

Cost Per Billable Hour Calculator

Break-even point. There is no profit in this number. Update annually or when costs or staffing change.

Annual service department costs	Where to get the number	Example	Your amount
Technician wages	Payroll or P&L	\$415,000	\$
Dispatcher / Coordinator wages	Payroll or P&L	\$110,000	\$
Management salaries	Payroll or P&L (service share only)	\$75,000	\$
Payroll burden	Payroll provider employer-cost report / HR	\$100,000	\$
Vehicles — fuel, maintenance, insurance	P&L fleet lines, fuel cards, insurance renewal	\$72,000	\$
Facilities and utilities	P&L rent and utilities (service share)	\$40,000	\$
Software and technology — incl. technician phones and laptops	BS or Vendor invoices — ePASS, phones, laptops	\$15,000	\$
Tools and equipment	P&L / capital asset list	\$18,000	\$
Training and certifications	P&L / training records	\$10,000	\$
Office and administrative expenses	P&L (service share)	\$30,000	\$
Other operating costs	P&L	\$25,000	\$
TOTAL ANNUAL OPERATING COSTS		\$910,000	\$

Annual billable technician hours

Hours	Where to get the number	Example	Yours
Available technician hours	Payroll, less vacation, holidays and sick time	11,280	
Annual billable technician hours	ePASS OE37 — or flat-rate labor revenue ÷ labor rate (\$900,000 ÷ \$120)	7,500	
Non-billable hours = available – billable (travel, documentation, parts)	Subtract	3,780	
Billable share = billable ÷ available	Divide	66.5%	%

Cost Per Billable Hour = Total Annual Operating Costs ÷ Annual Billable Technician Hours

Example: \$910,000 ÷ 7,500 = \$121.33 per billable hour Yours: \$ _____

Beside the rate you charge

Comparison	\$ per hour
Your Cost Per Billable Hour (break-even)	\$
Your current labor rate	\$
Gap	\$

The double-count trap: technician wages = gross pay and overtime. Payroll burden = employer payroll taxes, unemployment insurance, workers' compensation, health and other benefits, and any retirement match. Each cost in one line, never both. Charging your Cost Per Billable Hour means working the year for no return — take it to the Labor Rate Planning Worksheet, add the profit you intend to make, and set your rate from that.