

# **Employee Wage Rates and Compensation Packages on Kansas Farms**

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## **Research Overview**

As margins in farming tighten, producers often increase the size of their operations to take advantage of economies of size. This trend, coupled with declining family sizes, results in a greater need for non-family labor. However, with this non-family workforce come additional challenges. Managers who previously have had little guidance and training on how to best manage a workforce must learn how to successfully recruit, train, motivate, and compensate employees. Because personalities play an important role in any labor decision, human resource management is in many ways more of an art than a science. However, when it comes to determining market wage rates and competitive compensation packages, quantitative research is possible and can be beneficial. Further research will guide managerial decisions regarding optimal quantity and quality of labor.

This publication reports the summary results of a survey of a subset of Kansas Farm Management Association members conducted during the fall of 2001. When surveyed, farm owners and managers reported on compensation packages and human resource management practices currently used on Kansas farms.

Managers from 189 farms throughout the state provided information on tenure, work schedules, demographic characteristics, cash wages, and non-cash benefits for each of their employees, resulting in compensation information for 446 employees.

Included in the study were farm owners, managers, and farm-employed family members. As seen in Table 1, survey participation varied across the state, with the Southeast area being the

area most strongly represented. Due to lower response rates, the Northwest and Southwest regions were combined for reporting purposes. To ensure information confidentiality, only grouped results are reported, and only in cases in which there were five or more responses.

Table 1.

	<b>Number of Employees</b>	<b>Percent of Total</b>
Northeast	98	22%
Southeast	157	35%
South Central	73	16%
North Central	70	16%
West	48	11%
State	446	100%

**Employee Groupings**

*Employee Competency*

A single business may employ people who possess a wide range of experience, skill, and decision-making authority. Trying to compensate employees within such a wide spectrum of competency can cause managers to struggle with issues of internal and external equity.

Internal equity refers to the challenge of making sure that individuals within a single business are compensated at rates that are appropriate based on their relative competencies. External equity applies to the comparison of compensation packages of businesses competing within the same industry. Across an industry, employees with comparable competencies would be expected to receive comparable wages and benefits; otherwise there would be considerable labor migration as employees seek out the highest paying employers. But, before this is possible, levels of competency must be identified and associated wages quantified. Consider this the “apples to apples” approach to comparing and analyzing employee compensation.

To help respondents and researchers better understand the variation seen in agricultural workforces, farm owners and managers were asked to provide information on employee competency when filling out the survey. As a result, survey respondents were asked to

classify each employee reported on this study into one of the following five competency levels:

**Level 1:** Employees who are either new to the farm or have no advanced skills. They are, for example, individuals who are assigned their tasks by another person and who then perform miscellaneous jobs that require no previous training or experience.

**Level 2:** Specialized individuals who perform anywhere from one to many tasks that require training. Although these employees may make decisions such as the order in which to perform certain tasks, they do not have the authority to make decisions relating to their job responsibilities, area of production, or coworkers. As a result, a Level 2 employee has no supervisory authority.

**Level 3:** Employees who are highly skilled in at least one specified area. These employees may make decisions related to their areas of expertise and may administer those decisions through other employees, therefore giving a Level 3 employee some supervisory capacity. However, this person's decision-making authority does not extend into other areas of the operation.

**Level 4:** Because of his or her exceptional skill level, this person is in a position to make decisions that impact entire areas of the operation. Many employees may have to carry out those decisions, giving this person a potentially large supervisory authority.

**Level 5:** Level 5 employees are the most skilled and qualified full-time employees with a farm. They have complete supervisory authority and the most decision-making authority given to any full-time employee.

### *Employment Status*

Agriculture is a seasonal industry and, as a result, businesses routinely see large variations in their demand for labor. This requires farms and ranches to blend an efficient workforce out of employees who may work very different schedules. Because it is important for employers to be competitive when compensating all employees, this study includes all workers from participating farms, regardless of schedules.

To best compare between the different work groups, information was collected on the average number of hours an employee works per week and the number of months per year an individual is employed by the business. That information was then used to classify each

study participant into one of three employment categories: full-time, part-time, or seasonal, as defined by the following criteria.

**Full-Time:** Any employee working more than 1,800 hours in one year for a given business

**Part-Time:** Any employee employed twelve months per year who works fewer than 35 hours per week

**Seasonal:** Any person employed fewer than twelve months per year for a given business

### **Demographic Overview**

The employees represented in this study are primarily male with an average of 15 years of agricultural experience (Table 2). While the average employee has spent eight of those 15 years with his or her current employer, employee tenure varies significantly across the competency levels, ranging from nearly four years of experience for employees in Level 1 to 28 years for employees in Level 5. The average Level 5 employee has been with his or her current employer for over 21 years, compared to just under nine years for the average Level 4 employee.

