

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

EIN: 92-6001185

ORGANIZATION

**State of Alaska - Department of Labor and
Workforce Development
P.O. Box 111149
Juneau, AK 99811**

DATE: December 20, 2018

FILE REFERENCE: This
replaces the agreement dated
12/02/2016

The rates approved in this Agreement are for use on grants, contracts, and other agreements with the Federal Government. 2 CFR Part 200, Subpart E, applies, subject to the conditions in Section II, A, below. The rates were negotiated by **State of Alaska - Department of Labor and Workforce Development** and the **U.S. Department of Labor** in accordance with the authority contained in 2 CFR Part 200, Appendix VII, D.1.

SECTION I: RATES

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
Fixed	07/01/17	06/30/18	7.36% (a)	All	All Other Programs
Fixed	07/01/17	06/30/18	18.05% (b)	All	VRD Only
Fixed	07/01/17	06/30/18	11.81% (c)	All	ETSD Only

(SEE SPECIAL REMARKS)

Bases: (a) Direct salaries and wages, including fringe benefits, of all Department of Labor and Workforce Development.

(b) Direct salaries and wages, including fringe benefits, of all Vocational Rehabilitation Division (VRD).

(c) Direct salaries and wages, including fringe benefits, of all Employment and Training Services Division (ETSD).

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.

SECTION II: GENERAL

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 Office of Cost Determination (OCD). 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 VRD rates shown in Section I include VRD's portion of the Department-wide indirect costs and VRD's portion of the statewide cost allocation.
6. The ETSD rates shown in Section I include ETSD's portion of the Department-wide indirect costs and ETSD's portion of the statewide cost allocation.
7. 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 1.03% to the rates in Section I for FY 2018.

c. Audit costs and Department of Administration leases

8. 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.

9. 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>

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

FY 2018

Department	(\$623,933) over-recovery
Statewide	(\$269,164) over-recovery
All Programs	(\$893,097) over-recovery
VRD	(\$52,107) over-recovery
ETSD	\$0

11. The rates in Section I comply with ETA's Technical Employment Guidance Letter (TEGL) 05-06.

ACCEPTANCE

BY THE ORGANIZATION:

**STATE OF ALASKA - DEPARTMENT OF
LABOR & WORKFORCE DEVELOPMENT
P.O. Box 111149
Juneau, AK 99811**

(Grantee/Contractor)



(Signature)

Paloma Harbour

(Name)

Administrative Services Director

(Title)

December 21, 2018

(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)

for

Victor M. López

(Name)

Director, Office of Cost Determination

(Title)

December 20, 2018

(Date)

Negotiated By: Phat Chau
Telephone No.: (202) 693-4103