Burden Rate

How-to guide: what the workbook does, how to use it and what every number means. mfgcalcs.com

Burden Rate

Work out the overhead burden rate per direct labour hour for every department and the plant, and check each month whether the rate applied the overhead you really spent.

For: Cost accountants, plant controllers, estimators and finance managers who set overhead rates for costing and quoting.

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Quick start

1. On Setup, type your company, the budget period and currency, and list your departments.
2. On Overhead, list each indirect cost line for the period with its department and annual budget.
3. On Departments, type each department's budget direct labour hours and direct wage rate.
4. Each month, type the direct labour hours worked and the actual overhead on Monthly, then open the Dashboard.

What is in the workbook

Start Here	Read this first: what the workbook does and how to use it.
Setup	Company, budget period and currency, and the department list.
Overhead	Every indirect cost line for the period, with its department and annual budget.
Departments	Budget direct labour hours and wage rate in; overhead, burden rate and wage plus burden out, by department and plant-wide.
Monthly	Direct labour hours worked and actual overhead each month; overhead applied at the plant-wide rate, over or under.
Dashboard	Burden rate by department and plant-wide, and the overhead the rate applied each month against what was spent.
Method	How every number is calculated, with assumptions, limits and sources.
Verify	Self-check: the workbook's formulas recomputed on fixed inputs against an independent reference.

What each number means

Quantity	How it is calculated	Units
Overhead budget (department)	Sum of the department's lines on Overhead.	currency
Burden rate	Overhead budget / budget direct labour hours.	currency/h
Wage plus burden	Direct wage rate + burden rate.	currency/h
Burden share of wage	Burden rate / direct wage rate.	%

Quantity	How it is calculated	Units
Plant-wide burden rate	All overhead / all budget direct labour hours.	currency/h
Average direct wage	Sum of hours x wage rate / all budget hours.	currency/h
Applied overhead	Direct labour hours worked in the month x plant-wide burden rate.	currency
Over or under applied	Applied - actual overhead; variance = that / actual.	currency, %
Status	Within 2% On target; within 5% Near target; beyond, under-applied Below target, over-applied Above target.	-

Assumptions, limitations, sources and the self-check (the Verify sheet, which recomputes the workbook's formulas on fixed test inputs) are in the workbook. The last page shows the Dashboard with the example data for Ashford Fabrication, a fictional business.

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Engineering estimates for planning and improvement work. Verify the results against your own process, data and standards before you rely on them.

Burden Rate

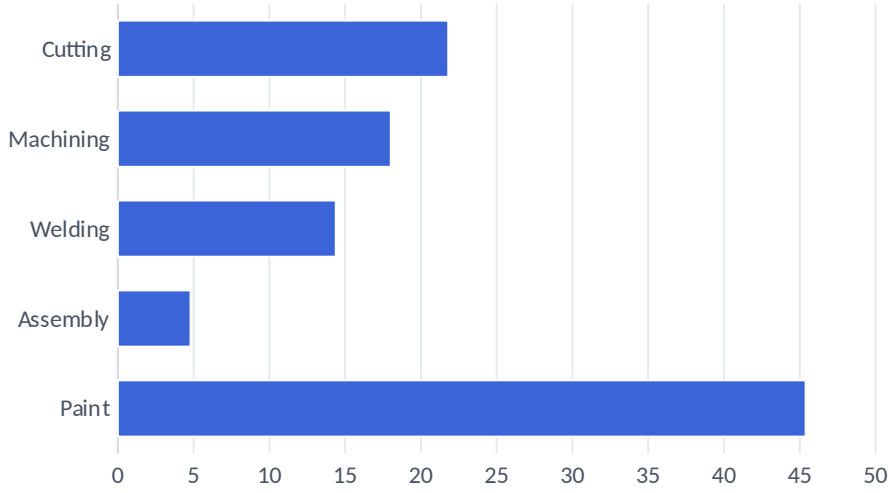
Burden rate by department and plant-wide, and the overhead the rate applied each month against what was spent.

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Ashford Fabrication (example), FY 2027 budget: 963,000 USD of overhead over 57,340 budget direct labour hours.

PLANT-WIDE BURDEN RATE (USD/H)	WAGE PLUS BURDEN (USD/H)	BURDEN AS A SHARE OF THE WAGE	OVER (+) OR UNDER (-) APPLIED (USD)
16.79	**43.90**	**62%**	**-28,034**
Overhead / budget direct labour hours	Hours-weighted wage + burden	Plant-wide	Months logged so far

Burden rate by department



Applied against actual overhead by month