While 13 percent of all employees were part owners of their businesses, that number was significantly influenced by competency, with 63 percent of all Level 5 employees owning all or part of the business compared to less than five percent of employees in Levels 1, 2, and 3. Likewise, employees in the higher competency levels were more commonly related to the business owners, ranging from 15 percent of employees in Level 1 to 79 percent of employees in Level 5.

### **Other Benefits**

Thirty-nine percent of employees received vacation leave as compared to 15 percent of employees receiving sick leave. When considering competency, only four percent of Level 1 employees received sick leave, compared to 28 percent of the Level 5 employees. Vacation

leave was more common, with 19 percent of Level 1 employees and 47 percent of Level 5 employees receiving that particular benefit.

Overtime pay was not commonly offered to the employees considered in this study. Only four percent of the employees were offered overtime pay and they were primarily members of competency Levels 1, 2, and 3. When offered, such pay typically applied to hours above 45 per week.

Twenty-five percent of employers paid Unemployment Tax but only eight percent paid Workers' Compensation Insurance. Twenty-seven percent of employers paid the employee's share of Social Security Tax.

Table 2.

<b>All Employees</b>						
	<b>All</b>	<b>Employee Competency Level</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Count <sup>1</sup>	446	80	135	100	59	68
Own part of business, %	13%	0%	1%	5%	17%	63%
Related to owners, %	34%	15%	19%	28%	51%	79%
Male, %	87%	85%	85%	86%	90%	90%
Average age	37	26	35	41	40	46
Years of formal education	12	11	12	13	13	14
Receive overtime (OT), %	4%	3%	4%	6%	0%	3%
Average hrs/week when OT applies	45	40	50	42		
Years in industry	15.2	3.9	12.5	17.1	18.8	28.0
Years with current business	8.6	2.3	5.8	8.7	8.8	21.4
Years in current position	7.4	2.3	4.8	7.6	6.8	18.6
Receive sick leave, #	69	3	12	18	16	19
Receive sick leave, %	15%	4%	9%	18%	27%	28%
Receive vacation leave, %	173	15	41	51	32	32
Receive vacation leave, #	39%	19%	30%	51%	54%	47%
Employer pays unemployment tax	25%	31%	27%	21%	32%	18%
Employer pays workers' compensation insurance	8%	13%	7%	8%	5%	4%
Employer pays employee's share of SS	27%	30%	21%	20%	39%	38%

<sup>1</sup>Competency information was not provided for four employees included in the study.

## **General Results**

Because of the large variations in compensation amounts and practices across the different types of employees, summary results are represented in four sections: all employees, full-time employees, part-time employees, and seasonal employees.

### ***All Employees***

#### *Compensation and Wages*

The average total annual compensation (see sidebar for definition of terms) for the 446 employees on whom data were collected was \$19,696 (Table 3). Because this figure

represents full-time, part-time, and seasonal employees, working a wide range of hours, the hourly compensation of this group, \$9.65, is a more meaningful reflection of overall compensation values. The same is also true for the average total cash wage, \$15,867, which includes both hourly and salaried employees working full-time, part-time, or seasonal schedules. The difference of \$3,829 between these two values (\$19,696-\$15,867) represents the average value of employee benefits.

The average wage paid to employees who are paid on an hourly basis was \$8.01. To compare this figure against what salaried employees are paid for their time, the hourly wage equivalent figure was calculated by dividing an employee's annual salary by the number of hours he/she works, resulting in an average hourly wage equivalent of \$7.97 per hour for employees paid an annual salary.

#### *Compensation across Competencies*

Although the average employee represented in this study works nearly 43 hours per week, variation can be seen across competency, with Level 1 employees putting in almost 33 hours, and Level 5 employees averaging over 52 hours per week. The steady upward trend in hours worked per week across competency levels is mirrored in the compensation and wage results, with the exception of Level 5 employees. While Level 5 employees are the employees working the most hours per week, Level 4 employees are, on average, the most highly compensated employees in the study.

The average hourly compensation of an employee in Level 1 was \$7.20. Hourly compensation trended upward to \$12.22 for Level 4 employees, but dropped off to \$10.45 for employees in Level 5. Hourly cash wage and hourly wage equivalent values followed the same trend.

