

Managing Rate Changes

1 Introduction

In the world of project controls, rate changes on in-flight projects are almost inevitable. This lesson looks at the common challenges and questions surrounding the rules, processes and mechanics of introducing changed rates into an in-flight Deltek Cobra project.

1.1 In this lesson...

- Common questions and concerns regarding rate changes
- Creating an alternative rate file
- How to manage rate changes in Cobra
- Forecast classes
- Adding new forecast classes
- Verifying your new forecast class data
- Class-level rate changes (forecast and budget)
- Project-level rate changes (budget)

Cobra 5 Fundamentals – Managing the Forecast

1.2 Common questions about rate changes

Rate change requirements that occur during the period of performance are always a point of concern for the project controls team. Common questions about the best way to manage rate changes are considered in this section. Let's look at these and then discuss the generally accepted strategies for dealing with them.

1.2.1 Q - Can rate changes be funded from Management Reserve?

Answer: Yes – provided the rate changes have been approved.

Management Reserve is used for in-scope but undefined cost on a project. Approved rate changes fall into this category because they are associated with existing baseline cost assignments. While rates may have been escalated in the original budget, unforeseeable increases or decreases may be extensive enough to cause variances in a project that is otherwise progressing more or less as planned.

In other words, failure to address rate changes correctly will result in ongoing administrative variance.

This fact could potentially mask true performance related variances and undermine the very purpose of using a performance management system. If we assume that all variances are related to rates changes, we may miss a cost overrun that was due to something entirely unrelated.

1.2.2 Q - Can baseline rates be retroactively changed in the EVM baseline?

Answer: No. History cannot be changed in the EVMS.

Rate changes should be reflected only in future periods of the project and should never be retroactively applied to prior periods. Cobra is designed to protect history and the integrity of the EVM data. It is actually fairly difficult to make changes to closed periods in Cobra. If finance has been providing actual costs based upon new rates before the formal approval was received by the project team, a current period adjustment should be made and the change documented.

1.2.3 Q - Should rate changes be applied to the baseline Budget or Forecast?

Answer: Prior to formal approval, rate changes can be modeled in the forecast. Upon formal approval, rate changes can be applied to the budget for future periods only.

1.2.4 Q - How do I change rates in Deltek Cobra?

Answer: Deltek Cobra supports multiple rate files. You can create additional rate files and apply them to specific cost classes in Deltek Cobra. You can then recalculate the cost class to see the impact of the new rates.

Cobra 5 Fundamentals – Managing the Forecast

1.3 Creating a New Rate File

The first step in modelling new rates in Cobra is to create an additional rate file that contains the new rates.

This next example shows how to create a new rate file by copying and then modifying the existing project rate file. There are two ways to do this, and which you choose will largely depend on the extent of the modifications required.

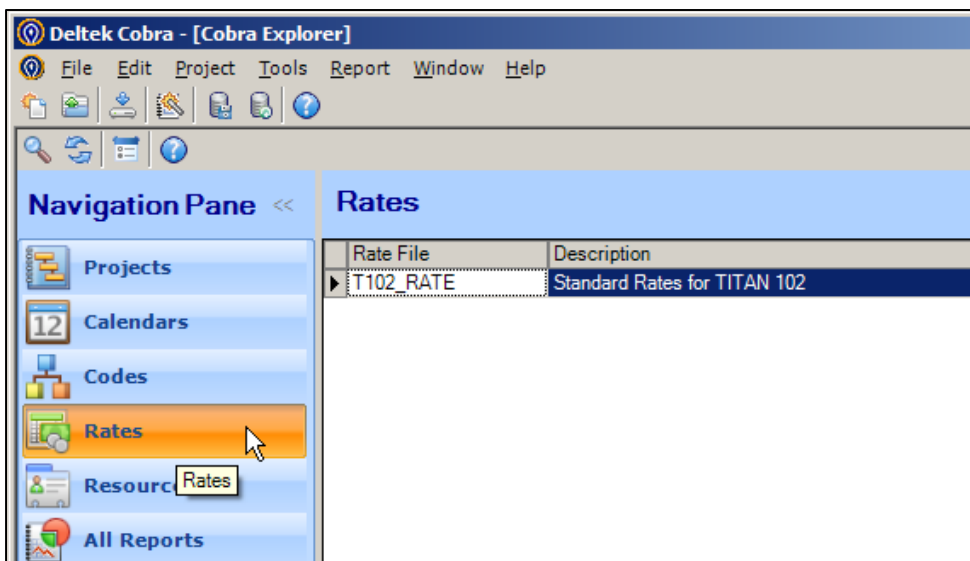
Option 1 – For minor changes: Copy existing rate file and make manual modifications to rates.

Option 2 – For extensive changes: Export the rates to an Excel spreadsheet, modify them and reload them into a new rate file using the Integration Wizard.

1.3.1 Option 1 Exercise: Copy and Existing Rate File

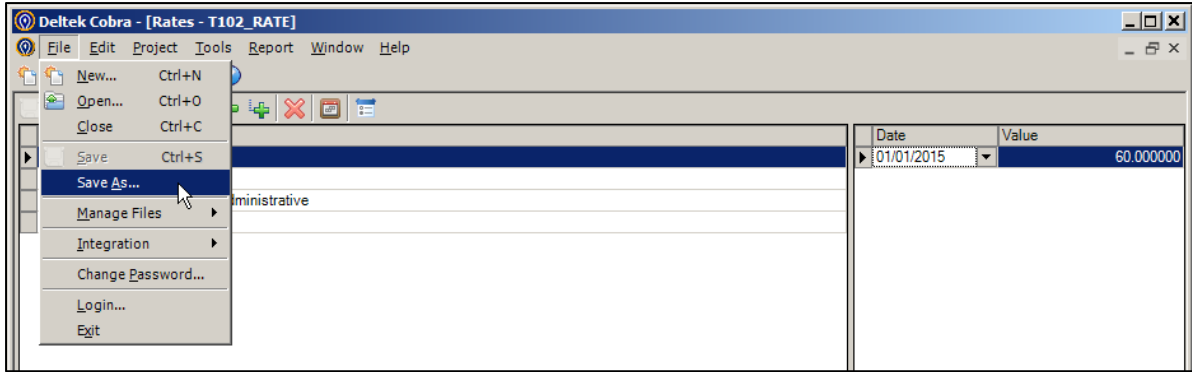
The following example show the steps for copying and modifying an existing project rate file. In this example we are making a simple manual change to the **General and Administrative** values from 2016 onwards.

1. Click on the **Rates** option in the **Navigation Pane** of the Cobra Explorer tab.

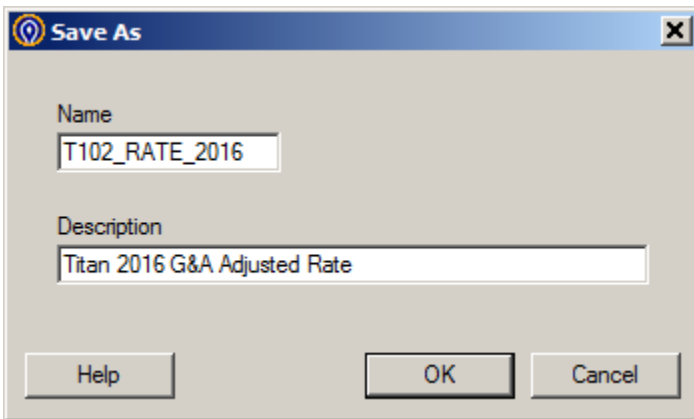


2. Double-click to open the **Rate** file you wish to copy. In this example the **T102_RATE** file will be copied.
3. With the rate file open, click on the **File | Save As...** menu option.

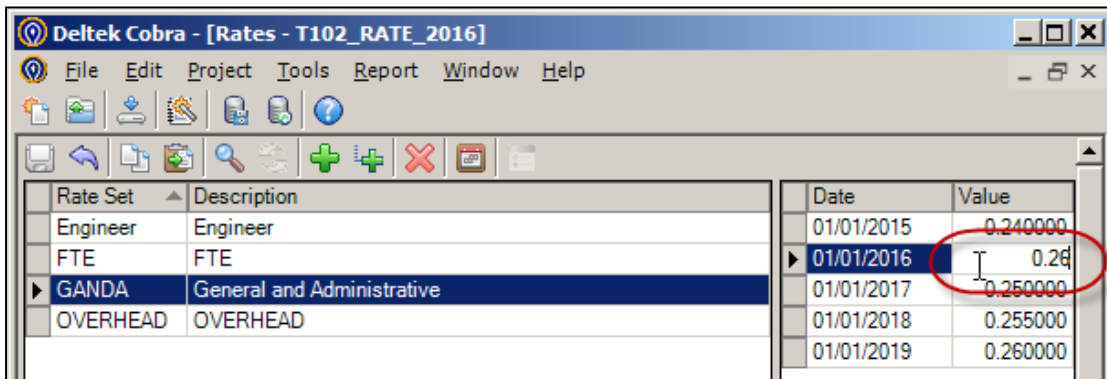
Cobra 5 Fundamentals – Managing the Forecast



4. In the **Save As** dialog, enter a new name and description for your copy of the rate file.

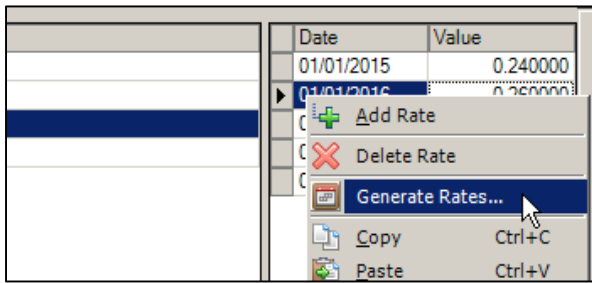


5. Click **OK**.
6. In the new copy rate file, you can manually enter the rate increases by typing them directly into the Value column of the selected rate. In this example, G&A is selected and the rates are being entered by hand, increasing the 2016 rate from 0.245000 to 0.260000.

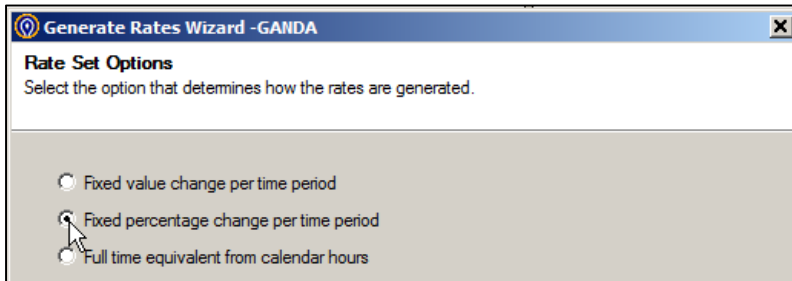


Cobra 5 Fundamentals – Managing the Forecast

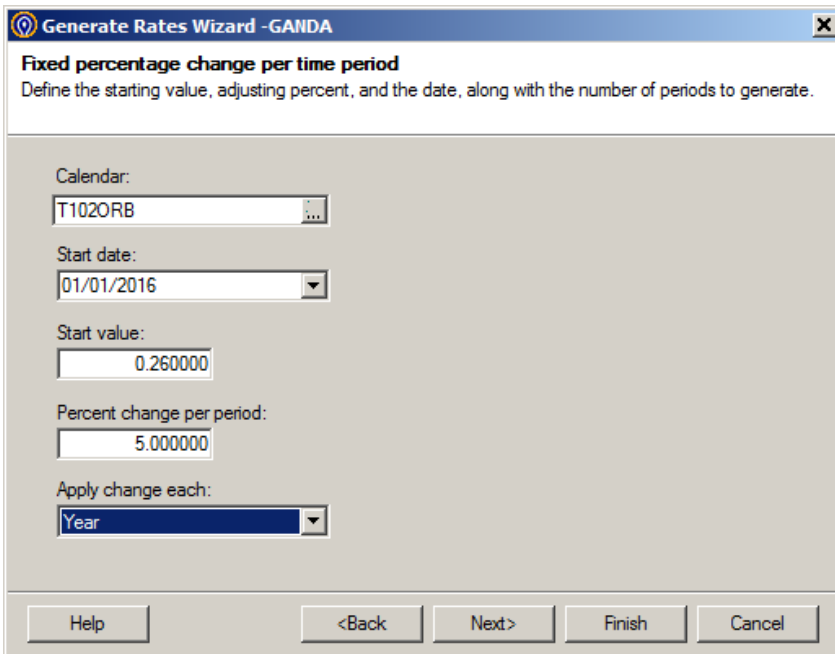
Note: you can also right-click on the Value cell and select the 'Generate Rates' option.



This allows you to increase the remaining rate period values based upon a fixed amount or percentage per period increase.

