Date: June 24, 2016

To: Bill Spindle, Kari Burrell, Michael Ciri, Myron Dosch

From: Tanya Hollis

Re: FY17 Fringe Benefit Forward Pricing Proposal

Attached is the FY17 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 audited, therefore ONR has provided a provisional negotiated agreement, see attached, which adjusts three fringe benefit rates (NR, XR and F9) and two leave benefit rates (NR and XR) until the audit can be completed.

The following table summarizes the provisional fringe benefit rates for FY17 for the University of Alaska System. Also listed are the FY16 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>FY16</td>
<td>FY17</td>
</tr>
<tr>
<td></td>
<td>Negotiated Benefit Rates</td>
<td>Provisional Benefit Rates</td>
</tr>
<tr>
<td>NR</td>
<td>21.00%</td>
<td>22.40%</td>
</tr>
<tr>
<td>CR</td>
<td>23.00%</td>
<td>23.30%</td>
</tr>
<tr>
<td>XR</td>
<td>20.90%</td>
<td>21.90%</td>
</tr>
<tr>
<td>EX, FR</td>
<td>17.30%</td>
<td>20.00%</td>
</tr>
<tr>
<td>FN</td>
<td>9.60%</td>
<td>6.20%</td>
</tr>
<tr>
<td>F9</td>
<td>13.70%</td>
<td>12.70%</td>
</tr>
<tr>
<td>AR, A9</td>
<td>12.70%</td>
<td>11.90%</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>7.00%</td>
<td>0.70%</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: Nichole Pittman, Michelle Rizk, Keli McGee, Erika Van Flein, Raaj Kurapati, Sandra Culver, Jason Theis, Kelly Thorngren, Roxy Felkl, Debbie Carlson, Alesia Kruckenberg, Tara Ferguson, Carolyn Weaver, Lisa Molinar
June 8, 2016

Ms. Beth Snyder
Office of Naval Research
Code BD0242, Rm. 368
875 N. Randolph Street
Arlington, VA 22203

RE: University of Alaska FY17 Fringe Benefit Forward Pricing Proposal

Dear Ms. Snyder:

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, 2016 through June 30, 2017 (FY17).

The fringe benefits granted to employees are the same as those provided in recent past fringe benefit forward pricing proposals. The State of Alaska is experiencing a budget crisis due to the loss of oil revenue to fund state government operations. As a result, the university’s budget has been significantly reduced, resulting in a projected FY17 wage base reduction of approximately $26 million, with over 500 positions affected due to layoffs, contract reductions and attrition.

This proposal fully liquidates the FY15 staff benefit over recovery carry-forward of $782,300 and leave benefit under recovery of $1,518,900. Additionally, this proposal liquidates the remaining FY14 annual leave carryforward balance of $11,600 for the Extended Temporary (NX, XX) job group.

The following table summarizes the fringe benefit rates proposed for FY17 for the University of Alaska System. Also listed are the FY16 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>FY16 Negotiated Benefit Rates</td>
<td>FY17 Proposed Benefit Rates</td>
</tr>
<tr>
<td>NR</td>
<td>21.00%</td>
<td>22.90%</td>
</tr>
<tr>
<td>CR</td>
<td>23.00%</td>
<td>23.30%</td>
</tr>
<tr>
<td>XR</td>
<td>20.90%</td>
<td>22.60%</td>
</tr>
<tr>
<td>EX, FR</td>
<td>17.30%</td>
<td>20.00%</td>
</tr>
<tr>
<td>FN</td>
<td>9.60%</td>
<td>6.20%</td>
</tr>
<tr>
<td>F9</td>
<td>13.70%</td>
<td>12.70%</td>
</tr>
<tr>
<td>AR, A9</td>
<td>12.70%</td>
<td>11.90%</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>7.00%</td>
<td>0.70%</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.
June 8, 2016

We are seeking to have new rates in effect for our first payroll in July 2016. 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, 2016, 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

MJD/TLH/sab

Attachments

cc: Linda Shipp, ONR (one copy)
    Nancy Machida, DCAA, Alaska Sub-Office (one copy)
    Sandra Thomson, ONR Seattle Regional Office (one copy)
UNIVERSITY OF ALASKA

FY17 FRINGE BENEFIT FORWARD PRICING PROPOSAL
Table of Contents

Schedule  Page
1  Significant Assumptions ................................................................. 1-3
2  Staff Benefit Rate Projections .......................................................... 4
3  Leave Benefit Projections ............................................................... 5
4  Staff Benefit Cost Distribution ......................................................... 6-8
5  Wage Base Projection ....................................................................... 9

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 FY17 are based on updated estimates of projected FY16 wages and incremented for salary and grid increases and are rounded to the nearest hundred for projection purposes.

