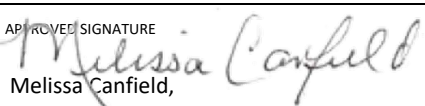
 Oregon Department of Transportation  <b>Billing Rates Standard (Consultants)</b>	NUMBER OPO-STD-012-Consultant	SUPERSEDES N/A
	EFFECTIVE DATE October 15, 2025	PAGE (S) 20
	REVIEW DATE Annually	
	REFERENCE ODOT Billing Rate Policy AGR 06-01; ODOT Personal Service Contracts; 40 U.S.C. Chapter 11; 2 CFR 200; 23 CFR 172; 48 CFR Part 31; Federal Acquisition Regulations; USC and CFR as further referenced; Defense Contract Audit Agency (DCCA); Oregon Accounting Manual; Association of American Highway Transportation Officials AASHTO Uniform Audit and Accounting Guide; Government Accounting Standards; Generally Accepted Accounting Principles; Oregon Revised Statutes	
SUBJECT Consultant Billing Rates Guidance and Submittal Requirements	APPROVED SIGNATURE  Melissa Canfield, Chief Procurement Officer	PROGRAM CONTACT Oversight Analyst

## Table of Contents

- 1.0 [Purpose](#)
- 2.0 [Applicability, Guidance, Cost Principles and Requirements](#)
- 3.0 [Billing Rate Review Type | Flowchart](#)
- 4.0 [Exceptions to Consultant Billing Rate Standard](#)
- 5.0 [Roles and Responsibilities, Timelines, Effective Dates](#)
- Attachment A - [Indirect Cost Rate Submittal Requirements and Guidance](#)
- Attachment B - [Negotiated Billing Rates - Submittal Requirements and Guidance](#)
- Attachment C - [Direct Salary Rate Submittal Requirements and Guidance](#)
- Attachment D - [Other Direct Costs](#)
- Attachment E - [Definitions and Acronyms](#)

### 1.0 Purpose

The purpose of this Standard for Consultant Billing Rates (“Billing Rate Standard”) is to establish consistent requirements and procedures for Consultants to follow when developing, updating, and maintaining billing rates with the Oregon Department of Transportation (“ODOT”). This standard also defines the roles and responsibilities of prime consultants, sub-consultants (“Consultant”), ODOT’s Oversight representatives, and ODOT’s External Audit Services in the billing rate submittal and review process.

### 2.0 Applicability, General Guidance, and Cost Principles

#### 2.1 Applicability

This Billing Rate Standard applies to Consultants awarded contracts through the Qualifications-Based Selection (“QBS”) process for Architecture and Engineering (“A&E”) and related services contracts. After receiving an intent-to-award notice from ODOT, Consultants are advised to follow this Billing Rate Standard to help ensure their billing rates, and those of their subconsultants, are properly established, current, and compliant with ODOT requirements, the General Accounting Manual, federal regulations, and other governing documents.

## OPO-STD-012-Consultant

This Billing Rate Standard may apply to Oregon's certified local agency A&E and related services contracts that reference the ODOT Billing Rate Policy. If the certified Oregon local agency is applying ODOT approved billing rates to their contract, the Consultants must establish their rate in accordance with this standard to comply with the federal requirements per 23 CFR 172 and 48 CFR 31.

Upon issuance of an ODOT Rate Acceptance Notification the Consultant's and subconsultant's Approved Rate Schedule will be applicable to all ODOT A&E contracts.

**When the Billing Rate Standard Doesn't Apply:** In general, this Billing Rate Standard does not apply to certain types of contracts where billing rates may be handled differently. These include:

1. Procurements where price is considered in awarding a contract.
2. Small purchase procurements meeting the Simplified Acquisition Threshold.
3. Non-competitive procurements, such as Small Procurements, Sole-source Procurements or Special Procurement.
4. Alternative contracting procurements exempted from QBS, as prescribed by 23 CFR 635 and 23 CFR 636, however this Billing Rate Standard will apply to procurements for preconstruction services based on QBS and/or actual costs.
5. Oregon Department of Administrative ("DAS") price agreements, contracts, or agreements to agree where pricing or cost details are outlined within the terms and conditions or related Buyers Guide
6. Other direct costs such as trade service or non-personal service vendors.

## 2.2 Procedure

### 2.2.1 General Instructions

To support consistent contract administration, negotiation, reporting, and payment, Consultants and their subconsultants are expected to establish and maintain an **Approved Rate Schedule** with ODOT. The Approved Rate Schedule must remain current throughout a contract term. Consultants will receive an ODOT Rate Acceptance Notification once their rates are approved. This approval is required before ODOT can sign a contract or allow work to begin on any project awarded through the Qualification Based Selection (QBS) process.

See [Section 3.0 Billing Rate Review Type | Flow Chart](#) below to determine the applicable review type and submittals requirements when requesting to establish or revise billing rates. Once the Consultant has determined the appropriate submittal requirements, the Consultant will follow the prescribed submittal requirements as included in the attachments and will submit requests to establish or revise billing rates to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov).

### 2.2.2 Referenced Documents

Documents referenced in this Billing Rate Standard are also available at:  
<https://www.oregon.gov/odot/business/procurement/pages/cbr.aspxx>

## 2.3 Documentation Requirements

## OPO-STD-012-Consultant

To help ensure a smooth review process, Consultants must submit their complete financial package only after all required documents are gathered, accurate, and signed by an authorized representative of the Consultant firm. The OPO Oversight representative will begin the review once the full package is received. Incomplete or inconsistent information may result in delays.