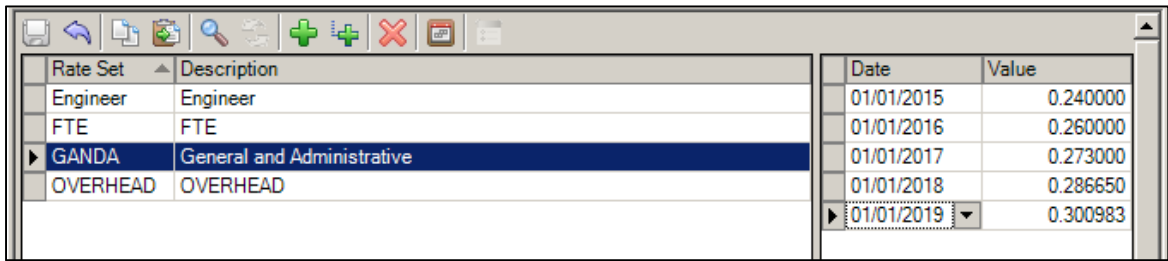


You can then enter the calendar to use, start date and value increase. So if you wanted to increase the G&A by 5% per year from 01/01/2016, the following settings would do that for you.



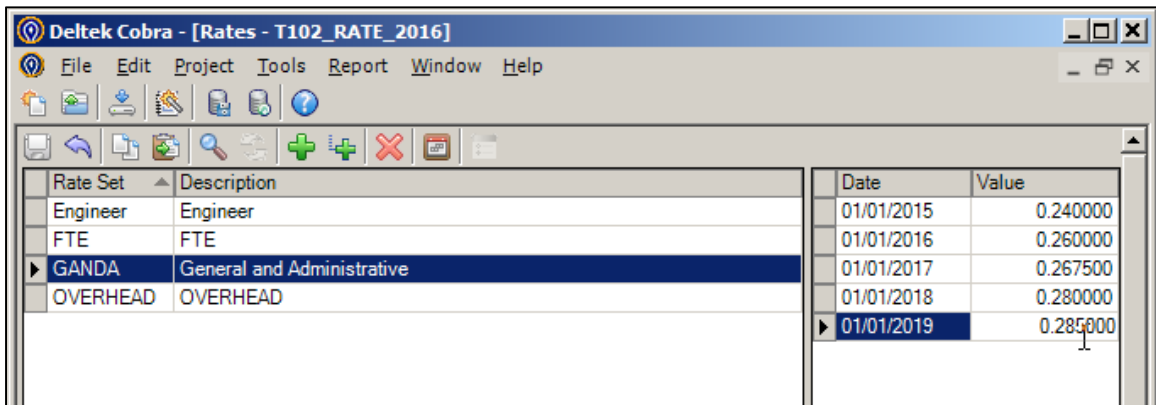
Cobra 5 Fundamentals – Managing the Forecast

The results would appear as follows:



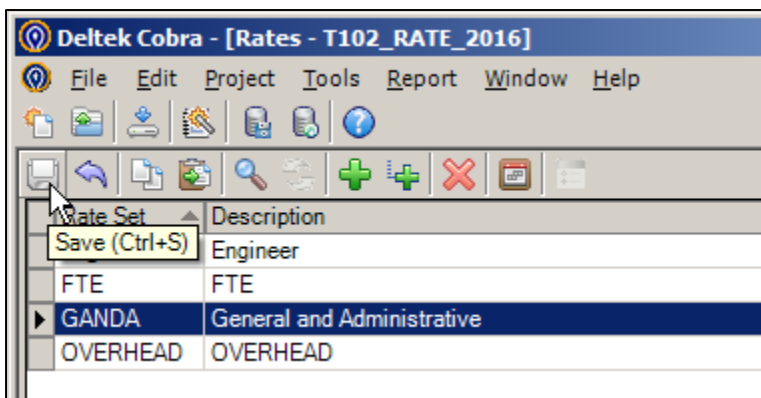
Rate Set	Description	Date	Value
Engineer	Engineer	01/01/2015	0.240000
FTE	FTE	01/01/2016	0.260000
GANDA	General and Administrative	01/01/2017	0.273000
		01/01/2018	0.286650
		01/01/2019	0.300983

- Returning to our manual change example: we have entered the following values into each of the future periods for G&A.



Rate Set	Description	Date	Value
Engineer	Engineer	01/01/2015	0.240000
FTE	FTE	01/01/2016	0.260000
GANDA	General and Administrative	01/01/2017	0.267500
		01/01/2018	0.280000
		01/01/2019	0.285000

- Click the **Save** button to write your changes to the Cobra database.



This completes the steps for updating a rate in your newly created project rate file.

Cobra 5 Fundamentals – Managing the Forecast

1.3.2 Option 2 Exercise: Exporting the rates to an Excel Spreadsheet

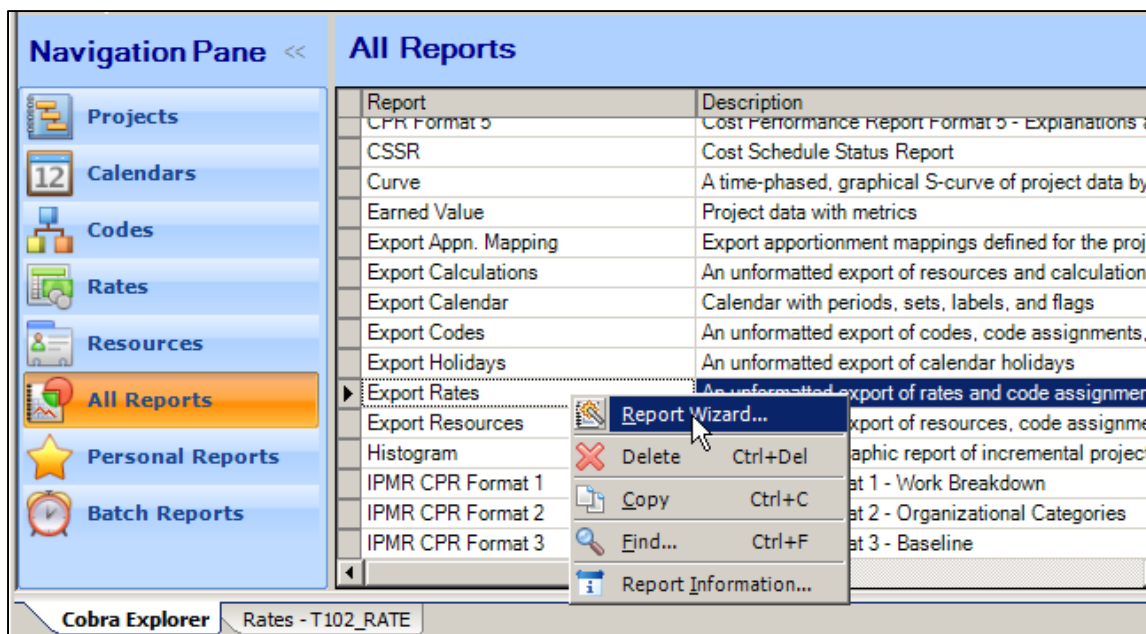
For extensive changes to a large number of rates, you may find it easier and more efficient to create a copy of your rate file, and then export the rates to an Excel spreadsheet. Make your changes by utilizing the capabilities of Excel, and then update your rate file by loading the Excel spreadsheet back in through the Integration Wizard.

Outline of Steps:

1. Open the original rate file and use the **Save As...** feature to make a copy of it (as seen in previous section).
2. Export the rates to a spreadsheet by running Export Rates report.
3. Update the rate records in the spreadsheet.
4. Import the updated rates back into the file via the Integration Wizard.

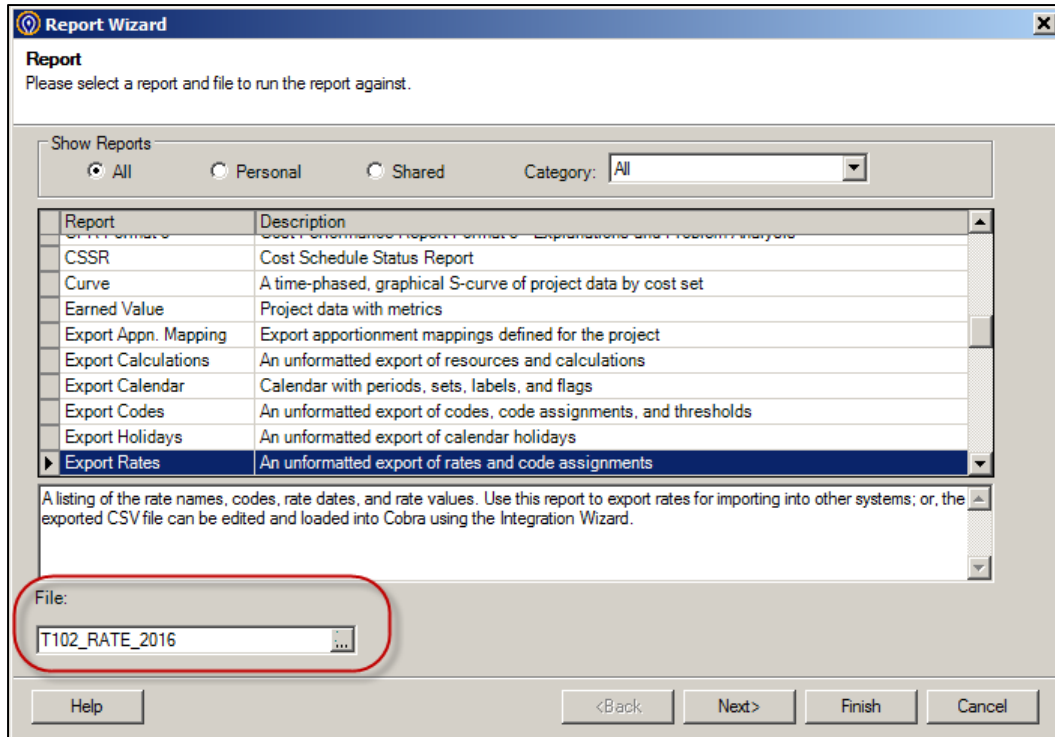
Here are the details of the steps using our previous example. Follow these steps to modify your rates using Microsoft Excel.

1. Having created a copy of the original rate file using the **Save As...** method, click on the **All Reports** option in the **Navigation Pane**.



2. Locate the **Export Rates** report and right-click to select **Report Wizard**, or double-click to run the Report Wizard.
3. In the **Report Wizard** dialog, verify that the **File:** option is pointing to the desired rate file.

Cobra 5 Fundamentals – Managing the Forecast

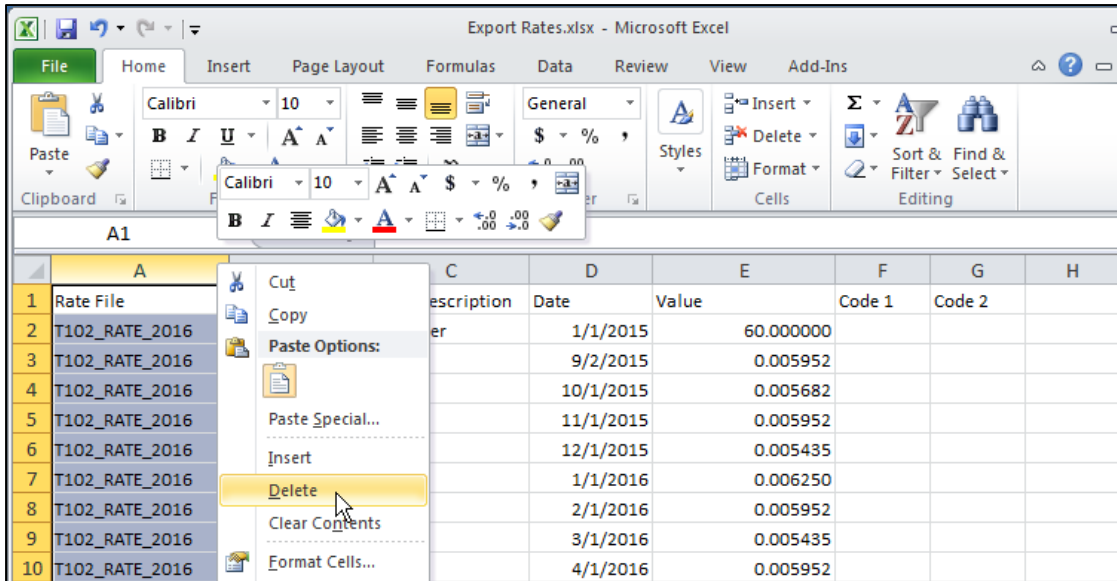


4. Click the **Finish** button to run the report. Microsoft Excel will open with an unformatted dump of the rates in the selected file. This spreadsheet will be the basis for your update import file so we will make a couple of modifications to the layout to help with the import process first.

