



U.S. Department
of Transportation
**Federal Highway
Administration**

Alaska Division

April 16, 2025

P.O. Box 21648
Juneau, AK 99802-1648
(907) 586-7418
(907) 586-7420
www.fhwa.dot.gov/akdiv

In Reply Refer To:

Mr. Dom Pannone
Director, Program Management and Administration
Alaska Department of Transportation and Public Facilities
P.O. Box 112500
Juneau, Alaska 99811-2500

Dear Mr. Pannone:

The Federal Highway Administration (FHWA) has reviewed the Department of Transportation and Public Facilities (DOT&PF) labor rate and indirect cost rate proposals for State Fiscal Year 2026 submitted with your December 31, 2024 letter. The rates have been reviewed by the DOT&PF Chief of Internal Review and found to be compliant with applicable Federal regulations. We approve the DOT&PF calculated rates, not to exceed, for the period of July 1, 2025 to June 30, 2026.

An agreement has been prepared to document the approved indirect cost and labor rates for use on Federal projects and is enclosed. Please sign and return one executed copy to our office.

If there are any questions, please contact Julie Jenkins, Financial Manager, at (907) 586-7476.

Sincerely,

**EMILY ROSE
HAYNES**

Digitally signed by EMILY
ROSE HAYNES
Date: 2025.04.16
11:47:36 -08'00'

Emily Haynes
Acting Division Administrator

Enclosure: ICAP Labor Rate Agreement

cc: Julie Jenkins, Financial Manager and Admin Team Leader, FHWA
Ryan Anderson, Commissioner, DOT&PF
Katherine Keith, Deputy Commissioner, DOT&PF
Sunny Haight, Deputy Director, DOT&PF
Christina Zepp, ICAP Manager, DOT&PF
Christina Giehl, Accountant III, DOT&PF
Chris Cowles-Brunton, Finance Officer, DOT&PF
Elizabeth Dunayski, Grants and Project Chief, DOT&PF
Deborah Stockburger, Internal Review Chief, DOT&PF
Kristi Warden, Airports Division Manager, FAA
Brad Garland, AIP/PFC Regional Program Manager, FAA

**INDIRECT COST AND LABOR RATE NEGOTIATION
AGREEMENT BETWEEN THE ALASKA DEPARTMENT OF TRANSPORTATION
AND THE FEDERAL HIGHWAY ADMINISTRATION, ALASKA DIVISION**

This agreement is made and entered into by the State of Alaska by and through its Department of Transportation (DOT&PF) and the United States Government, by and through its Department of Transportation, Federal Highway Administration (FHWA). The indirect cost rates and labor rates contained herein are for use on grants and contracts with the Federal Government to which 2 CFR 200 applies, subject to the limitations contained in Section III.A of this agreement. The rates were negotiated by DOT&PF and FHWA in accordance with the authority contained in 2 CFR 200, Subpart F, Appendix VII.

Section I: Indirect Cost Rates

Type: Fixed Rate with Carry Forward Adjustment

Effective Period: July 1, 2025 – June 30, 2026

Approved Rates:

Federal Highway Projects	5.37%
Federal Airport Projects	4.07%
Public Facilities	0%
Other Capital Improvement Projects	5.48%

Base: Total Direct Costs

Applicable To: All programs not specifically exempted, limited by law, or otherwise not applicable because special operating factors necessitate special indirect cost rates.

Section II: Labor Rates

Effective Period: July 1, 2025 – June 30, 2026

Approved Rates:

	Regular	Premium
Base Pay	100%	100%
Benefits	49.15%	41.99%
Insurance	31.54%	0%
Leave Taken	17.05%	0%
Over/Under Variance	-2.33%	-2.33%
Total	195.41%	139.66%

Applicable To: All programs not specifically exempted by law

Section III: General

A. Limitations

- a. The rates contained in this agreement are subject to any statutory or administrative limitations and are reimbursable through grant, contract, or other agreement only to the extent that funds are available. Acceptance of these rates is predicated on the condition that the information provided by the DOT&PF which was used to establish the rates is not later found

to be materially incomplete or inaccurate by the Federal Government. In such situations the rates will be subject to renegotiation at the discretion of the FHWA.

- b. Acceptance of the indirect cost rates is also predicated on these conditions:
- (1) only costs incurred by the DOT&PF were included in its indirect cost pool as finally accepted: such costs are legal obligations of the DOT&PF, and are allowable under the allowable governing cost principles;
 - (2) the same costs that have been treated as indirect costs are not claimed as direct costs;
 - (3) similar types of costs have been accorded consistent accounting treatment;
 - (4) the state's portion of funded projects are not included in the cost pool, and
 - (5) when the actual costs for this period are determined, an adjustment will be made to the rates for the subsequent State Fiscal Years to compensate for the difference between the costs used to establish the fixed rates and actual costs.

B. Accounting Changes

This agreement is based on the accounting system to be in effect during the agreement period. Changes in the method of accounting for costs that affect the amount of reimbursement resulting from the use of these rates require prior concurrence of FHWA. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain concurrence may result in cost disallowances.

C. Use by Other Federal Agencies

The rates in this Agreement were approved in accordance with the authority in 2 CFR 200, and should be applied to grants, contracts, and other agreements covered by this regulation, subject to any limitations in Section III.A above. Copies of this document may be provided to other Federal Agencies as a means of notifying them of this agreement.

D. Other

If any Federal contract, grant, or other agreement is reimbursing indirect costs by means other than the approved rates in this agreement, DOT&PF shall notify FHWA.

State of Alaska
DOT&PF

DocuSigned by:

0B88DE8A31894EB...
Dom Pannone, Director
Alaska Department of Transportation
And Public Facilities

4/29/2025

Date

U. S. Department of Transportation
Federal Highway Administration

Emily Haynes
Acting Division Administrator

Date