

Billing Rate Schedule Instructions

Please submit all forms to ODOTBillingRateUpdates@odot.state.or.us

[IMPORTANT NOTE: Billing rate schedules will be used for estimating and negotiating specific project Not to Exceeds (NTEs) and/or fixed price amounts for the contract. For invoicing purposes on cost reimbursable contracts, firms shall always invoice **actual** Direct Salary Rates (DSR) for specific staff performing the work per contract terms and/or Agency business policy and practices. Rate increases for specific staff may exceed the rate used for estimating purposes, but must not exceed the maximum rate on the currently approved billing rate schedule for that job classification. In addition, the total amount invoiced must not exceed the NTEs or fixed price amounts of the contract, which will not be adjusted to accommodate staff rate changes.]

Which Forms To Use

The type of form is determined by the firm's accounting method. Firms that calculate an overhead rate as part of their normal accounting practice must submit a "Direct Salary Rate Schedule" (see section 1) and Calculation of Overhead Rate information (see section 2). Firms that do not track overhead costs to calculate an overhead rate may be approved by Agency to use a "Negotiated Billing Rate Schedule" (see section 3). All firms may complete a "Direct Non-Salary Rate Schedule" (see section 4). Agency prepares an "Escalated Salary Rate Schedule" (see section 5) from information provided by firms that submit Direct Salary Rate Schedules.

1. Direct Salary Rate Schedule (DSR). (subconsultants may submit this directly to Agency)

This schedule is used by firms that calculate an overhead rate as part of their normal accounting practice. It includes the name, job classification and actual direct salary rate for each employee that may be used under the Contract (see "sample DSR" and "Instructions" tabs on DSR form and section 2 below). The DSR will not be included in the contract but Agency will use the Average and the Max direct salary rates on the DRS to develop an Escalated Salary Rate (ESR) Schedule if applicable for the contract. Agency's DSR form may be downloaded at this link: <https://www.oregon.gov/ODOT/Business/Procurement/DocsPSK/DSR.xlsx>. Firms that use a DSR must also submit a Calculation of Overhead Rate schedule for review by Agency.

To compute an employee's actual direct salary on an hourly basis, the employee's actual annual direct salary, as defined below in this paragraph, shall be divided by 2080. An employee's actual annual direct salary shall be the salary amount directly payable to such employee on an annual basis and shall not 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, Employers Liability, Unemployment); (3) all employer contributions, if any, to retirement plans, including without limitation pension and/or deferred compensation plans, and (4) all costs for any and all other fringe and/or supplemental benefits.

2. Calculation of Overhead Rate. (subconsultants may submit this directly to Agency)

Firms that calculate an overhead rate as part of their normal accounting practice must submit a DSR with this information. Submit current overhead accounting information on a form (electronically in Excel format) using the standard 3-column format. Firms shall condense or expand categories as applicable to the firm's method of accounting. Firms that have not established an overhead rate based upon their particular financial reporting methodology, shall be reviewed by Agency to determine whether an overhead rate schedule will be required or a negotiated non-provisional billing rate used. If a firm does calculate overhead, the information must be submitted to Agency and updates must be provided annually.

- i. **Cognizant Audit** – If an audit has been completed for your firm or any subcontractors by the appropriate federal cognizant agency (for the firm's most recent fiscal year), this must be submitted with the billing rate information (either hard copy or electronic scanned copy).
 - ii. **Independent Audit** – If an audit has been completed for your firm (or any subconsultants) by an independent, third party accounting firm (for the firm's most recent fiscal year), this must be submitted with the billing rate information (either hard copy or electronic scanned copy).
3. **Negotiated Billing Rate Schedule (NBR):** This schedule is used by firms that do not calculate overhead as part of their normal accounting practice and Agency determines it is in the best interest of the State to negotiate specific billing rates. The NBR includes rates that are fully loaded with direct salary, indirect expenses and profit. Provide name, job classification (project role) and fully loaded rate for each employee. If a firm using NBR schedule has employees, a DSR schedule (<https://www.oregon.gov/ODOT/Business/Procurement/DocsPSK/DSR.xlsx>) must also be submitted to list the actual rates paid to each employee. Use of an NBR may be required by Agency for consultants or subconsultants that do not have audited overhead rates or that, upon cursory review, appear not to be calculating overhead correctly. Agency's NBR form may be downloaded at this link: <https://www.oregon.gov/ODOT/Business/Procurement/DocsPSK/NBR.xlsx>
4. **Direct Non-Labor Costs Schedule (DNL):** This optional schedule can be used by all firms to list actual costs or usage rate of reimbursable items that are not included in the firm's overhead rate (or that are properly applied as a credit in overhead calculation). Submit to Agency a DNL if the firm has any items such as printing rates or company-owned equipment, etc., that may be direct charged under contracts with Agency. Provide annual updates of the schedule to reflect depreciation and the current calculation of the actual cost basis. After the schedule is approved by Agency it will be maintained on file. Equipment rates lower than the daily rates approved on the schedule may be negotiated on WOCs/Contracts based on the amount of usage of the equipment on the project.
5. **Escalated Salary Rate (ESR) Schedule:** The ESR will be prepared by Agency and only applies to firms that calculate overhead and use the DSR form. The Average and Maximum billing rates by job classification will generally be referenced at the Agreement to Agree (ATA), Price Agreement (PA) and/or project-specific contract level. Currently, the Agency is using a 3.5% per classification escalation rate for each year beginning with the current year (a prorated 1.5% escalation reduction will apply for each quarter-year completed when the initial schedules are submitted, unless it is in the fourth quarter when escalation of 0.00% will be applied) and then escalated 3.5% for future years. Escalations will be reviewed before acceptance and allowance of escalations. Classification averages from the ESR will generally be used on the Breakdown of Costs (BOC) for estimating project NTEs or fixed price amounts, except when the Agency requires use of DSR or ESR for specific staff to be utilized on a project. Maximum ESR is the maximum rates allowed by job classification for invoicing.