The OPO Oversight representative will review the financial package, and in its sole discretion, to determine whether Consultants will receive an Approved Rate Schedule. ODOT will assess the fair and reasonableness of the proposed billing rates in accordance with the FAR Part 31.201-3 and 31.205-6(b). ODOT will be in contact with the Consultant's designated representative throughout the review process. Any questions or changes to billing rates will be discussed with the Consultant's authorized representative during the review process. The Consultant firm will receive a final ODOT Rate Acceptance Notification from the OPO Oversight representative when the review is concluded.

ODOT representatives may request additional financial information from the Consultant firm when establishing or revising billing rates. To support this process, Consultant must:

1. **Maintain all financial records** according to Generally Accepted Accounting Principles.
2. **Permit ODOT access** to such fiscal records, including, timesheets, documents, Certified Professional Accountant (CPA) working papers, plans, and writings of Consultant pertinent to performing examinations, audits and making copies and transcripts.
3. **Retain these records** and make them accessible for at least 6 years or longer if required by applicable law or Contract terms.

If the requested information is unavailable, or clarification is needed, please contact the OPO Oversight representative at [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov).

Consultants are responsible for accounting for costs appropriately and for maintaining records, including supporting documentation adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with Federal cost principles.

## 2.4 Cost Principles

Consultants are expected to follow cost controls and other cost containment practices, and to maintain all financial records in accordance with the following requirements:

1. Title 23, United States Code (U.S.C), [Section 112](#);
2. [Federal Acquisition Regulations](#) (FAR);
3. Title 48 CFR Part 31 [Contract Cost Principles and Procedures](#);
4. Title 23 CFR Part 172 [Administration of Engineering and Design Related Service Contracts](#);
5. The Association of American Highway Transportation Officials (AASHTO) [Uniform Audit & Accounting Guide](#) *\*this is an informational guide, not an authoritative reference*;
6. The Financial Accounting Standards Board U.S. [Generally Accepted Accounting Principles](#);
7. [Oregon Accounting Manual](#) (OAM) (reference includes and is not limited to travel, reimbursements, per diem, and other contractually applicable sections); and,
8. Additional authoritative guidance.

Consultant costs must be reasonable in accordance with FAR Subpart 31.201-3.

Consultants are expected to ensure that both *direct and indirect costs associated with any work performed under ODOT contracts and subcontracts are fair, reasonable, and non-discriminatory toward ODOT, and are in accordance with FAR Subpart 31.201.3 and [31.205-6](#).*

## 2.5 Indirect Cost Rate Audit Threshold

An independent audit of the Consultant's ICR may be required based on the following:

### **\$1 million in contract revenue or greater:**

Any Consultant whose Invoiced Revenue exceeds \$1,000,000.00 during the Consultant's fiscal year must provide an independent audit of their ICR which must be submitted with their ICR Submittal Package. This means a CPA must audit the firm's ICR and prepare an audit report offering an opinion on the ICR's compliance with 48 CFR Part 31. It is the firm's responsibility to understand their contract and revenue situation and anticipate and plan for the possibility of an audited ICR being required if the \$1,000,000 threshold is exceeded.

### **Less than \$1 million in contract revenue:**

Consultants that do not reach the \$1 million of ODOT invoiced revenue during the Consultant's fiscal year shall follow the submittal requirements listed within this Billing Rate Standard and are not required to obtain an independent audit. However, if an independent audit has been obtained, the audit report is required as part of the submittals process. The submittal package is subject to acceptance by ODOT.

The contract revenue threshold assessment will be based on the Consultant's submittals and other ODOT internal controls.

## 3.0 Billing Rate Review Type | Flowchart

Consultant firms may utilize the flow-chart below to determine the applicable review type and must follow all submittal requirements listed within the referenced section.

