

MEMORANDUM

State of Alaska

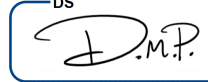
Department of Transportation & Public Facilities
Program Management & Administration

TO: Distribution

DATE: May 15, 2025

PHONE NO: 907-465-3911

FROM: Dom Pannone^{DS}
Director



SUBJECT: FY2026 Indirect Cost
Rate Approval

The Fiscal Year (FY) 2026 Indirect Cost Rate Proposal (ICRP) has been approved by the Federal Highway Administration (FHWA). Attached is a copy of the Negotiated Indirect Cost Rate Agreement (NICRA) approval, which may be provided to other funding agencies for capital projects.

The rates listed below will be used to assess ICRP charges against project expenditures that are processed on or after July 1, 2025, through June 30, 2026.

ICRP Rate by Type	FY2026 Rate	FY2025 Rate	Percentage Point Increase / (Decrease)	6 Year Average Rate	Percentage Point Increase / (Decrease) over 6 Year Average
Federal Highways CIP	5.37%	5.17%	0.20	5.58%	(0.21)
State Highways CIP	5.60%	3.52%	2.08	3.74%	1.86
Federal Airport CIP	4.07%	3.37%	0.70	5.68%	(1.61)
State Airport CIP	7.75%	8.21%	(0.46)	7.77%	(0.02)
Public Facilities CIP	0.00%	N/A	N/A	N/A	N/A
Reimburs. / Harbors / Misc CIP	5.48%	6.38%	(0.90)	5.90%	(0.42)
Disaster Relief / Emer. Resp. CIP	0.00%	0.00%	0.00	0.00%	0.00
Facilities (Operating)	8.12%	N/A	N/A	N/A	N/A
Leasing	1.78%	2.15%	(0.37)	1.81%	(0.03)

Rates are fairly stable, fluctuating less than 1 percentage point for all programs, except for State Highways.

Note that in FY2026, Public Facilities rates have been split between operating and capital. This is due to transferring regional facilities budgets to the Division of Facilities Services and normalization of internal funding for service (general fund rather than reimbursable services authority).

As always, the Disaster Relief / Emergency Response (DRER) rate is set at 0% per the Department policy. I evaluate disaster projects on a case-by-case basis.

The FY2026 proposed rates could be subject to adjustment if there are any major changes in the FY2026 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.

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 following the direct expenditures.

Exceptions to application of the indirect cost rate may be requested via memorandum to me. Justification for the request must include the projected amount of uncollected revenue.

Please contact Christina Zepp, (907) 465-8118, christina.zepp@alaska.gov, or Christina Giehl, (907) 269-6675, christina.giehl@alaska.gov, if you have any questions.

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