

# Employee Wage Rates and Compensation Packages on Kansas Farms

2019-2020 Survey of Labor Practices on KFMA Member Farms



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1

## 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



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2

## Labor Management on the Farm

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- Currently, in nearly all industries, it is difficult to get individuals hired to fill needed positions
- 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



3

## Survey and Study

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- 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 (survey completed with 283 employees, 133 farms)



4

## Employee Status

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- 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



5

## Employee Competency

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- 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



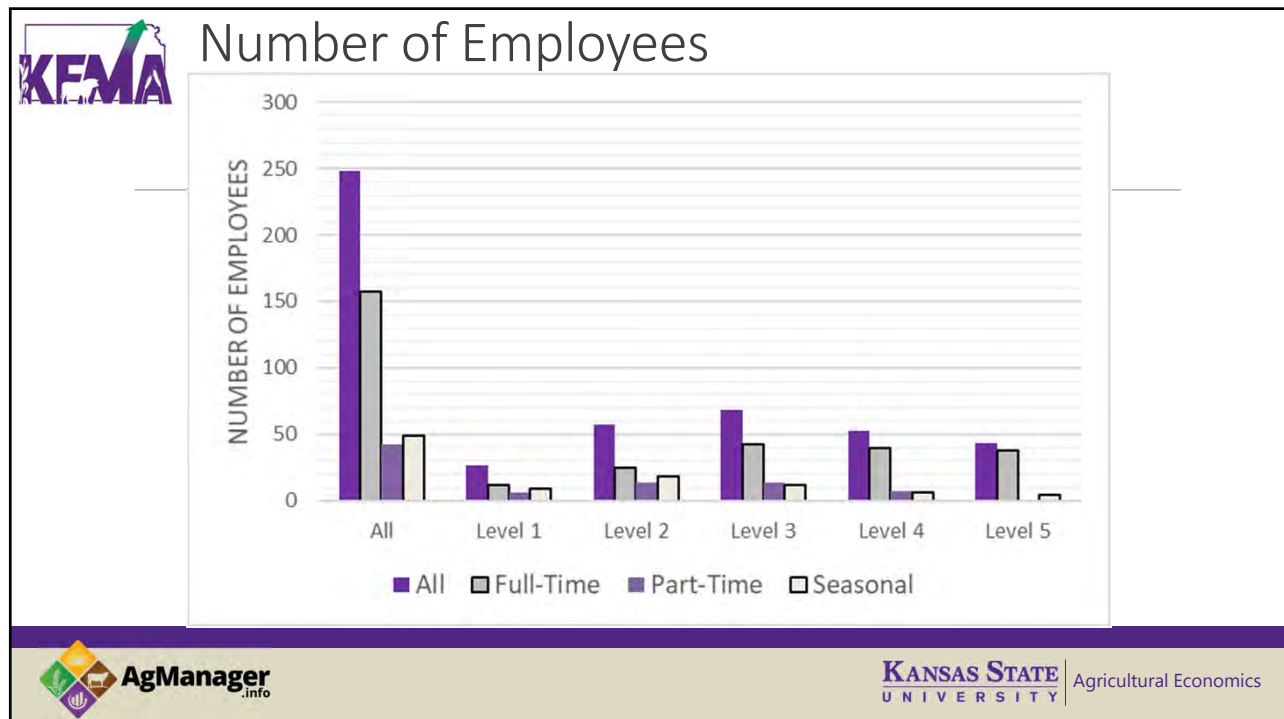
6

## Employee Competency

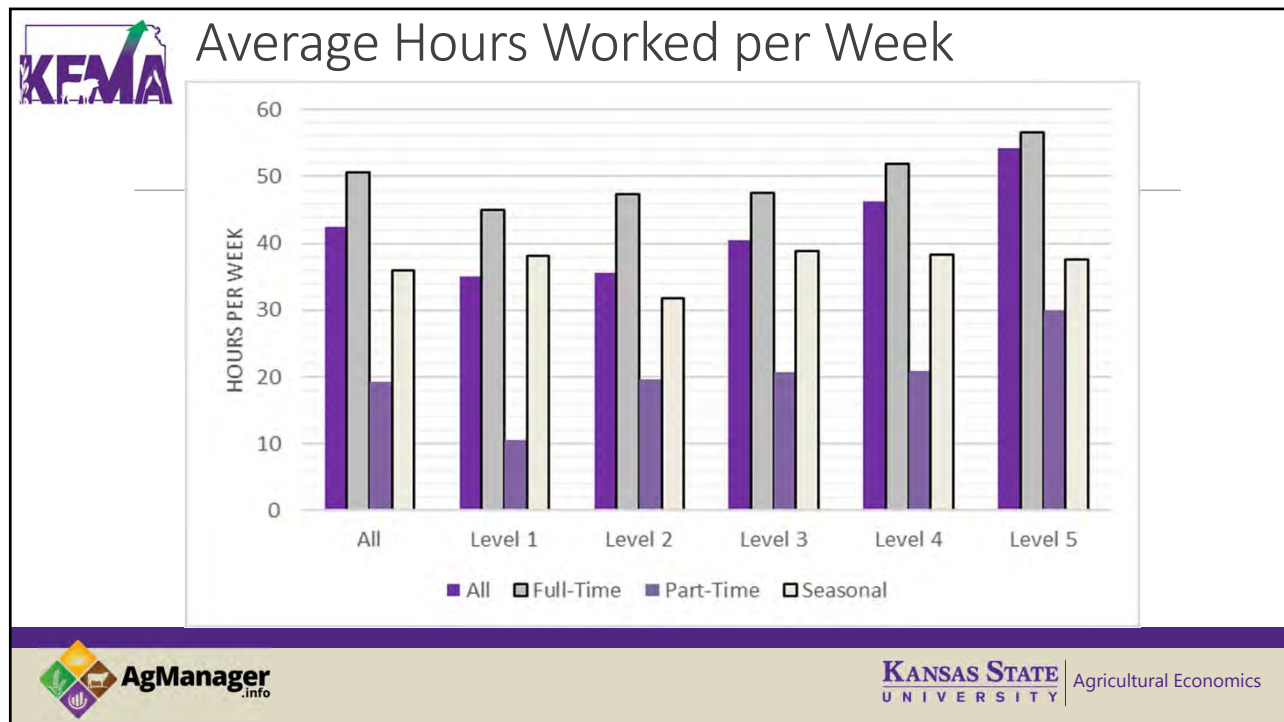
- Level four