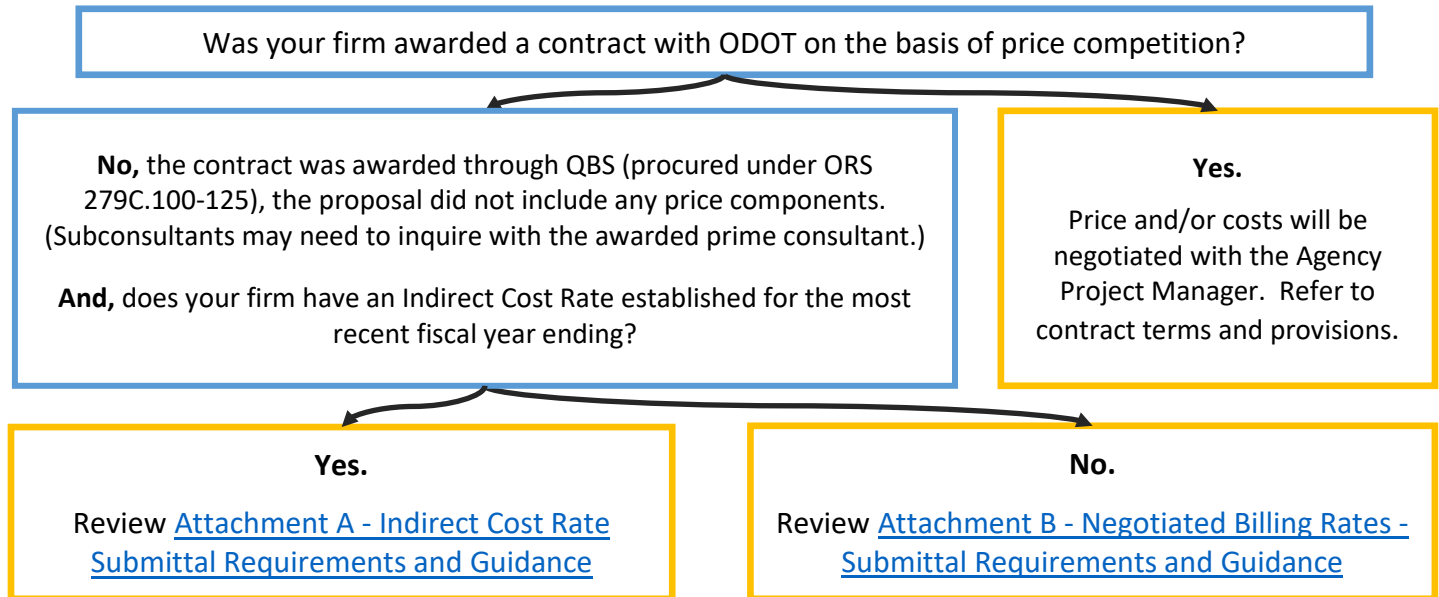


Figure 1: Exhibit A – Standard Application Flowchart

## 4.0 Exceptions to Billing Rate Standard

Exceptions to this Billing Rate Standard may be considered only if written justification and financial documentation are submitted to OPO Oversight representative. Exception requests must be submitted to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov). Request for exceptions must be submitted prior to any submittal deadlines. The ODOT Chief Procurement Officer or designee has the sole authority to approve or deny a request for exception to this Billing Rate Standard.

## 5.0 Roles and Responsibilities, Timelines, Effective Dates

ODOT’s Procurement Office Oversight unit (“OPO Oversight”) and ODOT’s External Audit Services (“ODOT Audit Services”) are responsible for performing these reviews in accordance with Generally Accepted Government Auditing Standards, applicable federal regulations, and other governing documents. By establishing billing rates with ODOT, Consultants acknowledge and agree to actively participate in the review process as part of our shared commitment to transparency, compliance, and accountability.

### 5.1 Procurement Oversight and Audit Services | Roles & Responsibilities

The OPO Oversight representative keeps records of all Approved Rate Schedules for Consultants and subconsultants. Once approved, these billing rates apply to all ODOT contracts.

ODOT Audit Services representatives will review all ICR information and provide a final determination of the appropriate billing rate.

Pursuant to 23 CFR 172.11(d), ODOT Audit Services may post a copy of the Consultant firm’s final approved billing rate(s) to the Federal Highway Administration’s Audit Exchange where it may be viewed by auditors from other State Highway Agencies. The final approved billing rate(s) may also be shared with Oregon local public agencies who are required to utilize ODOT approved rates.

## **5.2 Review Timelines**

Each review timeline varies per type and by firm and is subject to collaboration between Consultant and ODOT. The OPO Oversight representative will endeavor to provide a response to all requests to establish or revise billing rates within 30 days. Consultant's lack of response or failure to provide required or requested documentation timely will increase timelines.

## **5.3 Billing Rate Effective Date**

Upon issuance of the ODOT Rate Acceptance Notification by the OPO Oversight representative, the Consultant's Approved Rate Schedule will be applicable to all ODOT A&E contracts unless the contract states otherwise. The effective date of a new or revised billing rate will be stated within the Approved Rate Schedule and ODOT Rate Acceptance Notification.

## **5.4 Name Changes/Mergers**

Consultants must notify the OPO Oversight representative by email to , [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) of any change in company name, employer identification number (EIN), tax identification number (TIN), company structure (e.g., merger, acquisition, other), or accounting practices pertaining to indirect and direct costs. If the Consultant fails to timely notify OPO of company name changes/mergers, changes impacting billing rate applicability may delay reimbursement and/or contract/amendment executions.

Please notify the OPO Oversight representative of changes to your firm's billing rate point of contact. This contact may be sent notices, reminders, or other communications. If we are not able to reach the designated point of contact or do not receive a response, we may assume that billing rates are no longer necessary.

## ATTACHMENT A - Indirect Cost Rate Submittal Requirements and Guidance

### A.1 Definition of Indirect Costs

The indirect costs or fixed expenses of operating a business, not directly related to a project or the delivery of a service, such as rent, insurance, administrative costs, general office expenses, etc., which are necessary to support the Consultant's business operations, less unallowable costs defined by 48 CFR Part 31. Indirect costs when expressed as a percentage of direct labor is known as Indirect Cost Rate (ICR).

**Overhead rate and indirect cost rate are synonymous terms and may be used interchangeably.**

### A.2 Guidance for Consultants with Established Indirect Cost Rates

*Consultants must submit their Indirect Cost Rate and related financial data, per this Billing Rate Standard, within 180 days of their annual fiscal year end.*

In order to ensure compliance with federal state regulations, Consultants must submit their Indirect Cost Rate (ICR) and related financial data as outlined on the ODOT Cost Disclosure Questionnaire to the OPO Oversight representative, within 180 days of the Consultant's annual fiscal year end, and are generally accepted for one year, per 23 CFR 172.11(b)(1). The submission must include direct salary rate data to establish billing rates. If a Consultant is unable submit an annual ICR submittal package, as required, within 180 days of the firm's fiscal year-end due to extenuating circumstances the firm may request an extension to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) prior to the 180-day deadline.

*If your firm utilizes or has an ICR on file with any other public entity, the rate must be disclosed and all required supporting documentation must be submitted to ODOT for review.*

#### Indirect Cost Rate Reduction

To support timely and accurate updates to Indirect Cost Rates (ICRs), Consultants are expected to submit a complete ICR Submittal Package by the established deadline or obtain an approved extension. If a Consultant does not meet this requirement, ODOT may temporarily reduce the Consultant's most recently approved ICR by 10 percentage points. This reduction will remain in effect until all required documentation has been received and reviewed for approval of the updated rate. (Example of reduction: if an approved ICR for the previous fiscal year is 145% the 10 percent reduction would result in an effective rate of 135%.)