Annual salary and/or grid increases are projected for eligible e-classes as follows:

- Classified, exempt and non-exempt staff (e-classes NR, XR) – 2.5%
- Temporary exempt and non-exempt staff (e-classes NT, XT, NX, XX) – 0%
- Executive employees (e-classes EX) – 0%
- Non-union faculty (e-classes FR, FN) – 2.0%
- UNAC faculty (e-class F9) – 2.0%
- UAFT faculty (e-classes AR, A9) – 2.0%
- Adjunct faculty (e-classes FT, FW) – 2.0%
- Local 6070 Union employees (e-classes CR, CT) – 1.9%

Step or other increases are projected for eligible e-classes as follows:

- The F9 e-class will receive a $750 increase to their base salary. E-classes F9, FR, FN will receive a market increase of 0.3% of 9 month base salary. The AR, A9 e-classes will receive a $900 distribution, which does not increase base salary. E-classes AR, A9 will receive a market increase of 0.5% of 9 month base salary. Local 6070 Union employees (e-classes CR, CT) will receive a step increase, calculated at 2.0% on average.

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 FY14 and FY15 actual leave usage combined with FY16 estimated leave usage. The leave usage projections were adjusted for the discontinuation of annual leave and holiday/other leave for extended temporary employees (NX, XX e-classes). A projection for the Sikuliaq R/V cruise leave cash-in is included in the fringe benefit forward pricing proposal. FY17 cruise leave cash-in is being projected at FY16 estimated cruise leave cash-in, of $48,500. Additional annual leave payoff of $381,200 has been included in the fringe benefit forward pricing proposal as UA anticipates increased payoffs due to anticipated layoffs, non-renewal of contracts and attrition. FY17 benefit recovery carryforwards are reflected as calculated in the FY15 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 hired on July 1, 2006 or later may enroll in the public employee retirement system defined contribution (PERS-DC) plan.

Effective July 01, 2015, the non-exempt and exempt staff (e-classes NR, XR) employees and Local 6070 Union employees (e-class CR) are no longer eligible to participate in ORP Tier 3 retirement plan unless they were grandfathered in from previous employment. New employees will be eligible for PERS-DC with Pension.

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 6.35% respectively; rates are established or projected by the State of Alaska, Division of Retirement.
Effective July 01, 2007, in addition to the minimum employer contribution for the PERS-DC plan, the statute also established a minimum PERS base salary for the UA System requiring the total fiscal year PERS covered wages to meet the FY08 Base Salary. The FY17 PERS covered wages were lower than the FY08 Base Salary, therefore, an additional contribution is calculated at the PERS-DB contribution rate.

The FY17 estimated covered wages were calculated by multiplying the percentage of FY16 estimated earnings subject to this benefit by the FY17 projected staff benefit wage base. The FY17 projected contribution rates were applied to the FY17 estimated covered wages to project the FY17 employer contribution by e-class.

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 8.05% respectively; rates are established or projected by the State of Alaska, Division of Retirement. The FY17 estimated covered wages were calculated by multiplying the percentage of FY16 estimated earnings subject to this benefit by the FY17 projected staff benefit wage base. The FY17 projected contribution rates were applied to the FY17 estimated covered wages to project the FY17 employer contribution by e-class.

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 between July 1, 2006 and June 30, 2015. Effective July 01, 2015, non-exempt and exempt staff (e-classes NR, XR) employees and Local 6070 Union employees (e-class CR) can no longer elect to participate in ORP Tier 3 retirement plan unless they were grandfathered in from previous employment. The ORP–Tier 1 rate is 14.0%. The ORP–Tier 2 and ORP–Tier 3 rates are 12.0%. The FY17 estimated covered wages were calculated by multiplying the percentage of FY16 estimated earnings subject to this benefit by the FY17 projected staff benefit wage base. The FY17 projected contribution rates were applied to the FY17 estimated covered wages to project the FY17 employer contribution by e-class.

7. Pension costs are estimated at 7.65% of covered wages below $42,000 for regular employees and $118,500 for eligible adjunct faculty. Effective July 01, 2015, new employees electing PERS-DC and TRS-DC plans will be eligible for Pension. The FY17 estimated covered wages were calculated by multiplying the percentage of FY16 estimated earnings subject to this benefit by the FY17 projected staff benefit wage base. The FY17 projected contribution rates were applied to the FY17 estimated covered wages to project the FY17 employer contribution by e-class.