	A	B	C	D	E	F	G	H
1	Rate File	Rate Set	Rate Description	Date	Value	Code 1	Code 2	
2	T102_RATE_2016	Engineer	Engineer	1/1/2015	60.000000			
3	T102_RATE_2016	FTE	FTE	9/2/2015	0.005952			
4	T102_RATE_2016	FTE	FTE	10/1/2015	0.005682			
5	T102_RATE_2016	FTE	FTE	11/1/2015	0.005952			
6	T102_RATE_2016	FTE	FTE	12/1/2015	0.005435			
7	T102_RATE_2016	FTE	FTE	1/1/2016	0.006250			
8	T102_RATE_2016	FTE	FTE	2/1/2016	0.005952			
9	T102_RATE_2016	FTE	FTE	3/1/2016	0.005435			

5. Delete column A in the spreadsheet. This is redundant for importing and clutters the spreadsheet.

Cobra 5 Fundamentals – Managing the Forecast



- Rename the header in column **C** from '**Rate Description**' to just '**Description**': the heading 'Rate Description' is not recognized by the Import Mapper when selecting the 'File includes a header row' option. More about that further on.

	A	B	C	D	E	F	G	H
1	Rate File	Rate Set	Rate Description	Date	Value	Code 1	Code 2	
2	T102_RATE_2016	Engineer	Engineer	1/1/2015	60.000000			
3	T102_RATE_2016	FTE	FTE	9/2/2015	0.005952			
4	T102_RATE_2016	FTE	FTE	10/1/2015	0.005682			
5	T102_RATE_2016	FTE	FTE	11/1/2015	0.005952			
6	T102_RATE_2016	FTE	FTE	12/1/2015	0.005435			
7	T102_RATE_2016	FTE	FTE	1/1/2016	0.006250			
8	T102_RATE_2016	FTE	FTE	2/1/2016	0.005952			
9	T102_RATE_2016	FTE	FTE	3/1/2016	0.005435			
10	T102_RATE_2016	FTE	FTE	4/1/2016	0.005952			
11	T102_RATE_2016	FTE	FTE	5/1/2016	0.005682			
12	T102_RATE_2016	FTE	FTE	6/1/2016	0.005682			
13	T102_RATE_2016	FTE	FTE	7/1/2016	0.006250			
14	T102_RATE_2016	FTE	FTE	8/1/2016	0.005435			

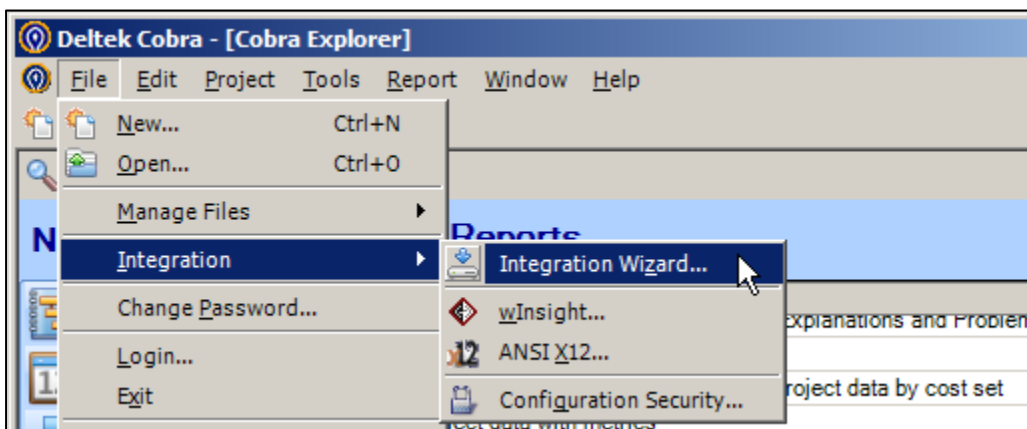
- Now make the necessary Set changes to the rates in the **Values** column for each rate record.

Cobra 5 Fundamentals – Managing the Forecast

	A	B	C	D	E
55	FTE	FTE	1/1/2020	0.005682	
56	FTE	FTE	2/1/2020	0.006250	
57	FTE	FTE	3/1/2020	0.005682	
58	GANDA	General and Administrative	1/1/2015	0.240000	
59	GANDA	General and Administrative	1/1/2016	0.260000	
60	GANDA	General and Administrative	1/1/2017	0.267500	
61	GANDA	General and Administrative	1/1/2018	0.280000	
62	GANDA	General and Administrative	1/1/2019	0.260000	
63	OVERHEAD	OVERHEAD	9/1/2015	0.100000	
64					
65					

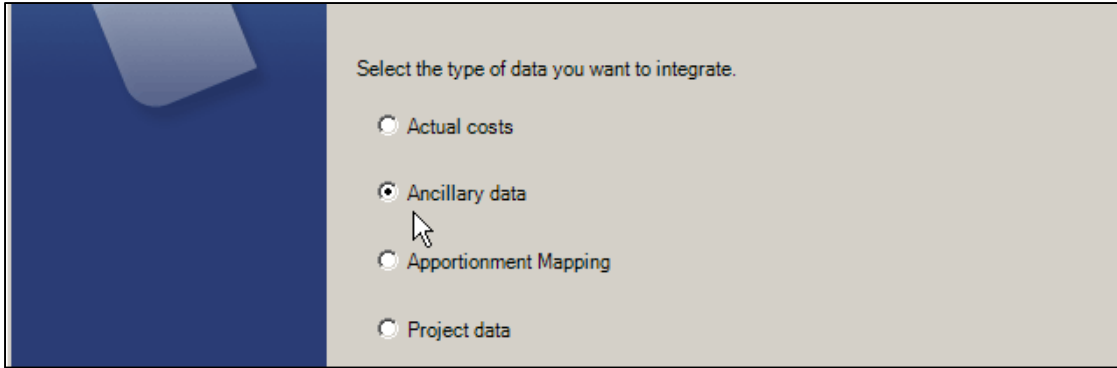
Note: if you use formulas to change the rate values, be sure to copy the column and then use **Paste Values** to replace the column data with values. This will remove the formula from the cells which Cobra will not be able to read during the import.

8. Save the file as an **XSLX** file or a **CSV** file. The latter will remove the formulas from the cells. This is sometimes a better option as you can always open the CSV file in Notepad to examine it for improper data items such as blank spaces or incorrect text that are not evident when loading and XLSX file into Cobra.
9. Having saved the XLSX or CSV file, run the **Integration Wizard** using the **File | Integration** submenu.



10. Select **Ancillary Data**.

Cobra 5 Fundamentals – Managing the Forecast

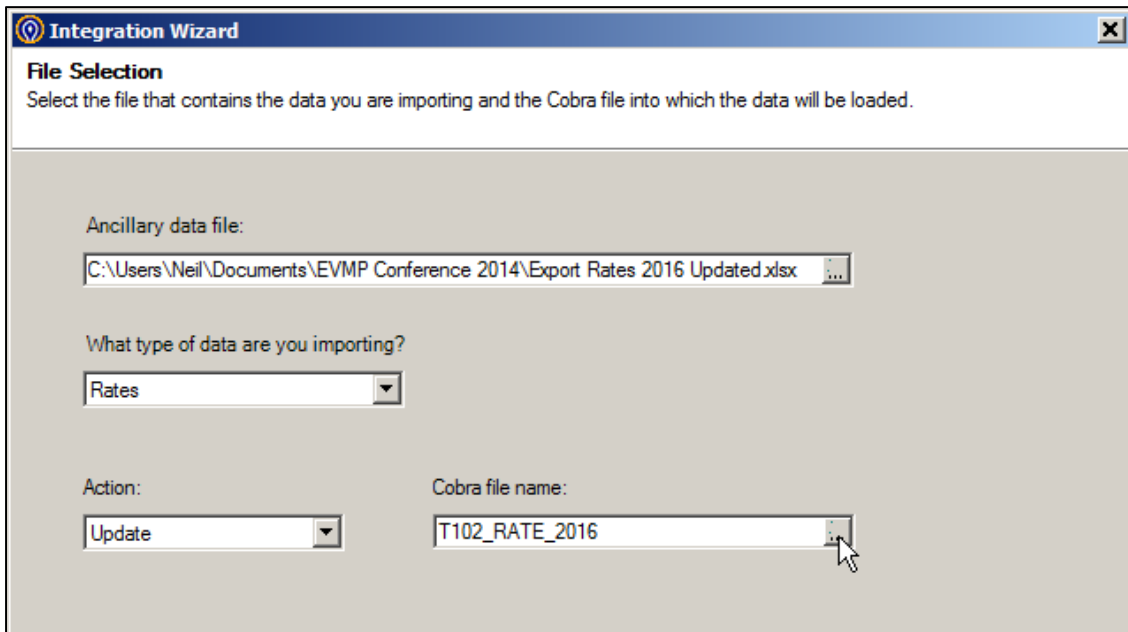


11. **Next>**.

12. **Create a new configuration.**

13. **Next>**.

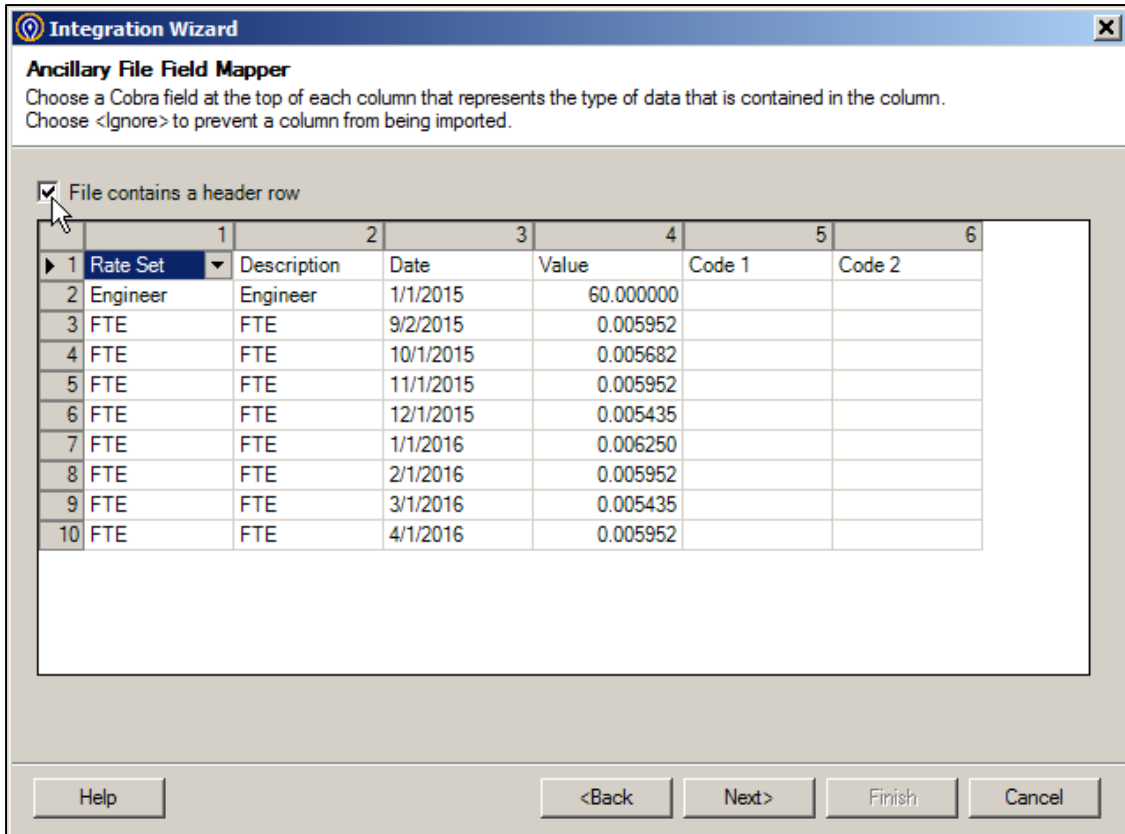
14. In **File Selection**, locate your XLSX Ancillary data file and enter the other required fields being sure to select the new copy of the rate file as your target for updating.



15. **Next>**.

