



2017 Farm Employee Compensation Benchmark

Report to Participants

HIGHLIGHTS

- Average total compensation for frontline workers was \$16.90.
- Average total compensation for managers was \$22.48.
- Benefits represent about 15 percent of compensation for full-time employees.
- Hours worked per week reached 80 hours for some full-time workers, while the average was closer to 56 hours per week.

Labor continues to be one of the highest priority issues in agriculture. At a time when the economics of farming are difficult, employees are also very scarce, creating a terrible squeeze for many. With labor in such short supply, it is imperative for farmers to compensate good employees competitively to help keep them on the job and performing well.

The 2017 Farm Employee Compensation Benchmark was designed to capture a detailed image of how farm employees were compensated in 2017, including wages, bonuses or incentives, and benefits. An online survey was distributed widely in New York and adjacent states using email lists, websites and industry newsletters across agricultural commodities. The survey was open from April 1, 2018 to June 30, 2018. Farmers were encouraged to provide information about more than one employee, especially if they had multiple types of employees, such as front-line employees and middle or senior managers.

ALL EMPLOYEES

59 unique farm businesses provided 125 complete, usable responses; 18 incomplete or extreme outlier responses were not used in the analysis. Each of these responses represented the compensation provided to an actual farm employee for the year 2017. Geographically, responses were distributed among five states: New York (99), Pennsylvania (20), Indiana (2), Massachusetts (1), Missouri (1) and two unreported.

Table 1 provides a breakdown of the types of farms in the study. Farms identified as a particular type had 50 percent or more of their gross revenue coming from that type of production.

TABLE 1

Farm type and frequency of responses with $\geq 50\%$ of gross revenue from a type of production. (Total number of responses, n=125)

<i>Type</i>	<i>Frequency</i>	<i>Percent</i>
Dairy	57	46%
Fruit	28	22%
Vegetable	7	6%
Grain	5	4%
Hogs	2	2%
Other	3	2%
Diversified	23	18%

Managers were asked to choose a description that best fit the employee they were reporting. Table 2 provides the breakdown among frontline workers, middle managers, and senior managers/owners.

TABLE 2

Types of position (n=125)

<i>Position type</i>	<i>Frequency</i>	<i>Percent</i>
Front Line Worker	79	63.2
Middle Manager	37	29.6
Senior Manager or Owner	9	7.2

Of the 125 employees who were reported, 111 (89 percent) were not a member of the business owner's family, while 14 (11 percent) were related to the owner. Ownership interest in the business was reported for six (five percent) of the employees and 119 (95 percent) had no ownership in the business. Forty-five (36 percent) of the workers were reported as born outside of the U.S. The most frequent educational level reported for employees was "high school graduate" at 53 (42.4 percent), but results ranged widely and are reported in Table 3.

TABLE 3

Educational level of employees (n=125)

<i>Education</i>	<i>Frequency</i>	<i>Percent</i>
Less than high school	19	15.2
High school graduate	53	42.4
Technical degree	4	3.2
2 year degree	16	12.8
4 year degree	18	14.4
Unknown	15	12.0



Farm employees prune grapevines in New York.

Table 4 presents descriptive information about tenure with the current employer, overall years of work experience, compensation, and hours worked for all employees, including full-time, part-time, and seasonal employees. The ranges are wide for both tenure with current employer and overall work experience, ranging from less than one year to 40 years.

USDA’s National Agricultural Statistical Service (NASS) collects wage data for farm workers throughout the U.S. based on a snapshot of one week’s hours worked and wages paid in each quarter of the year. NASS reports the mean wages per hour for 2017 for all types of farmworkers as \$12.83 in Northeast I (which includes New York) and \$12.05 in the Northeast II (which includes Pennsylvania). This is less than the \$15.83 wages per hour reported in this dataset. The difference is likely due to New York’s higher minimum wage, as this was 72 percent New York data.

TABLE 4

All Employees: Tenure with the current employer, overall years of work experience, compensation, and hours worked.

