Total ORP-Tier 2 and Tier 3 Cost	2,262,923	310,068	1,511,356	761,970	2,838,194	824,832					8,509,343
Use	2,262,900	310,100	1,511,400	762,000	2,838,200	824,800					8,509,400
ORP-Tier 2 and Tier 3 Rate	3.10%	2.40%	1.86%	2.44%	3.23%	3.01%					

University of Alaska
FY13 Staff Benefit Cost Distribution Projection

E-Class	NR	CR Local 6070 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 & SS Student	NX, XX Extended Temporary	GN, SN Non-SS Student	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
UA Pension Plan:											
2012 Contribution Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%				
Percentage of Wages Covered (a)	76.73%	72.59%	58.21%	34.95%	48.12%	56.96%	9.79%				
Pension Covered Wage Base	56,058,938	9,378,628	47,278,162	10,893,915	42,283,044	15,589,952	1,829,751				183,312,390
Pension Plan Administration Costs (d)	4,587	767	3,869	891	3,460	1,276	150				15,000
Pension Contribution	4,288,509	717,465	3,616,779	833,384	3,234,653	1,192,631	139,976				14,023,397
Pension Forfeitures	(241,586)	(19,424)	(142,635)	(24,380)	(89,852)	(103,379)	-				(621,256)
Pension Cost	4,051,510	698,808	3,478,013	809,895	3,148,261	1,090,528	140,126				13,417,141
Use	4,051,500	698,800	3,478,000	809,900	3,148,300	1,090,500	140,100				13,417,100
Pension Rate	5.55%	5.41%	4.28%	2.60%	3.58%	3.98%	0.75%				
Medicare/Social Security:											
2012 Contribution Rate - Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%		
2012 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 (a)	92.03%	89.14%	89.92%	86.21%	86.89%	86.49%	98.52%	94.33%	94.89%		
Percentage of Wages Covered by Social Security (a)							85.20%	93.06%	94.99%		
Medicare Covered Wage Base	67,237,118	11,516,888	73,033,024	26,871,657	76,350,243	23,672,313	18,413,388	17,545,380	1,243,059		315,883,070
Social Security Covered Wage Base							15,923,880	17,309,160	1,244,369		34,477,409
Medicare/Social Security Cost	974,938	166,995	1,058,979	389,639	1,107,079	343,249	1,254,275	1,327,576	95,175		6,717,905
Use	974,900	167,000	1,059,000	389,600	1,107,100	343,200	1,254,300	1,327,600	95,200		6,717,900
Medicare/Social Security Rate	1.33%	1.29%	1.30%	1.25%	1.26%	1.25%	6.71%	7.14%	7.27%		
Health Care:											
Health Care Participating Employees (e)	1,435	216	1,018	229	849	312			32		4,091
Health Cost Net of Cobra Health Recovery (e)	24,940,944	3,828,009	17,696,024	3,969,407	14,766,636	5,492,041			571,466		71,264,527
Employee and Dependent Recovery (e)	(5,264,537)	(792,433)	(3,734,703)	(840,125)	(3,114,699)	(1,144,624)			(117,397)		(15,008,518)
Health Cost Net of Cobra and Employee Recovery	19,676,407	3,035,576	13,961,321	3,129,282	11,651,937	4,347,417			454,069		56,256,009
Use	19,676,400	3,035,600	13,961,300	3,129,300	11,651,900	4,347,400			454,100		56,256,000
Health Care Rate	26.93%	23.50%	17.19%	10.04%	13.26%	15.88%			34.66%		
Life Insurance:											
Eligible Employees Base	1,559	245	1,107	249	940	360					4,460
Life Insurance Cost (f)	60,801	9,555	43,173	9,711	36,660	14,040					173,940
Use	60,800	9,500	43,200	9,700	36,700	14,000					173,900
Life Insurance Rate	0.08%	0.07%	0.05%	0.03%	0.04%	0.05%					
LTD Insurance											
LTD Wage Base	73,060,000	12,920,000	81,220,000	31,170,000	87,870,000	27,370,000					313,610,000
LTD Premium and Administrative Costs (g)	81,335	14,383	90,420	34,701	97,823	30,470					349,132
Use	81,300	14,400	90,400	34,700	97,800	30,500					349,100
LTD Rate	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%					
Unemployment:											
Unemployment 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
Unemployment Cost (g)	181,753	32,141	202,053	77,542	218,596	68,089	46,495	46,272	3,259		876,200
Use	181,800	32,100	202,000	77,500	218,600	68,100	46,500	46,300	3,300		876,200
Unemployment Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%		