8. 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 $118,500 for adjunct faculty and temporary e-classes. All new adjunct faculty will contribute to social security, not pension. The FY17 estimated covered wages were calculated by multiplying the percentage of FY16 estimated earnings subject to this benefit by the FY17 projected staff benefit wage base. The FY16 contribution rates were applied to the FY17 estimated covered wages to project the FY17 employer contribution by e-class.
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 costs net of cobra recoveries are allocated to health care eligible e-classes based on projected plan participants, including Cobra, and excluding opt-outs. Employee and spouse/dependent recoveries are allocated to all projected health care eligible employees, including Cobra, and excluding opt-outs. Cobra recipients may use online wellness services; however, they are not eligible to receive the Wellness rebate.

10. Life insurance administrative costs are estimated at $0.030/$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 $0.248 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 using a four year average, excluding high year. Allocated to e-classes prorata based on the staff benefit wage base.

13. The FY17 Worker’s Compensation claim costs were projected using a ten year average of actual claims costs. The premiums are projected based on FY16 actual premiums. Additional operational costs and professional fees are projected based on salary increments and trend percentages. Workers’ Compensation is allocated based on employee headcount.

14. Employee tuition remission costs are projected at the FY16 estimated usage level and adjusted for increases or decreases in tuition rates for FY17. Employee (excluding adjunct) projected tuition remission costs are allocated to applicable e-class pools based on the number of eligible employees. Adjunct projected tuition remission costs are allocated to that specific e-class.

15. Consulting and other costs are projected at the level forecasted by the respective program director. Employee Assistance Program (EAP) costs are allocated to health care eligible employees. Consulting and other projected costs are allocated to all e-classes (except GN, SN) 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. FY17 staff benefit recovery carryforwards are reflected as calculated in the FY15 Fringe Benefit Incurred Cost Report.
## FY17 Staff Benefits Rate Projection

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>EX, FN, FR Executives</th>
<th>UNAC</th>
<th>UAFST</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></td>
<td></td>
<td></td>
<td>Classified</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Classified</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>APT Exempt</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>SS Student</td>
<td>Faculty</td>
</tr>
<tr>
<td>FY17 Staff benefits wage base</td>
<td>60,520,600</td>
<td>11,296,600</td>
<td>84,696,200</td>
<td>28,788,300</td>
<td>85,959,000</td>
<td>24,303,400</td>
<td>16,115,700</td>
<td>18,220,200</td>
<td>1,220,700</td>
<td>12,521,900</td>
</tr>
<tr>
<td>FY17 Projected average head count</td>
<td>1,210</td>
<td>194</td>
<td>1,118</td>
<td>231</td>
<td>869</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1,066</td>
<td>6,706</td>
</tr>
<tr>
<td>Staff benefits:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS</td>
<td>9,570,500</td>
<td>1,884,900</td>
<td>15,186,400</td>
<td>1,429,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,071,300</td>
</tr>
<tr>
<td>ORP-Tier 1</td>
<td>17,000</td>
<td>-</td>
<td>97,200</td>
<td>1,095,900</td>
<td>3,628,300</td>
<td>706,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,668,800</td>
</tr>
<tr>
<td>ORP-Tier 2 and Tier 3</td>
<td>2,780,600</td>
<td>500,100</td>
<td>3,430,500</td>
<td>1,225,800</td>
<td>4,503,900</td>
<td>1,247,700</td>
<td>49,400</td>
<td>-</td>
<td>-</td>
<td>10,710,400</td>
</tr>
<tr>
<td>UA pension plan</td>
<td>2,889,800</td>
<td>493,800</td>
<td>3,212,100</td>
<td>702,300</td>
<td>2,494,200</td>
<td>868,800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,710,400</td>
</tr>
<tr>
<td>Medicare &amp; Social Security</td>
<td>831,700</td>
<td>150,400</td>
<td>1,160,800</td>
<td>377,100</td>
<td>1,162,500</td>
<td>334,800</td>
<td>1,027,800</td>
<td>1,303,900</td>
<td>81,500</td>
<td>6,430,500</td>
</tr>
<tr>
<td>Health care</td>
<td>16,238,500</td>
<td>2,885,800</td>
<td>15,021,800</td>
<td>2,963,800</td>
<td>11,480,900</td>
<td>3,821,800</td>
<td>46,800</td>
<td>421,200</td>
<td>-</td>
<td>52,880,600</td>
</tr>
<tr>
<td>Life insurance</td>
<td>108,800</td>
<td>20,300</td>
<td>152,200</td>
<td>51,700</td>
<td>154,500</td>
<td>43,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>531,200</td>
</tr>
<tr>
<td>Long term disability</td>
<td>113,900</td>
<td>21,300</td>
<td>159,400</td>
<td>54,200</td>
<td>161,800</td>
<td>45,700</td>
<td>30,300</td>
<td>34,300</td>
<td>2,300</td>
<td>623,200</td>
</tr>
<tr>
<td>Unemployment</td>
<td>419,500</td>
<td>67,300</td>
<td>387,600</td>
<td>80,100</td>
<td>301,300</td>
<td>106,500</td>
<td>263,900</td>
<td>317,900</td>
<td>11,400</td>
<td>1,955,500</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>831,700</td>
<td>150,400</td>
<td>1,160,800</td>
<td>377,100</td>
<td>1,162,500</td>
<td>334,800</td>
<td>1,027,800</td>
<td>1,303,900</td>
<td>81,500</td>
<td>6,430,500</td>
</tr>
<tr>
<td>Tuition remission</td>
<td>117,400</td>
<td>21,500</td>
<td>150,400</td>
<td>47,200</td>
<td>145,300</td>
<td>42,500</td>
<td>23,500</td>
<td>26,500</td>
<td>2,500</td>
<td>576,600</td>
</tr>
<tr>
<td>Labor relations</td>
<td>-</td>
<td>37,600</td>
<td>-</td>
<td>-</td>
<td>81,000</td>
<td>53,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>458,600</td>
</tr>
<tr>
<td>Carryforward (over) under from FY15</td>
<td>309,200</td>
<td>(35,200)</td>
<td>636,000</td>
<td>(391,400)</td>
<td>(806,700)</td>
<td>(347,800)</td>
<td>(7,200)</td>
<td>(39,600)</td>
<td>-</td>
<td>(782,300)</td>
</tr>
<tr>
<td>FY17 Proposed staff benefit rates</td>
<td>33,883,900</td>
<td>6,129,000</td>
<td>40,062,700</td>
<td>8,280,400</td>
<td>26,474,900</td>
<td>8,128,900</td>
<td>1,563,000</td>
<td>1,722,200</td>
<td>479,300</td>
<td>-</td>
</tr>
</tbody>
</table>