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard Deviation</i>
Tenure with current employer (years)	124	.5	40.0	7.7	7.31
Overall work experience (years)	114	1.0	40.0	14.1	10.40
Regular wages	125	\$2,000	\$80,888	\$36,291	\$16,524
Bonus or incentive	122	\$0.00	\$23,500	\$1,866	\$3,293
Total value of benefits	125	\$0.00	\$29,206	\$6,603	\$6,605
Total compensation	125	\$2,274	\$96,206	\$44,717	\$20,724
Total hours	125	160.0	4242.0	2384.4	894
Wages/hour	125	\$8.26	\$33.33	\$15.13	\$4.76
Total compensation/hour	125	\$10.05	\$47.07	\$18.82	\$6.84

ALL FULL-TIME EMPLOYEES

Some of the employees reported in the overall data were either part-time or seasonal employees, based on the total number of hours worked for the year. Because compensation may be different between full-time, year-round and part-time or seasonal employees, we chose to analyze a smaller group of full-time employees. We defined full-time as working 1,800 or more total hours for the year. This minimum hour cutoff is equivalent to working 36 hours per week for 50 weeks. Using this definition, 98 workers in the dataset were found to be full-time and their demographic profile was similar to what was already reported for all employees. Table 5 presents details about the overall compensation, hours worked, and hourly compensation for full-time employees.

TABLE 5

Full-time employees: Tenure with the current employer, overall years of work experience, compensation, and hours worked.

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard Deviation</i>
Tenure with current employer (years)	97	.5	40.0	8.7	7.63
Overall work experience (years)	88	1.0	40.0	15.0	10.32
Regular wages	98	\$20,000	\$80,888	\$42,082	\$12,568
Bonus or incentive	95	\$0.00	\$16,000	\$1,888	\$2,851
Total value of benefits	98	\$0.00	\$29,206	\$7,804	\$6,721
Total compensation	98	\$20,220	\$96,206	\$51,717	\$16,235
Total hours	98	1,800	4,242	2,750	558
Wages/hour	98	\$8.256	\$32.78	\$15.52	\$4.52
Total compensation/hour	98	\$10.80	\$47.07	\$19.12	\$6.23

Full-time employees received an annual benefit package valued on average at \$7,804, which represents about 15 percent of the overall compensation of \$51,717. Paid time off was the most frequently provided benefit at 62 percent, followed by farm produce and housing, both provided to employees in close to 40 percent of cases. Table 6 presents specific benefits and the percent of full-time employees who received them. Bonus or incentive pay was a much smaller part of total compensation, representing only 3.6 percent.

TABLE 6
Benefits Received by Full-time Employees (n=98).

<i>Benefit</i>	<i>Frequency</i>	<i>Percent</i>
Paid vacation or time off	62	63.3
Farm produce to consume	42	42.9
Housing	39	39.8
Utilities	30	30.6
Retirement	29	29.6
Paid sick days	29	29.6
Continuing education or off-farm training	28	28.6
Health insurance	26	26.5
Disability insurance	24	24.5
Recreational use of farm property	22	22.4
Clothing	16	16.3
Life insurance	14	14.3
Personal use of vehicle	13	13.3
Transportation to work or other places	11	11.2
Farm Commodities	5	5.1
Meals	2	2.0

COMPARISON OF FULL-TIME MANAGERS AND FULL-TIME FRONTLINE WORKERS

We asked respondents to choose the best description of each employee as “frontline worker,” “middle manager,” or “senior manager.” Tenure, compensation, and hours for those employees who were described as middle or senior managers is presented in Table 7. The same information for frontline workers is presented in Table 8. Average wages for managers (\$17.93) was about \$4 per hour higher than for frontline workers (\$13.93). Total compensation per hour (including incentives and benefits) increased the gap to \$5.58 per hour at \$22.48 and \$16.90 per hour for managers and frontline workers, respectively.

Total hours worked were similar, on average between managers and frontline staff. Dividing the total hours worked for the year by a typical 50 weeks worked in the year indicates managers worked about 54 hours per week and frontline employees worked about 56 hours per week. It’s important to note, however, that some frontline workers worked as much as 4,242 hours per year, assuming they worked all 52 weeks of the year. This would indicate an average workweek of over 81 hours. Clearly, this workload is not supportive of good health and quality work.

