



The Loaded Labor Rate Guide

A \$20 wage is not a \$20 cost. This guide shows what burden actually pays for, and why pricing off the wage instead of the loaded rate quietly loses money on every job.

Every pricing mistake in this business traces back to one number: what does an hour of crew time actually cost. Most operators start from the wage on the paycheck. The real number is higher, sometimes a lot higher, and the gap between the two is called burden.

The wage is not the cost

A crew member earning \$20 an hour does not cost the business \$20 an hour. Payroll taxes, workers' compensation insurance, paid time off, and any benefits offered all ride on top of the wage before that hour produces a dollar of revenue. None of that shows up on the employee's pay stub, but all of it shows up on the business's bill.

Loaded labor rate is the fully burdened cost of one paid hour: base wage times one plus the burden percentage. It is the number that belongs in every pricing calculation, not the wage.

What burden is actually made of

Burden is not a padding number. It is the sum of real, mandatory and near-mandatory costs: employer payroll taxes (Social Security, Medicare, unemployment insurance), workers' compensation premiums (landscaping carries real injury risk, this is rarely cheap), paid time off if offered, and any health or retirement benefit contribution.

For a small landscaping crew without a full benefits package, that typically lands between 20% and 45% of base wage, depending on state payroll tax rates, workers' comp classification, and how much paid time off is offered. There is no single correct number for every business, which is why every engine on this site treats burden as an editable input with a sourced default, not a hidden constant.

A worked example

Take a \$20/hour base wage and the 30% default burden. Loaded labor rate is $\$20 \times 1.30 = \26.00 per hour, six dollars above the wage on the paycheck.

Now price a job: a 2-person crew spends 2 hours on a property, 4 crew-hours total. At the \$26.00 loaded rate, labor cost is \$104.00. Price that job off the \$20 wage instead and labor cost looks like

\$80.00, a \$24.00 understatement on this one job alone. Do that across a season of jobs and the shortfall compounds fast enough to erase the margin the price was supposed to protect.

The likely range matters too. At the low end of the burden range (20%), the loaded rate is \$24.00/hour. At the high end (45%), it is \$29.00/hour, a five-dollar swing on the same \$20 wage. Check your own state's payroll tax rate and your actual workers' comp premium rather than assuming the default fits your business.

Where this feeds the rest of the toolkit

Loaded labor rate is not a standalone number, it is the foundation every downstream engine builds on. Job Labor Cost multiplies it by crew-hours to price one job. Required Revenue per Crew-Hour uses it to set the bar a billable hour has to clear. Can I Take On This Property runs it through the full accept, reprice, or capacity-conflict decision. Get the loaded rate wrong and every calculation downstream inherits the error.

Key takeaway. Price off the loaded rate, not the wage. The gap between them is real cost the business already carries, whether or not it shows up in the number you use to bid.

Assumptions

- Labor burden runs 20-45% of base wage for a 1-15 employee crew without a full benefits package, default used here is 30%. - Lawnsite, MulchMule, LawnCareMillionaire, Kickstand Insurance, see research/default-assumptions.md
- The \$20/hour base wage in the worked example is illustrative, not a claim about your market. The BLS national mean for this occupation is \$20.33/hour and varies meaningfully by state.

Sources

- U.S. Bureau of Labor Statistics, OEWS, SOC 37-3011 Landscaping and Groundskeeping Workers, May 2025

Frequently asked questions

Why not just add a flat markup to the wage instead of calculating burden?

A flat markup guesses at a number burden actually determines from real costs, payroll tax rates, your specific workers' comp premium, and what benefits you offer. Two businesses with the same \$20 wage can have meaningfully different loaded rates. Calculating burden from your own numbers is more accurate than a guessed markup, and it is barely more work.

Does loaded labor rate include the owner's own time?

Only if the owner is paid a wage through payroll. If the owner draws profit instead of a wage, that is a separate question covered by overhead allocation, not labor burden, an owner working unpaid in the business is a cost the price still needs to cover, just not through this calculation.

How often should I recheck my burden percentage?

At least once a year, since workers' comp premiums, unemployment tax rates, and benefit costs all change with renewals and rate updates. Recheck immediately if you add a benefit, change insurance carriers, or a state payroll tax rate changes.

Is 30% burden too high or too low for my crew?

It depends on your state's payroll taxes, your workers' comp classification and claims history, and whether you offer any paid time off or benefits. Treat 30% as a starting point inside the sourced 20-45% range, then adjust the burden field in the calculator to your own numbers, that is exactly why it is an editable input rather than a fixed constant.

Grounds Toolkit is a set of transparent decision engines for landscaping operators, not business management software. This guide is educational, not a guarantee of any outcome.