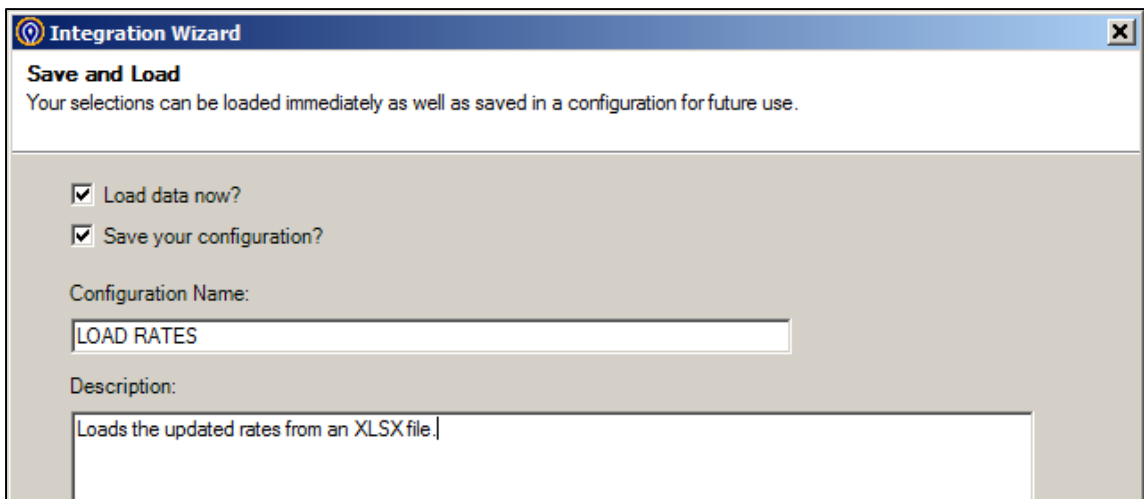
16. In the Ancillary File Field Mapper, select the 'File Contains a header row' option. If the column headers have been named correctly, the mapper will automatically map the correct columns.

Cobra 5 Fundamentals – Managing the Forecast



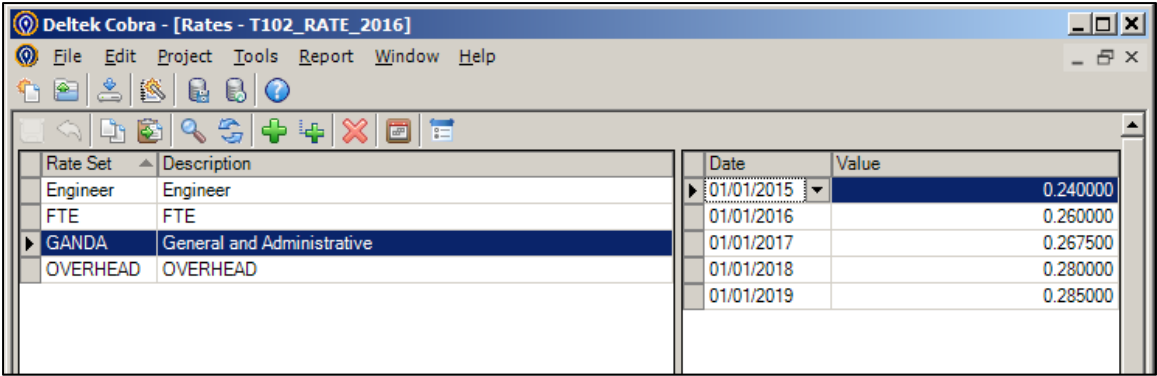
17. **Next>**.

18. In the **Save and Load** dialog:



19. Click **Next** twice more to complete the wizard and then examine the results in the new rates file.

Cobra 5 Fundamentals – Managing the Forecast



The screenshot shows the Deltek Cobra application window titled "Deltek Cobra - [Rates - T102_RATE_2016]". The interface includes a menu bar (File, Edit, Project, Tools, Report, Window, Help) and a toolbar with various icons. The main area is divided into two tables. The left table lists rate sets and their descriptions, with "GANDA" selected. The right table shows the date and value for the selected rate set.

Rate Set	Description	Date	Value
Engineer	Engineer	01/01/2015	0.240000
FTE	FTE	01/01/2016	0.260000
GANDA	General and Administrative	01/01/2017	0.267500
OVERHEAD	OVERHEAD	01/01/2018	0.280000
		01/01/2019	0.285000

20. The new rates can be seen in the GANDA rate dates and values table.

Cobra 5 Fundamentals – Managing the Forecast

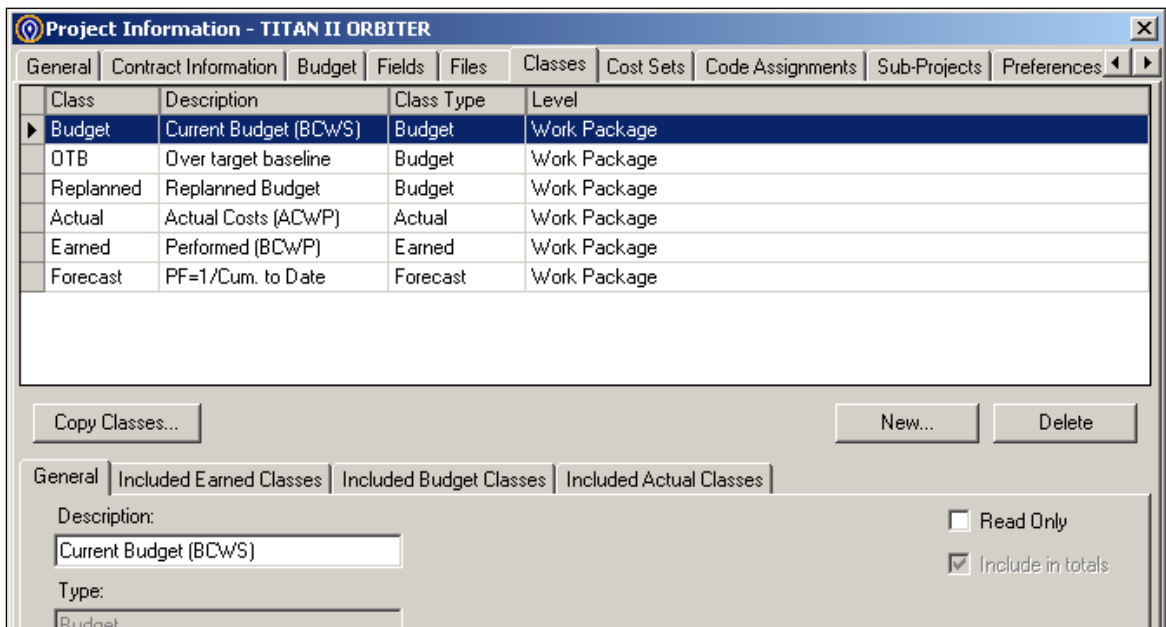
1.4 Assigning the New Rates

Having created an updated rate file, we now need to associate these rates with cost classes in the project. Assuming that the rates are not yet approved, you may want to assign the rates to a Forecast class to see the impact of change to the remaining period of performance. To do this, we will now see how to add the new rates to a new Forecast Class.

1.4.1 Exercise: Adding a New Forecast Class

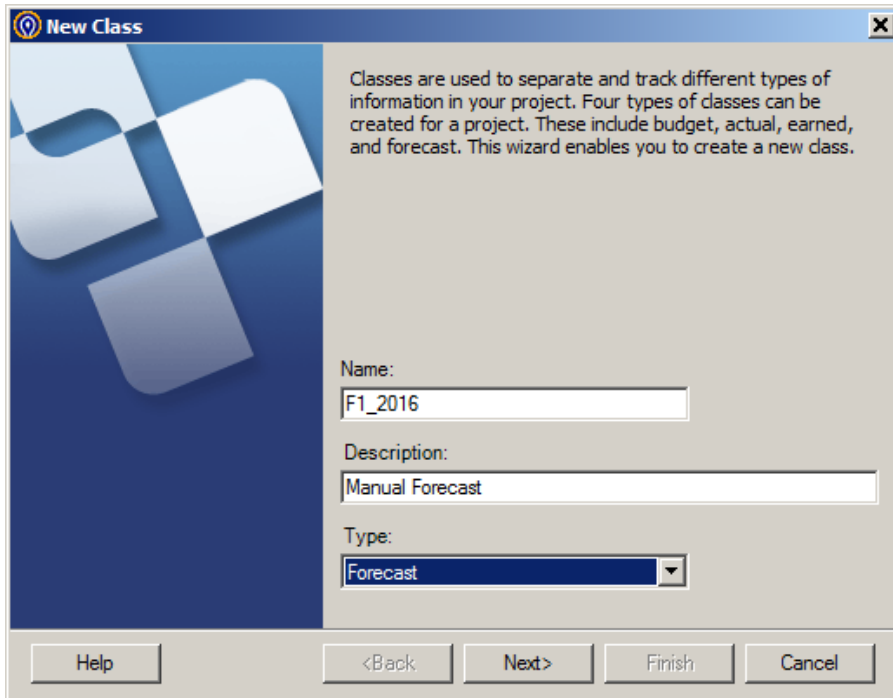
The following steps show how to create a new forecast class.

1. In the **Project Information** dialog's **Classes** tab, click on the **New...** button.

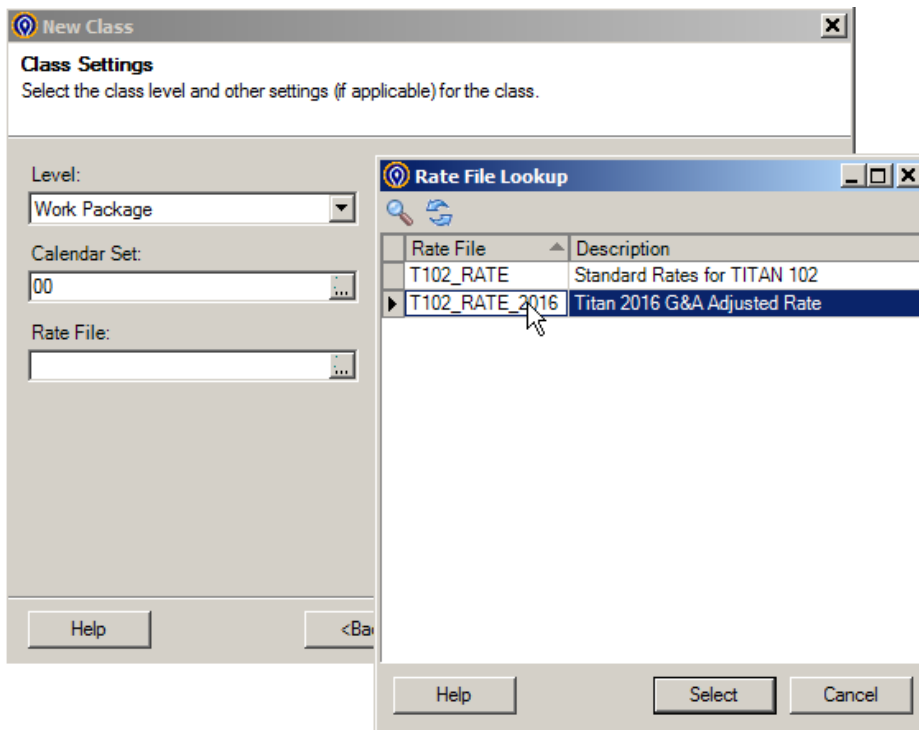


2. In the **New Class** dialog, enter a **Name**, **Description** and **Type** value for your new class, in this example the type is **Forecast**.

Cobra 5 Fundamentals – Managing the Forecast



3. Click the **Next>** button.
4. In the **Class Settings** dialog, set the **Rate File:** field to the new rate file.



Cobra 5 Fundamentals – Managing the Forecast

5. In the **Forecast Class** dialog, select the following options in the **Forecast Method** and **Forecast Dates** fields.

New Class

Forecast Class
Select the forecast method, the forecast dates, and other settings (if applicable) for the forecast class.

Forecast method:
Manual Forecast (Retain ETC)

Forecast Dates:
Forecast

Help <Back Next> Finish Cancel

6. Click **Next>**.
7. In the **Confirmation** dialog, click **Finish**.

Project Information - T102ORB

General Contract Information Budget Fields Files **Classes** Cost Sets Code Assignments Sub-Projects Preferences Access Control

Class	Description	Class Type	Level
Actual	Actual Costs (ACWP)	Actual	Work Package
Accrual	Accrual Cost Class	Actual	Work Package
Budget	Current Budget (BCWS)	Budget	Work Package
OTB	Over target baseline	Budget	Work Package
Replanned	Replanned Budget	Budget	Work Package
Forecast	CPI Cum to date	Forecast	Work Package
Earned	Performed (BCWP)	Earned	Work Package
▶ F1_2016	Manual Forecast	Forecast	Work Package

Copy Classes... Delete New...