TABLE 7

Full-time managers: Tenure with the current employer, overall years of work experience, compensation, and hours worked.

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard Deviation</i>
Tenure with current employer (years)	39	1	40	11.0	8.9
Overall work experience (years)	35	1.5	40	17.6	10.7
Regular wages	39	\$22,526	\$80,888	\$47,881	\$13,763
Bonus or incentive	38	\$0	\$16,000	\$2,561	\$3,638
Total value of benefits	39	\$500	\$29,206	\$9,387	\$7,649
Total compensation	39	\$29,500	\$96,206	\$59,764	\$17,727
Total hours	39	1,946	3,597	2,696	481
Wages/hour	39	\$9.87	\$32.78	\$17.93	\$4.90
Total compensation/hour	39	\$11.80	\$47.07	\$22.48	\$7.05

Figure 1 shows the distribution of managers’ total compensation per hour. Most managers are grouped around \$20 per hour with some examples of higher-paid managers included in this group.

FIGURE 1

Distribution of managers' total compensation per hour

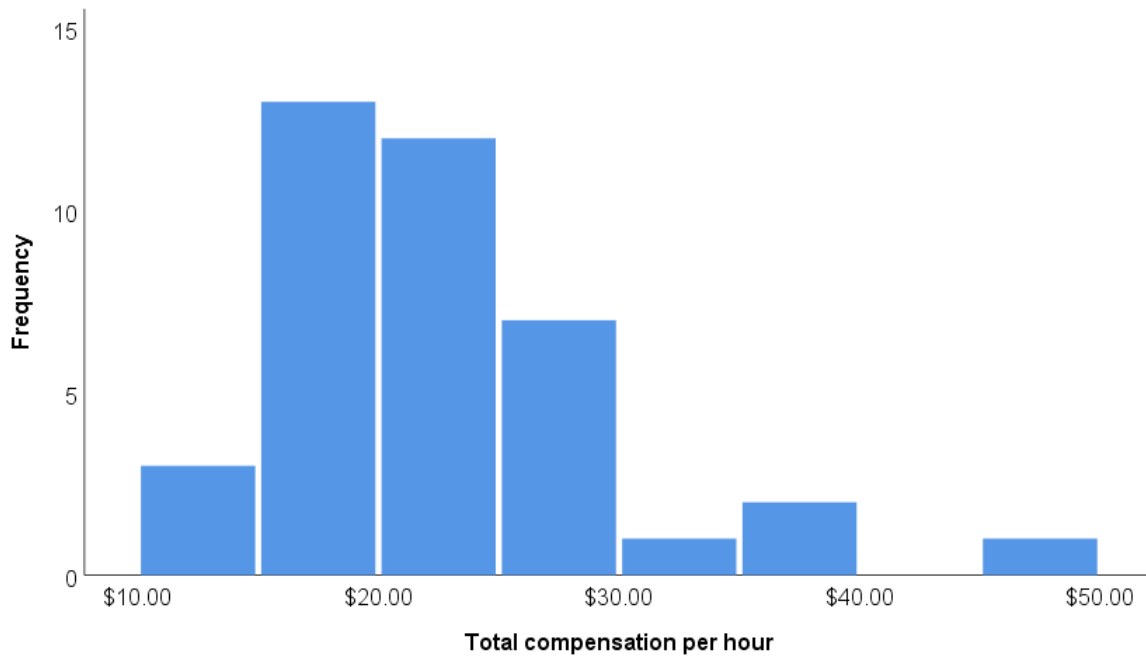


TABLE 8

Full-time, frontline workers: Tenure with the current employer, overall years of work experience, compensation, and hours worked.

