

Sample Report



Contract Costing

[Construction Association]

[Local 101]

Construction Labor Research Council

The Construction Labor Research Council (CLRC) analyzed the collective bargaining agreement between [Construction Association] and [Local 101]. The analyses were based on the following data.

Total Hours: 1,000,000 Basic Hourly Wage Rate: \$30.00
 Full Time Employee: 2,000 hours/year Wage and Fringe Benefits Rate: \$50.00

The analyses were conducted for 11 categories with a low and high cost estimate for each.

Exhibit 1 lists the categories and the parameters used for low and high. Most categories are self-explanatory except "Other." The Other category represents various employer costs including, but not limited to, the following: limitations on hiring procedures, three day requirement for shift work, paid lunch after 12 hours work, parking, respirator pay, Industry Fund payments, time spent preparing reports for union use, and time spent on grievances and related activities.

Exhibit 1

Cost Categories with Usage Parameters

Category	Low	High
Foreman	+10% per hour; 10:1 ratio	+10% per hour; 5:1 ratio
Hazard Pay	1.5x rate; 16 hours per year	2.0x rate; 24 hours per year
Management Time	\$30,000 salary; 4 hours per month	\$50,000 salary; 6 hours per month
Other	1% of wage & fringe rate	2% of wage & fringe rate
Overtime 1.5x	40 hours per year per employee	80 hours per year per employee
Overtime 2x	20 hours per year per employee	40 hours per year per employee
Reporting Pay	2 hours of pay; 2x per year	2 hours of pay; 4x per year
Shift 2nd	+10% per hour; 1% of hours	+10% per hour; 2% of hours
Shift 3rd	+15%/hr; work 7.5, pd 8 hrs; 0.5% of hrs	+15%/hr; work 7.5, pd 8 hrs; 1% of hrs
Steward	10 min day nonproductive; 12:1 ratio	15 min day nonproductive; 8:1 ratio
Travel Time	20 min per day; 10% of the days	40 min per day; 15% of the days

The analyses are presented in two ways.

Cost Per Hour Per Employee (Exhibits 2 and 3)

This represents the hourly cost for *all* employees, even if the category was paid only to some employees. For example, although not all employees are foremen, the per hour per employee analysis shows the cost distributed across all employees.

Total Annual Cost (Exhibits 4 and 5)

This shows the total annual cost for a contract language category for all hours worked under the contract. For example, for foreman the low estimate shows the total cost for 1 million hours at the low rate of \$0.50 per hour.

Exhibit 2*Cost Per Hour Per Employee Table*

Category	Low\$	Low%	High\$	High%
Foreman	\$0.50	1.0%	\$1.00	2.0%
Hazard Pay	\$0.22	0.4%	\$0.67	1.3%
Management Time	\$0.38	0.8%	\$0.96	1.9% <i>High</i>
Other	\$0.35	0.7%	\$0.70	1.4%
Overtime 1.5x	\$0.56	1.1%	\$1.11	2.2%
Overtime 2x	\$0.56	1.1%	\$1.11	2.2%
Reporting Pay	\$0.16	0.3%	\$0.31	0.6%
Shift 2nd <i>Low</i>	\$0.05	0.1%	\$0.10	0.2%
Shift 3rd	\$0.05	0.1%	\$0.11	0.2%
Steward	\$0.15	0.3%	\$0.36	0.7%
Travel Time	\$0.29	0.6%	\$0.93	1.9%
Total	\$3.26	6.5%	\$7.37	14.7%

The per hour per employee results are shown in the table (**Exhibit 2**) in alphabetical order and in descending order based on the high end of the cost range in the bar chart (**Exhibit 3**, next page).

The per hour per employee costs by category ranged from a low of \$0.05 (0.1 percent of the wage rate) for 2nd and 3rd shift to a high of \$1.11 (2.2 percent) for overtime at 1.5x and 2.0x. The total contract language costs ranged from \$3.26 (6.5 percent of the wage rate) to \$7.37 (14.7 percent) per hour per employee.