ODOT may also conduct periodic reviews of Consultant rate schedules or other financial information. To ensure consistency and compliance, the same temporary reduction may apply if requested documentation is not submitted within the ODOT specified deadline.

### A.3 Submittal Requirements for Consultants with Established Indirect Cost Rates

- Consultants with established ICRs must submit the required documentation **annually**.
- Consultants with an established Field Office ICR must submit the required documentation **annually**.
- An independent audit of the Consultant's ICR may be required per [Section 2.5 Indirect Cost Rate](#)

[Audit Threshold](#).

- Prior to the preparation of an ICR proposal and supporting documentation, the applicable cost principles should be thoroughly reviewed.

If your firm does not have an ICR established, your firm may qualify for a Negotiated Billing Rate (NBR) schedule. See [Attachment B](#) for applicability.

### A.3.1 Preliminary Steps

1. Compile full set of submittals documents.
2. Submit complete package to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov).
3. Coordinate with the OPO Oversight and/or ODOT Audit Services representative, as needed, throughout the review process.

### A.3.2 Indirect Cost Rate Submittal Requirements

Consultant is expected to complete and submit the following documents and information:

- ☐ [Cost Disclosure Questionnaire](#) (CDQ) and ***all*** required information requested within, which is inclusive of but may not be limited to the following forms, as revised from time to time. The CDQ relays necessary legal and financial information to be used in setting billing rates. Some data requested may not be applicable to all Consultants, for those, mark N/A, and feel free to reach out to:

[ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) or [ODOTExternalAuditServices@odot.oregon.gov](mailto:ODOTExternalAuditServices@odot.oregon.gov).

#### A.3.2.1 List of required attachments:

- ☐ Indirect Cost Rate schedule for the most recent fiscal year end based on direct labor and related reconciliation that ties financial statements to the ICR (include your post-closing trial balance, current chart of accounts, and income or profit and loss statement).

*ICR schedules are to be submitted, in industry-standard, three-column format, as appropriate to the consultant's financial calendar. [Fillable and modifiable template](#) is available but is not a requirement for submission.*

- ☐ Audit of indirect costs by an independent certified public accountant. *Required if one has been completed, or as required by section 2.5 Indirect Cost Rate Audit Threshold.* If not required, complete the [Independent Audit Threshold Attestation](#).

- ☐ Cognizant audit letter or acceptance letter(s)/notification(s) of the ICR schedule from other state or public entity(ies). *Required if an audit has been completed by USDOT or another state transportation agency. Do not delay submittals for these items. Include acceptance notices only if available before the submittal deadline.*

- ☐ [ODOT Contract Summary Form](#): Follow instructions on the form. List contracts awarded through QBS or those under negotiations. Note: Any alternative form, format or type of tracker is acceptable in place of this form; however, the same level of detail is required.

- ☐ Most recent OPO Billing Rate Acceptance Notification, if applicable.

- ☐ Internal bonus policy.



## OPO-STD-012-Consultant

- ☐ Executive compensation analysis of all executives and principals. Attach either a three survey analyses or the AASHTO National Compensation Matrix analyses and your related payroll tax adjustments. See section A.3.2.2.
- ☐ [Common Control Rent worksheet](#), if applicable, related to question in CDQ about rented office space.
- ☐ [FHWA Certification of Final Indirect Costs](#)
- ☐ [Certification of Invoicing and Other Direct Cost \(ODC\) Billing Practices](#) and additional data requested within. Certifies accounting methods of invoice preparation and equipment rate charges. More information is available in [Attachment D – Other Direct Costs](#).
- ☐ [Direct Non-Labor \(DNL\) Costs Schedule](#), list any ODC items applicable to your firm. Provide annual updates of the schedule to reflect depreciation and the current calculation of the actual cost basis. More information is available in [Attachment D – Other Direct Costs](#).

*New firms must also complete the following:*

- ☐ Direct Salary Rate data for employees anticipated to perform services. See [Attachment C – Direct Salary Rate Submittal Requirements and Guidance](#) for guidance and process. (Existing firms may update this at their discretion; full revisions are limited to 12 months.)

Other data may be requested to assist in the review to establish reasonability of the requested rates, which must be made available by the Consultant upon request by ODOT.

### A.3.2.2 Executive Compensation

Consultants must demonstrate that executive compensation is reasonable and in compliance with FAR 31.205-6. A Consultant can either complete its own analysis as described in the AASHTO Audit Guide Paragraph 7.5.C or use the National Compensation Matrix (NCM). This analysis is not limited to the top five executives at your firm; all executives must be included.

See AASHTO directory: <https://transportation.org/audit/resources/eap-subcommittee-resources/>.

## A.5 Revisions

Revisions to ICRs are permitted only if the Consultant receives a Cognizant Review of their ICR and an adjustment is made. Consultant shall provide the cognizant letter, the adjusted ICR schedule, and an updated ICR certification to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) as soon as the cognizant letter is issued to the Consultant. ODOT may revise the approved ICR to the rate(s) approved within the cognizant letter.

## A.6 Application of Indirect Cost Rates

Consultants with an ICR will multiply the direct salary by the ICR, profit, and Facilities Capital Cost of Money (“FCCM”), if applicable. Approved billing rates will be applied to the [Breakdown of Cost \(“BOC”\)](#) during the negotiation process as demonstrated below.

