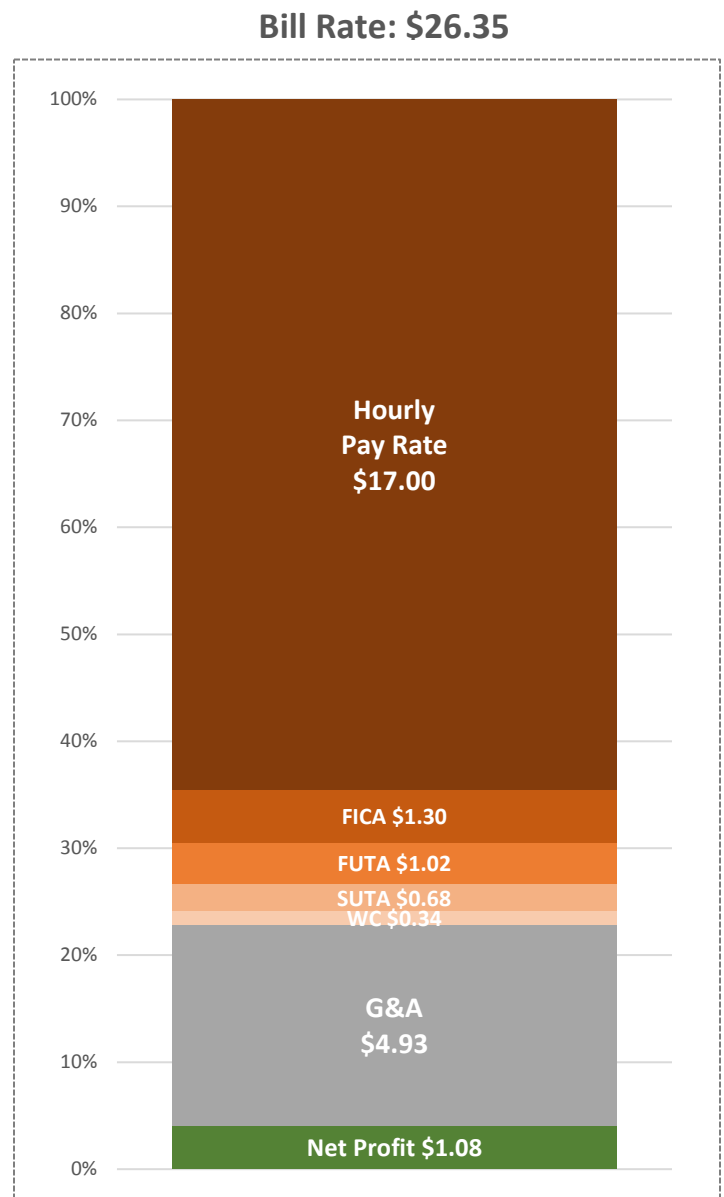


## Understanding Staffing Profit

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 **55%**, resulting in a **bill rate of \$26.35**, to cover operating expenses and legally mandated labor costs and achieve the industry's national average **net profit rate of 4.11%** (or \$1.08 per hour in this example).

- ❖ **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 (6.00%):** Federal Unemployment Tax Authority (varies by state—maximum used, excluding any potential credits)
  - **SUTA (4.00%):** State Unemployment Tax Authority (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



*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 among more than 100 staffing companies.*

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