## FY16 Negotiated Staff Benefits Rate Projection

| Benefit rates: | | | | | | | | | | |
| PERS | 15.81% | 16.69% | 17.93% | 4.97% | | | | | 28,071,300 |
| TRS | - | - | - | - | 1.90% | 3.02% | 4.32% | | 4,195,000 |
| ORP Tier 1 | 4.56% | 4.43% | 4.05% | 4.26% | 5.24% | 5.13% | | | 13,668,800 |
| ORP Tier 2 and Tier 3 | 4.77% | 4.37% | 3.79% | 4.16% | 5.7% | 0.31% | | | |
| UA pension plan | 1.37% | 1.33% | 1.37% | 1.31% | 1.35% | 1.38% | 6.38% | 7.16% | 6.68% | 6,430,500 |
| Health care | 26.83% | 25.55% | 17.74% | 10.30% | 13.36% | 15.73% | 0.26% | 34.50% | | 52,880,600 |
| Life insurance | 0.04% | 0.03% | 0.02% | 0.01% | 0.02% | 0.02% | | | 71,600 |
| Long term disability | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | | | 531,200 |
| Workers’ compensation | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 623,200 |
| Tuition remission | 0.69% | 0.69% | 0.53% | 0.32% | 0.48% | 0.51% | 0.15% | 0.33% | 1,788,000 |
| Consulting/Other | 0.19% | 0.19% | 0.18% | 0.16% | 0.17% | 0.17% | 0.15% | 0.20% | 576,600 |
| Labor relations | 0.33% | 0.33% | 0.33% | 0.33% | 0.33% | 0.33% | | | 458,600 |
| Carryforward (over) under from FY15 | 0.51% | (0.31%) | 0.75% | (1.36%) | (0.94%) | (1.43%) | (0.62%) | (0.04%) | (3.24%) | (782,300) |

## Federal Participation

| Federal participation | | | | | | | | | | |
| FY17 Federal wages & leave accrual | 6,941,500 | 413,300 | 11,543,900 | 3,192,600 | 11,085,200 | 1,448,900 | 933,000 | 5,421,900 | 416,300 | 3,125,800 |
| FY17 Federal Age & length of service | 3,887,200 | 224,400 | 5,460,300 | 918,500 | 3,414,200 | 485,400 | 90,500 | 515,100 | 163,600 | 10,710,400 |
| FY17 Projected Federal participation | 11,828,700 | 637,700 | 17,004,200 | 4,112,100 | 14,499,400 | 1,934,300 | 1,023,500 | 5,937,000 | 579,900 | 3,125,800 |