## COMPONENTS OF THE BREAKDOWN OF COSTS

# COMPONENTS OF THE BREAKDOWN OF COSTS

Breakdown of Costs - Dated: [11/01/2022]		BUDGET MULTIPLIERS		BILLING RATE MULTIPLIER	
PA/ATA or Contract Number: Bxxxxx; Amd Number: ##	% of budget in Curr. Year (CY)	100%	Accepted Overhead	132.00%	
WOC Number: ##; Amd Number: ##	% of budget in CY+1	0%	FCCM	0.20%	
PROJECT NAME: [Enter Project Name]	% of budget in CY+2	0%	Negotiated Profit	9.50%	
	% of budget in CY+3	0%	Annual Escalation Rate	0.00%	
Cell Legend	Green cells have formulas.	Weighted Escal'n Factor	1.000	Detailed Instructions are found in the Instructions	
	Entry in orange cells is only for firms with NBRs.	THIS IS AN EXAMPLE			
		*GRADUATED FIRM* Inc.			
	or columns are needed or to report other	DATA ENTRY SECTION			
	ce@odot.state.or.us				
3/24/21	Job Classifications	Project Manager	Project Engineer	Assistant Engineer	
	(Provide names if requested and for Key Personnel)				
	Row 11: Direct Salary Rate (Avg, Actual, Max) Current Year	\$53.12	\$52.11	\$21.75	\$0.00
	Row 12: Annualized Direct Salary Rate	\$53.12	\$52.11	\$21.75	\$0.00
	Row 13: Enter Negotiated Billing Rate (NBR) if applicable				
	Burdened Billing Rate W/O Profit for CPFF Compensation	\$123.34	\$121.00	\$50.50	\$0.00
Task #	Fully Burdened Billing Rate	\$135.05	\$132.48	\$55.30	\$0.00

Image 2 – Image of a Breakdown of Cost (BOC) with Approved Billing Rate information applied.

### A.7 ICR Review, Approval and Disputes

Once the OPO Oversight representative receives Consultant's complete ICR submittal package (per the ODOT Billing Rate Standard), the OPO Oversight representative will submit a written request for review to ODOT Audit Services.

ODOT Audit Services holds the responsibility and authority of reviewing the ICR information and providing a final determination of the billing rate for ODOT. Based on an annual risk assessment, ODOT Audit Services may, at its discretion, conduct either a Desk Review or a Cognizant Review of the ICR information submitted by the Consultant.

Once a review has been initiated, the assigned ODOT Audit Services auditor will work directly with the Consultant's designated representative to complete the review and determine the final approved rate(s). Active cooperation from the Consultant representative throughout the process is essential to ensure a timely outcome.

ODOT Audit Services will communicate any proposed adjustments to the Consultant prior to finalizing the rate. Once a determination is made, ODOT Audit Services will notify the OPO Oversight representative of the approved rate.

Consultants are welcome to contact [ODOTExternalAudit@odot.oregon.gov](mailto:ODOTExternalAudit@odot.oregon.gov) with any questions or concerns regarding the audit process or the final accepted rate. If a Consultant wishes to dispute a final approved ICR, they may submit a written request—including justification and supporting financial documentation—to the same email address.

## OPO-STD-012-Consultant

To be considered, disputes must be submitted prior to contract or amendment execution and before any work begins. The ODOT Chief Audit Officer or their designee will review all submissions and has sole authority to approve or deny dispute requests.

The OPO Oversight representative will issue a ODOT Rate Acceptance Notification to Consultant once Audit Services completes their review. The approved ICR and FCCM rates shall not be combined once approved; ODOT will not reimburse profit on FCCM.

## **ATTACHMENT B – Negotiated Billing Rates Submittal Requirements and Guidance**

### **B.1 Definition of Negotiated Billing Rates**

Negotiated Billing Rate (NBR) means the fully loaded negotiated rate used by firms without a calculated ICR. An hourly NBR is the maximum allowable rate per project role or classification. The NBR generally includes direct salary, indirect costs, and profit into one fully loaded hourly rate. Note: Simply not having an ICR does not automatically qualify a firm for this rate type.

ODOT will determine whether an ICR schedule is required for Consultants', or whether ODOT's alternative review process for an NBR schedule is applicable. This is limited to firms, due to the nature of their business operation, that are unable to provide a FAR-compliant ICR.

Consultant's that believe they may qualify for an NBR may reach out to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) to determine applicability.

### **B.2 Guidance for Consultants with Negotiated Billing Rates**

Consultants who qualify for NBR schedules may update those schedules annually by following the Submittal Requirements outlined in Section B.3 below. All NBR schedules, once approved, are effective for one-year minimum. Revisions made prior to one-year are limited to new classifications, see section B.4 Revisions below.

### **B.3 Submittal Requirements for Consultants with Negotiated Billing Rates**

*If your firm utilizes or has an ICR on file with any other public entity, the rate must be disclosed and is required to be submitted to ODOT OPO Oversight representative for review.*

An annual independent audit of the Consultants ICR may be required, per Section 2.5. If required, Consultant is no longer eligible for the NBR process.

Any submission for an NBR rate must include direct salary rate data in order to establish billing rates.

#### **B.3.1 Preliminary Steps**

1. Compile full set of submittal documents.
2. Submit complete package to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov).
3. Coordinate with OPO Oversight representative, as needed, throughout the review process.

#### **B.3.2 Negotiated Billing Rates Submittal Requirements**

Qualifying Consultants complete and submit the following:

☐ [Financial Questionnaire](#) and **all** required information requested within, which is inclusive of but may not be limited to the following forms, as revised from time to time. This form relays necessary legal and financial information to be used in setting billing rates.