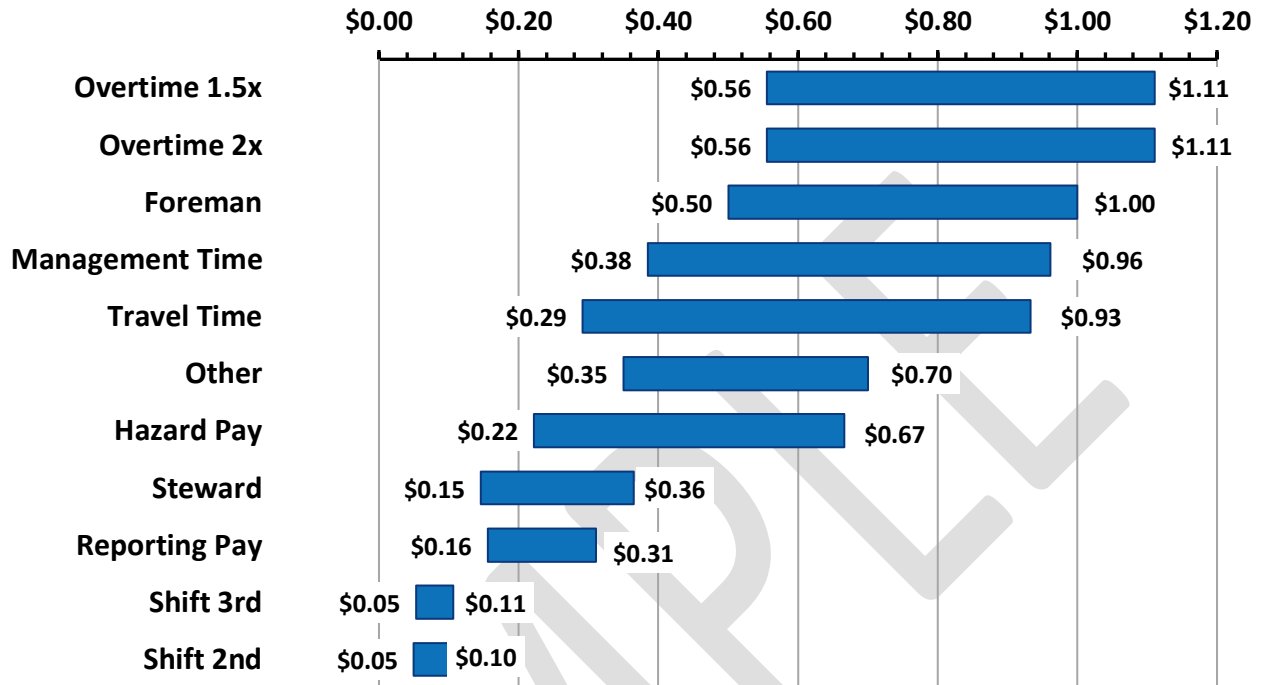
Exhibit 3*Cost Per Hour Per Employee Chart*

