

# 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: 500,000                      Basic Hourly Wage Rate: \$50.00  
 Full Time Employee: 1,800 hours/year      Wage and Fringe Benefits Rate: \$70.00

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 8 hours work, parking, respirator pay, show-up pay, tools, and arbitration costs.

## Exhibit 1

### Cost Categories

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	\$60,000 salary; 20 hours per month	\$120,000 salary; 40 hours per month
Other	1% of wage & fringe rate	2% of wage & fringe rate
Overtime 1.5x	100 hours per year per employee	250 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; 5% of hours	+10% per hour; 10% of hours
Shift 3rd	+15%/hr; 2% of hrs	+15%/hr; 4% of hrs
Steward	15 min day nonproductive; 10:1 ratio	30 min day nonproductive; 6:1 ratio
Travel Time	20 min per day; 10% of the days	40 min per day; 15% of the days

### with Usage Parameters

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. These per hour per employee values could be added to the total package rate to show hidden costs embedded in contract language.

#### Total Annual Cost (Exhibits 4 and 5)

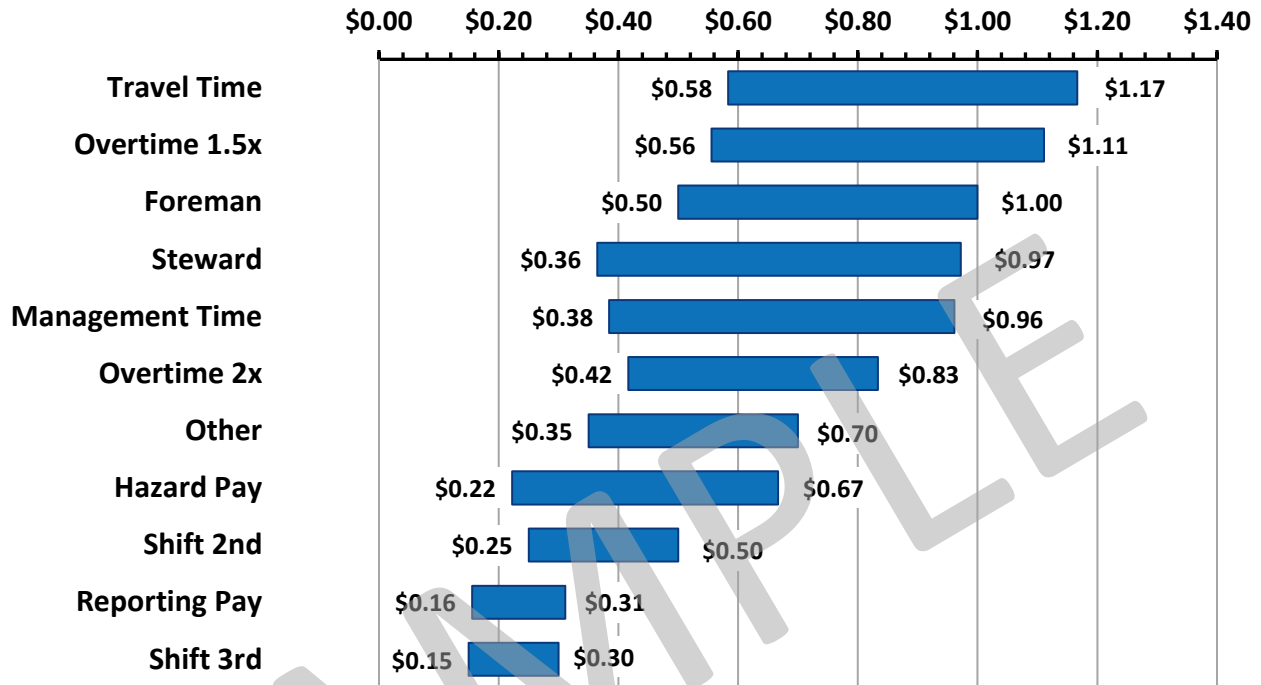
This shows the total annual cost for a contract language category for all hours worked under the contract. For example, for foreman the estimated total cost shows the product of the per hour per employee cost and hours worked.

**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%
Other	\$0.35	0.7%	\$0.70	1.4%
Overtime 1.5x	\$0.56	1.1%	\$1.11	2.2%
Overtime 2x	\$0.42	0.8%	\$0.83	1.7%
Reporting Pay	\$0.16	0.3%	\$0.31	0.6%
Shift 2nd <i>Low</i>	\$0.25	0.5%	\$0.50	1.0%
Shift 3rd	\$0.15	0.3%	\$0.30	0.6%
Steward	\$0.36	0.7%	\$0.97 <i>High</i>	1.9%
Travel Time	\$0.58	1.2%	\$1.17	2.3%
<b>Total</b>	<b>\$3.93</b>	<b>7.9%</b>	<b>\$8.52</b>	<b>17.0%</b>

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 \$0.15 (0.3 percent of the wage rate) for Shift 3<sup>rd</sup> to a high of \$1.17 (2.3 percent) for Travel Time. The total contract language costs ranged from \$3.93 (7.9 percent of the wage rate) to \$8.52 (17.0 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 three paid nonworking line items are significant and sum to \$1.10 to \$2.45 per hour per employee (Travel Time, Steward, Reporting Pay).