**B.3.2.1 List of required attachments:**

- ☐ [Negotiated Billing Rate \(NBR\) Schedule](#): list all classifications needed for projects requiring ODOT approved billing rates and the fully loaded hourly rate.
- ☐ [ODOT Contract Summary Form](#): Follow instructions on the form. List contracts awarded through QBS or those under negotiations. Note: Any alternative form, format or type of tracker is acceptable in place of this form; however, the same level of detail is required.
- ☐ [Independent Audit Threshold Attestation](#): certifying that your firm has not reached the independent audit threshold identified in Section 2.5. Consultants that exceed that amount no longer qualify for an NBR schedule and shall establish an ICR, obtain an independent audit of their ICR, and follow Attachment A – Indirect Cost Rate Submittal Requirements and Guidance.
- ☐ Provide information to support the proposed NBR. Information may include paid invoices showing a similar rate for the same or similar services; a description/breakout of the total business expenses incurred in the previous fiscal year, such as indirect business expenses, employee labor, and reasonable profit; information about experience, qualifications, and specialization; etc.
- ☐ Safe Harbor acceptance letters from other state or public entities, if applicable.
- ☐ [Direct salary rate \(DSR\) Schedule](#): See [Attachment C – Direct Salary Rate Submittal Requirements](#) and Guidance for information.
- ☐ [NBR Eligibility/Qualification Self-Certification Form](#): validating Consultant has no Indirect Cost Rate with other state or federal agency and may be eligible for an NBR schedule.

Other data may be requested to assist in the review to establish reasonability of the requested rates, which must be made available by the Consultant upon request by ODOT.

**B.4 Revisions**

**B.4.1 Annual Revisions**

Notwithstanding the annual requirement for ICR submittals or addition of new project classifications, updates to NBRs are allowed every 12 months, no sooner.

Evaluation factors in reviewing proposed billing rates:

- Increase in the direct salary rates paid to employees;
- Higher indirect costs being incurred; and,
- Other factors, as assessed.

Revisions shall be based upon actual data and shall also consider any of the following or combination thereof:

- Economic price indices published by the Bureau of Labor Statistics;
- National billing rate surveys, or other industry specific economic data;
- Economic trends including historical, current, or forecasted data;

## OPO-STD-012-Consultant

- Market or geographical data or both; and
- Other information from other public entities regarding recent contract pricing.

### **B.4.2 Adding Classifications**

Updates to an NBR schedule may be completed annually, with the exception of adding new classifications which can be completed anytime during the 12-month effective period. For this, follow the initial submittal process and limit the data provided to only the newly added classification(s).

## **B.5 Application of Negotiated Billing Rates**

Consultants with ODOT approved NBR schedules may apply those fully loaded rates to the BOC and invoices.

## **B.6 Graduating from Negotiated Billing Rates to an Indirect Cost Rate**

Consultants fitting into the below category(ies) shall submit their ICR to ODOT and shall follow the ICR submittal requirements listed within [Attachment A](#):

- Consultants with an established ICR (with other state or public entities, internally prepared, or otherwise).
- Consultants who have met the ICR Audit Threshold (see Section 2.5).
- ODOT, at its discretion, may consider other factors to determine when and if the Consultant has reached the graduation threshold from an NBR to ICR.

See the [ODOT NBR Graduation Guidance](#) for more information.

## **B.7 NBR Review, Approval and Disputes**

The OPO Oversight representative performs a review of the proposed NBR schedule and supporting documents and may negotiate the rate(s) with the Consultant. The OPO Oversight representative will determine the final approved rate(s) and will issue the ODOT Rate Acceptance Notification when the review process is concluded.

Disputes to a final approved NBR may be submitted to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov) and must include written justification and financial documentation. Disputes must be submitted before contract or amendment execution and the performance of Consultant's work activities. The ODOT Chief Procurement Officer or designee has the sole authority to approve or deny a request for dispute.

## ATTACHMENT C – Direct Salary Rate Submittal Requirements and Guidance

### C.1 Definition of Direct Salary Rate

Direct Salary Rates (DSR) are the actual direct hourly rates paid to non-exempt employees, or the annual salary paid to exempt employees divided by 2080 hours. **Direct salary rate and direct labor rate are synonymous terms and may be used interchangeably.**

An employee's actual annual direct salary shall be the salary amount directly payable to the employee on a yearly basis. **Direct Salary Rates must not include any amount for the following costs or payments:**

1. Services performed during overtime hours;
2. Employer payments mandated by law, including without limitation, social security and Medicare taxes, insurance (Worker's Compensation, Employers Liability, Unemployment);
3. Employer contributions, if any, to retirement plans, including without limitation, pension and deferred compensation plans;
4. All costs for fringe and supplemental benefits;
5. Bonuses, commissions, or any other form of compensation, or as otherwise unallowable per FAR.

### C.2 Guidance for Direct Salary Rates

Consultants shall formulate all direct salary rates based on the auditable, actual standard hourly rates. Rates must be rounded to the nearest cent, counting one-half cent and over as the next higher cent (e.g., round \$18.845 to \$18.85).

- For a salary employee, the annual salary divided by 2,080 hours establishes the standard hourly rate used for billing.
- Biweekly (occurring every two weeks) rates of basic pay are computed by multiplying an employee's hourly rate of basic pay by 80 hours.
- If the firm has part-time salary personnel or a standard workweek less than 40 hours, they must be prepared to show and support a different standard used for their timekeeping and billing.

The OPO Oversight representative will review the DSR data provided and use that data to develop an Escalated Salary Rate ("ESR") schedule which set the average and maximum direct salary rates for each job classification (based on the actual direct labor rate of employees within the classification provided by the Consultant) with escalation applied over multiple years to allow for price adjustments.

DSRs may be updated annually and are escalated in three-year increments to allow for multiple year contracts. At a minimum, an updated DSR schedule will need to be submitted every third year to avoid being capped at the rates listed on the ESR. Revisions made prior to one-year are limited to new classifications, promotions, or new employees that exceed current maximums.

### C.3 Submittal Requirements for Direct Salary Rates

DSR information is required for each rate review type.

Classifications and associated hourly rates must be based on the actual services provided (e.g., a principal filling the role of an Engineer VI is compensated by ODOT at the Engineer VI level).

