

Worksheet for Estimating the Cost of Hiring a New Employee

Time period for calculation: _____

Job Classification: _____

Number of People Hired: _____

Number of Leavers: _____

Define a period of time such as six months or one year. Calculate your costs associated with hiring new employees (estimate or use actual costs depending on your accounting and record keeping process). Estimate salaries based on the amount of time personnel will be engaged in that activity (hourly rate X number of hours spent including cost of benefits). Estimate materials and equipment costs based on depreciation schedules or other estimates depending on your accounting practices. Here is a list of suggested items that may be associated with hiring a new employee. Your list may be different depending on your employment practices.

Recruitment costs:	Amt.	Selection costs:	Amt.	Orientation & Training costs:	Amt.
Help wanted ads (newspaper, radio, TV, Internet, etc.)		Background clearances and reference checks (postage, long distance phone charges, etc.)		Salaries of new employee	
<i>Marketing material</i>		Driver license checks		Salaries of supervisory employees	
• Video		Applicant testing time and materials		<i>Salaries of HR employees</i>	
• Brochures		Application packet materials and screening materials		• Review of benefits and salary	
• Recruitment cards		<i>Salaries of HR employees</i>		• Review of policies and procedures	
• Other		• Application reviews		• Review of and training in job duties	
• Salaries of employees involved in development of materials		• Interviews		• Time associated with necessary record keeping	
<i>Community outreach</i>		• Reference checking		Other costs associated with meeting licensing documentation and other record keeping requirements.	
• Salaries of employees who go out to groups to talk about you as an		• Verifying credentials			

employer (including preparation time)				
• Salaries of support employees who field phone inquiries about job openings		• Other salary costs associated with selection such as support staff engaged in processing applications		Other costs associated with turnover:
• Equipment needed for presentations, etc. (equipment rental, computers, LCD projectors, etc.)		Postage, office supplies, etc. needed in selection process for checking credentials and references.		Overtime paid to employees when positions remain open
• Mileage reimbursement		Other costs associated with selection process		
• Job fair fees and promotional materials				Non-monetary costs: *
Salaries of HR employees or recruiters				Long term employee burnout
Postage, office supplies, etc. needed for recruitment efforts				Employee morale issues associated with high turnover
Other costs associated with recruitment efforts				Quality of support issues associated with high turnover
				Consumer, family member and/or legal guardian dissatisfaction with services due to high turnover
Total		Total		Total
Total number of new employees hired during the time period you defined:				Add all totals together for the grand total: Grand Total
Divide the grand total (dollars) by the total number of new hires to give you an estimated cost per hire for the defined time period.				* You may not be able to calculate these costs as easily because they involve loss of trust, motivation, etc.