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
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 verified salary rate multiplied by the Labor Burden percentage and then multiplied by the units (hours, weeks or months) worked.

C. Implementation
The Labor Burden rate for major and minor projects will be established prior to the negotiation of the Guaranteed Maximum Price (GMP). The Labor Burden rate agreed to prior to the GMP negotiations will be effective for the full term of the contract unless necessary updates to the Builder’s staff are required. Prior to changes in the Builder’s staff, UF requires written notification Project Manager and Contract Administrator as per terms of the contract. If the staffing change is approved, Labor Burden rate verification is required prior to billing for new staff member(s).

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 employee pay stub as well as the following documentation: (For new hires, the rate will be determined based on the benefits available at the time of the review.)

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 or pay stubs reflecting the Builders actual contribution per employee. (Only one retirement plan permitted per employee for reimbursement.)
e) Legally required benefits—Social Security, Medicare, Federal unemployment insurance, State unemployment insurance and Worker’s Compensation with employee class code and rate defined.

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.