



INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue
Room N749
Indianapolis, Indiana 46204

Eric Holcomb, Governor
Joe McGuinness, Commissioner

Memorandum

To: INDOT; Consultant Firms
From: INDOT Divisions of Economics, External Audit, and Performance Metrics
Date: February 27, 2020
Subject: **Consultant Firm Direct Hourly Billing Rate Notice**

As you all are aware, in the past couple years we have worked with our consulting partners regarding different metrics that are considered and applied to generate the following year's rate adjustment.

The ECI index for "Professional, Scientific, and Technical Services" as set forth by the US Department of Labor's Table 9: Wages and Salaries has been the standard used to establish the annual rate increase for professional services contracts. For the last two years the ECI index exceeded the State's labor rate increase for "Meets Expectations" and we indicated the State's rate would be a more appropriate standard of measurement going forward, being a better reflection of Indiana as compared to the national average, but in 2018 and 2019, we established the annual labor rate increase above the State rate of 2.00%. We trust that our setting of the rate above the State's standard is understood as further continued support and partnership with our consulting partners.

This year, the national ECI average was reported as 2.4% while the State employees "Meets Expectations" raise was maintained at 2%.

In an effort of working together to keep our state competitive, **we are setting the annual labor rate adjustment, effective July 1, 2020, at 2.4%.**

The maximum allowable reimbursement, without executive approval, for consultant's incurred direct labor shall be \$71.21 per hour. The annual labor rate adjustment and the maximum allowable reimbursement shall apply to all INDOT contracts signed on or after July 1, 2020 through June 30, 2021 and is not retroactive for contracts signed before July 1, 2020, unless indicated 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.



Joe McGuinness (for)
Commissioner
Indiana Department of Transportation

cc: Joseph Gustin, Sr. Director of Finance
Natalya Clark, Manager of External Auditing
Jeff Clanton, Manager of Consulting Contracting