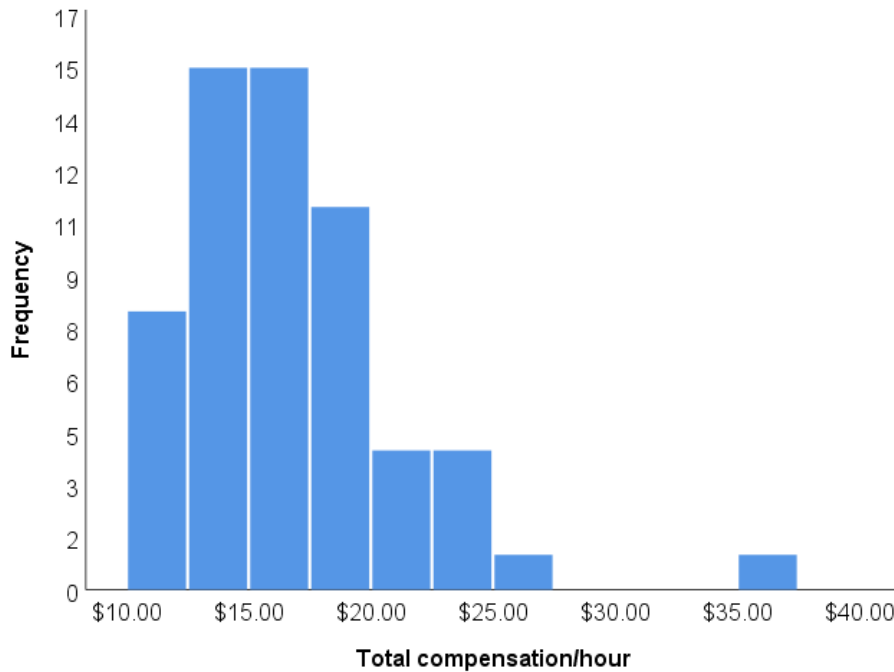
	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard Deviation</i>
Tenure with current employer (years)	58	0.5	26.0	7.2	6.3
Overall work experience (years)	53	1.0	40.0	13.4	9.9
Regular wages	59	\$20,000	\$72,000	\$38,250	\$10,127
Bonus or incentive	57	\$0	\$12,650	\$1,440	\$2,095
Total value of benefits	59	\$0	\$21,660	\$6,758	\$5,868
Total compensation	59	\$21,600	\$90,000	\$46,399	\$12,754
Total hours	59	1800	4242	2787	606
Wages/hour	59	\$8.26	\$29.03	\$13.93	\$3.47
Total compensation/hour	59	\$10.80	\$36.29	\$16.90	\$4.44

Note: The minimum wage per hour reported for frontline workers in Table 8 falls below New York's state regulatory minimum wage for 2017 of \$9.70. This can be attributed to responses in the data from farm employees who work outside of New York in states with minimum wages lower than New York's.

Figure 2 illustrates the distribution of total compensation per hour among frontline employees in the benchmark. Most workers are grouped around \$15 per hour with an extended tail of higher-paid workers in the study. One worker received considerably higher compensation but was still employed in a frontline position, although likely a highly skilled and key position for the business.

FIGURE 2

Distribution of frontline workers’ total compensation per hour



NONFARM WAGE COMPARISONS

It is helpful to place compensation for farm employees in context with other jobs that can be found in rural communities. The U.S. Bureau of Labor Statistics (BLS) gathers wage data for all types of jobs and reports this information by state. The data does not distinguish between rural and metropolitan areas within states.

Mean hourly wage rates for a few selected New York occupations are as follows:

- Pharmacy technicians \$16.10
- Veterinary technicians \$20.60
- Dental assistants \$17.87
- Supervisors of food preparation workers \$19.02
- Food preparation workers \$12.70
- Retail salesperson \$13.51
- Bank tellers \$14.52
- Electricians \$36.77
- Electrician helpers \$18.00
- Heavy truck drivers \$23.30

While frontline farm jobs (mean wage of \$13.93) are only competitive on a wage basis with the lower-paid comparison jobs, farm managers (mean wage of \$17.93) are certainly more competitive. Farm wages seem to be falling behind other skilled jobs such as electricians and heavy truck drivers. It is critical for farm employers to position the jobs they offer in the best possible light as a combination of wages, other benefits, and a special quality of life to attract employees.



A farm employee milking cows in New York.

REFERENCES

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U.S. Bureau of Labor Statistics, May 2017, State Occupational Employment and Wage Estimates for New York. (Available online at: https://www.bls.gov/oes/current/oes_ny.htm#31-0000.)

FOR MORE INFORMATION

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