



INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue
Room N749
Indianapolis, Indiana 46204

Michael R. Pence, Governor
Brandye L. Hendrickson,
Commissioner

Memorandum

To: INDOT; Consultant Firms

From: INDOT Division of Economics, External Audit, and Performance Metrics

Date: May 24, 2016

Subject: **Consultant Firm Direct Hourly Billing Rate Notice**

The Indiana Department of Transportation establishes annual labor rate adjustments to limitations on hourly rates for reimbursement of incurred direct labor for architectural and engineering consulting service contracts.

The annual labor rate adjustment equals a standard base adjustment plus or minus any additional amounts the Indiana Department of Transportation, in its sole discretion based on other relevant economic and financial factors, considers to be in the best interest of the State of Indiana.

The standard base adjustment is the 12 month Employment Cost Index (ECI) percent change as of the prior calendar year ending December 31. The ECI is obtained from Table 9 Wages and Salaries (not seasonally adjusted) for private industry workers, for the group Professional, scientific, and technical services, Base = December 2005, as issued by the US Department of Labor, Bureau of Labor Statistics.

The ECI change for the 12 months ended December 31, 2014 and effective July 1, 2015 was 2.0%.

The ECI change for the 12 months ending December 31, 2015 was 1.9%. The 2016 annual labor rate adjustment is 1.9%. There were no discretionary adjustments applied this period.

The maximum allowable reimbursement, without executive approval, for consultant's incurred direct labor shall be \$64.64 per hour. The annual labor rate adjustment and the maximum allowable reimbursement shall apply to all INDOT contracts signed on or after July 1, 2016 through June 30, 2017 and is not retroactive for contracts signed before July 1, 2016, unless included by an explicit clause in the contract. The annual labor rate adjustment and maximum allowable reimbursement affects contract agreement and amendment hourly rate escalation terms as provided in the relevant contract types.

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