Consultants must have procedures covering the consistent recording and accounting for all hours worked, whether paid or unpaid, to ensure the proper distribution of labor costs. See Defense Contract Audit Agency ([DCAA](#)) [Audit Manual](#) 5-910 and 6-410 for further information).

#### C.3.1 Preliminary Steps

1. Compile full set of submittals documents.
2. Submit complete package to [ODOTBillingRateUpdates@odot.oregon.gov](mailto:ODOTBillingRateUpdates@odot.oregon.gov).
3. Coordinate with OPO Oversight representative, as needed, throughout the review process.

#### C.3.2 Direct Salary Rate Submittal Requirements

Complete and submit the following:

- ☐ [Direct Salary Rate \(DSR\) schedule](#) list all employees anticipated to provide services, each employee's actual direct hourly salary rate, and break them out by the project classification. See the example within the DSR schedule. And provide the following:
  - ☐ A brief description of the positions and services provided by each classification (may be provided as an attachment or included within the DSR schedule itself).
  - ☐ Validation of direct salary rates through labor distribution reports or through copies of payroll reports or paystubs. (Labor distribution report example/template available, if needed.)

Sole proprietors, independent contractors and other Consultants who do not have a regular salary, who take salary draws or other type of personal compensation, shall provide proof of draws and of direct labor hours performed during the draw period(s).

Suppose this information is unavailable, or you need clarification on your direct salary rate because your firm is new, or salary is incapable of being validated. In that case, the OPO Oversight representative will require additional review time and will utilize salary survey data, consumer price index, or other factors to establish a base direct labor rate.

Other data may be requested to assist in the review to establish reasonability of rates, which must be made available by the Consultant upon request by ODOT.

### C.4 Revisions

#### C.4.1 Annual Revisions



## OPO-STD-012-Consultant

Updates to labor rates are allowed every 12 months, with exception to those updates allowed by Section C.2 above. Updates are completed by following those submittal requirements listed above. All existing rates are valid until ODOT accepts and authorizes any schedule changes.

Evaluation factors in reviewing proposed billing rates:

- Increase in the direct salary rates paid to employees; and,
- Revisions shall be based upon actual data and may also consider any of the following or combination thereof:
  - Economic price indices published by the Bureau of Labor Statistics;
  - National billing rate surveys, or other industry specific economic data;
  - Economic trends including historical, current, or forecasted data;
  - Market or geographical data or both; and
  - Other information from other public entities regarding recent contract pricing.

### **C.4.2 Adding Classifications or New Employees**

Revisions made prior to one-year are limited to new classifications, promotions, or new employees that exceed current maximums. For this, follow the initial submittal process, limit the data provided to only the newly added classifications, promotions or new employee(s).

## **C.5 DSR Review and Approval**

The OPO Oversight representative will perform review of labor rates and issue ODOT Rate Acceptance Notification to the Consultant. The ESR will include the average and maximum rate for each project classification. Note: the 'WOC Multipliers' fields will be left empty within the approved ESR when issued.

## ATTACHMENT D – Other Direct Costs

### D.1 Definition of Other Direct Costs

Other Direct Costs (“ODC”) are those services and direct expenses ancillary to the supply of the services and other obligations of the Consultant directly related to a contract. These costs are reimbursable when allowable (per FAR Part 31), at actual cost with no markup. Examples include but may not be limited to:

- Project-specific use of specialized equipment, outside rental of equipment, flagging services, drilling/boring services, mobilization, lab services, printing, vehicle usage, computer costs, etc.,
- Other types of approved ODCs include mileage, airfare, meals, and lodging shall be billed in accordance with Exhibit B of the price agreement, agreement-to-agree, or contract, which reference the [Oregon Accounting Manual](#) (“OAM”) and the U.S. General Services Administration ([gsa.gov](http://gsa.gov)).

Consultants may use one of the three methods outlined below for ODCs on the [Certification of Invoicing and Other Direct Cost \(ODC\) Billing Practices](#):

- Bill ODCs directly to the project and keep separate from the indirect costs.
- Do not bill ODCs directly to the project and leave all such costs in their indirect cost accounts and recover the costs in their Indirect Cost Rate (ICR).
- Initially record invoiced ODCs in their indirect cost accounts but change to project related before calculating the ICR. The ICR statement must clearly show that the amounts originally charged have been deducted from the overhead statement. This method is mostly used for office support.

The Consultant must maintain accurate, auditable accounting records to verify that rates charged are based on the actual costs associated with owning and maintaining the equipment. The charges must be based upon the consistent companywide treatment of these types of consultant costs. All direct costs shall be recorded separately from indirect costs.

ODCs are further described in the AASHTO Uniform Audit & Accounting Guide available at: <https://transportation.org/audit/resources/eap-subcommittee-resources/>.

### D.2 Application of Other Direct Costs

Consultant must submit a [Direct Non-Labor \(DNL\) schedule](#) to the OPO Oversight representative, if project specific ODCs are anticipated. Project specific ODCs need to be negotiated prior to contract execution. Refer to the contract provisions for additional information regarding changes to ODCs during contract administration. Other direct costs must be billed at the cost incurred by the Consultant; no mark-up is allowed.

After the schedule is approved by ODOT it will be maintained on file. Equipment rates lower than the rates approved on this schedule may be negotiated on WOCs/Contracts that include extensive usage of the equipment.

