

## Calculating cost prices for allocation resources

The process below describes the activities carried out at AU when calculating and inputting cost prices for resources in Navision's resource module.

### Calculation of cost prices:

The Resource Unit calculates an individual cost price for monthly paid employees. As a general rule (if there are no changes in terms of employment, more on this to follow), resource cost prices are entered once per year for monthly paid employees. An employee is registered as a resource and their cost price is calculated based on the same month as they receive their first salary. Calculating cost prices requires a salary basis, since the cost price is calculated on the basis of entries into the relevant SLS accounts (state pay system accounts).

The cost price is calculated on the basis of the predictable salary (the part of the employee's salary that recurs each month), taking into account specific salary types and unadjusted salary (samko) and excluding certain salary elements. An average cost price per job type is also calculated and updated in the rate catalogue every spring. The rate catalogue can be found under other guides on the website.

The cost price calculation includes the salary cost and funding hours for the last known month, and a factor to ensure that the cost price includes the special holiday allowance and net holiday payments. Contributions to labour market insurance, the employer's reimbursement system, flexi-job and parental leave per hour are also included.

### Calculation of the factor:

The factor is determined based on the special holiday allowance and net holiday payments:

#### **Composition of factor =**

**$1 + [\text{per cent of special holiday allowance}] + [\text{per cent of net holiday payments}]$**

The basis for calculation of the factor is a comparison of:

- The amount of special holiday allowance paid in relation to total salary cost excl. pension
- Net holiday payments in relation to total salary cost incl. pension

The factor is determined in such a way that, overall, there is no systematic surplus or deficit on the projects, from which payment of the special holiday allowance and net holiday payments are posted.

### Calculation of contribution rate:

The contribution rate per employee consists of contributions to labour market insurance, the employer's reimbursement system, flexi-job and the parental leave fund. The rates for contributions to the employer's reimbursement system, flexi-job and the parental leave fund are



stated in the bill and proposed amendments to the Finance Act, while labour market insurance contributions are calculated on virk.dk. The individual rates are converted into an hourly rate according to the current standard working hours for allocation resources of 1,924.

**Formula for calculating the cost price:**

$$\text{Cost price} = \frac{\text{Monthly salary}}{\text{monthly FTE} \times \text{standard working hours}} \times \text{factor} + \text{contribution per hour}$$

- Standard full time working hours = 1,924 hours per year.
- Monthly FTE = for a full-time employee  $1/12 = 0.083333$  FTE

PhD students who receive a PhD SU scholarship (corresponding to two monthly SU grants per month) will have a special cost price equivalent to:

$$\text{Cost price} = \frac{2 \times \text{SU}}{160,33}$$

- 160.33 hours, is the monthly standard for a full-time allocation resource (1,924/12)

Current rates for factors, contributions and SU can be seen in the overview of historical cost prices.

**Inputting the cost price and updating case planning lines**

The Resource Unit inputs the calculated cost prices into Navision's resource module directly after the monthly update of resources. The cost price is created as an accrued (date-driven) line in the cost price table per resource. The case planning lines are then updated with the new cost prices. The cost price in Navision's budget module will then be accurate. The update takes place at the end of each month.



### Calculation of cost prices

As a rule, resource cost prices for allocation resources are updated once a year in January.

In the event of changes in salary, the cost price of the resource will be recalculated if it deviates by more than half a per cent from the cost price in Navision.

Cost prices are also updated if salaries for groups of employees or state employees change in connection with a new collective agreement.

### Specifically regarding converted cost prices

The cost price formula above is based on the standard number of working hours on the project of 1,924 funding hours per year. However, many external projects are based on a lower number of productive hours, e.g. 1,580 (an adjusted standard number of working hours). In such cases, a converted cost price is necessary, as the adjusted standard working hours is relevant for the cost price per hour as the cost price per funding hour will then be lower than the cost price per productive hour. The cost price per productive hour is referred to as the converted cost price. It is calculated using the following formula:

*Converted cost price*

$$= (\text{Cost price} - \text{Contribution}) \times \frac{\text{Factor for time reg}}{\text{Factor for allocation}} + \text{contrib} \times \frac{\text{Stand. hrs}}{\text{Adjust stand. hrs}}$$