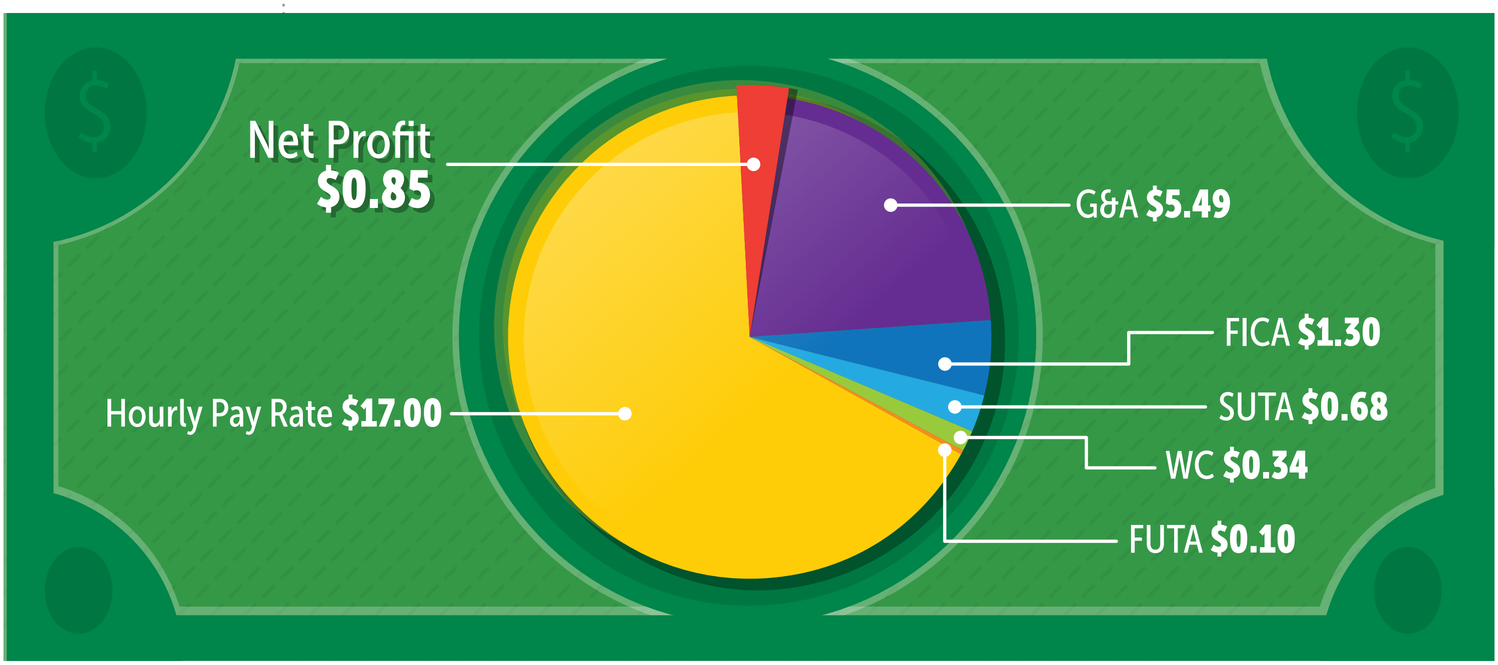
UNDERSTANDING STAFFING PROFIT

What commonly goes into staffing company bill rates?

Isn't their profit simply what they charge a client minus what they pay the temporary employee? This factsheet breaks down bill rates and resulting profit.

For example, when a staffing company pays the national **average hourly rate of $17,** it would have to **mark up** that pay rate by **51.5%,** resulting in a **bill rate of $25.76,** to cover operating expenses and legally mandated labor costs and achieve the industry's national average **net profit rate of 3.3%** (or $0.85 per hour in this example).

BILL RATE: $25.76



- **HOURLY BILL RATE:** Charged to client
- **HOURLY PAY RATE:** Paid to staffing employee
- **LEGALLY MANDATED LABOR COSTS**
  - **FICA** (7.65%): Social Security (6.20%) and Medicare (1.45%)
  - **FUTA** (0.60%): Federal Unemployment Tax Act (varies by state—minimum used, including maximum potential credits)
  - **SUTA** (4.00%): State Unemployment Tax Act (varies by state)
  - **WC** (1.99%): Workers' compensation (varies by work type and state)
- **G&A:** General and administrative expenses (18.70%) for operating and overhead costs such as corporate employee payroll, taxes, and benefits; rent; equipment; and advertising and marketing
- **NET PROFIT:** What is left for the staffing company after all expenses

Questions?

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NOTE: The average hourly pay rate is from the latest ASA Staffing Employee Survey conducted among nearly 12,000 temporary and contract workers. The average net profit and G&A percentages are from the ASA Staffing Operations Benchmarking Survey.