## ATTACHMENT E – Definitions and Acronyms

General definitions that may apply to this Standard or other documents:

Term/Acronym	Definition
<b>AASHTO</b>	Association of American Highway Transportation Officials (AASHTO) <a href="#">Uniform Audit &amp; Accounting Guide</a>
<b>Approved Rate Schedule</b>	OPO Oversight approved billing rates.
<b>BOC</b>	Breakdown of Costs
<b>CFR</b>	Code of Federal Regulations
<b>Cognizant Agency</b>	As defined in <a href="#">23 CFR 172.3</a> .
<b>Cognizant Review</b>	ODOT Audit Services may perform cognizant reviews under 23 CFR § 172.11(b)(1)(iii)(B) for consultants whose Cognizant Agency is Oregon, which is “[r]eviewing and accepting an audit report and related workpapers prepared by a certified public accountant or another [State Transportation Agency.]” ODOT as the Cognizant Agency is responsible for conducting a review of the ICR and the related workpapers prepared by an independent auditor.
<b>Cost Disclosure Questionnaire (CDQ)</b>	The ODOT form used by firms with an Indirect Cost Rate for the relay of necessary legal and financial information to be used in setting billing rates.
<b>Desk Review</b>	Evaluations by ODOT Audit Services of the annual ICR submittal. ODOT performs desk reviews under 23 CFR § 172.11(b)(1)(iii)(D), in which it is “[c]onducting other evaluations in accordance with a risk-based oversight process as specified in paragraph (c)(2) of this section and within the agency’s approved written policies and procedures, as specified in § 172.5(c).”
<b>Direct Non-Labor (DNL)</b>	Direct Non-Labor (DNL) costs are considered Other Direct Costs (ODC), as defined.
<b>Direct Salary Rate (DSR) or Direct Labor Rate</b>	<p>The actual direct hourly rates paid to non-exempt employees, or the annual salary paid to exempt employees divided by 2080 hours. An employee’s actual annual direct salary shall be the salary amount directly payable to such employee on an annual basis.</p> <p>The DSR must <b><u>not</u></b> include any amount for the following costs or payments: (1) all payments for Services performed during overtime hours; (2) all employer payments mandated by law, including without limitation, social security and Medicare taxes, insurance (Worker’s Compensation, Employer’s Liability, Unemployment); (3) all employer contributions, if any, to retirement plans, including without limitation pension and deferred compensation plans, (4) all costs for any and all other fringe and supplemental benefits, and (5) bonuses, commissions, or any other form of compensation, or as otherwise unallowable per FAR. See Attachment C for additional information.</p> <p><b>* Direct Salary Rate and Direct Labor Rate are synonymous terms and may be used interchangeably. *</b></p>

<b>Escalated Salary Rate (ESR) Schedule</b>	ESR means a DSR with escalation applied over multiple years to allow for economic price adjustments. The ESR schedule is developed by ODOT for firms that calculate an indirect cost rate. It includes the maximum rate and average rate (based on the actual direct salary rate of employees within the classification provided by the Consultant) for all classifications that may be used under the Contract and may include rates for multiple years with escalations as approved by ODOT. See Attachment C for additional information.
<b>Facilities Capital Cost of Money (FCCM):</b>	The 'cost of money as an element of cost of facilities capital' as used in FAR 31.205-10 and FAR 15.404-4(b)(3). Applicable for firms that have capital expenditures that must be accounted for separately from other indirect costs. FCCM shall not incur profit.
<b>Federal Acquisition Regulations (FAR)</b>	The primary federal regulation for use by all executive agencies in their acquisition of supplies and services with appropriated funds. The FAR also contains standard solicitation provisions and contract clauses and the various agency FAR supplements.
<b>Field Office Indirect Cost Rates</b>	A subset of indirect costs allocable to offsite locations. Applicable when Consultant employees do not work out of the office and do not receive office support, such as employees hired solely to perform inspections, surveys or other non-home office services. A Field Office ICR may need to be established to allocate a reasonable portion of the Consultant's indirect costs to a field office.  Field office is further referenced and outlined through the AASHTO Audit Guide.
<b>Indirect Costs; Indirect Cost Rate (ICR)</b>	The indirect costs of operating a business, not directly related to the delivery of a service (e.g., rent, insurance, administrative costs, general office expenses, etc.) which are necessary to support the Consultant's business operations, less unallowable costs defined by 48 CFR Part 31. Indirect Cost Rates (ICR) are Indirect Costs expressed as a percentage of direct labor. Indirect Cost Rates are based on one fiscal year of financials. See Attachment A for additional information. <b>* Overhead rate and indirect cost rate are synonymous terms and may be used interchangeably. *</b>
<b>Invoiced Revenue</b>	The gross revenue that has been invoiced to ODOT, regardless of whether payment has been made, regardless of the portion of the gross revenue that is allocable to the prime and/or subconsultants.
<b>Negotiated Billing Rate (NBR)</b>	Fully loaded negotiated rate that generally include profit, indirect costs, and profit. NBR schedules are approved by ODOT as an alternative to the indirect cost rate requirements. See Attachment B for additional information.
<b>OPO Oversight</b>	A unit of the ODOT Procurement Office with individuals assigned with responsibility for contract compliance and consultant billing rates. Contact <a href="mailto:ODOTBillingRateUpdates@odot.oregon.gov">ODOTBillingRateUpdates@odot.oregon.gov</a> for additional information.
<b>Other Direct Costs (ODCs)</b>	Expenditures, not included in the indirect cost rate, that are necessary and allowed as a direct charge which is properly tracked and applicable to the Project. This includes but is not limited to costs for: approved travel, trade services subcontractors such as flaggers and drilling companies, rental equipment, lab and testing services; and other approved ODCs.
<b>Rate Acceptance Notification</b>	Notice of an Approved Rate Schedule from OPO Oversight representative.

<b>Qualifications-based selection (QBS)</b>	Qualifications-based selection also known as Competitive Negotiation means complying with <a href="#">40 U.S.C. 1101-1104</a> , commonly referred to as the Brooks Act. Price is evaluated and negotiated after selection or award of the contract to a consultant.
---	---