

**NEGOTIATED INDIRECT COST RATE AGREEMENT  
STATE AND LOCAL GOVERNMENT**

**EIN 92-6001185**

**ORGANIZATION**

**Alaska Department of Labor and  
Workforce Development  
Juneau, Alaska**

**DATE: October 23, 2015**

**FILE REFERENCE:** This  
replaces the agreement dated:  
June 11, 2013

The indirect cost rates contained herein are for use on grants and contracts with the Federal Government to which OMB Circular No. A-87 applies, subject to the limitations contained in the Circular and in Section II, A, below. The rate(s) were negotiated by the Alaska Department of Labor and Workforce Development and the U. S. Department of Labor in accordance with the authority contained in Attachments C and E of the Circular.

Indirect rates for fiscal years that begin on or after 12/26/2014 are subject to 2 CFR Part 200, Subpart E, in accordance with the authority contained in 2 CFR, Part 200, Appendix V – VII.

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**SECTION I: RATES**

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<b><u>TYPE</u></b>	<b><u>EFFECTIVE PERIOD</u></b>		<b><u>RATE</u></b>	<b><u>LOCATION</u></b>	<b><u>APPLICABLE TO</u></b>
	<b><u>FROM</u></b>	<b><u>TO</u></b>			
Fixed	07/01/13	06/30/14	6.67% (a)	All	All Programs, excluding DVR
Fixed	07/01/13	06/30/14	18.83% (b)	All	DVR only
Fixed	07/01/14	06/30/15	6.77% (a)	All	All Programs, excluding DVR
Fixed	07/01/14	06/30/15	17.06% (b)	All	DVR only

**(SEE SPECIAL REMARKS)**

**Base:**

(a) Direct salaries and wages including fringe benefits.

(b) Direct salaries and wages for the Vocational Rehabilitation Division, including fringe benefits, related to Client Services, Federal Training Grant, Independent Living Rehabilitation, Disability Determination, Special Projects, Assistive Technology, and Americans With Disabilities.

**TREATMENT OF FRINGE BENEFITS:** Fringe benefits are specifically identified to each employee and are claimed in accordance with the employee's direct or indirect salary charge. The composition of fringe benefits is listed in the special Remarks section of this agreement.

**TREATMENT OF PAID ABSENCES:** Vacations, holidays, sick leave, and other paid absences are included in salaries and wages and are claimed in grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the cost of these paid absences are not made.

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## SECTION II: GENERAL

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### A. LIMITATIONS:

Use of the rate(s) contained in the Agreement is subject to all statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rate(s) agreed to herein is predicated upon the following conditions:

1. That no costs other than those incurred by the grantee/contractor or allocated to the grantee/contractor via an approved central service cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of the grantee/contractor and are allowable under the governing cost principles;
2. That the same costs that have been treated as indirect costs have not been claimed as direct costs;
3. That similar types of costs have been accorded consistent treatment, and
4. That the information provided by the grantee/contractor which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate.

The elements of indirect cost and the type of distribution base(s) used in computing provisional rates are subject to revision when final rates are negotiated. Also, the rates cited in this Agreement are subject to audit.

### B. CHANGES:

The grantee/contractor is required to provide **written notification** to the indirect cost negotiator **prior to** implementing any changes which could affect the applicability of the approved rates. Changes in the indirect cost recovery plan, which may result from changes such as the method of accounting or organizational structure, require the prior written approval of the Division of Cost Determination (DCD). Failure to obtain such prior written approval may result in cost disallowance.

C. **FIXED RATES:**

Any fixed rates contained in this agreement are based on an estimate of the cost that will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made in the negotiation following such determination to compensate for the difference between the cost used to establish the fixed rate and that which would have been used were the actual costs known at the time.

D. **NOTIFICATION TO FEDERAL AGENCIES:**

A copy of this document is to be provided by this organization to other Federal funding sources as a means of notifying them of the Agreement contained herein.

E. **SPECIAL REMARKS:**

1. Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and be applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Contracts/grants providing for ceilings as to the indirect cost rate(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. The ceiling rate or the rate(s) cited in this Agreement, whichever is lower, will be used to determine the maximum allowable indirect cost on the contract or grant agreement.
3. Indirect costs allocable to a particular award or other cost objective may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by terms of the award.
4. Administrative costs consist of all **Direct** and **Indirect** costs associated with the management of an organization's programs. Organizations should refer to their contracts/grants terms and specific program legislation for the applicable definition of "Administrative Costs" and any related limitations.
5. The DVR rates shown in Section I include DVR's portion of the Department-wide indirect costs and DVR's portion of the statewide cost allocation.
6. The indirect cost pool is composed of the following costs not specifically identifiable to grants, contracts, or other final cost objectives: wages and related fringe benefits, travel, professional services, communications, printing, repairs and maintenance, equipment rental, transportation, rent, supplies equipment expense under \$5,000 ceiling, and miscellaneous.

The following costs were treated as indirect costs and should not be reimbursed on a direct basis:

- a. Administrative Services, Fiscal, Anchorage Field Office, Personnel, Publications Office, and persons located in the Commissioner’s Office benefiting federal programs.
- b. Approved Statewide Central Services Costs. The Statewide Central Services Costs contributed 1.25% and 1.41% to the rates in Section I for FY 14 and FY 15, respectively.
- c. Audit costs and Department of Administration leases

7. Fringe benefits consist of Alaska Supplemental Benefits (offered in lieu of Social Security), Public Employee Retirement Plan, Federal and State Unemployment Insurance, workers compensation, paid time off (considered part of salaries and wages), legal trust plan, insurance (health, dental and life), and employers share of legal trust benefits.

8. In accordance with Training And Employment Guidance Letter (TEGL) No. 06-05, “Allocation of Costs of Assessing and Collecting State Taxes that are Collected in Conjunction with the State Unemployment Compensation Tax,” the following allocations are approved:

Allocation to Unemployment Insurance tax	81%
Allocation to State Programs	<u>19%</u>
Total	<u>100%</u>

9. The rates in Section I include the following carry forward adjustments:

	<u>FY 2014</u>	<u>FY 2015</u>
Department	(\$582,854) over-recovery	(\$785,080) over-recovery
Statewide	\$110,027 under-recovery	\$104,961 under-recovery
All Programs	(\$472,827) over-recovery	(\$680,119) over-recovery
 DVR	 (\$147,376) over-recovery	 (\$136,482) over-recovery

**ACCEPTANCE**

**BY THE ORGANIZATION:**

**ALASKA DEPARTMENT OF LABOR AND  
WORKFORCE DEVELOPMENT  
PO Box 111149  
Juneau, AK 99811-1149**

(Grantee/Contractor)



(Signature)

Paloma Harbour

(Name)

Administrative Services Director

(Title)

*November 3, 2015*

(Date)

**BY THE COGNIZANT AGENCY  
ON BEHALF OF THE FEDERAL  
GOVERNMENT:**

**U.S. DEPARTMENT OF LABOR  
200 Constitution Ave., N.W., S-1510  
Washington, D.C. 20210  
Ph.: (202) 693-4100**

(Government Agency)



(Signature)

Victor M. López

(Name)

Chief, Division of Cost Determination

(Title)

October 23, 2015

(Date)

Negotiated By: Phat Chau

Telephone No: (202) 693-4103