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Wages and Benefits for Farm Employees 2009

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Hiring and compensating farm employees is a critical component in many farming operations in 21st century agriculture. For farm business owners, equitable compensation is critical to retaining quality employees and maintaining a profitable and successful farm business. For farm employees, equitable compensation is an important part of employment satisfaction.

Little data is available addressing issues of average compensation amounts, value of benefits provided, and hours worked per week for farm employees. This survey was developed to collect and share baseline data for farm employers and employees.

The “Wages and Benefits for Farm Employees” study was conducted by mailed survey distributed to farm business owners with hired farm employees. Surveys were returned and summarized for 171 farm employees in 2009. Data was collected for each employee on education, years of experience, type of general farm duties, days per week worked, hours per week worked, time off (holidays, vacation, sick leave, and personal days), wages paid in cash, fringe benefits (vehicle, farm produce or commodities, meals, clothing, insurance, housing, continuing education, recreation, vacation, retirement plan, use of machinery and equipment), and bonuses. Data was collected on farm size by gross sales and type of farm.

In this study we collected data for full-time and part-time farm employees. This study found that the average value of cash wages paid to full-time farm employees was \$28,265 per year (Table 1). The average value of benefits was \$5,960 per year (Table 3). Average total compensation including wages and benefits was \$34,225 per year for full-time farm employees.

Full-time farm employees average 11.9 years of experience and 9.4 years of tenure at their present workplace. Full-time workers average 2,374 hours worked per year. This data enables us to calculate the average wage per hour and total compensation per hour. The average wage for full-time farm employees, according to this study, is \$11.91 per hour and

Table 1. Wages and Benefits for Farm Employees

	Full-Time Employees	Part-Time Employees
Value of Cash Wages	\$28,265/year	\$9.22/hour
Value of Benefits	\$5,960/year	\$590/year
Value of Total Compensation	\$34,225/year	
Years of Experience	11.9	9.5
Years of Tenure on Farm	9.4	5.4
Hours Worked per Year	2,374	515
Average Wage per Hour	\$11.91	\$9.22
Total Compensation per Hour	\$14.42	\$10.37

the total compensation for full-time farm employees is \$14.42 per hour.

Part-time employees average \$9.22 per hour of cash wages. Their benefits average \$590 per year. Part-time employees average 9.5 years of experience and 5.4 years of tenure at their present workplace.

The distribution of wages for full-time employees is presented in Table 2 and shows the large majority of full-time employees earn between \$20,001 and \$40,000 per year (55.5%).

Further articles on farm employment, human resources, and farm management are available through the Ohio Ag Manager Newsletter (<http://ohioagmanager.osu.edu/>), Ohioline (<http://ohioline.osu.edu/>), and the OSU Department of Agricultural, Environmental, and Development Economics Farm Management website (<http://aede.osu.edu/programs/FarmManagement>).

Forty percent of full-time employees from this study received some form of insurance. Thirty-four percent of full-time farm employees received single person health insurance while 11% received family health insurance. The average value of the insurance benefit for those receiving the benefit was \$4,653 per employee per year. The average value for all full-time employees in this study was significantly less at \$1,566 per person per year due to a large number of employees receiving no insurance. (Sixty percent of this sample received no health insurance.)

Twenty-nine percent of full-time employees received housing as a part of their compensation package. The value of housing for those receiving the benefit averaged \$6,933 per year. The average for all employees was \$2,008 per year. Along with housing, some employees were compensated with paid utilities. For those receiving this benefit, the average value of the benefit was \$1,992 per year. The average for all full-time employees was \$382 per year. This much lower average value for all full-time employees is due to a large percentage not receiving this benefit.

Other significant forms of benefits for full-time farm employees include bonuses (43% received the benefit) and use of machinery and equipment (25% received the benefit). A breakdown of benefits received by full-time farm employees is shown in Table 3. Table 3 shows the percentages of farm employees receiving certain benefits along with average amounts paid to full-time farm employees.