E-Class	NR	CR Local 6070 Union	XR	EX, FR, FN Executives & Nonunion	F9 UNAC Union	AR, A9 UAFT Union	FT, FW Adjunct Faculty	CT, GT, NT, ST, XT Temporary & SS Student	NX, XX Extended Temporary	GN, SN Non-SS Student	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
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			35		4,495
Local 6070 Legal Trust (i)		30,150									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	19,128	1,347		362,200
Total Consulting/Other cost	119,283	50,374	114,876	39,106	116,983	38,342	19,220	19,128	2,338		519,650
Use	119,300	50,400	114,900	39,100	117,000	38,400	19,200	19,100	2,300		519,700
Consulting/Other Rate	0.16%	0.39%	0.14%	0.13%	0.13%	0.14%	0.10%	0.10%	0.18%		
Labor Relations:											
Labor Relations Wage Base		12,920,000			87,870,000	27,370,000	18,690,000				146,850,000
Labor Relations Cost (g)		86,406			587,655	183,044	124,995				982,100
Use		86,400			587,700	183,000	125,000				982,100
Labor Relations Rate		0.67%			0.67%	0.67%	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)
Carryforward (Over) Under Rate	(2.79%)	(6.04%)	(1.11%)	(0.62%)	1.10%	(2.92%)	(0.04%)	(0.25%)	(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.

	E-Class	NR	CR Local 6070 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 & SS Student	NX,XX Extended Temporary	GN,SN Non-SS Student	TOTAL
SWOHR Average Projected Headcount for FY12		1,559	245	1,107	249		940	360	916		35		5,411
Total FY12 Headcount		1,559	245	1,107	249	-	940	360	916		35		5,411
Budget Request to Legislature - New Positions (d)		-	-	-	-	-	-	-	-		-		-
SWOHR FY13 Projected Average Headcount		1,559	245	1,107	249 (a)	(a)	940	360	916		35		5,411
FY13 Leave Benefits Wage Base Projection:													
FY11 Leave Benefit Wage Base (Actuals)		58,003,700	9,687,200	63,511,500	20,596,100	3,735,300	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	18,574,500	17,889,100	1,065,600	14,784,000	316,850,300
FY10-FY11 Retro Compensation (f)									(217,000) (f)				(217,000)
Pay Grid Adjustments (b)		1,981,400	162,400	2,245,900						205,900	37,300	-	4,632,900
Est FY13 Grid Adjusted Leave Wage Base		58,591,700	10,006,000	66,413,500	20,691,600	5,073,100	81,887,900	26,263,000	18,357,500	18,095,000	1,102,900	14,784,000	321,266,200
Estimate FY13 Increase (c)		-	103,900	-	445,800	126,800	2,047,200	617,200	312,100	5,900	-	-	3,658,900
Projection for FY13 New Position Estimates (d)													-
Projected FY13 Leave Wage Base		58,591,700	10,109,900	66,413,500	21,137,400	5,199,900	83,935,100	26,880,200	18,669,600	18,100,900	1,102,900	14,784,000	324,925,100
Use		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	1,100,000	14,780,000	324,920,000
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	1,100,000	14,780,000	324,920,000
FY11 Leave Benefit Wage Base (Actuals)		58,003,700	9,687,200	63,511,500	20,596,100	3,735,300	81,001,900	26,102,100	17,583,900	17,038,100	1,146,500	14,595,100	313,001,400
Projected Dollar Change		586,300	422,800	2,898,500	543,900	1,464,700	2,938,100	777,900	1,086,100	1,061,900	(46,500)	184,900	11,918,600
Projected Percentage Change		1.01%	4.36%	4.56%	2.64%	39.21%	3.63%	2.98%	6.18%	6.23%	(4.06%) (g)	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%	
Leave Accrual		13,007,000	2,315,200	14,411,000	4,397,100	36,400	1,427,000	295,700	-	-	167,200	-	36,056,600
Overtime Pay (FY11 Actual)		1,265,400	450,900	-	-	-	-	-	-	339,800	31,600	5,200	2,092,900
Miscellaneous Pay (FY11 Actual)		179,600	26,700	376,900	232,000	108,300	2,414,100	188,100	21,300	131,500	10,900	27,800	3,717,200
FY13 Overtime Pay Projection (e)		1,278,200	470,600	-	-	-	-	-	-	361,000	30,300	5,300	2,145,400
FY13 Miscellaneous Pay Projection (e)		181,400	27,900	394,100	238,100	150,800	2,501,700	193,700	22,600	139,700	10,500	28,200	3,888,700
Projected FY13 Staff Benefits Wage Base		73,056,600	12,923,700	81,215,100	25,775,200	5,387,200	87,868,700	27,369,400	18,692,600	18,600,700	1,308,000	14,813,500	367,010,700
Use		73,060,000	12,920,000	81,220,000	25,780,000	5,390,000	87,870,000	27,370,000	18,690,000	18,600,000	1,310,000	14,810,000	367,020,000
					31,170,000 (a)								

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; one step increase (average of 1.78%) for e-classes CR & CT effective 01-Dec-12 is projected for 7/12 of the fiscal year per CBA.
- (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 D. Dosch
Myron Dosch

Controller, for the Chief Financial Officer
Title

March 30, 2012
Date of Execution

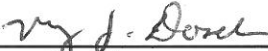
The University of Alaska
Certificate of Final Fringe Benefit Costs
(FAR 52.242-4)
(62 FR 239)

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 Dosch

Controller, for the Chief Financial Officer
Title

March 30, 2012
Date of Execution