Immaterial variances due to rounding are ignored.
University of Alaska

FY17 Leave Benefit Projection

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR Local 6070</th>
<th>EX, FR &amp; UNAC</th>
<th>FN</th>
<th>F9</th>
<th>AR, A9</th>
<th>FT, FW</th>
<th>CT, GT, N, S1</th>
<th>ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Classified</td>
<td>APT Exempt</td>
<td>Faculty (a)</td>
<td>Faculty (a)</td>
<td>Faculty</td>
<td>Faculty</td>
<td>Faculty</td>
<td>SS Student</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17 Projected leave wage base</td>
<td>48,150,800</td>
<td>8,799,000</td>
<td>68,529,400</td>
<td>21,061,200</td>
<td>3,227,200</td>
<td>73,623,100</td>
<td>21,401,800</td>
<td>15,894,100</td>
<td>17,228,700</td>
<td>1,196,600</td>
<td>12,438,400</td>
</tr>
<tr>
<td>FY17 Projected average head count</td>
<td>1,210</td>
<td>194</td>
<td>1,118</td>
<td>176</td>
<td>55</td>
<td>899</td>
<td>307</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1,066</td>
</tr>
</tbody>
</table>

**FY15 Actual leave usage rates:**

- **Annual leave:** 9.56% 5.06%
- **Sick leave:** 6.04% 3.02%
- **Holiday/Other leave:** 7.59% 4.90%

**Total actual leave usage rate:** 23.19% 12.98%

**Average leave usage rates:**

- **Annual leave:** 9.62% 5.63%
- **Sick leave:** 5.69% 2.46%
- **Holiday/Other leave:** 7.15% n/a

**Total average leave rate:** 22.46% n/a

**FY17 Leave benefit projection**

- **Annual leave usage**
  - FY15 | 4,632,100 | 857,900 | 6,942,000 | 2,019,800 |
  - FY17 | 4,785,900 | 891,500 | 7,450,300 | 2,239,600 |
- **Annual leave benefit after adjustments**
  - FY15 | 4,785,900 | 891,500 | 7,450,300 | 2,239,600 |
  - FY17 | 4,785,900 | 891,500 | 7,450,300 | 2,239,600 |

**Holiday/Other leave usage**

- **Annual leave benefit prior to adjustments**
  - FY15 | 3,442,800 | 547,300 | 4,008,100 | 1,168,800 |
  - FY17 | 3,442,800 | 547,300 | 4,008,100 | 1,168,800 |
- **Holiday/other leave benefit prior to adjustments**
  - FY15 | 3,442,800 | 547,300 | 4,008,100 | 1,168,800 |
  - FY17 | 3,442,800 | 547,300 | 4,008,100 | 1,168,800 |

**Projected FY17 Federal wages**

| FY15 Actual Federal participation | 11.73% | 3.81% | 13.74% | 6.53% | 5.04% | 6.05% | 5.87% | 31.47% | 34.56% | 25.13% |
| Projected FY17 Federal wages | 5,648,100 | 335,200 | 9,415,900 | 1,375,300 | 1,452,200 | 9,836,000 | 1,294,800 | 933,000 | 5,421,900 | 413,400 | 3,125,800 | 39,251,600 |
| Projected FY17 leave benefit costs | - | - | - | - | - | - | - | - | - | - | - | 5,279,910 |
| FY17 Proj Federal wages plus leave accrual | 6,944,100 | 513,300 | 15,433,900 | 1,650,400 | 1,542,200 | 11,086,200 | 1,484,600 | 933,000 | 5,421,900 | 413,400 | 3,125,800 | 44,522,400 |

Immaterial variances due to rounding are ignored 3,192,600 (a)

(a) E-classes EX and FR are eligible for annual leave, sick leave, & holiday leave. E-class FN is eligible for sick leave & holiday leave. The EX/FR and FN e-classes are separate for leave benefit rates, but are combined into pooled e-class EX/FR/FN for staff benefit.
(b) The FY14 annual leave carryforward amount of $(11,600) is being recognized in the FY17 sick leave rate, as part of the closeout of the annual leave rate for e-classes NX and XX.
(c) E-classes NX and XX are no longer eligible for annual or holiday leave, therefore the FY17 annual and holiday leave usage is not being projected for these e-classes.
(d) Since e-classes NX and XX are no longer eligible for annual or holiday leave, the FY15 annual and holiday leave carryforward is being reclassified to the sick leave rate as part of the closeout of the annual and holiday leave rates for e-classes NX and XX.
(e) FY17 cruise leave cash-in is being projected at FY16 estimated cruise leave cash-in.

