

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Administrative Services Division

TO: Distribution

DATE: June 21, 2023

PHONE NO: 907-465-3911

FROM: Dom Pannone
Director



SUBJECT: FY2024 Indirect Cost
Rate Approval

The Fiscal Year (FY) 2024 Indirect Cost Rate Proposal (ICRP) has been approved by the Federal Highway Administration (FHWA). Attached is a copy of the federal approval. Occasionally other agencies may request a copy of this federal approval 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, 2023, through June 30, 2024.

Rate Type	FY2023 Rate	FY2024 Rate
Federal Highways CIP	7.18%	6.35%
State Highways CIP	4.93%	1.89%
Federal Airport CIP	7.39%	7.03%
State Airport CIP	10.54%	1.17%
Public Facilities CIP	9.67%	8.05%
Miscellaneous CIP (includes Reimbursable, Harbor, FTA,)	6.87%	7.14%
Leasing	2.29%	0.0%

- Most rates have decreased due to stabilized indirect costs and increased direct capital project costs. This reflects economic recovery, and inflation from pandemic-related conditions.
- The State Airport rate dropped 9.37 percentage points from FY2023 to FY2024. However the State Airport rate had been 6.15% in FY2022, and then increased by 3.99 percentage points from FY2022 to FY2023. The State Airport group is the smallest direct cost group and as such is subject to the greatest variation from year to year.
- The Leasing cost group was over-collected in FY2022, resulting in a net indirect of zero. FY2022 was the first year that the Leasing group became part of DOT&PF, and the first year that direct coding began. Contracting Officers were able to identify their direct costs to such a degree that the remaining indirect costs were lower than collections at the FY2022 estimated rate, resulting in over-collection.

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 on the weekend following the direct expenditures.

Exceptions to application of the indirect cost rate may be requested via memorandum to me. Justification must demonstrate the alternate source of funding to be used, and that there is no department oversight or financial responsibility for project expenditures.

These rates could be subject to adjustment if there are any major changes during FY2024 that would materially change the amounts.

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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