



SAMPLE

Contract Cost Analysis

Chapter XYZ – Local 101

Contract Cost Analysis

The Construction Labor Research Council (CLRC) analyzed the contract between Chapter XYZ and Local 101. The analyses were based on the following data, which were provided by Chapter XYZ.

Total Hours (2012): 1,000,000
Full Time Employee: 1,750 hours/year
Wage Rate: \$42.00
Total Package Rate: \$50.00
Effective Date: September 1, 2013

The analyses were conducted for 12 categories with a low and high cost estimate for each. The table below lists the categories in alphabetical order and the parameters used for low and high. All categories are self-explanatory except "Other." Other represents miscellaneous costs including, but not limited to, the following: employer time spent working on trust funds, restrictions on hiring practices, interest penalties on delinquent payments, limitations on use of apprentices, limitations on days of the week during which the employer can implement layoffs, regulations on crew size, parking reimbursements, the cost of gear (e.g., gloves, helmets), etc.

Category	Low	High
Coffee Break	15 min/day; 75% of employees	15 min/day; 100% of employees
Foreman	10:1 ratio; 10% additive	5:1 ratio; 10% additive
Foreman, General	40:1 ratio; 15% additive	20:1 ratio; 15% additive
Other	0.5% of wage and fringe rate	1.0% of wage and fringe rate
Overtime at 1.5x	24 hours/year	48 hours/year
Overtime at 2x	12 hours/year	24 hours/year
Shift-2nd	Used 2.5% of the time	Used 5% of the time
Shift-3rd	Used 1% of the time	Used 2% of the time
Show-up Pay	2 instances/yr; 2 hrs pay each	4 instances/yr; 2 hrs pay each
Steward	10 min/day; 20:1 ratio	30 min/day; 10:1 ratio
Subsistence	\$65/day; 2 days/year	\$100/day; 4 days/year
Travel	\$10.00/day; 10 days/year	\$10.00/day; 20 days/year

The analyses are presented in two sections:

Cost Per Hour Per Employee

This represents the hourly cost for *all* employees, even if the category was paid only to some employees. For example, although not all employees work 2nd shift, the per hour per employee analysis shows the cost distributed across all employees.

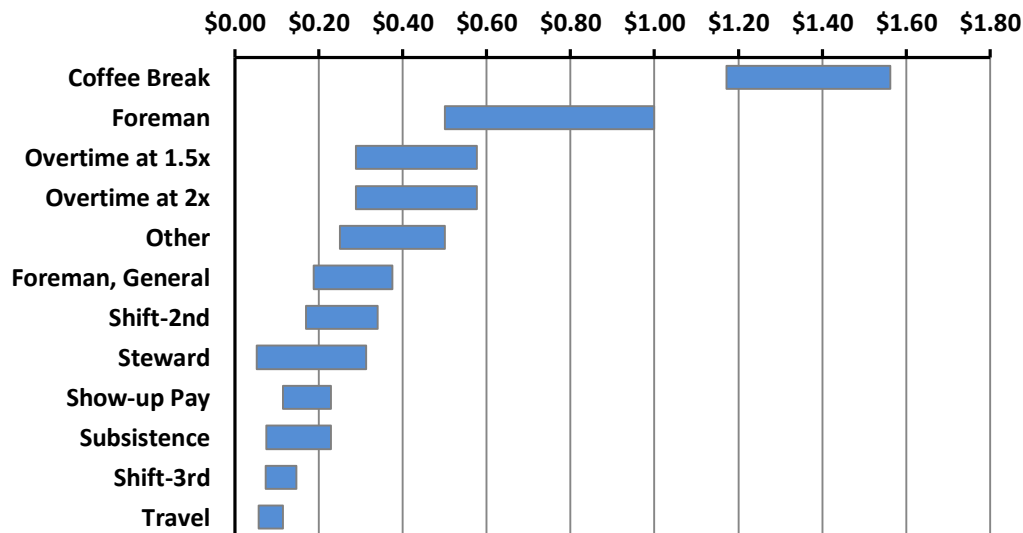
Total Annual Cost

This shows the total annual cost for a contract language category for all hours. For example, for the 2nd shift low estimate, it shows the total cost for 1 percent of the employees working second shift for one year.

Cost Per Hour Per Employee

Category	Low\$	Low%	High\$	High%
Coffee Break	\$1.17	2.8%	\$1.56	3.7%
Foreman	\$0.50	1.2%	\$1.00	2.4%
Foreman, General	\$0.19	0.4%	\$0.38	0.9%
Other	\$0.25	0.6%	\$0.50	1.2%
Overtime at 1.5x	\$0.29	0.7%	\$0.58	1.4%
Overtime at 2x	\$0.29	0.7%	\$0.58	1.4%
Shift-2nd	\$0.17	0.4%	\$0.34	0.8%
Shift-3rd	\$0.07	0.2%	\$0.15	0.3%
Show-up Pay	\$0.11	0.3%	\$0.23	0.5%
Steward	\$0.05	0.1%	\$0.31	0.7%
Subsistence	\$0.07	0.2%	\$0.23	0.5%
Travel	\$0.06	0.1%	\$0.11	0.3%
Total	\$3.23	7.7%	\$5.96	14.2%

The results are shown in alphabetical order in the table (above) and in descending order based on the high end of the cost range in the bar chart (below). The per hour per employee costs by category ranged from a low of \$0.05 for steward to a high of \$1.56 for coffee break. As a percent of straight time wages, the costs ranged from a low of 0.1 percent for steward to a high of 3.7 percent for coffee breaks. The total contract language costs ranged from \$3.23 (7.7 percent) to \$5.96 (14.2 percent) per hour per employee.



Total Annual Cost

Category	Low\$	Low%	High\$	High%
Coffee Break	\$1,171,875	2.8%	\$1,562,500	3.7%
Foreman	\$500,000	1.2%	\$1,000,000	2.4%
Foreman, General	\$187,500	0.4%	\$375,000	0.9%
Other	\$250,000	0.6%	\$500,000	1.2%
Overtime at 1.5x	\$288,000	0.7%	\$576,000	1.4%
Overtime at 2x	\$288,000	0.7%	\$576,000	1.4%
Shift-2nd	\$170,000	0.4%	\$340,000	0.8%
Shift-3rd	\$73,000	0.2%	\$146,000	0.3%
Show-up Pay	114,286	0.3%	\$228,571	0.5%
Steward	\$52,083	0.1%	\$312,500	0.7%
Subsistence	\$74,286	0.2%	\$228,571	0.5%
Travel	\$57,143	0.1%	\$114,286	0.3%
Total	\$3,226,173	7.7%	\$5,959,429	14.2%

The results are shown in alphabetical order in the table (above) and in descending order based on the high end of the cost range in the bar chart (below). The total annual costs by category for all hours worked under this contract in 2012 ranged from a low of \$52,083 (0.1 percent) for stewards to a high of \$1,562,500 (3.7 percent) for coffee breaks. The total annual costs associated with contract language for all categories combined ranged from \$3,226,173 (7.7 percent) to \$5,959,429 (14.2 percent).

