



July 8, 2025

**To:** Julie Vigil  
Director, Budget, Grants and Contracts

**From:** Nathan Leigh  
Director, Facilities Services, Planning & Construction

**Subject:** Facilities, Planning and Construction Financial & Administrative Rate UAS

**Rate Change:** UAS Facilities Services is proposing to make no changes to the current FP&C ICR fee on all new projects/funds from the current 5.0%.

**Background:**

The Facilities, Planning and Construction (FP&C) throughout UA are organized and funded as recharge (or quasi-recharge) centers. A recharge center operates similar to an auxiliary, charging customers for services and maintaining a fund-balance to provide stable funding across fiscal years. Given our size, UAS set up a quasi-recharge center with a dedicated allocation of carry-forward acting in the same fashion as a traditional fund balance.

FP&C funding is based on active projects where direct project work is tracked by the hour and charged directly to the respective project. All other FP&C costs are considered "indirect" and funded by an indirect cost recovery (ICR) fee charged against the total expenditures of each project.

As with all ICR fees, the fee is recalculated periodically to ensure the Universities are not over or under-recovering fees. The consistent application of ICR rates is subject to review, and UA has an obligation to demonstrate that rates are applied without preference. The ICR rate is applied consistently to all projects managed through FP&C offices, regardless of the funding source. In cases where projects are funded by grants which preclude an ICR, the rate is still applied and paid either by the department or through some other institutional reallocation. This practice of collecting ICR fees on projects is practiced at all three UA Universities.

The ICR rate will decrease when UAS has some large projects and will increase when there are only small projects. The following is a list of the ICR rate changes over the past several decades.

7/1/1979 – 5%, 1/1/1993 – 6%, 7/1/2000 – 8%, 10/15/2003 – 3% 7/1/2013 – 3.5%  
3/19/2020 – 5%

### Direct versus Indirect Costs

Direct costs are expenses directly tied to a funded project. UAS FP&C employees track project time by the hour and allocate labor and other direct costs directly to the project. Indirect costs include all other time and expenses FP&C incurs.

Examples of indirect costs include:

- Planning work prior to project funding;
- Development of capital proposals;
- General campus planning activities, including campus master planning;
- Participation on external planning groups (e.g. CBJ Docks & Harbors);
- Participation in campus-wide or departmental meetings;
- FP&C employee leave, holiday, health insurance benefits;
- File and document management, maps, archives, etc.;
- Costs of supplies and materials and printing;
- Administrative support provided through Facilities Services

### History of FP&C Budget

The FP&C ICR rate has been 5% for the past 5 years. In 2022, we did a preliminary review of the ICR and decided not to make any changes. During that timeframe UAS has had one large projects to adequately provide funding for the FP&C fund 105010 Org 77050. The following is a summary of revenues and expenses for the FP&C fund for the past several years.

I have attached two charts that are kept in our FP&C Org77050 soft ledger. The first chart shows the sources of revenues for FP&C since 2001. The second graph shows both the revenues sources and the expenses. As you can see from this graph that the total expenses (red line) has frequently been greater than the total revenues (blue shaded area). In FY 23-24 total revenues were greater than total expenses mainly due to the Auke Bay Integrated Sciences Building construction project.

#### FP&C Budget History

Fiscal Year	Revenues	Expenses	Net Change
FY 20	\$37,997	\$204,252	-\$166,255
FY 21	\$78,634	\$230,186	-\$151,552
FY 22	\$90,468	\$464,103	-\$373,635
FY 23	\$317,356	\$212,399	\$104,957
FY 24	\$415,567	\$212,605	\$202,962
FY 25	\$153,113	\$153,437	-\$324

We have about \$9-Million in Capital funds that should be spent out in the next 1-2 years. Based on the attached review/analysis I'm proposing that the IDCR rate remain at 5.0%. Please feel free to call me with any questions or for additional information.

Sincerely,

Nathan Leigh  
UAS Project Manager

Attachment: FPC IDC Rate Calcs and Estimate 2020.xlsx,  
cc: Jon Lasinski – Vice Chancellor, File.