

APPENDIX 22-A

Departmental Overhead
 Rate Calculation
 For
 Engineering Division

Following are examples of how to calculate a departmental overhead rate for Engineering Division using different scenarios.

1. Civil Only Mission

Engineering Division
 FYXX Operating Budget
 \$000

Expense Type	Direct Expense	Indirect Expense	Total Expense
Base Labor	580	63	643
Benefits	273	30	303
Overtime	12	1	13
AE & Other Contracts	1,500	3	1,503
IT		5	5
SLUC (GSA Rent)		200	200
Travel	2	10	12
Miscellaneous	<u>5</u>	<u>60</u>	<u>65</u>
Total Budget	2,372	372	2,744

Departmental Overhead Rate Calculation:

$$\frac{\text{Indirect Expense}}{\text{Base Labor} + \text{Benefits} + \text{Overtime}} = \frac{372}{865} = 43\%$$

2. Civil and Military Missions - There are two approaches that can be used to calculate the civil and military departmental overhead rates. One where civil and military indirect costs are looked at jointly and there is an add on to the civil proportion to compensate for GSAI rent. The second approach requires civil and military indirect expenses to be budgeted for separately. Both approaches will yield the same results.

a. Indirect Expenses Budgeted Jointly

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Engineering Division
 FYXX Operating Budget
 \$000

Expense Type	Direct Civil Expense	Direct Mil Expense	Joint Ind Expense	Indirect Civil Expense	Total Expenses
Base Labor	1,570	700	454	0	2,724
Benefits	738	329	213	0	1,280
Overtime	<u>31</u>	<u>14</u>	9	0	<u>54</u>
Subtotal	(2,339)	(1,043)			(4,058)
AE & Other					
Contracts	3,500	1,800	15	0	5,315
IT			57	0	57
SLUC (GSA			0	350	350
Rent)	4	3	47	0	54
Travel	<u>9</u>	<u>6</u>	<u>100</u>	<u>0</u>	<u>115</u>
Miscellaneous	5,852	2,852	895	350	9,949
Total Bud					

Departmental Overhead Rate Calculations:

1. Base Rate = $\frac{\text{Joint Indirect Expenses}}{\text{Civ \& Mil Base Labor + Benefits + Overtime}} = \frac{895}{3,382} = 26.46\%$
2. Add on for Civil Rent = $\frac{\text{Civil Rent}}{\text{Civil Base Labor + Benefits + Overtime}} = \frac{350}{2,339} = 14.96\%$
3. Military Rate = Base Rate + Mil Indirect Add On = 26.46% + 0 = 26.46%
4. Civil Rate = Base Rate + Civ Indirect Add On = 26.46% + 14.96% = 41.42%

b. Indirect Expenses Budgeted Separately

Engineering Division
FYXX Operating Budget
\$000

Expense Type	Direct Civil Expense	Direct Military Expense	Indirect Expense	Civ Ind	Mil Ind	Total Expense
Base Labor	1,570	700	454	314	140	2,724
Benefits	738	329	213	148	65	1,280
Overtime	<u>31</u>	<u>14</u>	9	6	3	<u>54</u>
Subtotal	(2,339)	(1,043)				(4,058)
AE & Other						
Contracts	3,500	1,800	15	10	5	5,315
IT			57	39	18	57
SLUC (GSA Rent)			350	350		350
Travel	4	3	47	33	14	54
Misc	<u>9</u>	<u>6</u>	<u>100</u>	<u>69</u>	<u>31</u>	<u>115</u>
Tot Budget	5,852	2,852	1,245	969	276	9,949

Departmental Overhead Rate Calculations:

1. Civil DOH Rate $\frac{\text{Civil Indirect Expenses}}{\text{Civil Base Labor + OT + Benefits}} = \frac{969}{2,339} = 41.42\%$
2. Military DOH Rate $\frac{\text{Mil Indirect Expenses}}{\text{Mil Base Labor + OT + Benefits}} = \frac{276}{1,043} = 26.46\%$