(c) FY17 Holiday/Other leave for e-classes FN, F9, and A9 projected by applying the projected percentage change in employee head count (FY17 over FY16) to FY16 actual Holiday/Other leave usage as of June 6, 2016.

| Schedule 3 Printed: 6/8/2016 | 5 |
### FY17 Staff Benefit Cost Distribution Projection

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

#### FY17 Projected staff benefits wage base

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX</th>
<th>UNAC</th>
<th>AR, A9</th>
<th>FT</th>
<th>FW</th>
<th>CT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>60,520,600</td>
<td>11,296,600</td>
<td>84,696,000</td>
<td>28,788,300</td>
<td>85,899,000</td>
<td>24,303,400</td>
<td>16,115,700</td>
<td>18,220,200</td>
<td>1,220,700</td>
<td>343,642,600</td>
<td></td>
</tr>
</tbody>
</table>

#### FY17 Projected average headcount

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX</th>
<th>UNAC</th>
<th>AR, A9</th>
<th>FT</th>
<th>FW</th>
<th>CT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>1,210</td>
<td>194</td>
<td>1,118</td>
<td>231</td>
<td>869</td>
<td>307</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1,066</td>
<td>6,706</td>
</tr>
</tbody>
</table>

#### PERS:

- **FY17 PERS-DB projected contribution rate**: 22.00%
- **FY17 PERS-DC projected contribution rate**: 6.35%
- **Percentage of FY16 PERS-DB covered wages (a)**: 43.49%
- **Percentage of FY16 PERS-DC covered wages (a)**: 13.31%
- **PERS-DB covered wage base**: 26,320,409
- **PERS-DC covered wage base**: 8,055,292
- **Total PERS covered wage base**: 34,375,701
- **PERS-DB cost**: 5,790,490
- **PERS-DC cost**: 511,511
- **Subtotal PERS DB & DC cost**: 6,302,001
- **PERS-DC cost DB-unfunded liability (b)**: 1,260,653
- **PERS FY17 shortfall cost (c)**: 2,007,824
- **Total PERS cost**: 9,570,478
- **Use**: 9,570,500

#### TRS:

- **FY17 TRS-DB projected contribution rate**: 12.56%
- **FY17 TRS-DC projected contribution rate**: 8.05%
- **Percentage of FY16 TRS-DB covered wages (a)**: 12.90%
- **Percentage of FY16 TRS-DC covered wages (a)**: 2.24%
- **TRS-DB covered wage base**: 3,713,691
- **TRS-DC covered wage base**: 644,858
- **Total TRS covered wage base**: 4,358,549
- **TRS-DB cost**: 466,440
- **TRS-DC cost**: 51,911
- **Total TRS cost**: 518,351
- **Use**: 517,400

#### ORP-Tier 1:

- **FY17 ORP Tier 1 projected contribution rate**: 14.00%
- **Percentage of FY16 ORP Tier 1 covered wages**: 0.20%
- **ORP Tier 1 covered wage base (a)(d)**: 121,041
- **ORP-Tier 1 cost**: 16,946
- **Use**: 17,000

#### ORP-Tier 2 and Tier 3:

- **FY17 ORP Tier 2 projected contribution rate**: 12.00%
- **Percentage of FY16 ORP Tier 2 covered wages**: 0.08%
- **ORP Tier 2 covered wage base (a)(d)**: 67,757
- **ORP-Tier 2 cost**: 8,131
- **Use**: 8,000

#### ORP forfeiture projection

- **(452,100)**
- **(26,000)**
- **(239,500)**
- **(359,700)**
- **(152,200)**
- **(1,331,300)**

#### Total ORP-Tier 2 and Tier 3 cost

<table>
<thead>
<tr>
<th>E-Class</th>
<th>NR</th>
<th>CR</th>
<th>XR</th>
<th>EX</th>
<th>UNAC</th>
<th>AR, A9</th>
<th>FT</th>
<th>FW</th>
<th>CT, NT, ST, XT</th>
<th>NX, XX</th>
<th>GN, SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>1210</td>
<td>194</td>
<td>1118</td>
<td>231</td>
<td>869</td>
<td>307</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1066</td>
<td>6706</td>
</tr>
</tbody>
</table>

#### Schedule 4 Printed: 6/8/2016
### FY17 Staff Benefit Cost Distribution Projection

#### University of Alaska Schedule 4

<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>Local 670</td>
<td>Classified</td>
<td>Union &amp; Nonunion Executives</td>
<td>APT Exempt</td>
<td>Faculty</td>
<td>Classified</td>
<td>Union</td>
<td>Adjunct</td>
<td>Temporary &amp; Non-SS</td>
<td>Student</td>
<td>Extended</td>
</tr>
</tbody>
</table>

#### FY17 Projected staff benefits wage base

- **Local 670 Executives**: 
  - **UNAC Faculty**: 85,959,000 
  - **UAFT Faculty**: 24,303,400 
  - **Adjunct Faculty**: 16,115,700 
  - **Temporary & Non-SS Student**: 18,220,200 
  - **Extended Temporary Student**: 1,226,700 
  - **Non-SS Student**: 12,521,900 
  - **TOTAL**: 343,642,600

