

Employee Management on Farms in Kansas

2021 Risk and Profit Conference



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Outline of Presentation

- Labor Management on the Farm
- Survey and Study
- H-2A: Temporary Agricultural Workers
- Employer/Employee Relationships



Labor Management on the Farm

- Labor is an important resource
 - Drives many decisions
 - Main purpose of machinery/equipment and now today, technology, has always been to make labor use more efficient
- Farm size continues to increase
- Agriculture is a unique industry—those working together are often family members, needed skill set can be very diverse
- Most farm managers have very little training in managing human resources



Labor Management on the Farm

- Currently, in nearly all industries, including agriculture, it is difficult to find individuals to fill needed positions
- For many farm managers, determining the appropriate time to hire an employee can be difficult
 - The need for additional labor may be there before sufficient income/profitability is available
- It's hard to overstate the value of long-term, quality employees to a farm operation



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Survey and Study

- Survey of KFMA Member Farms with employees – 2019-20
 - Similar survey completed in 2001-02, 2008-09, 2013-14
- Purpose was to explore labor management practices on Kansas farms
- The most recent survey results include data from 248 employees on 109 farms



Employee Status

- Full-Time
 - Employee who works more than 1,800 hours per year (average more than 35 hours per week)
- Part-Time
 - Employee who works 12 months per year but fewer than 35 hours per week
- Seasonal
 - Employee who works fewer than 12 months per year – often harvest or planting work



Employee Competency

Level one

- Employees with little to no experience or having no advanced skills; tasks assigned require very little training or experience

Level two

- Some experience and/or specialization; perform some tasks that require training; no supervisory or decision-making authority

Level three

- Very skilled in at least one area; decision-making and some supervisory authority is limited to specialized areas

Level four

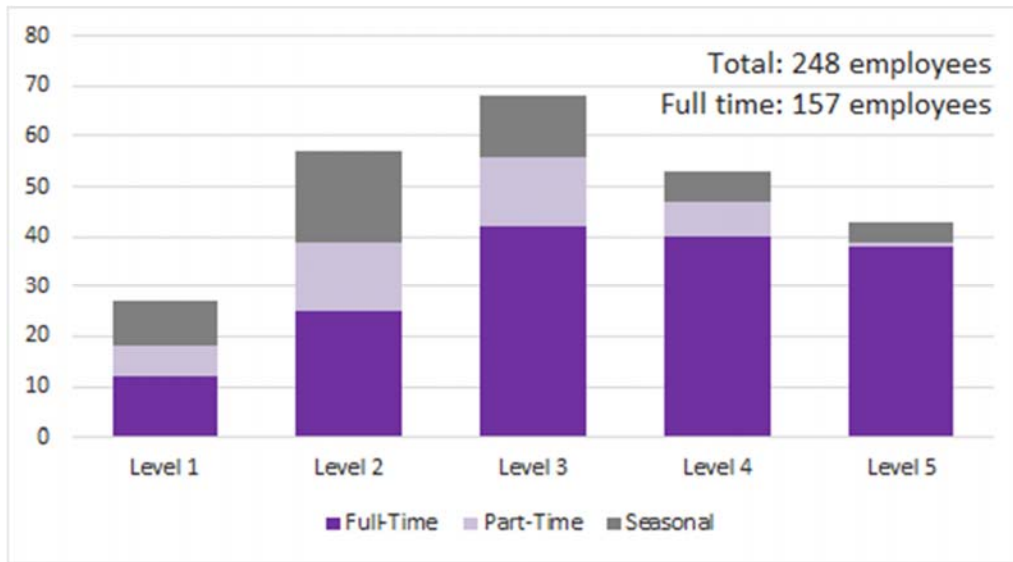
- Highly skilled in many areas; may make decisions that impact entire operation; large supervisory authority

Level five

- The most skilled and qualified employees; complete authority over employees and a high level of decision-making authority over the operations of the farm