General Included Earned Classes Included Budget Classes Included Actual Classes

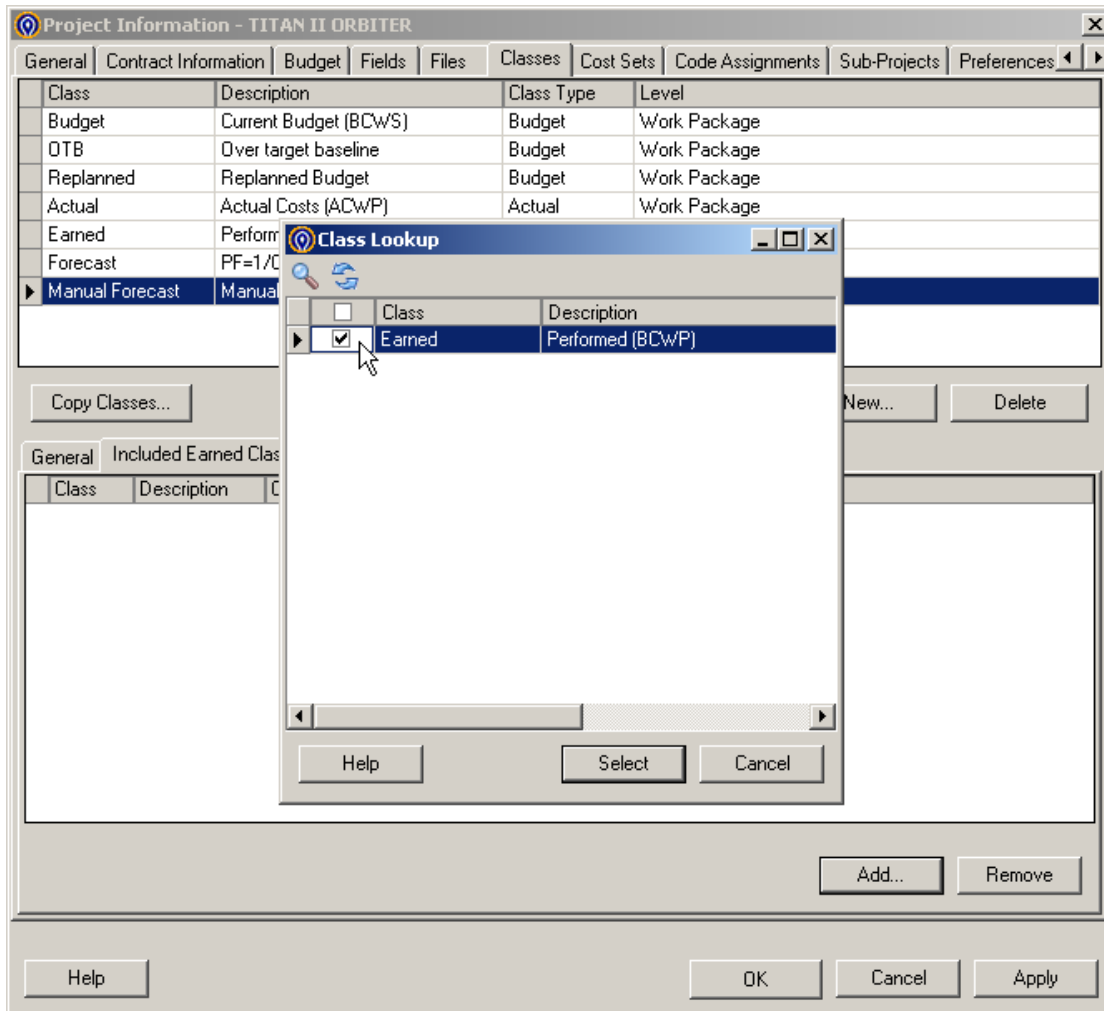
Description: Manual Forecast Forecast method: Manual Forecast (Retain EAC) Prevent editing Time Phased Grid

Type: Forecast Include in EAC Suppress calculation of source results

8. Select the new forecast class.

Cobra 5 Fundamentals – Managing the Forecast

- Click on the **Included Earned Classes** tab, and enter the Earned class using the **Add...** button.



- Click the **Select** button to select the **Earned** class from the **Class Lookup** dialog.
- Click on the **Included Budget Classes** tab and add the **Budget** and **Replanned** classes.
- Click on the **Included Actual Classes** and add the **Actual** class.
- Click the **Apply** button to set and save your changes.
- Click **OK** to close the **Project Information** dialog.

Cobra 5 Fundamentals – Managing the Forecast

1.5 Initializing the Forecast

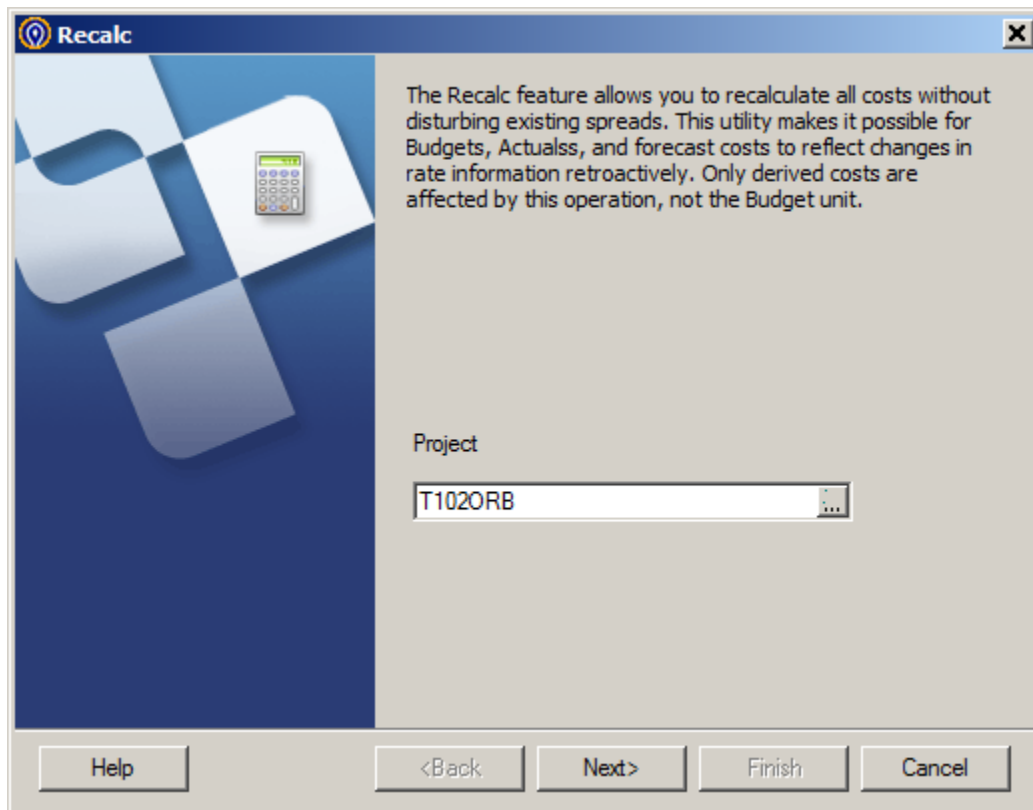
Before any actual work begins on the project, any manual forecasts must be initialized. Initializing the manual forecast is the process by which the current budget is copied over to the forecast classes and becomes the basis for the ETC.

To copy the budget to a forecast class we will be using the Reclass function.

1.5.1 Exercise: Initializing the Forecast

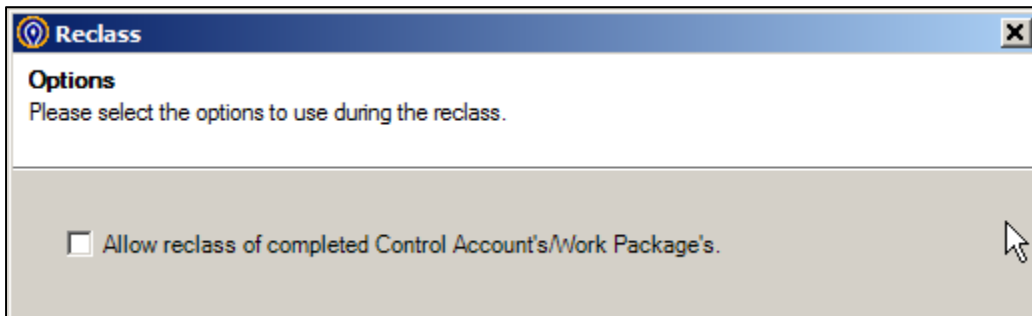
Follow these next steps to initialize the manual forecast you have created.

1. Click on the **Project** menu and choose the **Reclass...** option.
2. In the **Reclass** dialog, select the project in which the reclass will occur. In this example, we will select the **T102ORB** project.

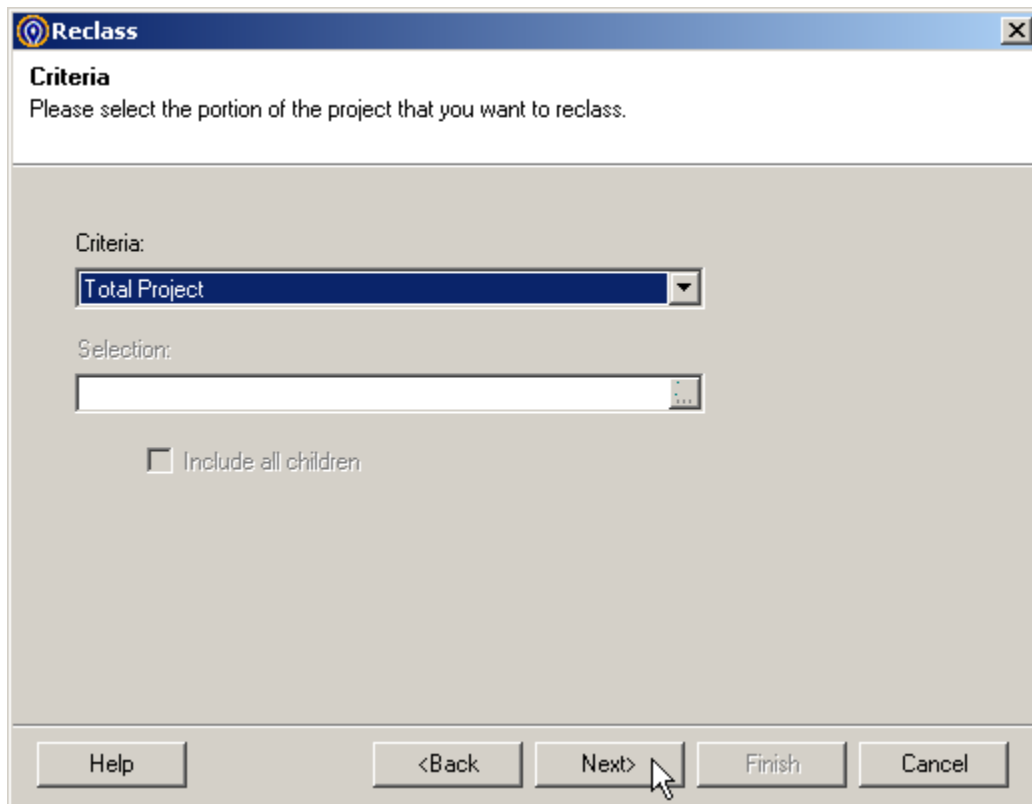


3. Click the **Next>** button.
4. In the **Options** dialog, click **Next>**. Do not allow the re-classing of completed control accounts or work packages.

Cobra 5 Fundamentals – Managing the Forecast



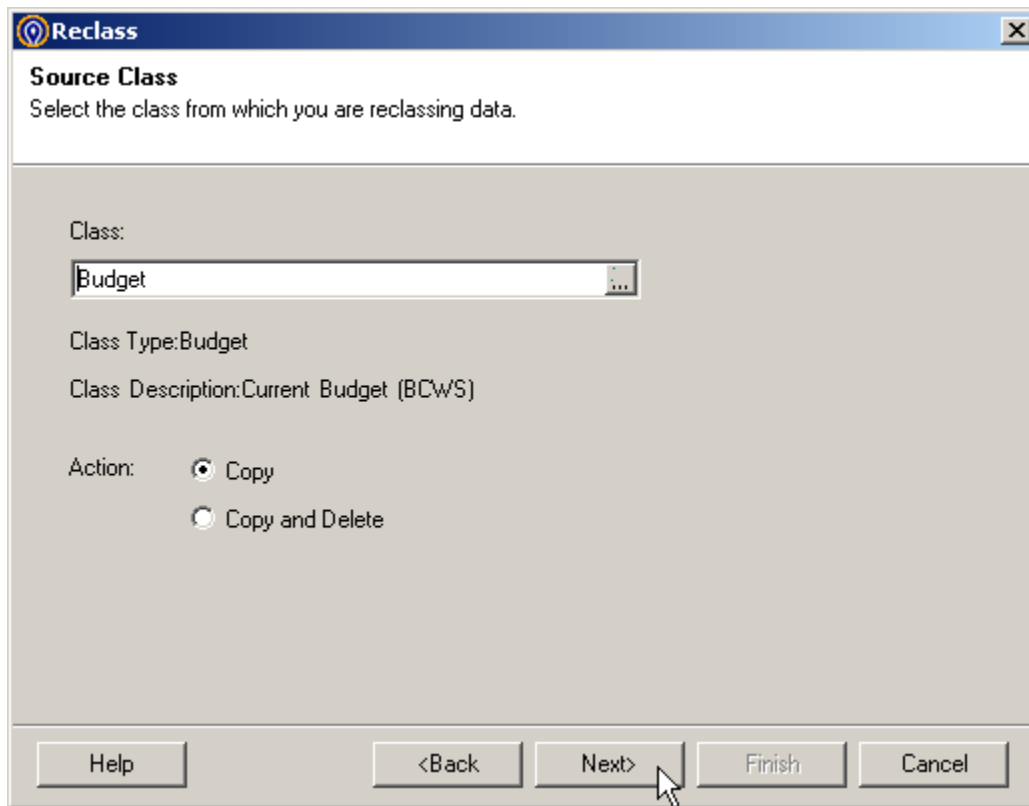
5. In the **Criteria** dialog, select **Total Project**.



