

TOPIC C

Enter Costs for Resources

Now that you've set up your resources and adjusted their availability, you can define how the resources accumulate cost. This will give you further flexibility in tracking your costs as the project progresses.

Resource Costs

The cost rate table on the **Costs** tab enables you to see, add, and change the costs associated with a resource. You can set a resource's normal **Standard Rate**, **Overtime Rate**, and **Per Use Cost**.

Resource Information

General | **Costs** | Notes | Custom Fields

Resource Name: Contractor

Cost rate tables

For rates, enter a value or a percentage increase or decrease from the previous rate. For instance, if a resource's Per Use Cost is reduced by 20%, type -20%.

A (Default)	B	C	D	E
	Effective Date	Standard Rate	Overtime Rate	Per Use Cost
	--	\$50.00/h	\$75.00/h	\$0.00

Cost accrual: Prorated

Buttons: Help, Details..., OK, Cancel

Figure 5-8: Enter resource costs on the Costs tab of the Resource Information dialog box.

Resource Cost Rate Tables

Resources don't always remain at the same rates over the life of a project. People may get raises that take effect on a certain date. You can specify different rates beginning on specified dates. There are two methods for doing this. The first method is to enter the changed rate as a number (such as **60**). The second method is to enter the changed rate as a percentage of the old rate (such as **20%**). When using the second method, you must add the percent sign or Project will interpret it as a number. Entering a positive percentage increases the rate, and a negative percentage decreases the rate.

A contractor may charge different rates depending on the type of work being performed. You can specify how costs change using cost tables. The cost tables are lettered. Each table can contain rates that change at specified time periods. For example, you can use **Cost Table A** to specify the default

rates of a resource and any change in that resource's default rate, such as a raise, or a discount during the off-season. You can use multiple cost tables if a resource has different rate schedules that may come into play during a project. For example, a contractor may charge more for tasks that are dangerous. You can create a cost table that can be specified at the time you assign the resource to the task to reflect the different rate.

Resource Information

General Costs Notes Custom Fields

Resource Name: Contractor

Cost rate tables

For rates, enter a value or a percentage increase or decrease from the previous rate. For instance, if a resource's Per Use Cost is reduced by 20%, type -20%.

A (Default)	B	C	D	E
Effective Date	Standard Rate	Overtime Rate	Per Use Cost	
--	\$50.00/h	\$75.00/h	\$0.00	
Fri 1/1/21	\$60.00/h	\$90.00/h	\$0.00	

Cost accrual: Prorated

Help Details... OK Cancel

Figure 5–9: Use cost rate tables to record changing rates over the life of the project.

You can also use cost rate tables with material resources. For example, you may have discounted rates for buying larger quantities or different rates depending on the choice of material quality. You can use the cost rate tables to see how the variable rates affect the project cost when you change them.



Access the Checklist tile on your CHOICE Course screen for reference information and job aids on How to Enter Costs for Resources.

ACTIVITY 5–3

Entering Resource Costs

Before You Begin

The **My HR Manual Resources.mpp** file is open.

Scenario

You have asked the Finance Department for the labor rates for your project team, and you now have them. The writers and editor work under a contract that provides for a rate increase on October 1 of every year. You also checked with the paper supplier and have a rate that the project will pay for paper. It is time to add these rates to the project plan.

1. Add resource costs to the project plan.

- a) If necessary, on the ribbon, select **View→Resource Sheet**.
- b) Enter the standard and overtime rates for each resource.
 - **Resource Name:** *Project Manager*; **Std. Rate:** *150,000/y* to set an annual salary
 - **Resource Name:** *Writer 1*; **Std. Rate:** *60*; **Ovt. Rate:** *90*
 - **Resource Name:** *Writer 2*; **Std. Rate:** *60*; **Ovt. Rate:** *90*
 - **Resource Name:** *Editor*; **Std. Rate:** *60*; **Ovt. Rate:** *90*
 - **Resource Name:** *Attorney 1*; **Std. Rate:** *60*; **Ovt. Rate:** *90*
 - **Resource Name:** *Attorney 2*; **Std. Rate:** *60*; **Ovt. Rate:** *90*
 - **Resource Name:** *HR Manager*; **Std. Rate:** *100,000/y*
 - **Resource Name:** *Paper*; **Std. Rate:** *5.00*

2. Add a provision to increase the labor rates of Writer 1 by 5 percent on October 1, 2020.

- a) Double-click the **Writer 1** resource name to open the **Resource Information** dialog box.
- b) Select the **Costs** tab.

- c) In the first blank row, enter information for the new rate.
- In the **Effective Date** field, enter **10/1/2020**
 - In the **Standard Rate** field, enter **5%**
 - In the **Overtime Rate** field, enter **5%**



Note: Verify that the rates have been increased by the desired percentage.

Resource Information

General Costs Notes Custom Fields

Resource Name:

Cost rate tables

For rates, enter a value or a percentage increase or decrease from the previous rate. For instance, if a resource's Per Use Cost is reduced by 20%, type -20%.

A (Default)	B	C	D	E
	Effective Date	Standard Rate	Overtime Rate	Per Use Cost
	--	\$60.00/h	\$90.00/h	\$0.00
	Thu 10/1/20	\$63.00/h	\$94.50/h	\$0.00

Cost accrual:

Help Details... OK Cancel

- d) Select **OK**.
3. Repeat Steps 2a-d for **Writer 2** and **Editor**.
4. Save your changes and close the file.
- a) Select **File→Save**.
 - b) Select **File→Close**.