#### FY17 Projected average headcount

<table>
<thead>
<tr>
<th></th>
<th>1,210</th>
<th>194</th>
<th>1,118</th>
<th>231</th>
<th>869</th>
<th>307</th>
<th>761</th>
<th>917</th>
<th>33</th>
<th>1,066</th>
<th>6,706</th>
</tr>
</thead>
</table>

#### UA pension plan:

- **FY17 Pension projected contribution rate**: 7.65% 
- **Percentage of FY16 Pension covered wages**: 68.48% 
- **Pension covered wage base (a)**: 41,444,507 
- **Pension contribution**: 3,170,505 
- **Pension forfeitures**: (282,100) 
- **Pension plan administration costs (e)**: 1,379 
- **Pension rate**: 4.77% 

#### Medicare/Social Security:

- **Medicare covered wage base (a)**: 57,361,425 
- **Social Security covered wage base**: 12,863,552 
- **Medicare/Social Security cost**: 831,741 
- **Medicare/Social Security rate**: 1.37% 

#### Health care:

- **Health care participant employees (f)**: 1,041 
- **Health cost net of cobra health recovery (f)**: 19,406,970 
- **Health cost net of Cobra and employee recovery**: 16,238,545 
- **Health care rate**: 26.83% 

#### Life insurance:

- **Eligible employees base**: 1,210 
- **Life insurance cost (g)**: 22,050 
- **Life insurance rate**: 0.04% 

#### Long term disability:

- **Long term disability wage base**: 60,520,600 
- **Long term disability (h)**: 110,770 
- **Long term disability rate**: 0.18% 

#### Unemployment:

- **Unemployment wage base**: 60,520,600 
- **Unemployment rate**: 0.19% 

#### Workers' compensation:

- **Workers' compensation head count**: 1,210 
- **Workers' compensation rate**: 0.69%
## FY17 Staff Benefit Cost Distribution Projection

### E-Class

<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>F11</th>
<th>F13</th>
<th>F14</th>
<th>F15</th>
<th>F16</th>
<th>CT, GT, NT</th>
<th>ST, XT</th>
<th>EX, FR, FN</th>
<th>F9</th>
<th>F11</th>
<th>F13</th>
<th>F14</th>
<th>F15</th>
<th>F16</th>
<th>CT, GT, NT</th>
<th>ST, XT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local 6070</td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Classified</td>
<td>Classified</td>
<td>APT</td>
<td>Exempt</td>
<td>Classified</td>
<td>Classified</td>
</tr>
<tr>
<td>FY17 Projected staff benefits wage base</td>
<td>60,520,600</td>
<td>11,296,600</td>
<td>84,896,200</td>
<td>28,788,300</td>
<td>85,959,000</td>
<td>24,303,400</td>
<td>16,115,700</td>
<td>18,220,200</td>
<td>1,220,700</td>
<td>12,521,900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17 Projected average headcount</td>
<td>1,210</td>
<td>194</td>
<td>1,118</td>
<td>231</td>
<td>899</td>
<td>307</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1,066</td>
<td>6,706</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Tuition remission:

- **Eligible employees base**: 1,210, 194, 1,118, 231, 899, 307, 761, 917, 33, 1,066
- **Employee tuition remission cost**:
  - Use 484,700, 77,700, 447,900, 92,600, 348,100, 123,000, 214,000, 1,788,000
- **Tuition remission rate**: 0.80%, 0.69%, 0.53%, 0.32%, 0.40%, 0.51%, 1.33%

### Consulting/Other:

- **Consulting/Other wage base**: 60,520,600, 11,296,600, 84,896,200, 28,788,300, 85,959,000, 24,303,400, 16,115,700, 18,220,200, 1,220,700, 331,120,700
- **EAP eligible employee base**: 1,237, 214, 1,144, 226, 855, 300
- **Employee Assistance Program costs**: Use 29,351, 5,078, 27,144, 5,362, 20,287, 7,118, 760, 95,100
- **Consulting cost**: Use 88,047, 16,435, 123,218, 41,882, 125,055, 35,357, 23,445, 26,506, 1,776, 481,721
- **Total Consulting/Other cost**: 117,398, 21,513, 150,362, 47,244, 146,342, 42,475, 23,445, 26,506, 2,536, 576,821
- **Consulting/Other rate**: 0.19%, 0.19%, 0.18%, 0.16%, 0.17%, 0.17%, 0.15%, 0.15%, 0.20%

### Labor relations:

- **Labor relations wage base**: 11,296,600, 85,959,000, 24,303,400, 16,115,700
- **Labor relations cost**: Use 37,629, 286,333, 80,956, 53,682
- **Labor relations rate**: 0.33%, 0.33%, 0.33%