To best explain the drop in compensation and wages between Levels 4 and 5, refer to Table 2, where we see the prevalence of family members and part owners in the highest competency grouping. The summary information shows that Level 5 employees are certainly the most experienced and tenured employees within a business with, on average, nine years

more industry experience than an average Level 4 employee. That in itself does not explain these results. The most likely explanation comes when considering the amount of time these two groups have been with the same businesses, almost nine years for Level 4 employees but over 21 years for employees in Level 5, meaning Level 5 employees have not been under the same market pressure as their coworkers in the lower levels. In addition, the long term Level 5 employees, whether related to the employer or not, may have an implicit contract regarding their retirement or disability. That is, the employer might consider “looking after” such employees in those situations as an obligation. Also, owner/employees may take ownership returns in lieu of salary. While this does not definitively explain these results, it does offer some indication of why the compensation and wage rates might follow that pattern which is especially important considering the same trend is seen in the Full-Time, Part-Time, and Seasonal results.

#### *Prevalence of Benefits*

Farm products were the most commonly received benefit, followed by health insurance and bonuses. Farm products included meat, garden produce, and numerous other items. When received, farm products had an average annual cash value of \$1,006. The single and family health insurance policies received by employees in the study had an average annual value of \$3,649. While 27 percent of employees received bonuses, the average bonus value was \$617 and therefore constituted a small portion of the overall average compensation package.

There was variation across competency in regards to benefits. Health insurance, for example, was more prominent in the higher competency levels, received by 54 percent of Level 5 employees, but by only six percent of Level 1 employees. Profit sharing was seen almost exclusively by employees in Level 5. As seen in Table 3, housing, utilities, personal use of vehicles, also varied across competency classes.

Table 3.

<b>All Employees</b>						
	<b>All</b>	<b>Employee Competency Level</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Count <sup>1</sup>	446	80	135	100	59	68
Employees paid an annual salary, #	155	4 <sup>3</sup>	29	41	34	46
Employees paid an hourly wage, #	280	76	105	57	23	16
<b>Compensation and Wages</b>						
Total compensation, \$	19,696	8,983	15,512	22,424	29,186	27,355
Hourly compensation, \$	9.65	7.20	8.73	10.83	12.22	10.45
Total cash wage (hourly & salaried)	15,867	8,089	13,179	18,257	22,577	20,349
Annual cash wage (salaried)	20,262		3,378	8,648	14,156	15,196
Hourly wage (\$ paid/hour)	8.01	6.68	7.92	8.85	10.51	8.15
Hourly wage equivalent (salaried)	7.97		6.85	8.41	8.86	7.66
<b>Benefits<sup>2</sup></b>						
Health insurance, \$	3,649	2,644	2,820	3,696	3,806	4,105
Receive health insurance, %	27	6	16	32	44	54
Housing, \$	4,185	4,300	3,914	3,541	5,683	4,649
Receive housing, %	21	8	20	29	20	25
Utilities, \$	1,800		1,724	1,979	1,947	1,702
Receive utilities, %	22		17	25	32	40
Farm products, \$	1,006	292	562	744	2,047	1,170
Receive farm products, %	37	23	30	36	59	49
Personal use of vehicles, \$	1,387	880	1,155	1,075	1,171	2,025
Receive use of vehicles, %	14	6	12	16	12	29
Use of equipment, \$	1,845		349	1,754	3,021	3,418
Receive use of equipment, %	10		10	13	12	15
Retirement program contribution, \$	1,455		514	972	1,628	3,373
Receive retirement contribution, %	7		7	9	10	10
Profit sharing, \$	5,991					6,400
Receive profit sharing, %	2					7
Bonuses, \$	617	243	809	581	931	520
Receive bonuses, %	27	24	27	36	20	24
Average hours worked per week	42.9	33.0	40.0	44.2	50.0	52.6

<sup>1</sup> Competency information was not provided for four employees included in the study.

<sup>2</sup> Benefit values are included in the average only when an employee receives that benefit.

<sup>3</sup> Due to confidentiality concerns, results are not reported when responses < 5.

## ***Full-Time Employees***

### *Compensation and Wages*

The average annual total compensation for the 245 full-time employees included in the study was \$28,188 (Table 4). This compensation rate applies to full-time employees who worked, on average, 53 hours per week. Hours worked per week varied across competency groupings with Level 1 employees working 49 hours per week, compared to a 57 hour workweek for Level 5 employees. Again, because of variations in scheduling, it is likely best to consider employee compensation on an hourly basis, an amount that averaged \$10.13 per hour.

The average hourly cash wage for a full-time employee, paid on an hourly basis, was \$8.36, compared to an average hourly wage equivalent of \$8.08 for employees paid an annual salary. In these terms, hourly employees received, on average, slightly higher cash wages per hour than their salaried counterparts.

### *Compensation across Competencies*

The information from the competency groups indicates several trends in terms of full-time employee compensation practices and wage rates. For instance, the Level 1 employees were the least compensated group of employees, receiving \$18,415 in cash wages with total compensation packages averaging \$20,871. The overall compensation package values and wage rates trended up in Levels 2, 3, and 4 but dropped off slightly for employees in Level 5. This follows the same trend seen in the results for All Employees.