6. Click **Next>**.
7. In the **Source Class** dialog, select the **Budget** class.

Cobra 5 Fundamentals – Managing the Forecast

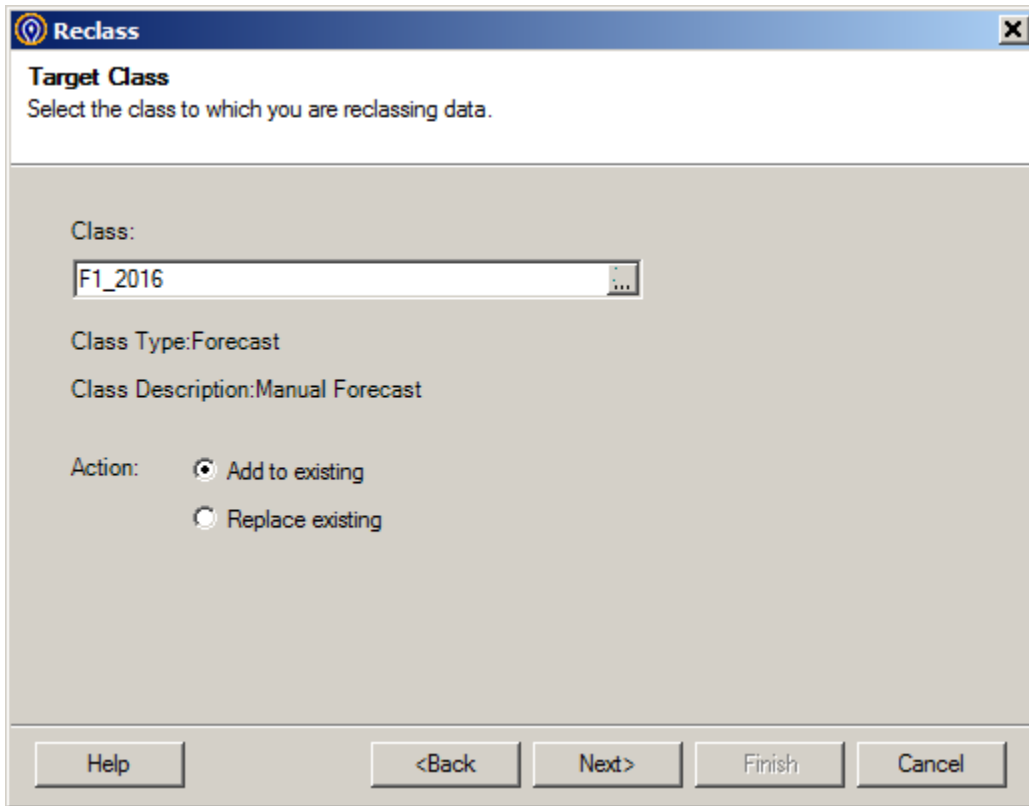
- Verify that the **Copy** radio button is selected (default).



- Click **Next>**.
- In the **Target Class** dialog, select the **Manual Forecast** class you created in the previous exercise.

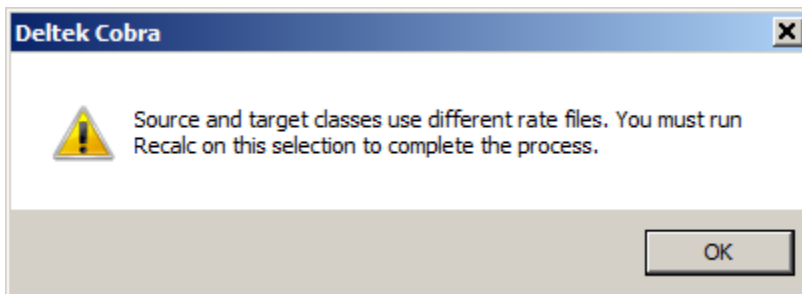
Cobra 5 Fundamentals – Managing the Forecast

11. Click on the **Add to existing** radio button.



12. Click **Next>**.

Note: you will see a prompt that the source and target classes are using different rate tables and that you will need to recalculate to see the correct results. Click **OK** to this prompt.



13. In the **Date Range** dialog, select the **Reclass all periods after the status date of the project** radio button.

Cobra 5 Fundamentals – Managing the Forecast

14. Check the **Copy baseline dates to forecast dates** check box.

Reclass

Date Range
Please select the date range where you want the reclass to apply.

Reclass all periods in your project.

Reclass all periods after the status date of the project.

Reclass by a specific date range.

From: 2015-09-01

To: 2020-03-31

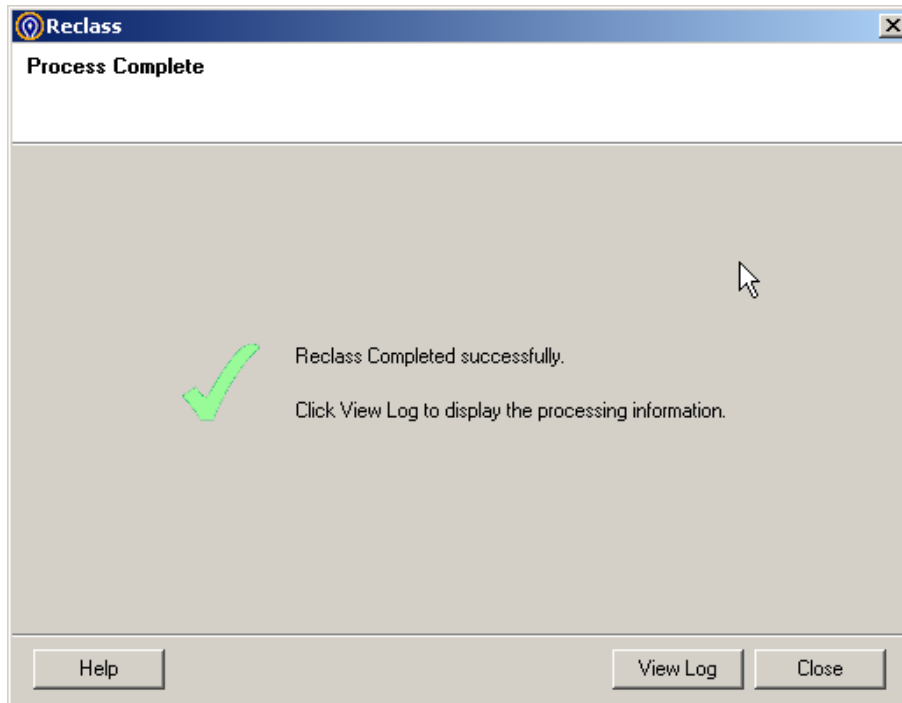
Copy baseline dates to forecast dates

Help <Back Next> Finish Cancel

15. Click **Next>**.
16. In the **Confirmation** dialog, click the **Finish** button.

Cobra 5 Fundamentals – Managing the Forecast

17. In the **Process Complete** dialog, click on the **Close** button.

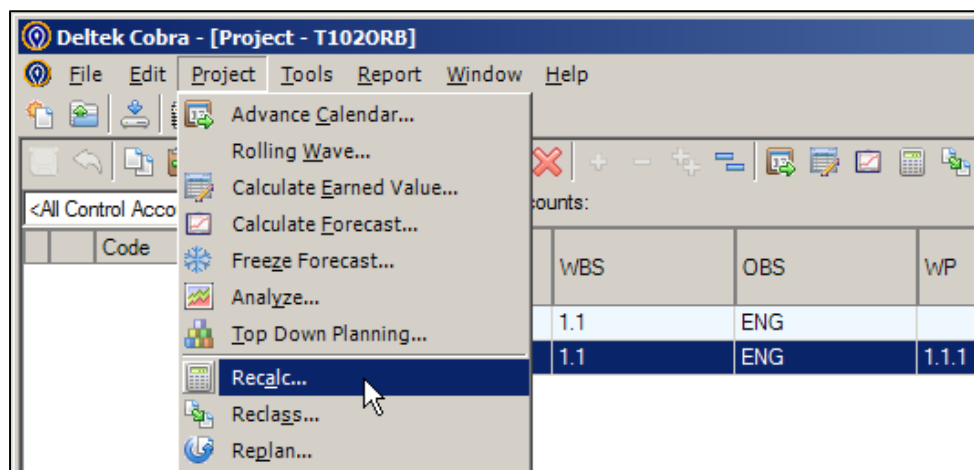


This concludes the reclass process. Your Manual Forecast class will now be present in all the work packages that have a budget class.

1.5.2 Recalculating the new Forecast Class

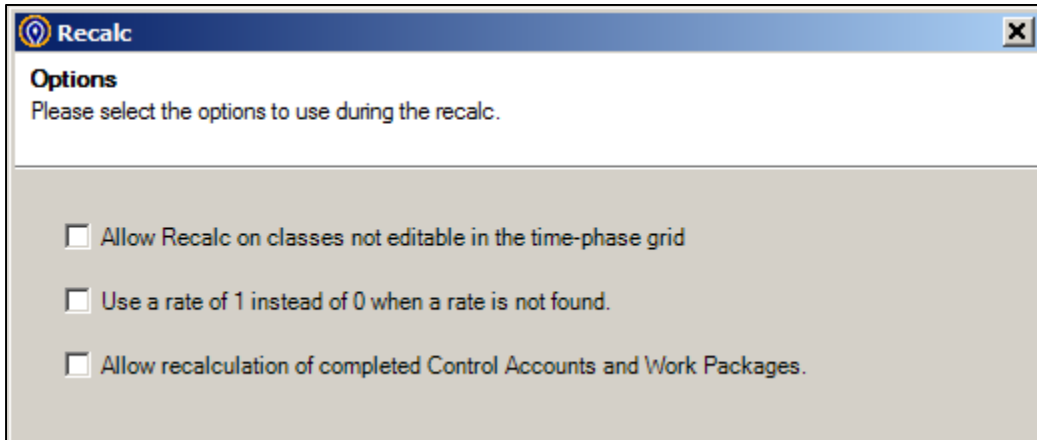
It will now be necessary to run a recalculation of the newly initialized forecast class in order to generate ETCs that are based upon the new rates in the remaining periods.

1. In the **Project** menu, choose the **Recalc...** option.

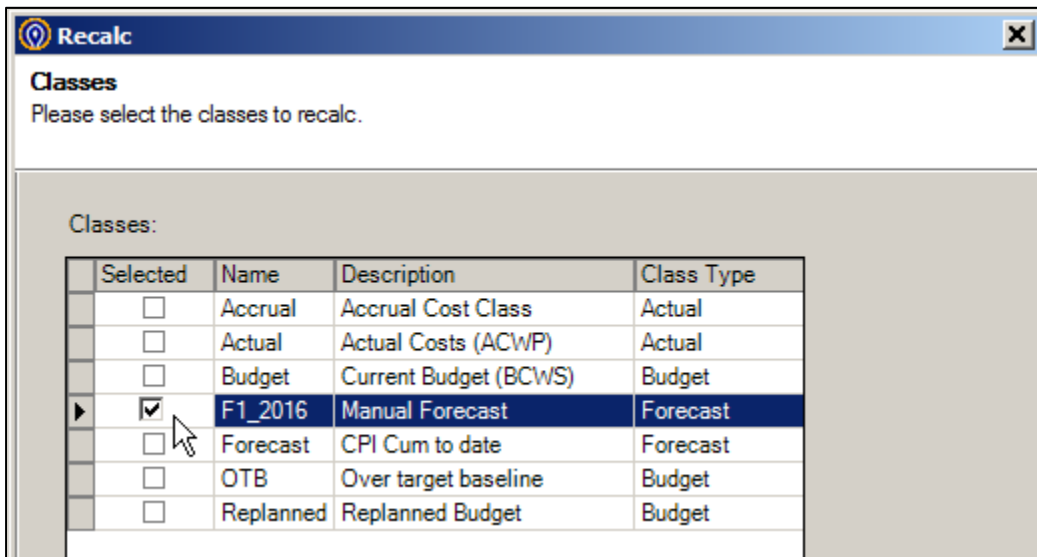


Cobra 5 Fundamentals – Managing the Forecast

2. Select the project to recalculate and then click **Next>**.
3. In the **Options** dialog, do not select any options that allow you to recalculate completed work packages.