Table 2. Distribution of Cash Wages for Full Time Employees

Range — Annual Wage	% of Employees
<= \$15,000	13.90%
\$15,001–\$20,000	20.00%
\$20,001–\$25,000	16.80%
\$25,001–\$30,000	13.90%
\$30,001–\$35,000	14.90%
\$35,001–\$40,000	9.90%
\$40,001–\$45,000	5.00%
\$45,001–\$50,000	2.00%
\$50,000<	4.00%

Table 3. Benefits Provided to Full-Time Employees

Type of benefit	Percent receiving the benefit	Average value/those receiving the benefit	Average value/all full-time employees
Insurance	40	\$4,653	\$1,566
Health, single	34		
Health, family	4		
Life	14		
Disability	6		
Bonus	43	\$2,644	\$1,152
Retirement plans	15	\$1,655	\$213
Housing (total)	29	\$6,993	\$2,008
Utilities (total)		\$1,992	\$382
Gas	20		
Electricity	23		
Water, sewer	14		
Telephone	11		
Personal use of vehicle	7	\$1,957	\$116
Use of Machinery/Equip.	25	\$1,441	\$243
Meals	13	\$1,120	\$133
Recreation/vacation	4	\$450	\$18
Farm produce/comm.	22	\$360	\$78
Continuing education	11	\$227	\$25
Clothing	21	\$143	\$26

Employees in Field Crop Production

Employees engaged in field crop production fill various roles. Duties might include field equipment operation and maintenance, trucking, seed/fertilizer/chemical procurement, organizing and cleaning up, managing employees, marketing grain, bookkeeping, etc.

Eighty-seven employees in this survey sample were designated as working in the area of field crop production. Wage and benefit measures were calculated for field crop production workers and are displayed in the three tables below.

Grain Farms		
	Full-Time Employees	Part-Time Employees
Value of Cash Wages	\$26,855/year	\$9.25/hour
Value of Benefits	\$7,046/year	\$590/year
Value of Total Compensation	\$33,901/year	
Years of Experience	12.2	10.1
Years of Tenure on Farm	9.3	4.8
Hours Worked per Year	2,480	440
Average Wage per Hour	\$10.83	\$9.22
Total Compensation per Hour	\$13.67	\$10.56

Grain Farms	
Range — Annual Wage	% of Employees
<= \$15,000	9.30%
\$15,001–\$20,000	24.00%
\$20,001–\$25,000	9.30%
\$25,001–\$30,000	18.50%
\$30,001–\$35,000	18.50%
\$35,001–\$40,000	14.80%
\$40,001–\$45,000	3.70%
\$45,001–\$50,000	0.00%
\$50,000<	1.90%

Grain Farms			
Type of Benefit	Percent receiving the benefit	Average value/those receiving the benefit	Average value/all full-time employees
Insurance	25	\$4,050	\$1,650
Health, single	20		
Health, family	2		
Life	9		
Disability	3		
Bonus	39	\$2,528	\$1,732
Retirement plans	11	\$1,075	\$179
Housing (total)	16	\$7,200	\$2,133
Utilities (total)		\$1,596	\$422
Gas	12		
Electricity	14		
Water, sewer	5		
Telephone	6		
Personal use of vehicle	4	\$2,805	\$156
Use of Machinery/Equip.	24	\$1,673	\$402
Meals	22	\$1,073	\$159
Recreation/vacation	4	\$450	\$33
Farm produce/comm.	18	\$449	\$133
Continuing education	8	\$257	\$38
Clothing	9	\$67	\$7

Summary

The findings of this survey show the importance of adequately compensating employees and the need to pay more than the minimum wage to attract quality employees. In addition to the cash wage or hourly pay, employers should emphasize the additional benefits that employees may not recognize or consider as compensation. Examples include those identified in this survey — insurance, housing and utilities, paid meals, vacation, and use of equipment. When these benefits are added to the base wage, the total compensation package should be more attractive to employees.

Farm employers will continue to be challenged to find and keep quality employees. Maintaining acceptable wage and benefit packages to compete with other farms and other businesses will be a critical component of the farm business human resource plan.

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