

## **INDIANA STATE USE PROGRAM PRODUCT COST ANALYSIS**

The Indiana State Use Program reviews the cost data for completeness and accuracy of computations in an effort to provide the best cost value to the State of Indiana and other units of government.

### **EXPLANATION OF THE COST ANALYSIS WORK SHEET – Numbers align to those on form**

1. Date submitted to State Use Program.
2. Date in which product will be introduced/ approved/ discussed at State Use Committee meeting.
3. Name of participating work center
4. Name and direct telephone number of the person that State Use Program staff should call with any questions concerning the cost analysis.
5. Name of Item
6. Complete Description of Item
7. Item Number (if applicable)
8. Unit of Measure i.e. dozen, pair, case, pack, carton, quantities within each unit of measure
9. The minimum number of the product units for which the customer is required to purchase
10. The amount of time allowed for delivery from receipt of order.
11. Estimated annual sales per spend data or previous year sales.
12. The number of persons with disabilities involved in the production of the product being presented.
13. Of the total wages paid in the direct labor component, the percentage paid to person with disabilities.
14. Is the item new to the State Use Program or an existing item currently in the Program.
15. Name all material suppliers and distribution vendors.
16. Is the item current on a contract with a governmental entity?
17. Current incumbent vendor (if applicable)
18. If the product is on contract, when is the expiration date?
19. Which governmental agency currently holds the contract?
20. If known, who is the contract manager for this specific agency?
21. **MATERIAL COST:** Total cost of all raw materials needed to produce one complete packaged product unit ready for shipping, i.e., each, dozen, carton, box, case, etc.
22. **LABOR:**
  - Direct** – Actual work performed to the product unit by workers with disabilities, non-disabled workers, and first-line working supervisors in the preparation, processing, and packaging of the item.
  - Indirect** – First line supervision only.
23. **BURDEN:**
  - Overhead & Administration** – Those CRP costs allocated to the product i.e., other supervisory, accounting, purchasing, administrative, management, etc. as listed below:

**Personnel Costs** – All necessary salaries, fringe benefits, expenses and would include such positions as: directors, payroll staff, cost center managers, supervisors, clerical staff, contract procurement, administrative staff (i.e. executive director, administrative assistant, bookkeeper, etc.), and support staff.

**Personnel Support Costs** – Costs that are necessary to support and maintain the functioning of agency staff. They include general office supplies (e.g., paper, pencil, etc.), office equipment (e.g., typewriters, copying machines, etc.), office furnishings (e.g., desk, filing cabinets, etc.) travel contractual services, advertising, entertainment, and other miscellaneous expenses.

**Occupancy Costs** – Additional costs necessary to operate. They include space utilization costs (e.g., rent or mortgage, utilities, insurance, etc.), maintenance/ repair, supplies, equipment, and other related expenses.

**Equipment Amortization** – Usage allocation of equipment used to produce one complete packaged product unit ready for shipping. These shall be limited to equipment items with a unit value of \$1200 or more and an expected useful life of three or more years.

**Freight Allowance** – The cost of shipping one complete packaged product unit FOB Destination to the customer (average miles to known or projected destination).

**Other** – Those costs not allocated to previous burden categories, i.e., marketing, public relations, etc.

24. **TOTAL COSTS:** Lines 21 + 22 + 23

25. 5% State Use Program Service Fee

26. **CONTINGENCY:** Those revenue dollars in excess of expenses that the CRP needs in order to consider production of the product.

27. **TOTAL COSTS + PSF + CONTINGENCY:** Total CRP costs + Lines 25 + 26

28. **PROPOSED PRICE:** Considering Line 27, what is the proposed per unit price for product.