

How Do I Know What Makes Up ISD's Craft Costs for Maintenance Work?

Overview

Most departments are managed through a traditional budget that is established at the start of the year, and then spending is managed within that budget. ISD is not designed that way. ISD is designed like a business that must generate revenue from customers to pay for the costs to deliver services.

When departments ask "Why does ISD staff cost so much more than ours?", they are making an *apples to oranges* comparison. A traditionally budgeted department tends to only look at the cost of staff. ISD also must include everything else it takes to run ISD. Therefore, the rate ISD charges include costs to do your work *and* costs to support it.

Explaining ISD's Direct Costs for Services & Indirect Costs for Services

To answer the question, "How do I know what makes up ISD's costs?", it is important to understand that ISD's pricing must cover *direct costs* and *indirect costs*. But what does that mean?

- Our *direct* cost is what you would typically think of in our services. It includes the cost of the staff that works on your job, and the supplies they use on your job.
- Our *indirect* costs include the support to our staff that provide services. It includes HR and payroll, computers and support, vehicle maintenance and more.

So, *direct* costs are clear. It is the cost of service. *Indirect* costs are not so clear, but simply put, it is the cost to support the service. Both are required to run ISD. Therefore, *both* are included in the rates you pay. It is called the "Craft Rate". Let's break it down.

\$.69 of every dollar you spend with ISD for craft services support is for our direct services to you

\$.31 of every dollar you spend with ISD for crafts services pays for the internal support we need to deliver those services.



Now that you can see how each dollar you spend with ISD for craft services covers *Direct* costs and *Indirect* costs, let's break down that dollar even more:

Direct Costs: \$0.68 of every dollar you spend for craft services is related to the <u>direct</u> services to your department for preventative maintenance and repairs.		
Type of Cost	Portion	Description
Salary & Benefits:	\$0.62	Hourly wages and/or annual salaries of staff, plus the County's benefits, including health benefits and retirement. There are some minor "other" misc. labor costs that are less than 1% of this total.
Services & Supplies	\$0.07	This includes such things as "consumable" equipment needed to support specific projects/jobs such as Personal Protective Equipment (PPE) hammers, wrenches etc., staff uniforms, and fuel needed to get to the project/job sites etc.
Indirect Costs: \$.32 of every dollar you spend for craft services is related to supporting our crafts teams that deliver those services for you.		
Admin Costs	\$0.26	This includes human resources, payroll, budget, accounts payable, and administration.
Other Indirect	\$.05	Includes operational support such as computers/phones and IT support, vehicle maintenance and some property costs like parking fees and custodial services.
Total	\$1.00	