### *Prevalence of Benefits*

Full-time employees received an average of nearly \$6,000 per year in non-cash benefits, indicating that compensation packages can be complex. These survey results show that agricultural employers are choosing among benefit options that vary in prevalence and cost.

For full-time employees, farm products were the most common benefit, with 56 percent of the employees surveyed receiving some type of farm product, which may include anything from meat to garden produce.

While 38 percent of full-time employees received farm-provided health insurance, that benefit was more prominent within the higher competency levels, ranging from 18 percent of Level 1 employees to 54 percent of employees in Level 5. Thirty-eight percent of full-time employees received bonuses, but this benefit was more common in the lower levels, starting with 55 percent within the first competency level and scaling down to 24 percent of Level 5 employees. While both health insurance and bonuses were received 38 percent of the time, the cost of providing health insurance was significantly higher, averaging \$3,676 for family and single policies, compared to an average bonus value of just \$730.

Thirty-five percent of full-time employees benefited from some sort of farm-provided housing or housing allowance. Although farm-provided housing was not the most common benefit, it was the most costly, with an average annual value of \$4,036 going to employees who received that particular benefit.

Table 4.

<b>Full-Time Employees (&gt;1800 hours/year)</b>							
	All	Employee Competency Level					
		1	2	3	4	5	
Count <sup>1</sup>	245	22	60	64	42	54	
Employees paid an annual salary, #	130	4 <sup>3</sup>	22	35	28	40	
Employees paid an hourly wage, #	114	18	38	29	13	14	
<b>Compensation and Wages</b>							
Total compensation, \$	28,188	20,871	25,008	29,016	33,060	30,139	
Hourly compensation, \$	10.13	8.07	9.10	10.77	11.73	10.21	
Total cash wage (hourly & salaried)	22,651	18,415	20,462	23,527	27,155	22,351	
Annual cash wage (salaried)	23,126		18,963	23,176	27,229	22,710	
Hourly wage (\$paid/hour)	8.36	7.01	7.94	8.88	10.63	7.94	
Hourly wage equivalent (salaried)	8.08		6.78	8.65	9.27	7.52	
<b>Benefits<sup>2</sup></b>							
Health insurance, \$	3,676		3,118	3,382	3,987	4,281	
Receive health insurance, %	38	18	25	41	45	54	
Housing, \$	4,036	4,300	3,914	3,552	5,520	4,060	
Receive housing, %	35	27	45	42	24	26	
Utilities, \$	1,828		1,724	2,047	1,925	1,770	
Receive utilities, %	37	18	38	38	38	43	
Farm products, \$	934	392	472	832	1,569	1,266	
Receive farm products, %	56	55	60	48	67	52	
Personal use of vehicles, \$	1,160		1,132	1,113	1,171	1,275	
Receive use of vehicles, %	21	14	25	23	17	22	
Use of equipment, \$	2,011		357	1,692	3,400	3,714	
Receive use of equipment, %	16	0	20	19	14	17	
Retirement program contribution, \$	1,538		675	972	1,900	2,935	
Receive retirement contribution, %	11	1	8	14	12	11	
Profit sharing, \$	3,767						
Receive profit sharing, %	4	0	5	3	0	7	
Bonuses, \$	730	360	968	681	1,014	481	
Receive bonuses, %	38	55	45	45	26	24	
Average hours worked per week	53	49	52	52	54	57	

<sup>1</sup> Competency information was not provided for three of the full-time employees included in the study.

<sup>2</sup> Benefit values are included in the average only when an employee receives that benefit.

<sup>3</sup> Due to confidentiality concerns, results are not reported when responses < 5.

## **Part-Time Employees**

### *Compensation and Wages*

Part-time employees play an integral role in the success of many agricultural businesses. Working, on average, 18 hours per week and 12 months a year, these employees frequently received both cash wages and benefit packages. But those benefit packages were, on average, less valuable for part-time workers than for their full-time counterparts. For part-time employees, total compensation was \$8,953 and total cash wage was \$6,938, meaning roughly two thousand dollars of a part-time employee's compensation came as benefits, as compared to \$5,537 in benefits for the average full-time employee.

When comparing compensation packages and cash wages between part-time employees, it is important to consider the wide range of hours that employees may work. While the range between competency averages was just 15-20 hours per week, the average number of hours worked per week may vary significantly from employee to employee, pointing to the benefit of comparing wages on an hourly basis. The hourly compensation rate for part-time employees was \$9.82. On average, part-time employees paid on an hourly basis received an hourly wage of \$7.26, compared to salaried employees who received an hourly wage equivalent of \$6.66. This is similar to the trend observed with full-time employees, where hourly employees received more for their time than those paid a salary.