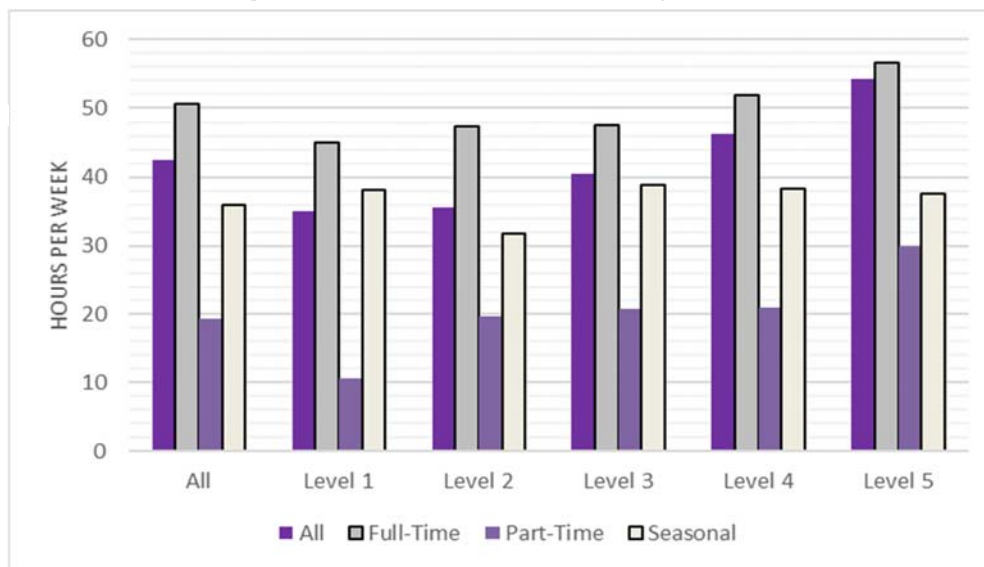


Number of Employees



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Average Hours Worked per Week



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Some Employee Demographic Information

- 12 percent own part of the business
 - 44 percent of level five employees
 - 0 percent of levels one and two; 3 percent level three
- 35 percent are related to the business owner
 - 57 and 63 percent respectively of levels four and five
 - Only 7 percent of level one
- Average age of 38 years
 - Range from 12 to 80 years of age
 - Steady increase from 25 for level one to 47 for level five
- Average years experience with farm, 11.3; steady increase across skill levels from 1.3 to 21.1 years



Benefits

- Many farm families have individuals working off-farm jobs largely due to the value of the benefits
- Employees working for a farm often have the same needs
- For employees receiving benefits, these can be a substantial share of the total compensation
- Benefit types vary greatly between farm employers
- While many different benefit types are represented in this group of farm employers, individual employers often have a limited number of benefit options



Benefits

- It is important to think through the type and level of benefits to be made available
- Benefits provided should fit the situation for both the employer and employee
- Consider communicating with employees regarding the type and level of benefits available
- Benefits provided can range from common benefits found in many industries to ones that are very specific to agriculture or to the individual farm



Employees with benefits of some type

	All competency levels	Level one	Level two	Level three	Level four	Level five
All	69%	44%	58%	78%	77%	77%
Full-Time	86%	92%	92%	86%	88%	79%
Part-Time	45%	0%	43%	57%	57%	100%
Seasonal	37%	11%	22%	75%	33%	50%



Common Employee Benefits

These benefits are common among many employers in multiple industries

- Health insurance
- Retirement program
- Profit sharing
- Bonuses
- Vacation and sick leave



Common Employee Benefits

	Health Insurance	Retirement Program	Profit Sharing	Bonuses	Vacation Leave	Sick Leave
All	20%	9%	4%	26%	30%	14%
Full-Time	28%	14%	6%	36%	46%	20%
Part-Time	4%	1%	0%	4%	2%	2%
Seasonal	0%	0%	0%	2%	0%	2%



Agriculture Specific Benefits

These benefits are related special situations unique to agriculture

- Housing
- Utilities
- Farm products
- Personal use of vehicle
- Use of equipment, buildings or other facilities



