



March 10, 2021

The Honorable Dan Ortiz
Chair, House Finance Subcommittee
State Capitol, Room 513
Juneau, AK 99801

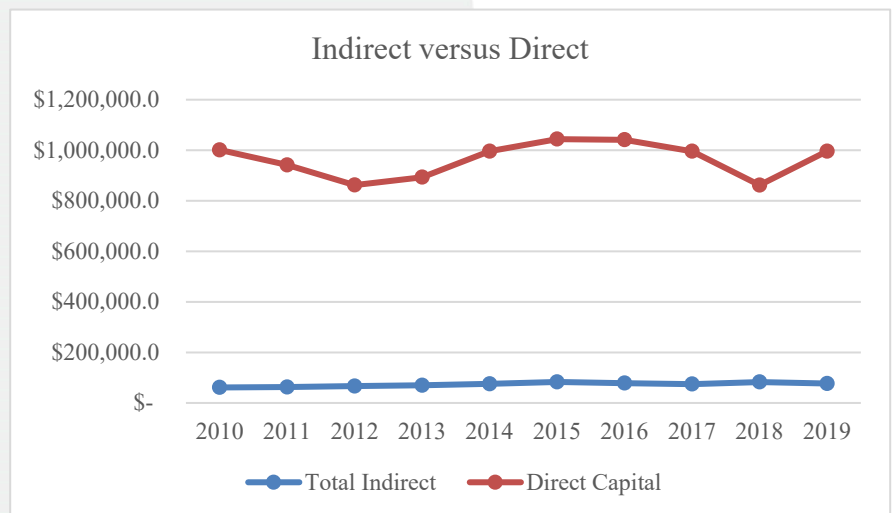
Dear Representative Ortiz:

In response to questions posed by the House Finance Subcommittee on Tuesday, March 2, 2021, the following information is provided:

1. Request for the history of the department's indirect rate.

The table and graph below show the indirect versus direct capital costs for the department from 2010 until 2019. The costs for FY2020 are still being finalized by the department.

Fiscal Year	Total Indirect	Direct Capital
2010	\$61,323.7	\$1,000,975.3
2011	\$62,843.8	\$941,751.6
2012	\$66,752.2	\$862,267.0
2013	\$69,706.4	\$893,233.8
2014	\$75,369.4	\$996,026.6
2015	\$83,091.8	\$1,043,856.6
2016	\$78,502.8	\$1,041,280.5
2017	\$74,451.8	\$995,786.1
2018	\$82,795.2	\$861,975.8
2019	\$76,656.1	\$995,975.5



The table shows the annual indirect cost allocation plan (ICAP) rates for fiscal year 2010 to 2021.

Fiscal Year	Federal Hwy Rate	State Hwy Rate	Federal Airport Rate	State Airport Rate	Public Facilities Rate	Harbors Rate	Reimb/Misc. Rate
2021	4.75%	2.04%	6.34%	7.23%	10.36%	2.77%	2.77%
2020	7.64%	5.20%	9.61%	12.52%	9.56%	10.00%	10.00%
2019 Revised	5.64%	5.52%	5.31%	4.27%	0.49%	2.48%	5.38%
2019	3.70%	3.70%	3.65%	3.65%	0.61%	1.00%	1.96%
2018	4.44%	4.44%	4.23%	4.23%	0.30%	1.00%	1.42%
2017	4.96%	4.96%	4.87%	4.87%	1.02%	3.97%	4.99%
2016	4.65%	4.65%	4.56%	4.56%	0.93%	3.34%	4.41%
2015	4.79%	4.79%	3.89%	3.89%	0.29%	2.00%	3.23%
2014	4.79%	4.79%	3.89%	3.89%	1.29%	2.00%	3.23%
2013	4.79%	4.79%	3.89%	3.89%	1.29%	2.00%	3.23%
2012	4.79%	4.79%	3.86%	3.86%	1.29%	2.00%	3.23%
2011	4.79%	4.79%	3.89%	3.89%	3.54%	2.00%	3.38%
2010	4.24%	4.88%	4.24%	4.36%	3.54%	2.00%	3.23%

The indirect cost rates are developed in accordance with Generally Accepted Accounting Principles, applicable state guidelines, and the requirements of Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Indirect costs are those that have been incurred for common or joint purposes and are not readily assignable to the cost objectives specifically benefitted. The allocation of indirect costs must be completed in a consistent and equitable manner based on causal relationships, in general, if the costs benefit more than one cost objective (e.g. a project) and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved, we collect revenue for those costs through our rates.

If you have any further questions, please feel free to contact me at 465-2956.

Sincerely,



Dom Pannone
Administrative Services Director

cc: House Finance Subcommittee Members
The Honorable John MacKinnon, Commissioner, DOT&PF
John Binder, Deputy Commissioner, DOT&PF
Rob Carpenter, Deputy Commissioner, DOT&PF
Mike Lesmann, Legislative Liaison, DOT&PF
Andy Mills, Special Assistant to the Commissioner, DOT&PF