

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Administrative Services Division

TO: Distribution

DATE: January 25, 2023

PHONE NO: 907-465-3911

FROM: Dom Pannone
Director



SUBJECT: REVISED – FY2024
Indirect Cost Rate
Proposal Rates

This memo is replacing the January 4, 2023, FY2024 Indirect Cost Rate Proposal Rates memo. An error was found that primarily impacts the Public Facilities program and has since been corrected. Rates have been reviewed by the Internal Review section, and the revised ICRP has been submitted to FHWA for approval.

When approved, the rates listed below will be used to assess ICRP charges against capital project expenditures that are processed on or after July 1, 2023.

ICRP Rate by Type	FY2023 Rate	FY2024 Rate	Increase / (Decrease)
Federal Highways CIP	7.18%	6.35%	(0.84)%
State Highways CIP	4.93%	1.89%	(3.04)%
Federal Airport CIP	7.39%	7.03%	(0.37)%
State Airport CIP	10.54%	1.17%	(9.37)%
Public Facilities	9.67%	8.05%	(1.62)%
Leasing	2.29%	0%	(2.29)%
Reimburs. / Harbors / Misc CIP	6.87%	7.14%	0.27%

- Most rates have decreased due to stabilized indirect spending and increased direct capital project spending. This reflects economic recovery from pandemic-related conditions.
- The State Airport rate dropped considerably from FY2023 to FY2024, which is mostly a self-correction. The rate had increased almost 4.5% from FY2022 to FY2023.
- The Leasing cost group was significantly over-collected in FY2022, resulting in a net indirect of zero. The group collected more than estimated. FY2022 was the first year that the Leasing group became part of DOT&PF, and the first year that direct coding began. Contracting Officers were able to identify their direct costs to such a degree that the remaining indirect costs were lower than collections at the estimated rate. The rate will be held to 0%, with the over-collection being carried-forward to future years until it is fully spent.

“Keep Alaska Moving through service and infrastructure.”

The FY2024 proposed rates could be subject to adjustment if there are any major changes in the FY2024 budget, or if actual spending patterns deviate significantly from those costs used in the rates. A review of expenditures will be conducted quarterly to monitor spending patterns.

Exceptions to application of the indirect cost rate may be requested via memorandum to me. Justification must demonstrate the alternate source of funding to be used, and that there is no department oversight or financial responsibility for project expenditures.

The rates currently in place will continue to be assessed against capital project expenditures processed until FHWA has approved new rates. If FHWA approval is not received by July 1, 2023, a one-time adjustment to retroactively charge FY2024 rates will be applied.

These rates are assessed on total project costs. At the end of each week, total project expenditures for that week are determined and multiplied by the appropriate rate. The resulting amount is charged to each project on the Friday following the direct expenditures.

Please contact Christina Zepp, Rate Accountant, at christina.zepp@alaska.gov, or Christina Giehl, at christina.giehl@alaska.gov if you have any questions.

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