  - Highly skilled in many areas; may make decisions that impact entire operation; large supervisory authority
- Level five
  - The most skilled and qualified employees; complete authority over employees and a high level of decision-making authority over the operations of the farm



7



8



9

## 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

10

## 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



11

## 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



12

## 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%
<b>Full-Time</b>	<b>86%</b>	<b>92%</b>	<b>92%</b>	<b>86%</b>	<b>88%</b>	<b>79%</b>
Part-Time	45%	0%	43%	57%	57%	100%
Seasonal	37%	11%	22%	75%	33%	50%



13

## Common Employee Benefits

These benefits are common among many employers in multiple industries

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



14

## Common Employee Benefits

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



15

## 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



16



## Agriculture Specific Benefits

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



17

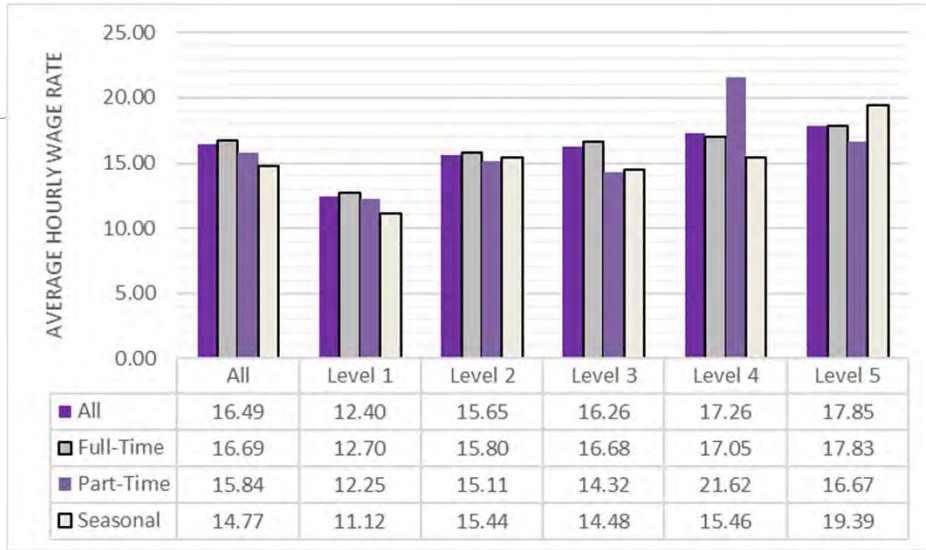
## Overtime

- 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)



