

**PDC PROJECT MANAGEMENT GUIDE**

**PMG-E11: ALLOWABLE LABOR BURDEN RATE**

**PURPOSE:** To establish guidelines for allowable labor burden rates charged by Construction Manager (CM) and Design/Builder (D/B) herein called Builder.

**A. Introduction**

In an effort to determine a fair and reasonable rate for reimbursement of labor burden, UF will reimburse labor burden at a percentage agreed upon by UF and the Builder. The rate will be determined after a review of the payroll and supporting records for the members of the construction team.

**B. Policy**

UF will reimburse labor burden as a percentage of the total allowable benefits, as established by the U.S. Bureau of Labor Statistics for the construction industry. The labor burden will be determined for each member of the jobsite team to be billed under Staffing Costs. The Builder will then bill the team members based on the salary rate multiplied by the Labor Burden Rate multiplied by the hours worked.

**C. Implementation**

The review will be conducted at a location agreed upon by the Builder and UF, preferably at the Builder’s office that maintains the payroll records. The labor burden rate for major projects will be verified prior to the negotiation of the Guaranteed Maximum Price (GMP). The GMP proposal should include a reasonable estimate of anticipated raises during the contract period. These raises can then be billed, with the proper payroll run documentation, during the construction period in which the raise occurs. The Labor Burden Rate agreed to prior to the GMP negotiations will be effective for the full term of the contract and will be supported with time sheets reflecting time work and paid leave during construction. Any changes to personnel by the Builder during construction must be approved by UF in writing and are subject to the Labor Burden Rate verification prior to billing.

The Annual Minor Contract vendors will be audited in each year of the contract. Salary changes or new additions will be audited as needed and billed with proper documentation. The rate determined for each review will be effective until the next review.

The labor burden rate, as defined by the Bureau of Labor Statistics and for purposes of PDC’s review is based on the most recent W-2 and will include the following for the year of the W-2: (For new hires, the rate will be determined based on the benefits available at the time of the review.)

- a) Paid leave (Vacation, Holiday, and Sick) based on Builder’s Employee Handbook.
- b) Supplemental pay (Lump sum and Non-production bonuses) verified with payroll registers.
- c) Insurance (Disability, Life, Medical Care, Dental Care, and Vision Care) with invoice backup reflecting Owner’s share.
- d) A retirement plan with statements reflecting the Builders actual contribution per employee.
- e) Legally required benefits--(Social Security, Medicare, Federal unemployment insurance, State unemployment insurance, and Worker’s Compensation) with Unemployment Insurance statement of rate and Worker’s Compensation invoices with employee and class code.

The Summary Labor Burden Calculation Worksheet is signed by both UF and the Builder. The signed Summary Labor Burden Worksheet and supporting Employee Labor Burden Calculation Worksheets become a permanent part of the project file in the SharePoint Labor Burden Library.