



AE-12-08

Wages and Benefits for Farm Employees

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Wages and benefits are not only important to farm employees themselves but to the employers as they attempt to provide fair compensation for the duties performed. Since very little data is available addressing issues of average compensation amounts, value of benefits provided, and hours worked per week, a survey was conducted to collect and share baseline data for farm employers and employees.

The “Wages and Benefits for Farm Employees” study was conducted by distribution of surveys by Extension Educators, Agricultural, Environmental, and Development Economics faculty and staff and allied organizations. Surveys were returned and summarized for 122 farm employees in early 2007. 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. It was found that the average value of cash wages paid to full-time farm employees is \$28,392 per year (see table 1). The average value of benefits is \$4,268 per year and the average value of bonuses is \$793 per year. Adding these three figures together amounts

to a total compensation of \$33,453 per year for full-time farm employees.

Full-time farm employees average 12.3 years of experience and 8.4 years of tenure at their present workplace. Full-time workers average 2,463 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 \$11.53 per hour and the total compensation for full-time farm employees is \$13.58 per hour.

Table 1. Wages and Benefits for Farm Employees

| | Full-Time Employees | Part-Time Employees |
|-----------------------------|---------------------|---------------------|
| Value of Cash Wages | \$28,392/year | \$9.01/hour |
| Value of Benefits | \$4,268 | \$1,110 |
| Value of Bonuses | \$793 | \$194 |
| Value of Total Compensation | \$33,453 | |
| Years of Experience | 12.3 | 7.9 |
| Years of Tenure on Farm | 8.4 | 5.3 |
| Hours Worked per Year | 2463 | 825 |
| Average Wage per Hour | \$11.53 | \$9.01 |
| Total Compensation per Hour | \$13.58 | \$10.60 |

Part-time employees average \$9.01 per hour of cash wages. Their benefits average \$1,110 per year and their bonuses average \$194 per year. Part-time employees average 7.9 years of experience and 5.3 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 (77.22%). Full-time employees earning between \$25,001 and \$30,000 per year in wages comprised 27.85% of our surveyed population and was the largest subset in the distribution. The second largest subset of full-time farm employees fell in the \$20,001 to \$25,000 per year range.

Summary data presented in this paper is the first in a series of papers examining the findings of this research study. Further articles and papers will be available through the Ohio Ag Manager Newsletter (<http://ohioagmanager.osu.edu>), Ohioline (<http://ohioline.osu.edu>), and the OSU

Table 2. Distribution of Wages for Full-Time Employees

| Range: Annual Wage | Percent of Employees |
|--------------------|----------------------|
| < or = \$15,000 | 6.33% |
| \$15,001–\$20,000 | 10.13% |
| \$20,001–\$25,000 | 20.25% |
| \$25,001–\$30,000 | 27.85% |
| \$30,001–\$35,000 | 16.46% |
| \$35,001–\$40,000 | 12.66% |
| \$40,001–\$45,000 | 3.80% |
| \$45,001–\$50,000 | 1.27% |
| \$50,000 < | 1.27% |

Table 3. Benefits Provided to Full-Time Employees

| Type of Benefit | Percent Receiving the Benefit | Average Value for Those Receiving the Benefit | Average Value for All Full-Time Employees |
|-----------------------------------|-------------------------------|---|---|
| Insurance | 37 | \$4,425 | \$1,344 |
| Health, single | 22 | | |
| Health, family | 16 | | |
| Life | 10 | | |
| Disability | 9 | | |
| Housing (total) | 16 | \$6,277 | \$1,033 |
| Utilities (total) | | \$1,978 | \$275 |
| Gas | 9 | | |
| Electricity | 11 | | |
| Water, sewer | 11 | | |
| Telephone | 6 | | |
| Meals | 34 | \$813 | \$237 |
| Personal use of vehicle | 18 | \$521 | \$92 |
| Farm produce to consume | 22 | \$559 | \$120 |
| Clothing | 16 | \$253 | \$32 |
| Continuing education | 14 | \$359 | \$50 |
| Recreation/vacation | 44 | \$895 | \$295 |
| Farm commodities | 5 | \$1,500 | \$57 |
| Retirement plans | 22 | \$1,363 | \$276 |
| Use of machinery/equipment | 41 | \$1,282 | \$460 |

Department of Agricultural, Environmental, and Development Economics Farm Management web site (<http://aede.osu.edu/programs/FarmManagement>).