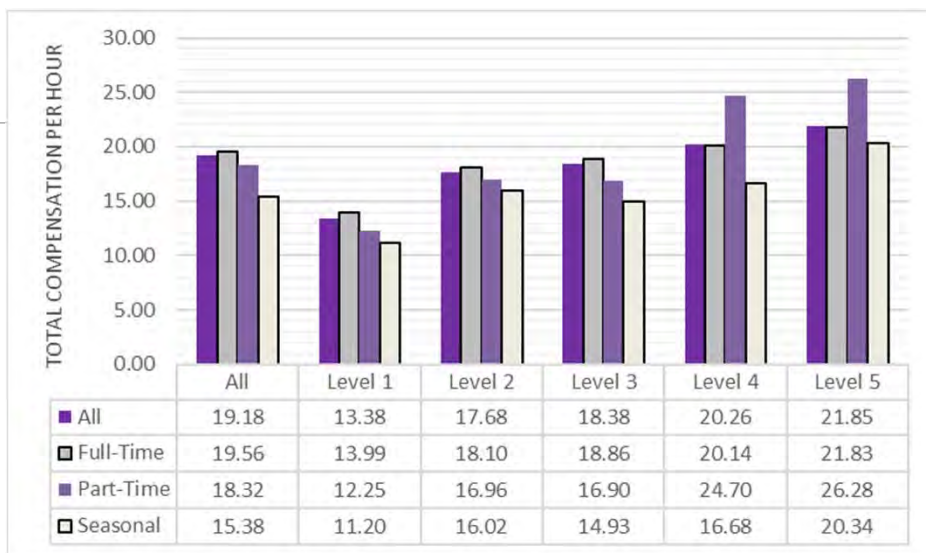
18

## Average Wage Rate – Hourly and Salaried

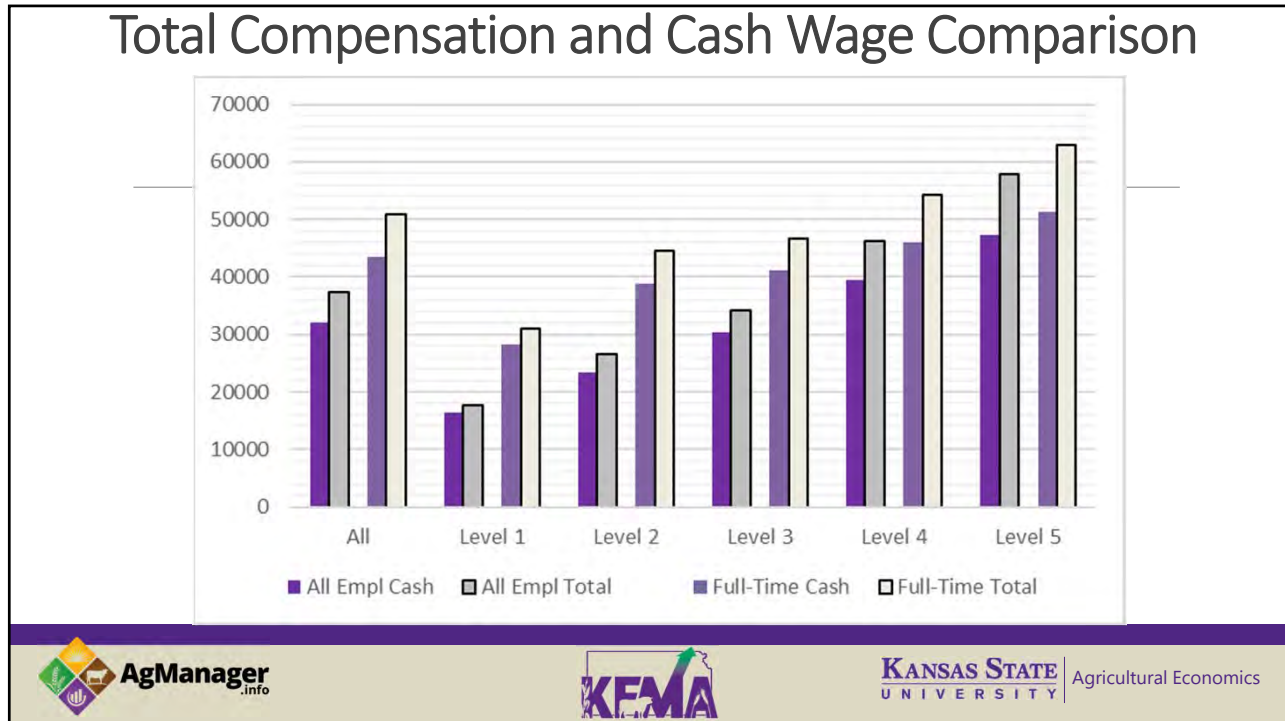


19

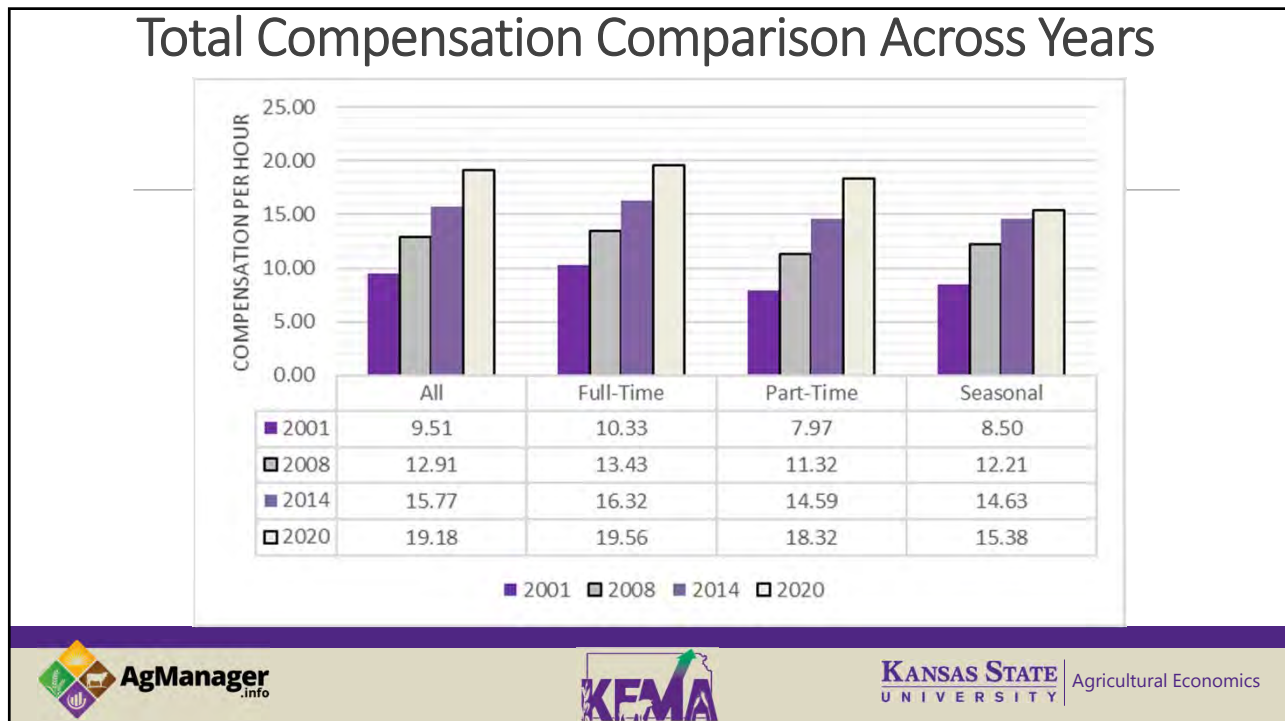
## Total Compensation (wages plus benefits)



20



21



22

# Kansas Farm Management Association



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