

HOW TO DETERMINE YOUR HOURLY RATE: (Step 1)

In order to determine a price for your time and the work that you create, you must think about the following:

What is your Hourly Rate for Labor?

How to calculate your hourly rate (part 1):

1. What do you want to make for your annual salary? \$ _____
2. Add 30% to cover health insurance, savings, etc. \$ _____
3. Add 1 + 2 for your Total Salary: \$

There are 365 days in the year. We don't work all of them. Determine how many days a year that you don't wish to work (weekends, holidays, sick days, etc.). Include indirect labor costs.

Indirect Labor Cost is the time that you spend doing all the administrative activities associated with the creation of your work. A good estimate is between 20-40% of your time is spent doing indirect labor.

Direct Labor Cost is the amount of time that you spend in your studio or work space actually creating your art. A good estimate is between 60-80% of your time is spent doing direct labor.

How to calculate your hourly rate (part 2):

4. The number of (days per week you want off) x (52 weeks) _____
5. The number of sick days per year _____
6. The number of paid holidays per year _____
7. The number of vacation days per year _____
8. The number of days spent doing on indirect labor _____
9. Add lines 4 thru 8

Billable Days

10. The number of days in a year 365
11. Subtract the Sum of lines 4-8 (above) - _____
12. Total Billable Days in a year:

How to calculate your hourly rate (part 3):

13. The amount you need to earn per day
Total salary (line 3) divided by billable days (line 12) _____
14. Your hourly rate \$
Amount per day (line 13) divided by # hours per day you'll work (8)