

<b>SUBJECT:</b> Facilities & Safety Labor Rates	<b>Effective Date:</b> 10/18/17	<b>Policy Number:</b> FSP 2017 FS0015	
	<b>Supersedes:</b>	<b>Page</b> 1	<b>Of</b> 2
	<b>Responsible Authority:</b> Associate Vice President, Administration and Finance (Facilities and Safety)		

**APPLICABILITY/ACCOUNTABILITY:**

Facilities and Safety (F&S) departments will calculate and publish departmental labor rates biannually or within 30 days of an across-the-board pay increase. The methodology for rate calculation has been verified by University Audit.

**POLICY STATEMENT:**

Facilities & Safety will charge fair and accurate labor rates for work performed, and will publish the rates on F&S departmental websites. Labor rates (Burdened Composite Rates) will include the direct cost for the work performed and the associated overhead costs for indirect labor. A Burdened Composite Rate will be calculated for each functional work unit in order to bill and recover costs accurately.

**DEFINITIONS:**

**Burdened Composite Rate:** the average cost of employees within the work unit, including management and support positions

**Burdened Rate:** the total cost of an employee’s salary and associated benefits, including vacation, sick time, life insurance, disability, retirement, FICA, and Social Security

**Enterprise Asset Management (EAM):** the optimal lifecycle management of the physical assets of an organization, to include design, construction, commissioning, operations, maintenance, and decommissioning or replacement of assets, equipment, and facilities

**Work unit:** a group within an organization providing similar services, e.g., Facilities Operations Housekeeping, Facilities Operations Maintenance, etc.

**PROCEDURE:**

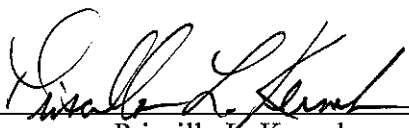
The Facilities Operations’ Reliability & Engineering unit will request the PeopleSoft Cost Center reports from F&S Human Resources to calculate the Burdened Composite Rate.

The Reliability & Engineering unit will calculate the Burdened Composite Rates as follows:

$R = A + (D/(C*B)) + ((E*F) / (C*B))$ , to calculate the billable rate (R) for a work center.

1. R= The Burdened Composite Rate
2. A= The employee average hourly rate for the work unit
3. B= Annual billable hours
4. C= Total number of employees in the work unit
5. D= The sum of the indirect burdened cost  
(Note: a direct overhead is a Supervisor, Coordinator, Manager, or a role supporting the work unit 100% of their time.)
6. E= The sum of the shared overhead burdened cost  
(Note: a shared overhead may be a Director, Associate Director, or support function.)
7. F= The percentage that the shared overhead supports the work unit (as a decimal)

The Reliability & Engineering unit will submit the resulting work unit Burdened Composite Rates to University Audit for verification. Upon verification, the rates will be published on the departmental websites and loaded into the Enterprise Asset Management System by the Reliability & Engineering unit.

Approved By:	Date Approved:
 Priscilla L. Kernek Associate Vice President Administration and Finance Facilities and Safety	10/18/17