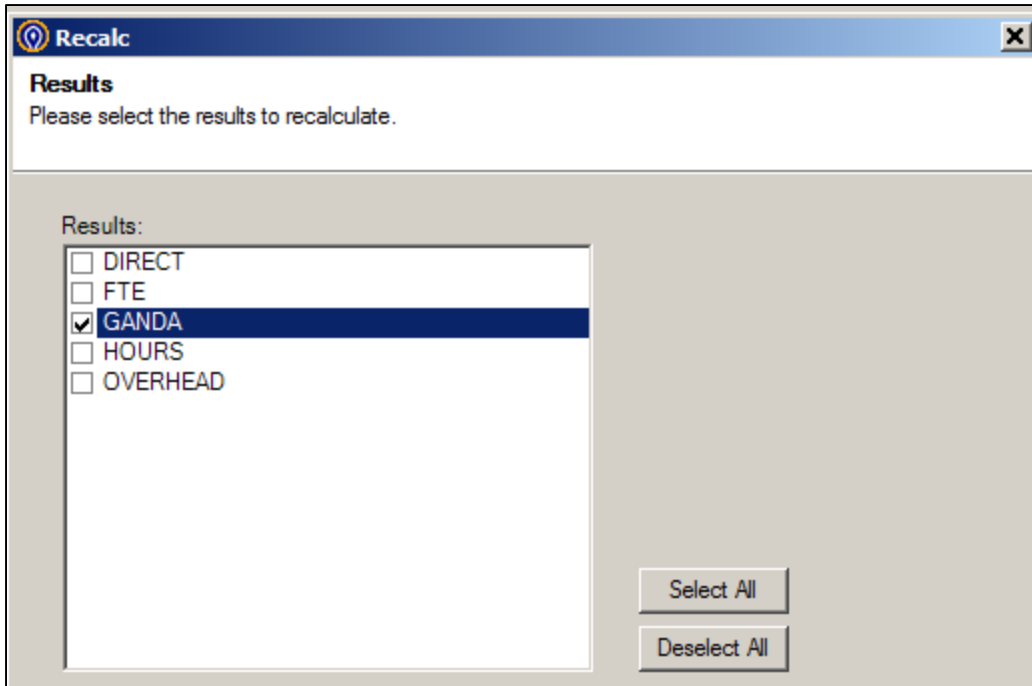


4. In the **Classes** dialog, select the new forecast class to recalculate.

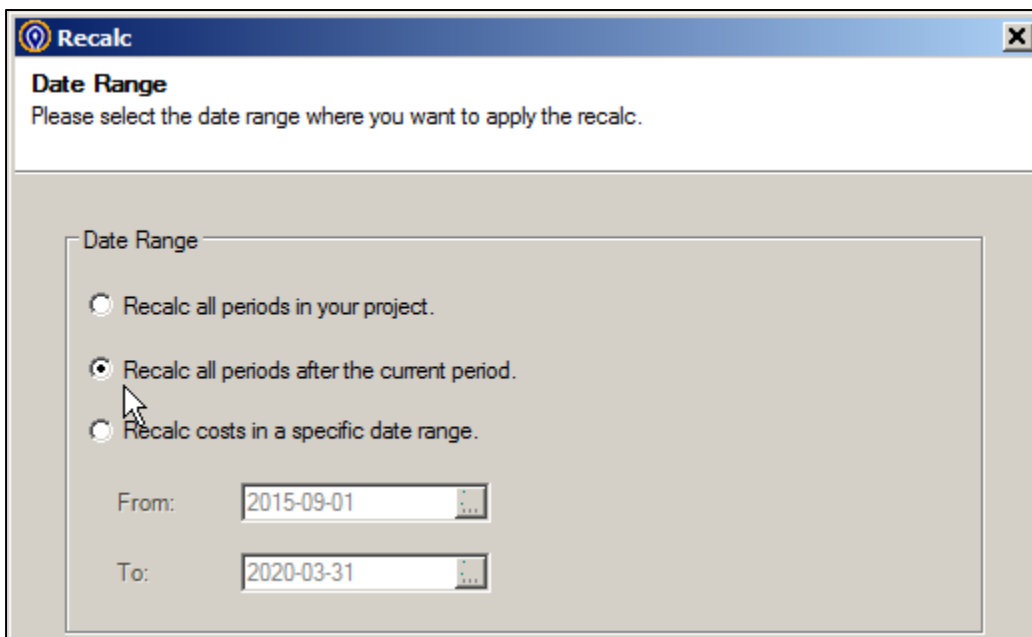


5. In the **Results** dialog, select the results you wish to recalculate. As we have only changed the **GANDA** in this example, we will only recalculate that result.

Cobra 5 Fundamentals – Managing the Forecast



6. In the **Date Range** dialog, select **Recalc all periods after the current period**.

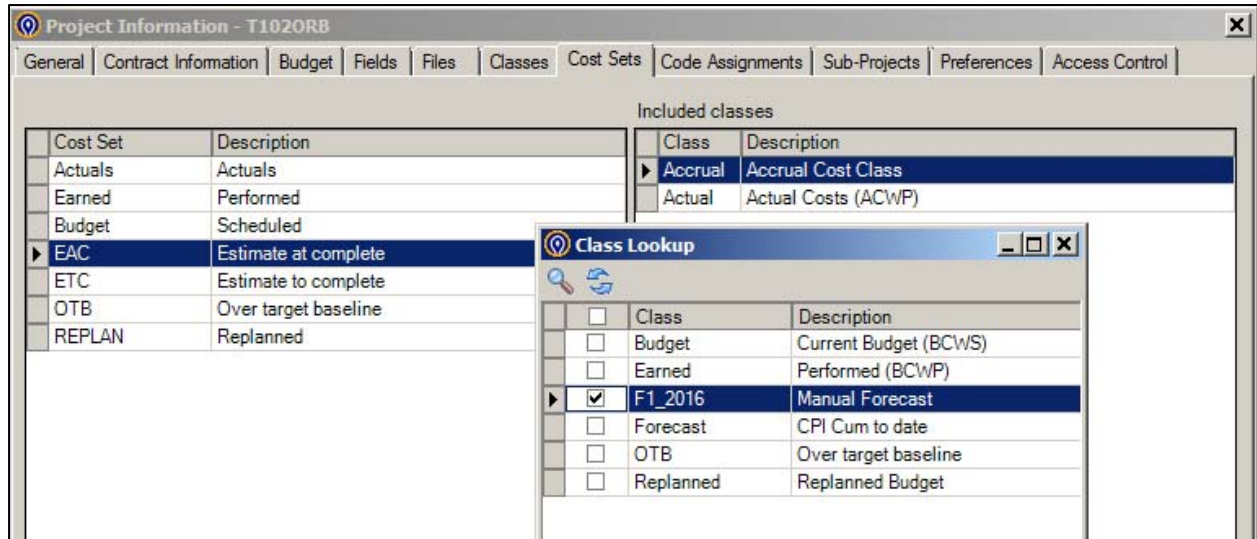


7. Click **Finish** and then check the results in your Time-phased resource table area for the Forecast class.

Cobra 5 Fundamentals – Managing the Forecast

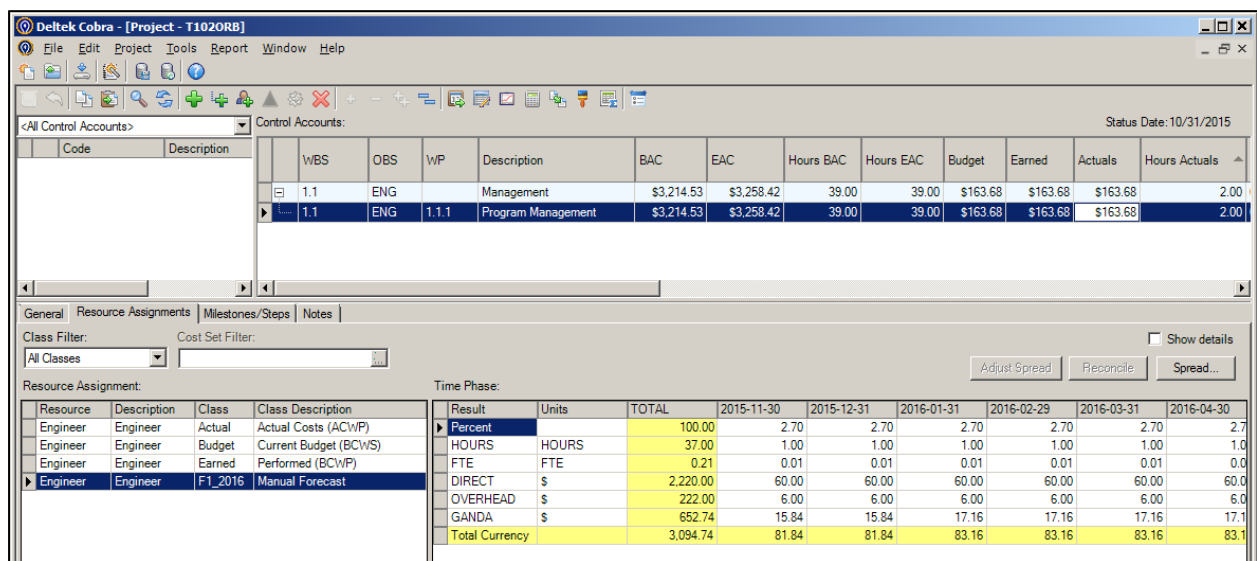
1.6 Adding the new Class to the EAC Cost Set

To see the total EAC for the project, you will need to add the new cost class to the **EAC** Cost Set and then run the **Tools | Update Totals...** option to see the results of the new rate file.



You will see how the EAC is now higher than the BAC based upon the same number of hours planned and worked.

	WBS	OBS	WP	Description	BAC	EAC	Hours BAC	Hours EAC	Budget
	1.1	ENG		Management	\$3,214.53	\$3,258.42	39.00	39.00	\$163.68
	1.1	ENG	1.1.1	Program Management	\$3,214.53	\$3,258.42	39.00	39.00	\$163.68

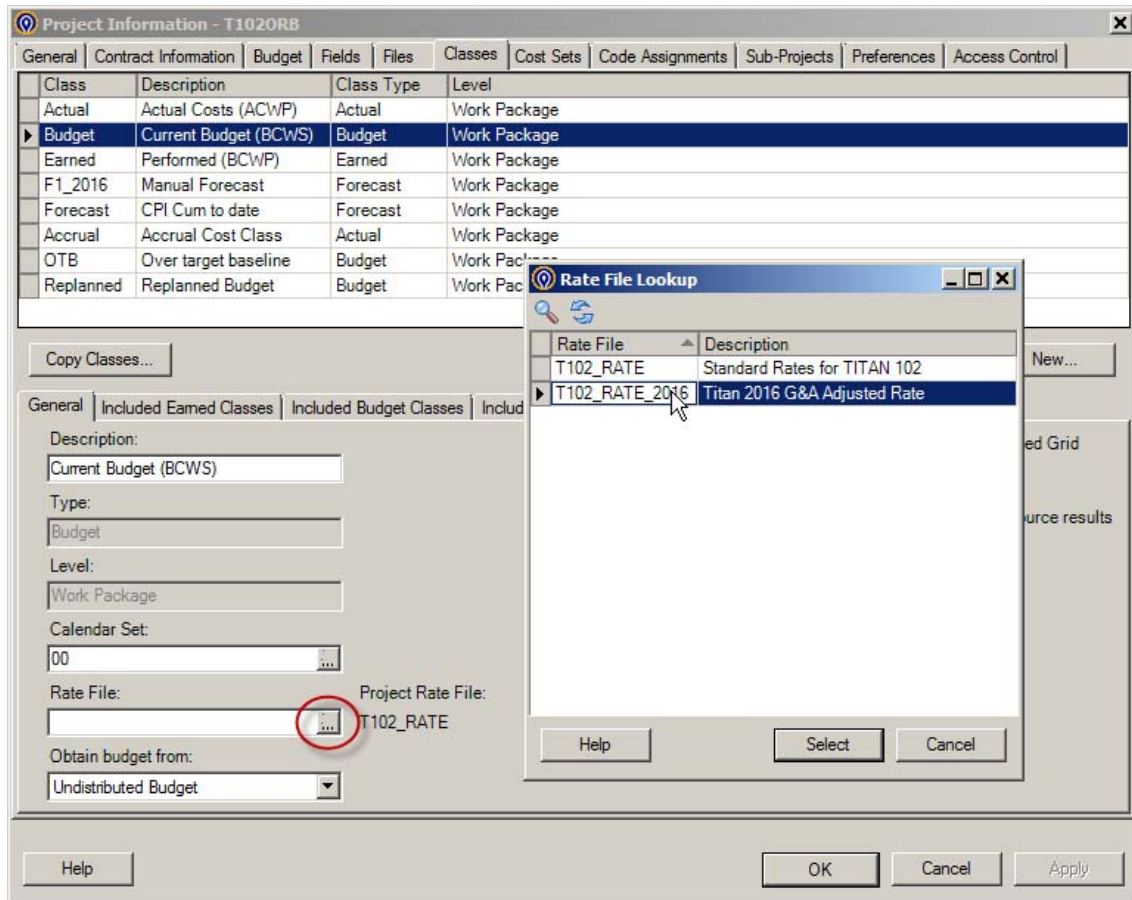


Cobra 5 Fundamentals – Managing the Forecast

1.7 Assigning the new rates to the Budget class

Once rate changes have been officially approved, the budget class can be set to use the new rate file.