Agriculture Specific Benefits

	Housing	Utilities	Farm Products	Vehicle	Equipment
All	12%	8%	29%	12%	13%
Full-Time	16%	10%	43%	17%	18%
Part-Time	3%	1%	2%	2%	1%
Seasonal	0%	1%	0%	0%	1%

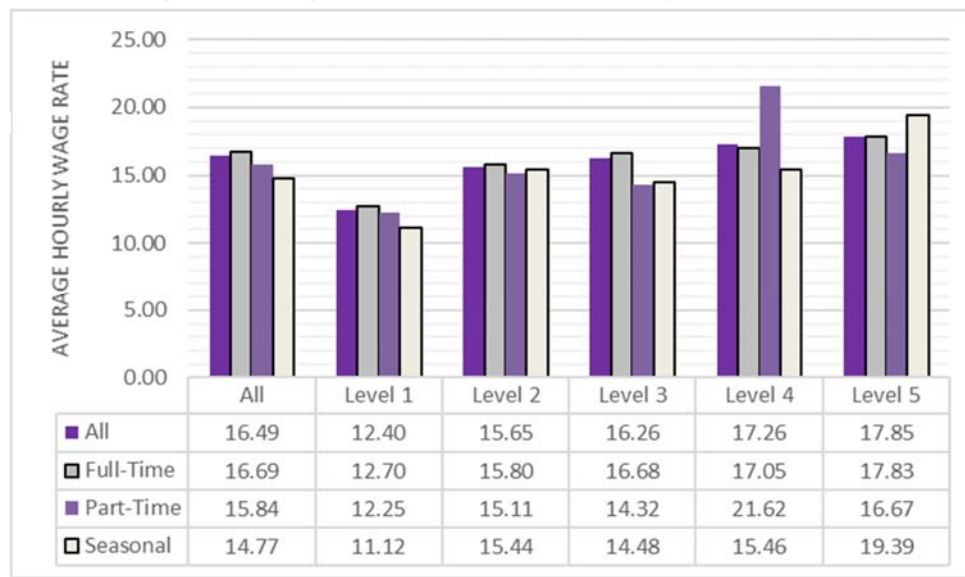


Overtime

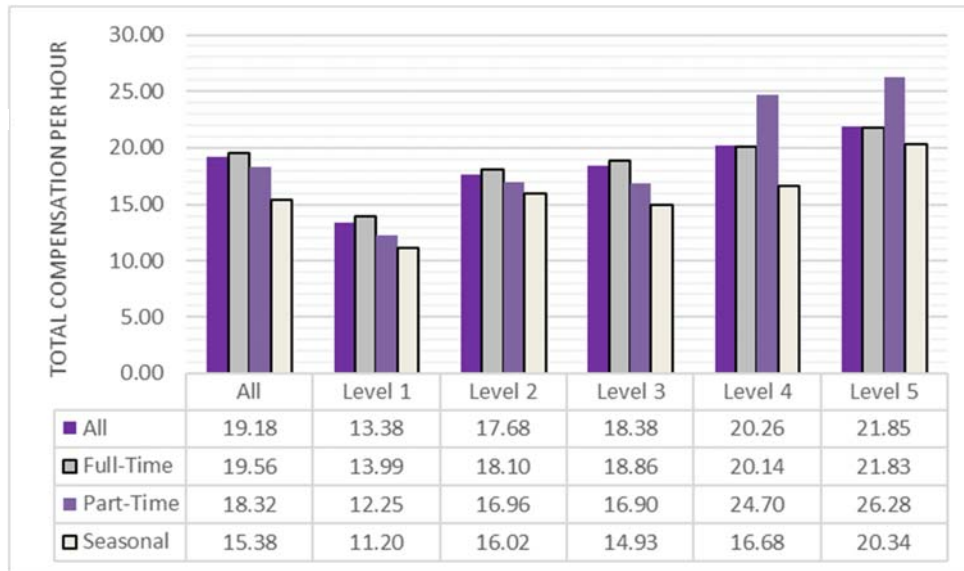
- 12% of full-time employees receive overtime
- Nearly 1 of 5 level three and level four employees
- Overtime applies after an average of 44 hours
- Range of 40 to 60 hours (higher hours with lower competency levels)