### *Compensation across Competencies*

Average compensation values for the five competency levels for part-time employees ranged from a low of \$4,600 for Level 1 employees to a high of \$18,484 for Level 4 employees. Hourly compensation ranged from \$6.09 for Level 1 employees to \$18.36 for employees in Level 4. As in the case of full-time employees, Level 5 part-time employees were not the most highly compensated group, receiving only \$7,655 (\$11.04/hour).

These results pose some interesting questions. Note from Table 5 that sample sizes for employees in Levels 4 and 5 were much smaller than those of the other competency groupings. In addition, part-time employees classified in Levels 4 and 5 were frequently

family members and/or business owners. These factors likely contributed to the unexpected results. Thus, results for these competency levels should be viewed with caution.

*Prevalence of Benefits*

Twenty-seven percent of part-time employees received farm products or bonuses, the most common benefits received by employees in this group. Health insurance was received by 23 percent of part-time employees. Personal use of vehicles was the only other benefit received by five or more employees, as required to report results.

Table 5.

<b>Part-Time Employees (12 months/year, &lt;35 hours/week)</b>						
	Employee Competency Level					
	All	1	2	3	4	5
Count <sup>1</sup>	64	13	28	12	5	5
Employees paid an annual salary, #	20	0 <sup>3</sup>	7	6	3	4
Employees paid an hourly wage, #	43	13	20	6	2	1
<b>Compensation and Wages</b>						
Total compensation, \$	8,953	4,600	8,242	11,234	18,484	7,655
Hourly compensation, \$	9.82	6.09	8.43	13.00	18.36	11.04
<b>Benefits<sup>2</sup></b>						
Total cash wage (hourly & salaried)	6,938	4,499	7,584	7,861	8,572	4,004
Annual cash wage (salaried)	1,790		1,389	2,665		
Hourly wage (\$ paid/hour)	7.26	5.95	7.48	7.67		
Hourly wage equivalent (salaried)	6.66		7.06	7.00		
Health insurance, \$	3,829		2,208	5,806		
Receive health insurance, %	23	0	18	42	40	60
Farm products, \$	1,681					
Receive farm products, %	27	31	11	25	80	40
Personal use of vehicles, \$	900					
Receive use of vehicles, %	8	0	4	0	0	80
Bonuses, \$	94	36	139			
Receive bonuses, %	27	38	25	8	20	40
Average hours worked/week	18	15	20	20	17	15

<sup>1</sup>Competency information was not provided for one part-time employee included in this study.

<sup>2</sup>Benefit values are included in the average only when an employee receives that benefit.

<sup>3</sup>Due to confidentiality concerns, results are not reported when responses < 5.

## **Seasonal Employees**

### *Compensation and Wages*

The survey yielded compensation information for 105 seasonal employees (Table 6). With an overall total compensation average of \$5,575 and an average total cash wage of \$5,229, it is apparent that non-cash benefits become less prevalent for seasonal workers than for their full-time or part-time counterparts. These employees worked, on average, 4.7 months per year and about 34 hours per week. The hourly compensation rate for seasonal employees was \$8.42 with an hourly cash wage of \$7.84 and an hourly wage equivalent of \$10.28, making seasonal employees the only group that was, on average, more highly paid for their time when they received a salary than an hourly wage. However, note that the only seasonal employees that were paid on a salary basis were in the two highest competency groupings.

### *Compensation across Competencies*

The majority of seasonal employees were classified as Level 1 or Level 2 employees. Annual total compensation values ranged from \$3,738 for Level 1 employees to \$9,182 for employees in Level 4. However, these values need to be adjusted to reflect the fact that Level 4 employees worked more hours per week (47 versus 31) and months per year (5.7 versus 4.1). The comparable hourly rates were \$7.07 for Level 1 employees and \$10.73 for Level 4 employees. Annual cash wages ranged from \$3,461 to \$7,278, with hourly wage rates falling within the range of \$6.73 and \$9.75.

### *Prevalence of Benefits*

Bonuses, farm products, and health insurance were the only benefits received by more than the five employees needed to report those results, indicating that benefits are far less prevalent for seasonal workers than for their full-time and part-time coworkers. Bonuses were the most common benefit, received by nine percent of seasonal workers. Seven percent received farm products and five percent received health insurance.

Table 6.

