Farm Labor Rules

By David Miller, District Specialist, Farm Management

During the busy spring and summer, many farmers hire additional labor. This article provides an overview of the major employment rules for agricultural labor. It does not cover all the details.

Federal Minimum Wage

The minimum wage is currently $5.15 per hour. Agricultural employers who employ more than 50 man-days of labor in any calendar quarter of the preceding calendar year must pay at least the minimum wage. Agricultural employers using less than the 500 man-days of labor are exempt from the minimum wage provisions.

A “man-day” is any day during which an employee does agricultural labor for at least one hour. Five hundred man-days is about equivalent to seven employees working full-time in a calendar quarter.

The employer’s immediate family who are employees are not included in the 500 man-day test unless the employer is a farm corporation.

Workers’ Compensation

Ohio law requires EVERY employer, including agricultural employers, to carry workers’ compensation. A trade or business must employ workers’ compensation. Why? Because many family health insurance policies do not cover work-related injuries, deaths, and diseases.

If you hire an independent contractor to provide services for the farm business and the contractor has employees, a copy of the contractor’s Certificate of Premium Payment should be requested. If the contractor does not carry workers’ compensation, the farmer could become liable for costs arising from an injury to one of the contractor’s employees.

Social Security

Wages paid to agricultural employees are subject to social security (FICA) with several exceptions. If wages for all employees total less than $2,500, employees earning more than $150 are subject to FICA. If total wages are $2,500 or more, all wages paid are subject to FICA. The employer pays 7.65% of their wages and the employer pays an equal amount. Wages paid to a spouse or children, 18 years old or older, are also subject to FICA.

Federal Income Tax Withholding

Agricultural wages that are subject to social security taxes are also subject to Federal income tax withholding. To meet the withholding requirement, each employee should complete a W-4 form and the employer should keep the W-4’s on file. Withholding of Ohio income taxes is optional for agricultural wages.

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Farm employers subject to unemployment insurance are those who 1) employed 10 or more workers in each of 20 or more weeks during the current or preceding calendar year or 2) paid $20,000 or more cash wages in any calendar quarter of the current or preceding calendar year. The Ohio coverage rules are the same as the Federal.

Immigration Reform and Control Act

The Immigration Reform and Control Act affects all American employers. The law makes it illegal to hire unauthorized aliens. All employers must establish employment eligibility and the identity of new employees by completing Form I-9. Employers need to keep completed I-9s for three years or one year after an employee leaves. Form I-9 is available from the Immigration and Naturalization Service, Department of Justice.

Employees Under Age 16

Federal and state child labor laws affect the employment of minors (under the age of 16) in agriculture.

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Human Resource Management: A New Approach

By Robert D. Fleming, District Specialist, Farm Management, Northwest District

Several trends are quite clear in the broad area of farm management. More farms are using hired labor, family or non-family, regularly to accomplish their goals. Farm labor laws, while still retaining some exceptions are becoming more consistent with non-farm laws and regulations. Human resource management is important to the long-run success of the farm regardless of the size or type of farming operation.

In response to the demonstrated need, a new organization was created in October 2001 known as Mid American Ag and Hort Services, Inc. From their first newsletter:

“What is MAAHS?

MAAHS is a unique consortium of associations, organizations and employers organized to meet the educational, regulatory compliance assistance and labor recruiting needs of agricultural and other employers in Ohio and Indiana. A board of trustees including six sponsor members and seven employer members oversees this nonprofit organization. An executive director manages day-to-day operations.

Employer Membership

• Individuals, partnerships, corporations, organizations that employ other people and need services such as education, compliance assistance and labor recruiting are eligible for Employer Membership.
• Each Employer Member must be a member in good standing of at least one Sponsor Member.
• Terms of membership are spelled out in the Employer Member agreement.