Average Wage Rate – Hourly and Salaried



Total Compensation per Hour



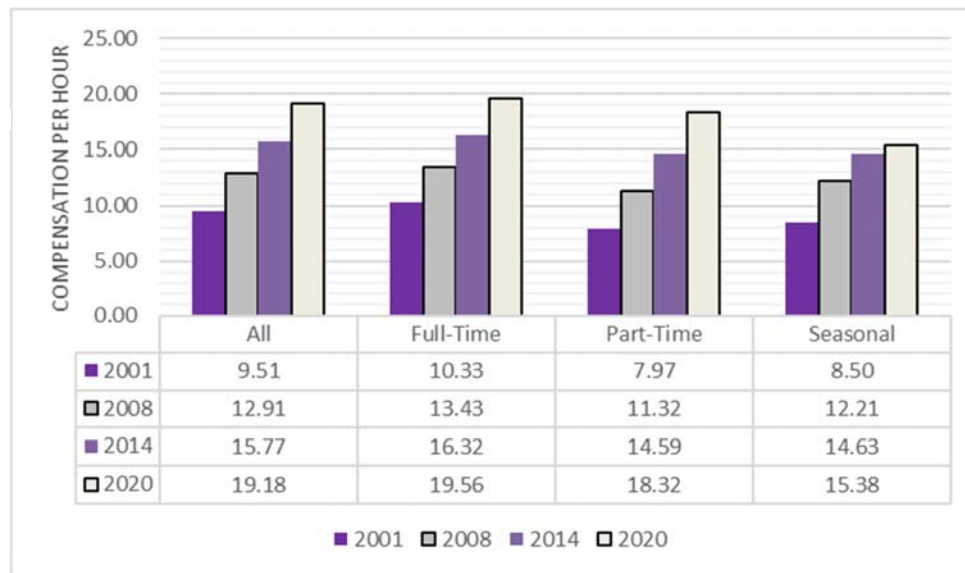
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Total Compensation and Cash Wage Comparison



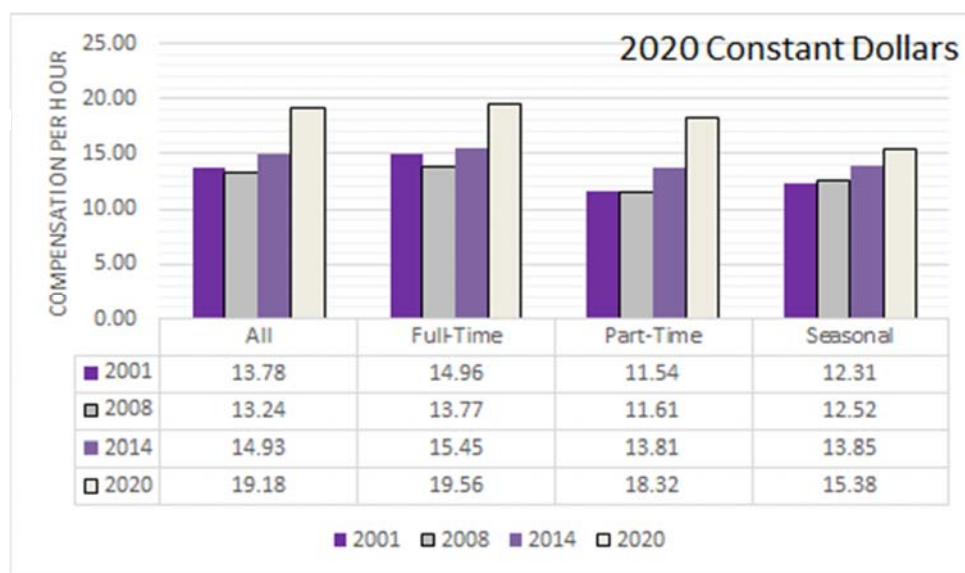
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Total Compensation Comparison Across Years



