

FRONTLINE[®] FUNDING

financial strategies & customized funding



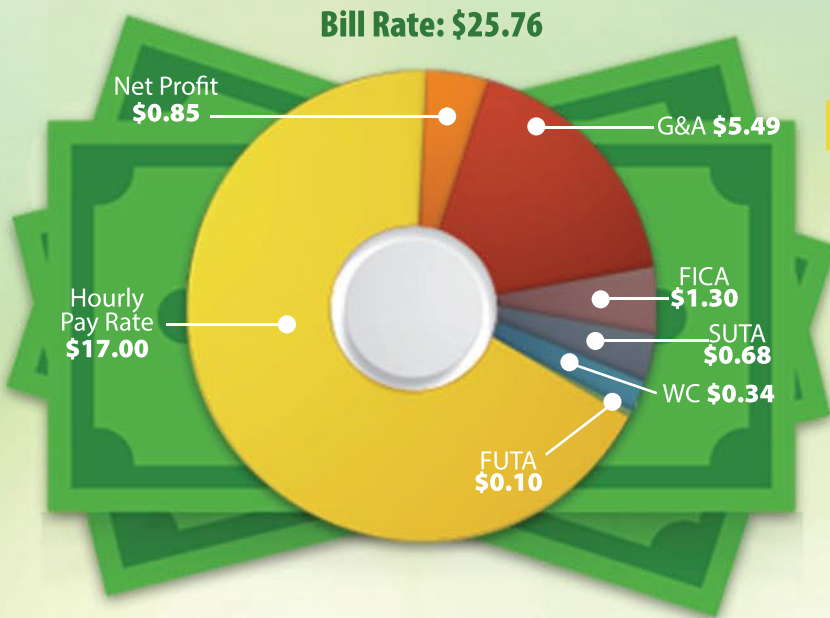
Understanding Staffing Profit



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**).



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

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.

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