



Section 300: Proposal Development and Submission

OSR Policy 300.7 – Pro.5 — Estimating Fully Loaded Labor Hours

Corresponding with:

[OSR Policy 300.7](#) [Direct Costs: Personnel](#)

Procedure Statement

Most funding agencies require a proposed budget that estimates the total costs of the project, with a breakdown of each cost per year. A budget based on fully loaded hourly rates is one that includes the institutional base salary (IBS), fringe benefits, health insurance and F&A together in a lump sum. It is most often found with subcontractor budgets and must be calculated and shown at the proposal stage. Once an award is established, the sponsor agency will request an explanation of the process used to determine the fully loaded hourly rate. Thus, proposal budgets should show the cost and designation of each cost within the calculation to accurately report expenditures to the sponsor.

These costs are added together and divided by the number of hours worked per year to calculate a fully loaded hourly salary rate. The procedure below provides the steps for calculating such costs.

Forms/Instructions



[Research Administration Glossary at Carolina](#)

1. First, use the standard base hours as designated below to calculate fully loaded hourly rates for each individual. These have been calculated using a total of 2,080 hours per year (based on a 40-hour work week, 52 weeks per year) minus sick days/vacation days/holidays per year.

| | |
|--|-------------|
| EPA employees, full time, 12-month appointment | 1,696 hours |
| SPA employees, full time, 12-month appointment | 1,768 hours |
| EPA employees, full time, 9-month appointment | 1,272 hours |
| Post-docs, full time | 1,808 hours |
| EPA employees, full time, 3-month (summer) appointment | 424 hours |

2. Add together the individual's IBS, [fringe benefits and health insurance](#).
For example: A full time, EPA, 12-month appointee with an IBS of \$150,000.00.



| | |
|-----------------------|-----------|
| Salary | \$150,000 |
| Fringe Benefits @ 19% | \$ 28,500 |
| Health Insurance | \$ 4,293 |
| Subtotal | \$182,793 |

3. Multiply the applicable [F&A percentage rate](#) with the result from step 2. For this example, 46%:

$$\$182,793 \times .46 = \$84,085$$

4. Add the results from steps 2 and 3 to get the total amount:

$$\$182,793 + \$84,085 = \$266,878$$

5. Divide the total amount by the number of hours worked per year to determine the fully loaded hourly rate:

$$\$266,878 / 1,696 \text{ hours} = \$157.36 \text{ per hour}$$

Revision History

Prior Revisions: The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill's [Division of Finance](#).

