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# Calculating wage worker hourly equivalents for freelancers.



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# What is a freelancer?

- A self employed individual selling their time and/or services
- Their own tax entity (sole proprietor, LLC, etc.)
- They run their own business and control their work

# Employment and wage facts

- A standard hourly work year is 2080 hours (40hrs/wk x 52wks)
- Minimum wage in MA is \$14.25/hr as of 1/1/22 (\$29,694/yr)
- Minimum living wage in MA for a 1 person household: \$21.88/hr\* (\$45,510/yr)
- Living wage is the amount an individual in a household must earn to support the household\*\*
- The median income in MA in 2019 was \$85,843/yr (\$41.27/hr)
- The median income is often considered a good approximation for a “middle class” wage

\* MIT's living wage calculator (<https://livingwage.mit.edu/states/25>) in its 2021-22 update

\*\* we argue this is low considering it is from 2021-22, it is for a 1 person household and the impact of inflation continues to be substantial

## Can I save money hiring a freelancer?

- Yes you can
- But you should not do it by shifting your costs onto the freelancer
- Pay should be equivalent to the hourly pay for an employee if you hired them
- You save money by paying for only the hours you need
- You save money by getting specialized skills you only need for a while
- That promotes pay equity among staff and helps morale
- It also helps show your organization lives the values of justice & equity it promotes

## What costs are freelancers responsible for?

- Employer side of Social Security (FICA) tax (7.5%)
- Their own vacation pay (minimum 2 weeks is 4%)
- 14 official holidays (5.5%)
- Marketing and bookkeeping time (20% average estimate)
- Workman's compensation/disability insurance in case they are injured and can't work
- Health insurance
- Travel mileage
- Their own computers and software
- Cell phone and maybe a land line
- Workspace (even if some is provided by the hiring organization)

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## Translating an Hourly Freelancer Wage to Minimum Wage for an employee

<b>Hourly Pay</b>	<b>\$30.20</b>		
<b>Deductions</b>			
Employer side SSN (7.5%)	\$2.27		
2 weeks vacation (4%)	\$1.21		
14 official holidays (5.5%)	\$1.66		
marketing and bookkeeping time (20% estimated)	\$6.04		
computer and software \$1,000/yr or 0.48/hr	\$0.48		
cell phone \$600/yr or 0.29/hr	\$0.29		
work space value \$5000/yr or 2.40/hr	\$2.40		
workman	\$0.10		
Health care	\$1.48		
<b>Real Value of Pay</b>	<b>\$14.28</b>	<b>(effectively minimum wage)</b>	
Also deduct estimated mileage (0.585/mi) if not reimbursed	\$29,694.08	Annualized	

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## Translating an Hourly Freelancer Wage to a Living Wage for an employee

<b>Hourly Pay</b>	<b>\$42.25</b>		
<b>Deductions</b>			
Employer side SSN (7.5%)	\$3.17		
2 weeks vacation (4%)	\$1.69		
14 official holidays (5.5%)	\$2.32		
marketing and bookkeeping time (20% estimated)	\$8.45		
computer and software \$1,000/yr or 0.48/hr	\$0.48		
cell phone \$600/yr or 0.29/hr	\$0.29		
work space value \$5000/yr or 2.40/hr	\$2.40		
workman	\$0.10		
Health care	\$1.48		
<b>Real Value of Pay</b>	<b>\$21.87</b>	<b>(effectively living wage)</b>	
Also deduct estimated mileage (0.585/mi) if not reimbursed	\$45,484.40	Annualized	

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# MIT's Living Wage Grid

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
<b>Living Wage</b>	\$21.88	\$44.23	\$57.19	\$76.45	\$31.29	\$37.91	\$43.77	\$48.04	\$15.65	\$23.81	\$31.60	\$38.60
<b>Poverty Wage</b>	\$6.19	\$8.38	\$10.56	\$12.74	\$8.38	\$10.56	\$12.74	\$14.92	\$4.19	\$5.28	\$6.37	\$7.46
<b>Minimum Wage</b>	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25	\$14.25

\* MIT's living wage calculator (<https://livingwage.mit.edu/states/25>) in its 2021-22 update



# Mass Labor Market Information

## Occupational Employment and Wage Statistics

SELECTION CRITERIA

[To access hourly data](#)

Annual Data

Area: Massachusetts

Time Period: May 2021

Occupation: Management Occupations

[Download as CSV](#)

RESULTS

SOC Code	Occupation Title	Employment	Median Annual	Mean Annual	Entry Annual	Experienced Annual	Typical education needed for entry
11-9151	Social and Community Service Managers	7,040	\$72,000	\$75,170	\$50,710	\$87,220	Bachelor's degree
11-3012	Administrative Services Managers	9,730	\$126,380	\$138,760	\$75,180	\$170,090	Bachelor's degree
11-3013	Facilities Managers	4,760	\$99,640	\$108,950	\$68,300	\$129,120	Bachelor's degree
11-3021	Computer and Information Systems Managers	21,690	\$163,150	\$168,490	\$111,170	\$199,720	Bachelor's degree
11-3031	Financial Managers	30,480	\$152,310	\$161,230	\$89,950	\$197,080	Bachelor's degree

Some management positions to consider as comparisons for positions that you may be applying for, funding, or hiring

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11-3021	Computer and Information Systems Managers	21,690	\$163,150	\$168,490	\$111,170	\$199,720	Bachelor's degree
11-3031	Financial Managers	30,480	\$152,310	\$161,230	\$89,950	\$197,080	Bachelor's degree
11-3051	Industrial Production Managers	6,010	\$127,360	\$139,100	\$85,660	\$165,420	Bachelor's degree
11-3061	Purchasing Managers	3,050	\$134,220	\$148,170	\$95,590	\$174,740	Bachelor's degree
11-3071	Transportation, Storage, and Distribution Managers	2,820	\$98,810	\$107,600	\$64,500	\$128,860	High school diploma or equivalent
11-3111	Compensation and Benefits Managers	700	\$152,350	\$149,050	\$91,250	\$177,690	Bachelor's degree
11-3121	Human Resources Managers	6,540	\$151,300	\$160,460	\$92,060	\$194,150	Bachelor's degree
11-3131	Training and Development Managers	1,250	\$127,570	\$145,300	\$84,090	\$175,640	Bachelor's degree