<b>Seasonal Employees (&lt;12 months/year)</b>						
	All	Employee Competency Level				
		1	2	3	4	5 <sup>1</sup>
Count	105	39	37	18	7	4
Employees paid an annual salary, #	5	0	0	0	3	2
Employees paid an hourly wage, #	99	39	37	18	4	1
<b>Compensation and Wages</b>						
Total compensation, \$	5,575	3,738	5,613	7,411	9,182	
Hourly compensation, \$	8.42	7.07	8.35	9.62	10.73	
<b>Total cash wage (hourly &amp; salaried), \$</b>						
Total cash wage (hourly & salaried), \$	5,229	3,461	5,452	7,272	7,278	
Annual cash wage (salaried), \$	7,420					
Hourly wage (\$ paid/hour), \$	7.84	6.73	8.13	9.12		
Hourly wage equivalent (salaried), \$	10.28					
<b>Benefits<sup>2</sup></b>						
Health insurance, \$	3,512					
Receive health insurance, %	5					
<b>Farm products, \$</b>						
Farm products, \$	489					
Receive farm products, %	7					
<b>Bonuses</b>						
Bonuses	333			150		
Receive bonuses, %	9			33		
<b>Average hours worked/week</b>						
Average hours worked/week	34	31	36	33	47	
<b>Average number of months worked/year</b>						
Average number of months worked/year	4.7	4.1	4.4	5.4	5.7	

<sup>1</sup>Due to confidentiality concerns, results are not reported when responses < 5.

<sup>2</sup>Benefit values are included in the average only when an employee receives that benefit.

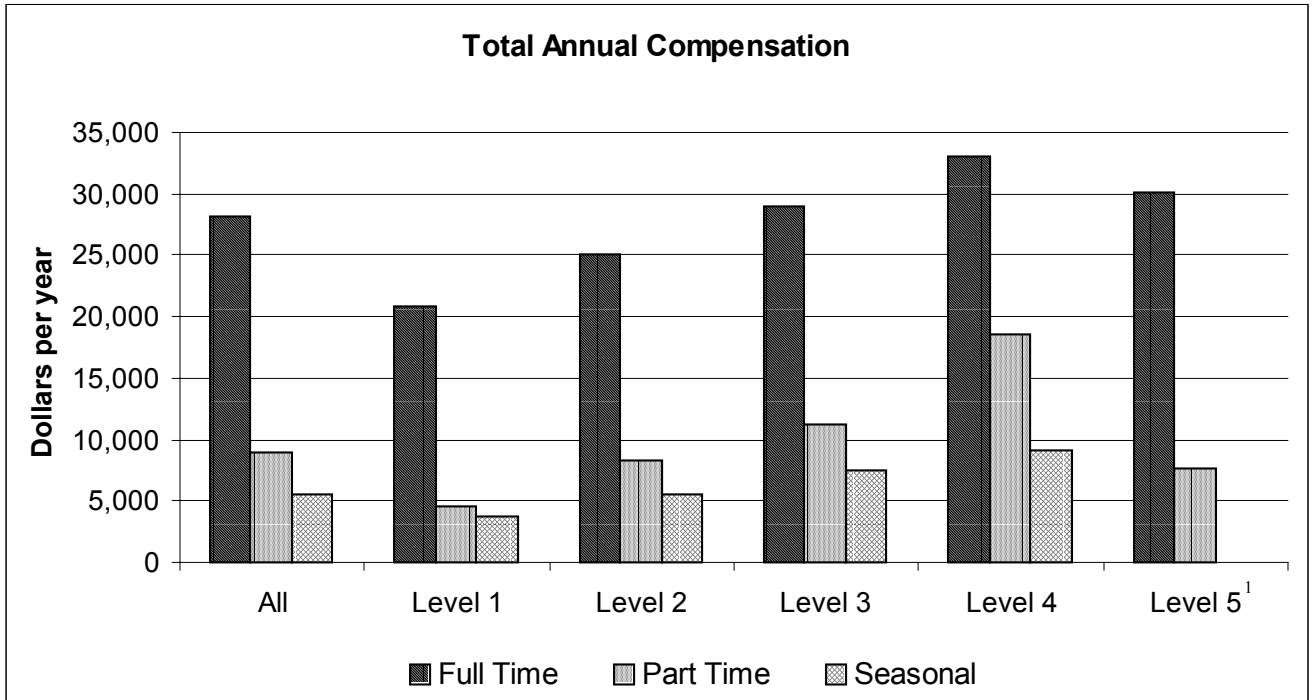
## **Summary**

When quantifying the compensation of farm employees, it is important to consider both the skill level (competency) of the employee and the level of employment (full-time, part-time, seasonal). Figures 1-5 graphically summarize the compensation, hourly cash wages, and hours worked per week for the different levels of employment and competency.

Both cash wages and total compensation (cash wages plus benefits) tend to increase as competency levels increase. The exception to this is Level 5 employees, who tend to be longer-term employees and own a larger portion of the business. Benefits tend to be higher for employees rated at higher competency levels. However, as a general rule, higher competency employees also tend to work more hours per week.

