

Budget Pricing Guide

Estimating Techniques Used. The two most common methods for estimating costs are (i) detailed costs by cost elements, and (ii) parametric estimating. Detailed rationale needs to be provided for parametric estimating.

Budget Reviews of Cost Estimates by Cost Element Details: Some or all of the following cost element information will apply.

Labor; Does the budget contain the following as applicable?

- The kind of employee that will be working on the project (job classification/description such as engineer, laborer, program manager)?
- The amount of time each person will be working? This can be a number of hours, days, weeks, percentage of a year, etc.
- The wages paid to the employee? This can be an hourly rate, daily rate, annual salary, etc. to correspond to the measure of the time budgeted but does not include fringe or other indirect rates.
- Supporting documentation for the budgeted rate? This can be payroll records identifying the individual or labor category.

Fringe Benefits and Payroll Additives

If labor costs are budgeted:

- What is the fringe benefit rate or dollar amount?
- Supporting documentation such as negotiated rates or agreements, qualified CPA recommendation or the actual compilation of the payroll and base costs for Reclamation evaluation.

Equipment:

If equipment costs are budgeted:

- The kind of equipment that will be used on the project (type, model, size, etc.)?
- The amount of time each type of equipment will be working? This can be a number of hours, days, weeks, percentage of a year, etc.
- The rate for the equipment? This can be an hourly, daily, annual, etc. to correspond to the measure of the time.
- Is the equipment owned or rented? Reimbursement for use of owned equipment must be based upon the actual cost to the recipient for the operation and use of the equipment, not on rental rates. If ownership rates are not available, Corp of Engineer recommended rates should be used.
- Is there standby time included?
- (Notes: Reimbursement for use of owned equipment must be based upon the actual cost to the recipient for the operation and use of the equipment, not on rental rates.

Also, standby costs need to be identified and standby rates supported in the same manner. No operating costs are allowed for standby.)

Material:

If material costs are budgeted:

- What items are being purchased, i.e. a description of the items?
- The quantity of each?
- The unit cost of the items?
- Consolidated Bill of Materials

Other Direct Costs: Other direct costs are anything that is not labor, fringe benefits, equipment, material, or overhead. It can include supplies, room rental, advertising, internet access, copy costs, telephone use, and travel, just to mention a few.

- What the purpose is for the cost?
- What the basis is for the cost in the budget, i.e. how did the requestor come up with the dollar amount for the item?
- Do you have enough information to duplicate the calculation of the amount?

Subcontracts:

Did the recipient provide supporting documentation for the subcontract costs determining them to be fair and reasonable? (The budget information needed for subcontractors is identical to the information needed for the recipient. The recipient should have used the same guidance for each cost element budgeted for the subcontractor as you would for the recipient.)

Contingencies:

Data provided in the Budget: If costs are budgeted for contingencies, can you determine:

- What events are the contingencies intended to cover?
- What the basis is for the contingency amount, i.e. how the dollar amount is calculated?

(There are two types of contingency costs— one that is reasonably certain to occur, and there is a verifiable basis for the calculated amount; and one for which the probability of occurrence is unknown, and there is no verifiable basis for the cost. The cost associated with the first type of contingency is allowable to the extent it is supportable. Contingency costs for the latter are expressly unallowable)

Overhead:

- The overhead rate(s) used (there may be more than one)?

- The base(s) to which the overhead is applied e.g. just labor costs, all direct costs, etc.?
- The pool, base and associated costs with each just as with fringe.
- Any agreements with the government or recommendations by qualified CPAs.

Parametric Estimates

Either an entire budget or only some components may be estimated using parametric estimating techniques.

- Rationale as to why use of the data is reasonable for the project described.
- Identify the specific parametric data used.