The current sponsor members are:
• Ohio Farm Bureau
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Myth | Reality
---|---
1. If farm profits allowed higher wages, worker motivation problems would disappear. | More money would not solve most motivation problems. Money helps for a few days or weeks. Then other problems, e.g., lack of training, lack of appreciation for a job well done, boring work, aggravating co-workers and muddled communication, cause motivation problems to return.
2. Farm employers cannot compete with nonfarm employers to attract high quality people. | Some people prefer what farm work can offer them, e.g., challenging and rewarding work, work with animals and high tech equipment, opportunity to learn and develop new skills, little chance of unemployment and being part of a small, informal and caring farm team.
3. A farm can succeed even if its people are failing. | Longer-run, employee success such as career growth, happiness in the job and a sense of being important to the farm are crucial to the success of the farm.
4. People who grew up on farms are better farm employees than people with no previous farm experience. | True if a farm employer has little or no orientation and training for new employees. However, many farm employers actually prefer new employees with no previous farm experience. No previous farm experience means there are fewer bad habits to be changed.
5. Employees who own some livestock or equipment, or farm some land on their own, will be more motivated than people who have no ownership interest in the farm. | Many highly dedicated and motivated farm employees do not have and do not want ownership interest in the farm. They want rewarding jobs, appreciation for their contributions and fair compensation. They are not necessarily attracted to the risk and sometimes low returns from farm investments.
6. Wage incentive plans work. People who are paid directly for their accomplishments are motivated to work harder. | Wage incentive plans work when they are tied to results directly determined by employees, e.g., coming to work on time or not causing an accident to oneself or another worker. Wage incentive plans tied to such things as crop yields, production per cow, pigs per sow or equipment repairs per acre usually fail because of so many factors uncontrollable by employees.
7. Farm employees do not care about the success or failure of the farm business. They just want their checks on payday. | Employees take great pride in the farm where they are employed. Being an important part of a respected farm can be highly satisfying to an employee. The best employees usually have other jobs available to them. They often have turned down higher paying offers from other employers.
8. Newly hired farm employees with many years experience on other farms will object to training for their new jobs. | Employees who have done their jobs well on previous farms will almost always want to do well in their new jobs. The fact that some training is essential for all new employees can be made clear in job interviews, again at the time offers are made and also during orientation the first day on the job.

Generally, employees under the age of 16 may not operate tractors over 20 PTO horsepower or other hazardous farm equipment. There are exemptions for those who have completed a tractor and farm machinery certification course.

Regulations also affect the number of hours a minor can work. Generally they cannot work more than 40 hours per week, more than eight (8) hours per day when school is not in session, or more than three (3) hours per day or 18 hours per week during the school year. Minors cannot be employed during school hours.

**Independent Contractor or Employee**

The distinction between employees and independent contractors is significant. If an individual is an employee, the costs of workers’ compensation, social security, etc., are the responsibility of the employer. If an individual is an independent contractor, these costs are the responsibility of the contractor.

**The regulations about workers’ compensation and the I-9 forms affect all employers, regardless of size.**

Whether an individual is an employee or an independent contractor is a question of fact and must be determined for each case. The principal test is the amount of employer control over the individual. If the employer has control over the job and the details and means for doing the job (who, what, where, when, and how) an employer-employee relationship exists.

**In Summary**

There are many rules affecting agricultural employers. This article briefly describes some major ones. The regulations about workers’ compensation and the I-9 forms affect all employers, regardless of size. The other rules mentioned affect employers depending on the size of their work force.

**Priyodorshi Banerjee Joins AED Economics**

Priyodorshi Banerjee joined the Department of Agricultural, Environmental, and Development Economics on Oct. 1, 2001, as assistant professor after completing his Ph.D. in Economics at Boston University.

Professor Banerjee’s primary focus will be on the economics of financial markets in the presence of deregulation and competition. Specifically, he will examine how changing financial landscapes and industry structures will affect market outcomes such as products, innovations, prices, etc. An important application will be the analysis of policy options for the optimal functioning of micro and small firm credit markets, in the developing world as well as in advanced economies.

He will also study how regulatory and technological changes may affect different kinds of primary financial markets (credit markets, bond markets, markets for underwritten paper, etc.) and their interactions to derive welfare implications for financial as well as non-financial firms.

**Executive Director**

The Executive Director is John Wargowsky. John is a graduate of The Ohio State University. He is a native of Marion County and currently resides in Delaware.

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**Summary**

Ohio is trying to maintain its competitive advantage in the fast-changing agri-business industry. There currently are comparable organizations that serve southern and western states. This member-driven organization, in cooperation with other organizations, governmental agencies, universities, and related groups, will provide information and services to its members.
Some Farm Labor Myths and Realities

By Bernie Erven

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Understand the Organization

Vision—To improve the working environment for Mid American employers and workers involved in agriculture and other areas of employment.

Mission—To meet the human resource needs of member employers.

Goals—Improve labor management and compliance with federal and state laws and safety regulations. Improve working environment for MAAHS agricultural employers and workers.

Some methods:

• Provide current labor law materials.

• Develop Ohio-specific fact sheets and newsletters.

• Conduct training sessions as a part of on-going trade shows and annual meetings.

• Offer telephone consultations.

• Provide contacts for legal workers.

• Offer a range of services based on the type of membership.