### Staff benefit carryforward:

- **FY15 Carryforward (over) under to liquidate in FY17**: 309,200, (35,200), 636,000, (391,400), (806,700), (347,800), (99,600), (7,200), (39,600), (782,300)
- **Carryforward (over) under rate**: 0.51%, (0.31%), 0.75%, (1.36%), (0.94%), (1.43%), (0.62%), (0.04%), (3.24%)
### FY17 Wage Base Projection

**Using Average % Completion Method**

<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>GNSN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local 6070</td>
<td>Executives</td>
<td>&amp; Nonunion</td>
<td>Nonunion</td>
<td>Union</td>
<td>Union</td>
<td>Adjunct</td>
<td>Temporarily &amp; Extended</td>
<td>Non-SS</td>
<td>TOTAL</td>
<td></td>
</tr>
<tr>
<td>Classified</td>
<td>Classified</td>
<td>APT Exempt</td>
<td>Faculty (a)</td>
<td>Faculty (a)</td>
<td>Faculty</td>
<td>Faculty</td>
<td>SS Student</td>
<td>Temporary</td>
<td>Student</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWOHR average projected headcount for FY16</td>
<td>1,326</td>
<td>229</td>
<td>1,226</td>
<td>184</td>
<td>58</td>
<td>922</td>
<td>325</td>
<td>892</td>
<td>961</td>
<td>34</td>
<td>1,128</td>
</tr>
<tr>
<td>Total FY16 headcount</td>
<td>(116)</td>
<td>(35)</td>
<td>(108)</td>
<td>(8)</td>
<td>(3)</td>
<td>(53)</td>
<td>(18)</td>
<td>(131)</td>
<td>(44)</td>
<td>(1)</td>
<td>(62)</td>
</tr>
<tr>
<td>FY17 projected average headcount</td>
<td>1,210</td>
<td>194</td>
<td>1,118</td>
<td>176</td>
<td>55</td>
<td>869</td>
<td>307</td>
<td>761</td>
<td>917</td>
<td>33</td>
<td>1,066</td>
</tr>
</tbody>
</table>

#### FY17 leave benefits wage base projection:

- **FY15 leave benefit wage base (actuals)**: $55,088,000
- **Projected salary and/or grid increase (b)**: $1,287,000
- **Est FY17 grid/salary adjusted leave wage base**: $52,767,600
- **Estimate FY17 step or other leave wage base increase (c)**: $-203,600
- **Projected FY17 leave wage base**: $48,150,800

#### FY17 staff benefits wage base projection:

- **Projected FY17 staff benefits wage base (actuals)**: $60,520,600
- **Projected FY17 leave wage base**: $48,150,800
- **Projected FY17 leave wage base**: $60,520,600

---

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

All projections are rounded to the nearest hundred. 28,788,300

(a) E-classes EX and FR are eligible for annual leave, sick leave, & holiday leave. E-class FN is eligible for sick leave & holiday leave. The EX, FR, and FN e-classes are separate for leave benefit rates, but are combined into pooled e-class EX/FR/FN for staff benefit rates.

(b) Salary/grid increases are as follows: 2.5% for NR, XR; 0% for NX, XX; 0% for NT, XT; 0% for EX; 2.0% for FR, FN and F9; 2.0% for AR, A9; 2.0% for FT, FW; 1.9% for CR, CT; 0% for SN, ST; 0% for GN, GT.

(c) A 2% step increase is being projected for e-classes CR, CT. Market adjustment of .5% for AR/A9, and .3% for F9/FR/FN.

(d) The "Average leave wage of one employee" is multiplied by the UA position reduction estimate to calculate an amount by which to reduce the FY17 leave wage base.

(e) Applied projected % change between FY15 and FY17 leave benefit wage bases to the FY15 Overtime and Miscellaneous Pay actuals.

(f) E-class F9 will receive a distribution of $750. E-classes AR/A9 will receive a distribution of $900.
The University of Alaska  
Certificate of Fringe Benefit Costs  

(2 CFR § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance))

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 June 8, 2016 to establish fixed with carry-forward fringe benefit cost rates for the period beginning July 1, 2016 through June 30, 2017 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): 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 causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

I declare that the foregoing is true and correct.

The University of Alaska  
Institution

Myron J. Dosch  
Interim Chief Financial Officer  
Title

Date of Execution  
June 8, 2016
The University of Alaska  
Certificate of Final Fringe Benefit Costs  
(FAR 52.242-4) 

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 June 8, 2016 to establish final fringe benefit cost rates for July 1, 2016 through June 30, 2017 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.

The University of Alaska  
Institution

Myron J. Dosch  
Interim Chief Financial Officer

Title

June 8, 2016

Date of Execution