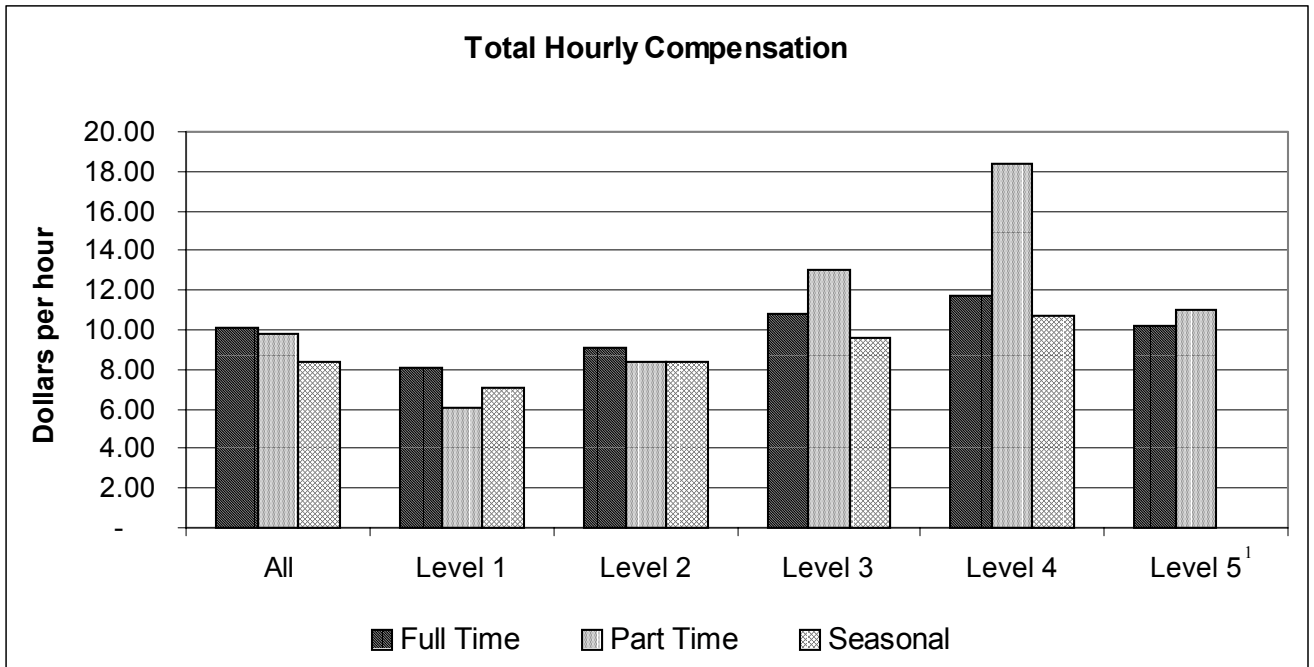
Compensation packages are highly variable and can become quite complex in farming operations. While many factors will ultimately determine what an employer is willing to pay an employee (and what that employee is willing to accept), this publication provides some summary information from farm operations in Kansas that may be useful as employers and employees negotiate compensation packages.

**Figure 1.**



<sup>1</sup>Due to confidentiality concerns, results are not reported when responses < 5.

**Figure 2.**



<sup>1</sup>Due to confidentiality concerns, results are not reported when responses < 5.

Figure 3.

