

University of Alaska  
Fringe Benefit Summary  
October 2005

Description of Direct Fringe Benefits Costs

The following comprise the leave benefits recovered from sponsored projects and all other cost objectives through the computed leave benefit rate:

- A. Compensated absences - annual leave, holidays, sick leave, jury duty, military, and other miscellaneous leave.

The following comprise the staff benefits recovered from sponsored projects and all other cost objectives through the computed staff benefit rate:

- A. Retirement - PERS, TRS, ORP, pension, Medicare and social security
- B. Health care
- C. Disability (LTD) and life insurance
- D. Unemployment
- E. Workers' compensation
- F. Employee tuition waivers
- G. Labor relations
- H. Consulting and other costs related to fringe benefits.

Description of the Wage Base

Personal services costs are currently categorized into the following job groups:

1. Classified - non-union employees in nonexempt positions as defined by the Fair Labor Standards Act and the Alaska Wage and Hour Law.
2. Classified, AHECTE - employees in nonexempt positions as defined by the Fair Labor Standards Act and the Alaska Wage and Hour Law represented by the Alaska Higher Education Crafts and Trades Employees bargaining unit.
3. Administrative/Professional/Technical (APT) Staff - salaried or exempt positions as defined by the Fair Labor Standards Act.
4. Executive Staff - positions designated as such in accordance with Board of Regents policy.
5. Faculty, non-union - exempt positions with an appointment to academic rank or special academic rank.
6. Faculty, UNAC - exempt employees with an appointment to academic rank or special academic rank, represented by the United Academics bargaining unit.
7. Faculty, ACCFT - exempt employees with an appointment to academic rank or special academic rank, represented by the Alaska Community Colleges' Federation of Teachers bargaining unit.
8. Adjunct Faculty, non-union - employees holding temporary assignments based solely upon, or incorporating, scheduled faculty duties.
9. Adjunct Faculty, UNAC - employees holding temporary assignments based solely upon, or incorporating, scheduled faculty duties represented by the United Academics bargaining unit.
10. Temporary/FICA Students - employees who have less than a six-month appointment and are not included in any other job group, or employees who are students subject to FICA tax.
11. Extended Temporary - employees exceeding 1039 hours worked in a temporary position.
12. Students - employees who meet the IRS definition of a full-time student and are exempt from FICA tax.

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Description of the Accounting for UA Fringe Benefit Plans

The university utilizes the reserve method of accounting for sick, holiday, and annual leave charges. This means that leave provisions or reserve charges are expensed on a prorata basis, based on actual non-leave salaries and wages earned. Separate leave benefit rates are established for major employee groups where costs for the benefit group differ significantly in relationship to salaries and wages. Provisions or reserve charges for sick, holiday and annual leave are allowable direct expenses to apply against all funding sources. All excess revenue recoveries and shortfalls are carried forward to the subsequent fiscal year and included in the leave benefit rate calculation.

The university also utilizes the reserve method of accounting for staff benefit costs. Staff benefit provisions or reserve charges are expensed on a prorata basis, based on actual salaries, wages and leave accruals charged to all cost categories. Separate staff benefit rates are established for major employee groups where costs for the benefit group differ significantly in relationship to salaries and wages. All excess revenue recoveries and shortfalls are carried forward to the subsequent fiscal year and included in the staff benefit rate calculation.

A report of leave and staff benefit expenditures and recovery is prepared by SW Cost Accounting each year and submitted to the Defense Contract Audit Agency for audit. The leave and staff benefit rates are established on an annual basis through negotiation with our federal cognizant agency, the Office of Naval Research, based on projected expenses. Any over- or under-recovery is carried forward and liquidated in the next rate negotiation cycle or as approved by the cognizant agency.

Method of Charging Direct Fringe Benefits

Leave and staff benefits are recovered from sponsored projects and all other cost objectives through the use of leave and staff benefit recharge rates. Recharge rates are developed by allocating fringe benefit costs to the appropriate job groups based on specific cost allocation methodology, then projecting the wages likely to be earned by each specific job group. Leave rates are applied to base salaries excluding overtime, miscellaneous pay and paid leave. Staff benefit rates are applied to base salaries including overtime, miscellaneous pay, and leave accrual provisions.