The items contained in the Other category (examples listed on p. 1) can accumulate to a significant amount, even if some of the individual items may be somewhat minor when considered by themselves. However, although difficult to cost as line items, it is likely that items such as restrictions on fabrication and subcontracting and rules on crew composition result in notable costs. Some of these items are based on usage and can be a smaller/larger expense if seldom/frequently used. The costs outlined in this study are based on expected typical usage.

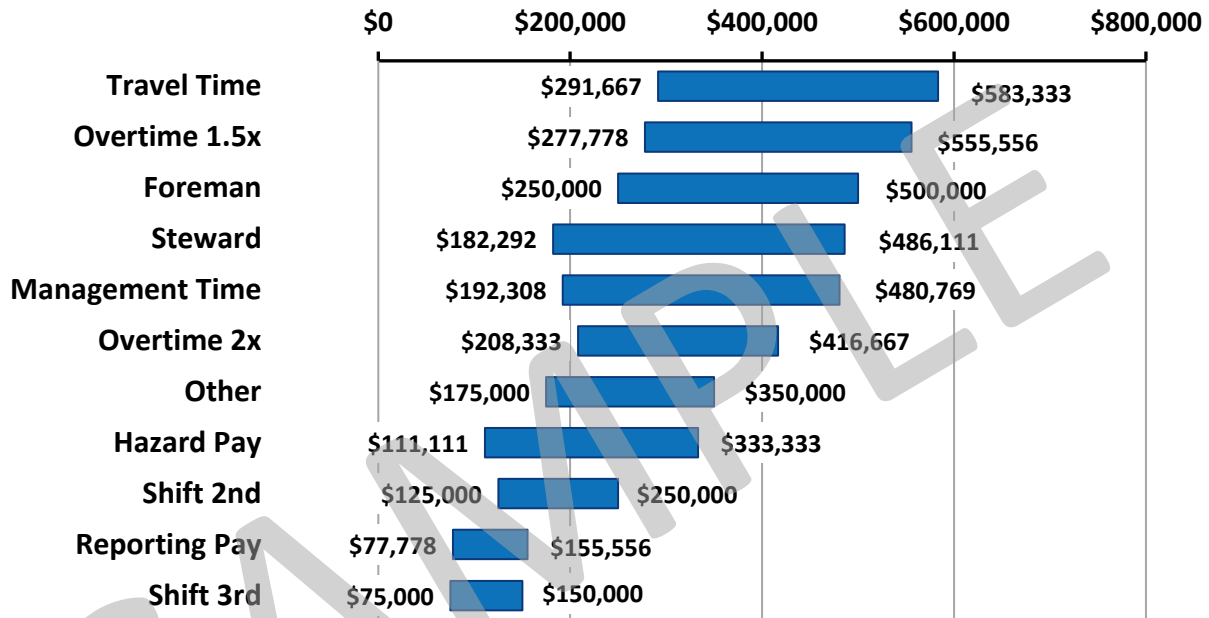
Management Time is a significant yet hidden cost. The labor contract contains numerous clauses that require time from management (e.g., labor-management committees, preparing reports, grievances). There is a financial cost for that time, which is estimated in these analyses.

**Exhibit 4***Total Annual Cost Table*

Category	Low\$	Low%	High\$	High%
Foreman	\$250,000	1.0%	\$500,000	2.0%
Hazard Pay	\$111,111	0.4%	\$333,333	1.3%
Management Time	\$192,308	0.8%	\$480,769	1.9%
Other	\$175,000	0.7%	\$350,000	1.4%
Overtime 1.5x	\$277,778	1.1%	\$555,556	2.2%
Overtime 2x	\$208,333	0.8%	\$416,667	1.7%
Reporting Pay	\$77,778	0.3%	\$155,556	0.6%
Shift 2nd <i>Low</i>	\$125,000	0.5%	\$250,000	1.0%
Shift 3rd	\$75,000	0.3%	\$150,000	0.6%
Steward	\$182,292	0.7%	\$486,111 <i>High</i>	1.9%
Travel Time	\$291,667	1.2%	\$583,333	2.3%
<b>Total</b>	<b>\$1,966,266</b>	<b>7.9%</b>	<b>\$4,261,325</b>	<b>17.0%</b>

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 \$75,000 (0.3 percent of the total straight time payroll) for Shift 3<sup>rd</sup> to a high of \$583,333 (2.3 percent) for Travel Time. The total annual costs associated with contract language for all categories combined ranged from \$1,966,266 (7.9 percent) to \$4,261,325 (17.0 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.

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