1. In the **Project Information** dialog, select the **Classes** tab.
2. Select the **Budget** class and then use the ellipse button in the Rate file field to set the new rate file.



3. Recalculate the **Budget** class as shown previously for the **Forecast** class, being sure to only recalculate periods after the current period.

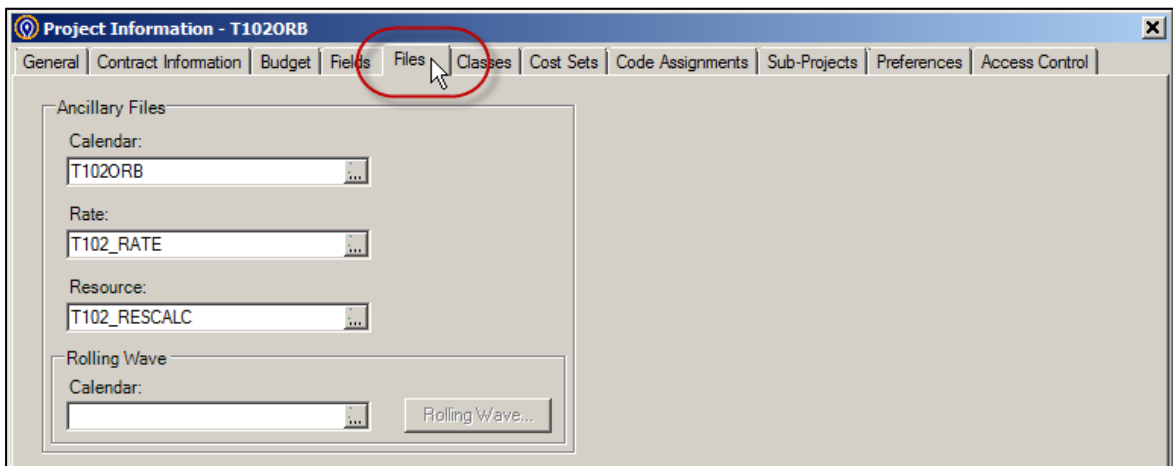
Cobra 5 Fundamentals – Managing the Forecast

1.8 Changing the Project Rate File

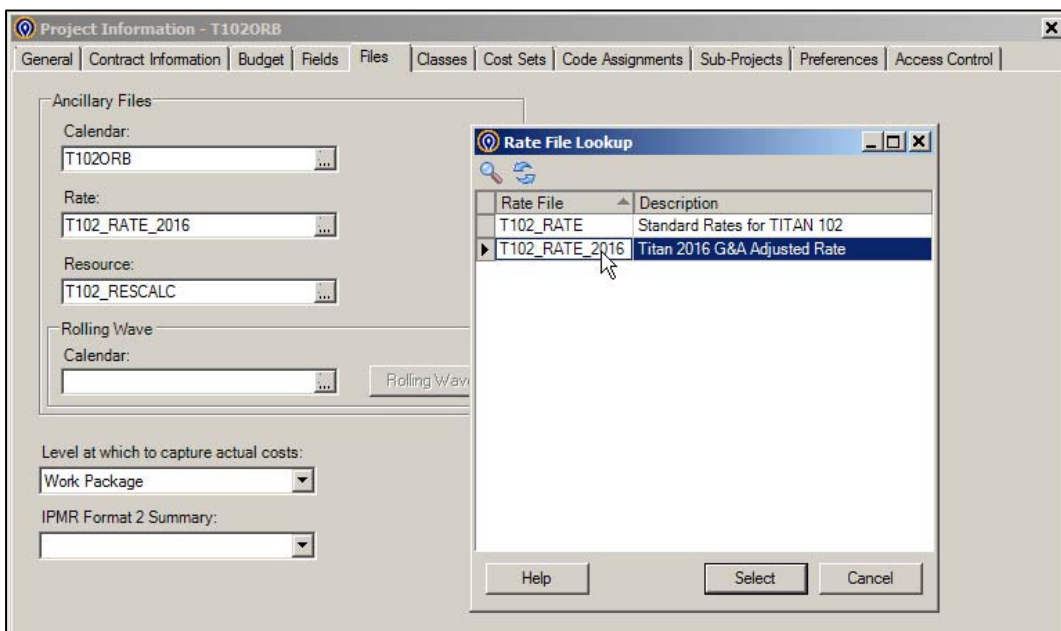
An alternative strategy for approved rates is to change them globally for all the classes in the project. This may be a better approach than making changes to individual classes as it is a lower maintenance option.

1.8.1 Changing the Rate File for all Classes

1. Open the **Project Information** dialog and select the **Files** tab.

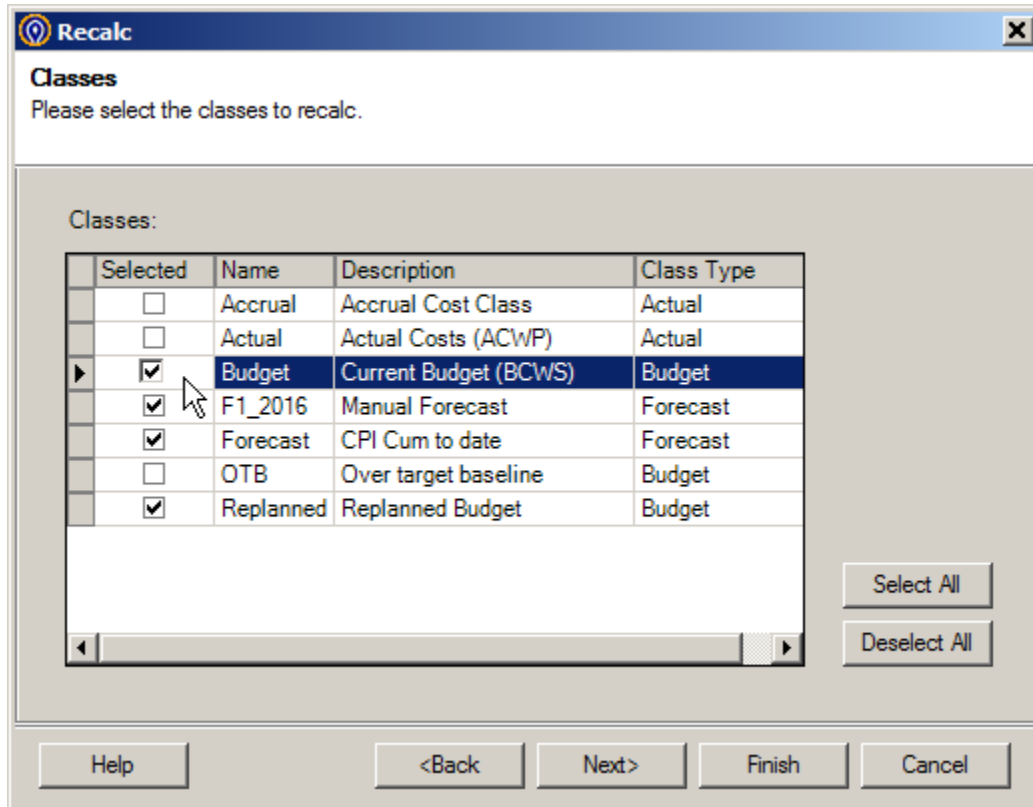


2. Change the **Rate** file field to point at the new rate file using the ellipse button.

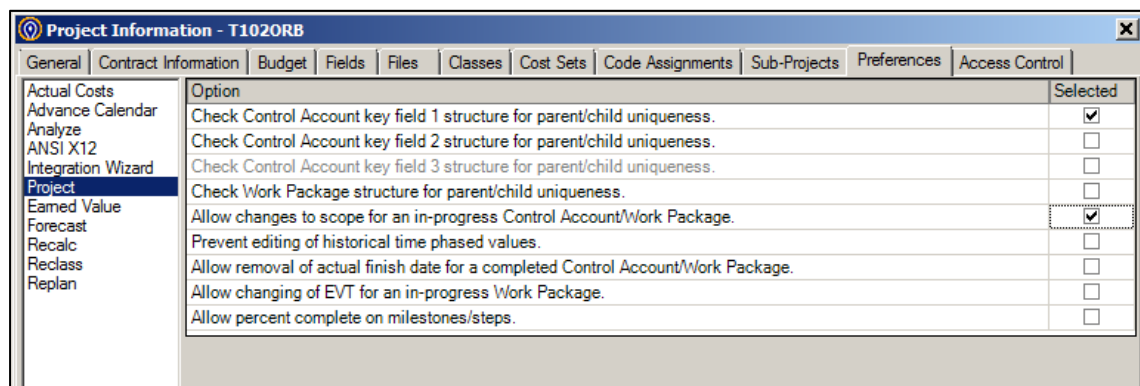


Cobra 5 Fundamentals – Managing the Forecast

3. Close the **Project Information** dialog to save your changes.
4. Recalculate all the necessary classes for your project using the **Recalc** option.



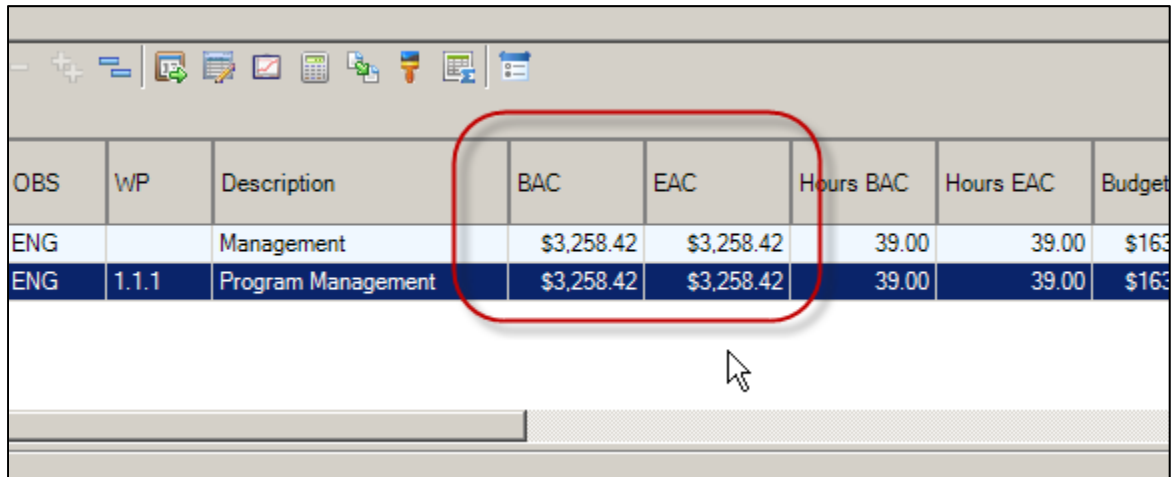
Note: you will need to set your Project Preferences to allow for changes in scope for in-progress control accounts and work packages for this to take effect in the Budget class.



5. Complete the Recalc process.

Cobra 5 Fundamentals – Managing the Forecast

6. With a final run of **Tools | Update Totals**, you will see that the BAC has increased to reflect the new rates for the project.



OBS	WP	Description	BAC	EAC	Hours BAC	Hours EAC	Budget
ENG		Management	\$3,258.42	\$3,258.42	39.00	39.00	\$163
ENG	1.1.1	Program Management	\$3,258.42	\$3,258.42	39.00	39.00	\$163

1.9 Summary:

These examples have shown you how to modify a rate file and then apply that file to individual cost classes, and ultimately the entire project. While the mechanics of these changes are well thought out in Deltek Cobra, the real challenge is in keeping your EVMS in compliance with ANSI 748 guidelines. The proceeding sections are suggested approaches to help you manage rate changes on an in-flight project. Always keep detailed records of the changes you make to the EVMS so that an audit trail exists.