Thirty-seven percent of full-time employees from this study received some form of insurance. Twenty-two percent of full-time farm employees received single person health insurance while 16% received family health insurance. The average value of the insurance benefit for those receiving the benefit was \$4,425 per employee per year. The average value for all full-time employees in this study was significantly less at \$1,344 per person per year due to a large number of employees receiving no insurance. (Sixty-three percent of this sample received no health insurance.)

Sixteen percent of full-time employees received housing as a part of their compensation package. The value of housing for those receiving the benefit averaged \$6,277 per year. The average for all employees was \$1,033 per year. Along with housing, some employees were compensated with paid utilities. For those receiving this benefit, the average value of the benefit was \$1,978 per year. The average for all full-time employees was \$275 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 meals (34% received the benefit), paid recreation/vacation (44% received the benefit) and use of machinery and equipment (41% 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.

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.

Forty-four 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 tables 4, 5, and 6.

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

Table 4. Wages and Benefits for Farm Employees: Field Crop Production

| | Full-Time Employees |
|---|---------------------|
| Value of Cash Wages | \$27,433/year |
| Value of Benefits | \$4,549 |
| Value of Bonuses | \$821 |
| Value of Total Compensation | \$32,803 |
| Years of Experience | 13 |
| Years of Tenure on Farm | 8.6 |
| Hours Worked per Year | 2500 |
| Average Wage per Hour | \$10.97 |
| Total Compensation per Hour | \$13.12 |
| Hours Worked per Week: April–May | 55.6 |
| Hours Worked per Week: June–August | 46.5 |
| Hours Worked per Week: September–November | 56.4 |
| Hours Worked per Week: December–March | 38.8 |

Table 5. Distribution of Wages for Full-Time Employees: Field Crop Production

| Range: Annual Wage | Percent of Employees |
|--------------------|----------------------|
| < or = \$15,000 | 6.82% |
| \$15,001–\$20,000 | 13.64% |
| \$20,001–\$25,000 | 22.73% |
| \$25,001–\$30,000 | 27.27% |
| \$30,001–\$35,000 | 13.64% |
| \$35,001–\$40,000 | 11.36% |
| \$40,001–\$45,000 | 2.27% |
| \$45,001–\$50,000 | 0.00% |
| \$50,000 < | 1.27% |

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 industries will be a critical component of their human resource plan.

Table 6. Benefits Provided to Full-Time Employees: Field Crop Production

| Type of Benefit | Percent Receiving the Benefit | Average Value for Those Receiving the Benefit | Average Value for All Full-Time Employees |
|-----------------------------------|-------------------------------|---|---|
| Insurance | 36 | \$3,267 | \$817 |
| Health, single | 21 | | |
| Health, family | 11 | | |
| Life | 7 | | |
| Disability | 5 | | |
| Housing (total) | 20 | \$6,667 | \$1,364 |
| Utilities (total) | | \$2,470 | \$449 |
| Gas | 16 | | |
| Electricity | 14 | | |
| Water, sewer | 14 | | |
| Telephone | 11 | | |
| Meals | 43 | \$783 | \$285 |
| Personal use of vehicle | 27 | \$597 | \$163 |
| Farm produce to consume | 30 | \$628 | \$185 |
| Clothing | 9 | \$344 | \$23 |
| Continuing education | 16 | \$357 | \$57 |
| Recreation/vacation | 48 | \$758 | \$241 |
| Farm commodities | 9 | \$1,500 | \$102 |
| Retirement plans | 16 | \$1,509 | \$240 |
| Use of machinery/equipment | 48 | \$1,442 | \$623 |

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