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Total Compensation Comparison Across Years



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Guest Worker Basics

- Position must be temporary in nature
 - Usually less than a year but in “extraordinary circumstances” can be more
 - It is possible to extend the stay beyond original contract but is very difficult and requires paperwork and approval especially longer than the agency interpretation
- Agency Interpretation:
 - 9 Months for H-2B
 - 10 Months for H-2A
 - 3-Year Rule for the worker (must be via different employers)

Resource: Clemson Cooperative Extension – Dr. Adam Kantrovich



H-2A Temporary Agricultural Workers 10,000 Foot View

- Multiple federal (and possible state) agencies involved
- Must prove insufficient domestic workers to fill needs
- Can only be hired for to perform seasonal tasks
 - Milkers/milking would not be an approved task
- Employer must cover the costs of travel (in and out of country), food and lodging expenses
 - Employer must provide free transportation to the H-2A workers for them to go shopping, banking, medical purposes, and for any other routine needs
 - The vehicles must be federally inspected and licensed

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H-2A Temporary Agricultural Workers 10,000 Foot View

- Provide free housing that meets federal minimum requirements
- Either provide cooking facilities or provide 3-meals a day, even on days off
 - May charge the workers no more than an established cost for meals if you are providing the meals, \$13.71 for 2021
- If you were previously exempt from paying workman's comp., having H-2A workers negates the exemption, and you must carry workman's comp. on **ALL** employees of the farm

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H-2A Temporary Agricultural Workers 10,000 Foot View

- Must continue to advertise for domestic workers through at least 50% of the H-2A contracted period
 - **AND** hire any domestic workers that meet the minimum requirements of the position even if the H-2A workers are onsite and working
 - You may need to either send an H-2A worker home (at your cost) or keep both the H-2A and the domestic worker
 - You will need to offer all of the same benefits to the domestic worker as the H-2A worker, including reimbursement of the cost of travel, free lodging (unless they live nearby), free meals if cooking facility is not provided, and same minimum wage rate

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H-2A Temporary Agricultural Workers 10,000 Foot View

- You must pay a minimum of the highest of the following rate(s):
 - State Minimum Wage, Federal Minimum Wage, Collective Bargaining Rate or the Adverse Effect Wage Rate (AEWR) as determined from USDA Labor Survey
 - Any domestic worker in corresponding employment must also receive this same wages and benefit(s) as the H-2A workers
 - Kansas AEWR Rate(s)
 - 2021 = \$15.89
 - 2020 = \$14.99
 - 2019 = \$14.38

Resource: Clemson Cooperative Extension – Dr. Adam Kantrovich



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H-2A Temporary Agricultural Workers

10,000 Foot View

- Strongly encouraged to not go at this alone – very complex
- Consider using an H-2A Labor Contractor or consultant to assist with the process
 - Remember there will be cost differences between different individuals/agencies. But you get what you pay for, and you the employer could be just as liable for the wrongs of the consultant/contractor you hire
- Where to find someone:
 - General Farm Labor Contractors (FLC) must be certified, but not all work with H-2A.
 - <https://www.dol.gov/agencies/whd/agriculture/mspa/farm-labor-contractors>
 - Make contact to get some recommendations, there are numerous individuals and groups that will assist but find out about them first!

Resource: Clemson Cooperative Extension – Dr. Adam Kantrovich



H-2A Temporary Agricultural Workers

Resources

- USDOL H-2A Program Details
https://www.foreignlaborcert.doleta.gov/h-2a_details.cfm
- USDA H-2A Program information
<https://www.farmers.gov/working-with-us/h2a-visa-program>
- Clemson University Agribusiness Team Ag Labor Page
<https://www.clemson.edu/extension/agribusiness/labor.html>
- Contact Dr. Adam Kantrovich if you have any questions:
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Employer/Employee Relationships

Pain in the neck or can't live without them?