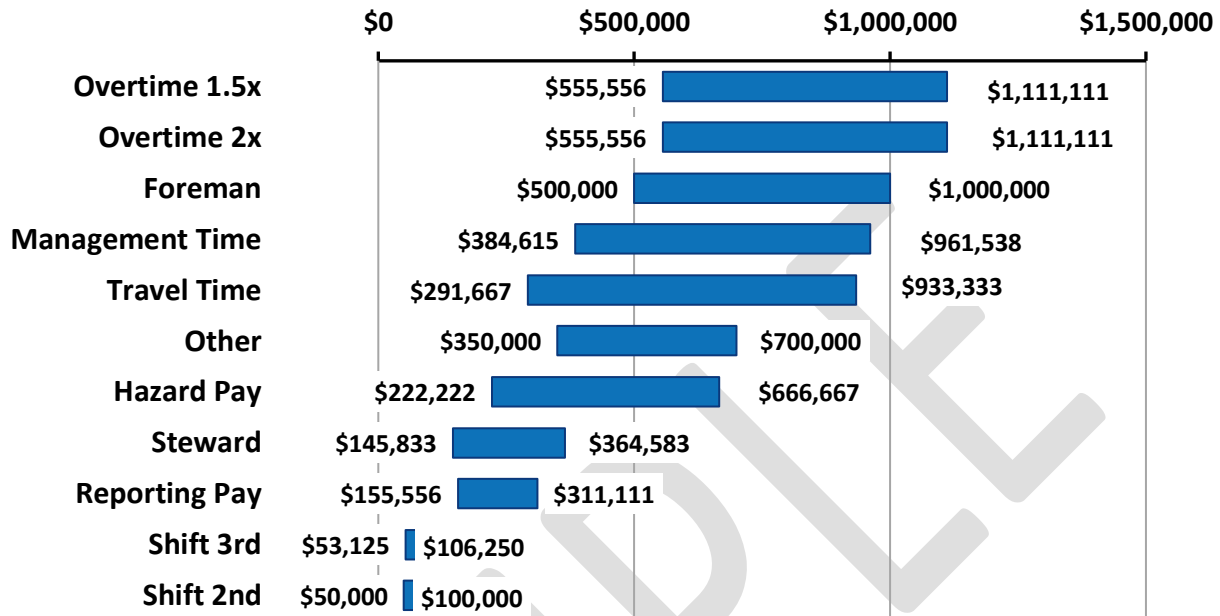
Exhibit 3 shows the data in **Exhibit 2** in descending order based on the high end of the cost range. The costs outlined in this study are based on expected typical usage. Actual costs may vary from contractor to contractor.

Exhibit 4*Total Annual Cost Table*

Category	Low\$	Low%	High\$	High%
Foreman	\$500,000	1.0%	\$1,000,000	2.0%
Hazard Pay	\$222,222	0.4%	\$666,667	1.3%
Management Time	\$384,615	0.8%	\$961,538	1.9%
Other	\$350,000	0.7%	\$700,000 <i>High</i>	1.4%
Overtime 1.5x	\$555,556	1.1%	\$1,111,111	2.2%
Overtime 2x	\$555,556	1.1%	\$1,111,111	2.2%
Reporting Pay <i>Low</i>	\$155,556	0.3%	\$311,111	0.6%
Shift 2nd	\$50,000	0.1%	\$100,000	0.2%
Shift 3rd	\$53,125	0.1%	\$106,250	0.2%
Steward	\$145,833	0.3%	\$364,583	0.7%
Travel Time	\$291,667	0.6%	\$933,333	1.9%
Total	\$3,264,129	6.5%	\$7,365,705	14.7%

This total annual cost section is similar to the per employee per hour section—results are shown in the table (**Exhibit 4**) in alphabetical order and in descending order based on the high end of the cost range in the bar chart (**Exhibit 5**, next page).

The total annual costs by category for all hours worked under this contract ranged from a low of \$50,000 (0.1 percent of the total straight time payroll) for 2nd shift to a high of \$1,111,111 (2.2 percent) for overtime at 1.5x and 2.0x. The total annual costs associated with contract language for all categories combined ranged from \$3,264,129 (6.5 percent) to \$7,365,705 (14.7 percent).

Exhibit 5*Total Annual Cost Chart*

The total costs shown in **Exhibit 5** fall into the same rank order as the per hour per employee costs in **Exhibit 3**. **Exhibits 4 and 5** simply aggregate the individual costs to show the total financial impact of contract language to all contractors working under this agreement.

Note that this analysis contains information based on a set of low and high parameters (usage rates). These parameters are intended to capture the work scenarios faced by most contractors; however, each contractor's experience is unique and some may have higher/lower usage than the parameters used here. The users of this report may want to determine where they believe their particular usage of each category falls relative to the ranges provided to determine costs specific to their particular situation.

This report has been prepared from information collected and maintained by CLRC. Reasonable efforts have been made to ensure the accuracy of the data, summaries and analyses. However, accuracy cannot be guaranteed. CLRC disclaims any liability from damages of any kind which may result from the use of this report.



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