- Employees are vital to the success of many operations

5 Topics

- Assessing the need and recruitment
- Training
- Evaluation
- Communication
- Dealing with conflict



Assessing the Labor Need

Do I need an employee or additional employees?

- How is this measured?
 - KFMA Farm Business Analysis and Management Factors
 - Compares labor availability versus labor needed

LABOR EXPENSE ANALYSIS		
	Days	Amount
Operator Labor	250.00	\$90,000.00
Unpaid Family Labor	0.00	\$0.00
Hired Labor	300.00	\$53,950.00
Total Labor	550.00	\$143,950.00
Number of Workers		2.33
Labor Efficiency (Total Labor/VFP)		0.1553
Value of Farm Production Per Worker		\$397,727.89
Labor Usage		Work Days
Non-Irrigated Crops		478.72
Irrigated Crops		
Total Crops		478.72
Beef		149.60
Total Livestock		149.60
Total Farm		628.32



Assessing the Labor Need

Why do I think I do (don't)?

- Do I get things done on time?
- Is the quality of work or decision-making suffering?
- Do I have opportunities for growth?
- Are their profitable enterprises available that require additional labor?



Assessing the Labor Need

Can I make effective changes without hiring an employee?

- Machinery/Equipment
- System of operation
- Use of custom hire

What type of employee do I need?

- General labor
- Highly specific skill set
- Full-time, Part-time, Seasonal



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So, I've Decided to Hire an Employee: Employee Recruitment

Have a detailed job description

- Communicate what the expected roles will be
- Be open—Do not sugar coat their responsibilities

How long do you intend to employ them?

Are you an attractive employer?

- Focus on the strengths of your business
- Are there potential roles that can be unattractive?



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Employee Training

How much training will be required?

- Highly skilled employee should require less
- General labor employee may require more
- Ask what experience they have

Everyone learns differently

- Ask employee what works best for them
- Make it clear that questions are welcome



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Employee Training

Have clear written instructions

Trainer should have proper knowledge and skills to train

Proper training will prevent future problems

- Small mistakes
- Major safety issues

Do not rush the process

- May take significant amount of time



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Employee Evaluation

Two types

- Ongoing Feedback
 - Constant
 - May not be private
- Formal Evaluation
 - Structured
 - Private

Allow for feedback from employees in both types



Feedback

Positive feedback, as well as, negative

Correct mistakes early and quickly

Very simple

- “Next time try and do it this way”
- “Looks good, can’t do it any better myself”

Quality employees want to know when a mistake is made!

They also appreciate recognition for a job well done!



Formal Evaluation

Very uncommon in agriculture

- Does not imply that it is not necessary
- Builds better relationships

Have formal evaluation on paper

- Still positive and negative
- Private

Pick correct times

- Perhaps after busy season
 - Harvest
 - Calf weaning



Communication

Strong employer/employee relationships cannot be achieved without good communication

Schedule time for communication

- Coffee, lunch, Sunday afternoon
- Catch up, discuss future plans

If cannot physically meet—use technology such as Zoom



Communication

Discuss the future of the business

- How well is the business doing?
- Communicate goals/objectives for the operation
- Will there be any changes in roles/responsibilities?

Communication goes beyond speech

- Nonverbal
- Listening



Dealing with Conflict

Conflict will happen

Likely cause—poor communication

- Well, I thought.....
- I didn't know that.....
- Acting on assumptions often results from lack of communication

Do not ignore conflict

- Identify the cause
- Takes steps to minimize
- Cannot be eliminated



Other Employee Management Considerations

Payroll recordkeeping

Tax withholdings and deposits

Federal and State reporting requirements

Commodity in lieu of wages

Employee vs. independent contractor

KFMA Members have access to KFMA Payroll Manual

Seek assistance so that you appropriately handle these issues



Kansas Farm Management Association



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