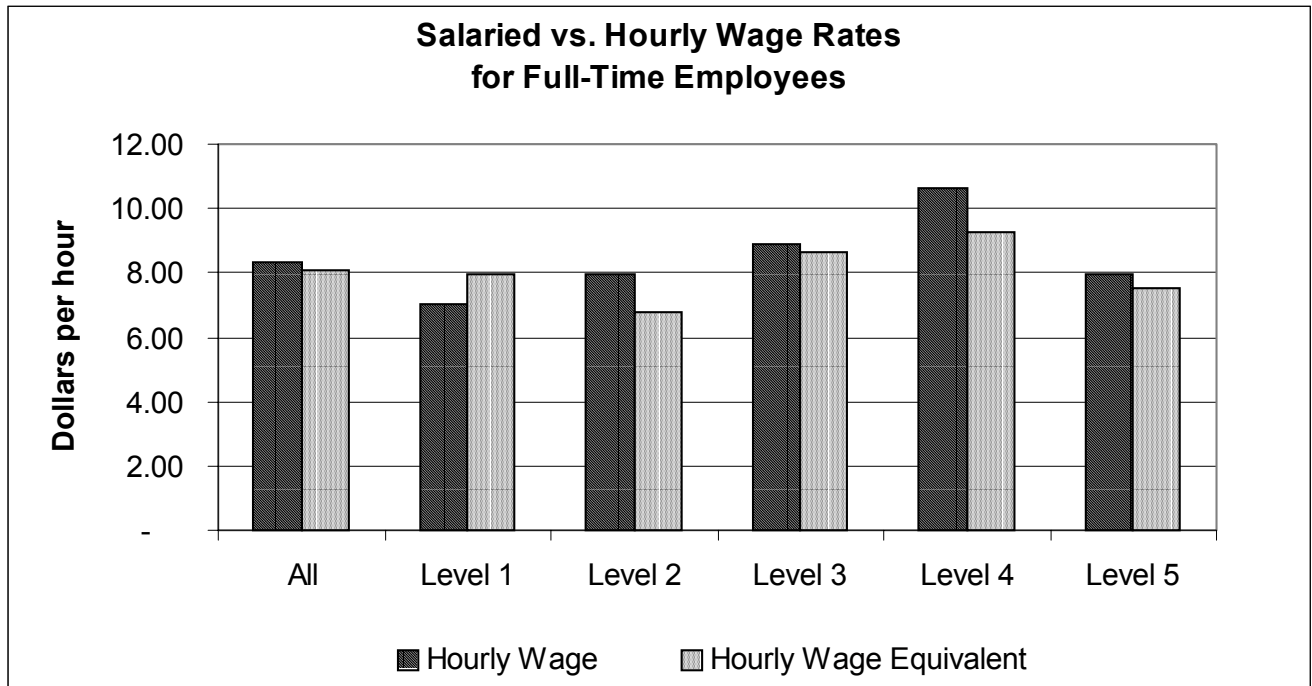
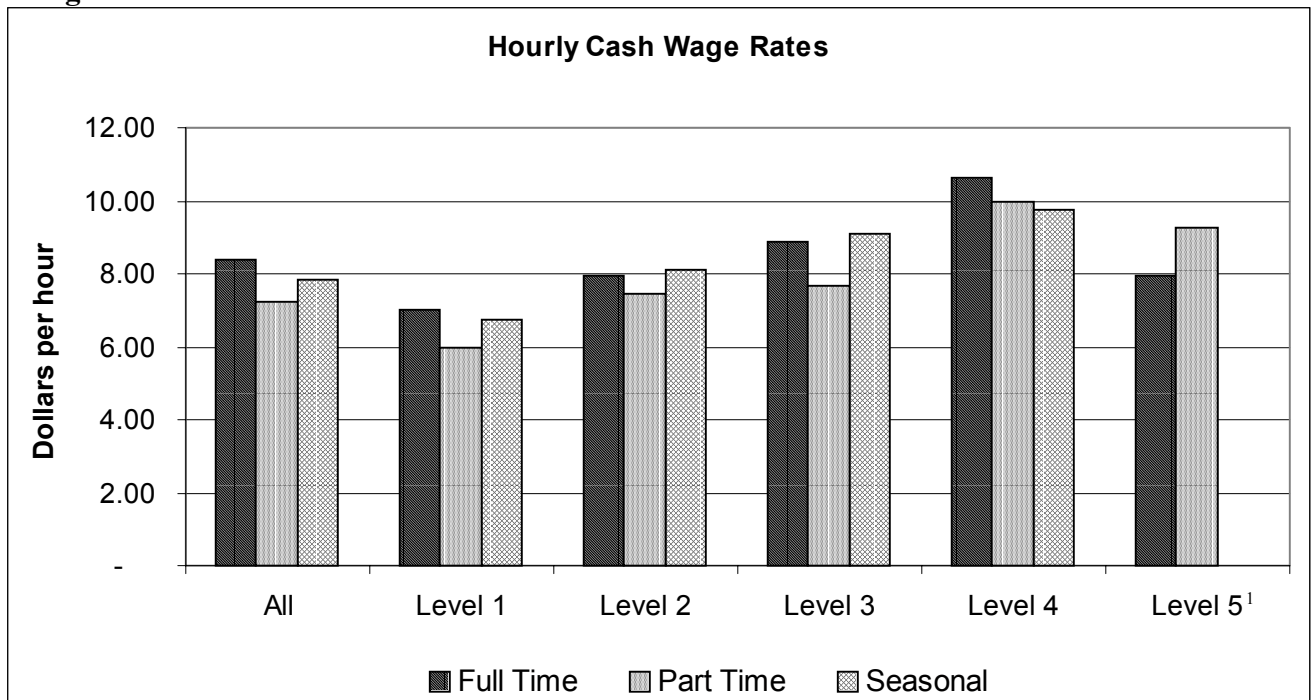
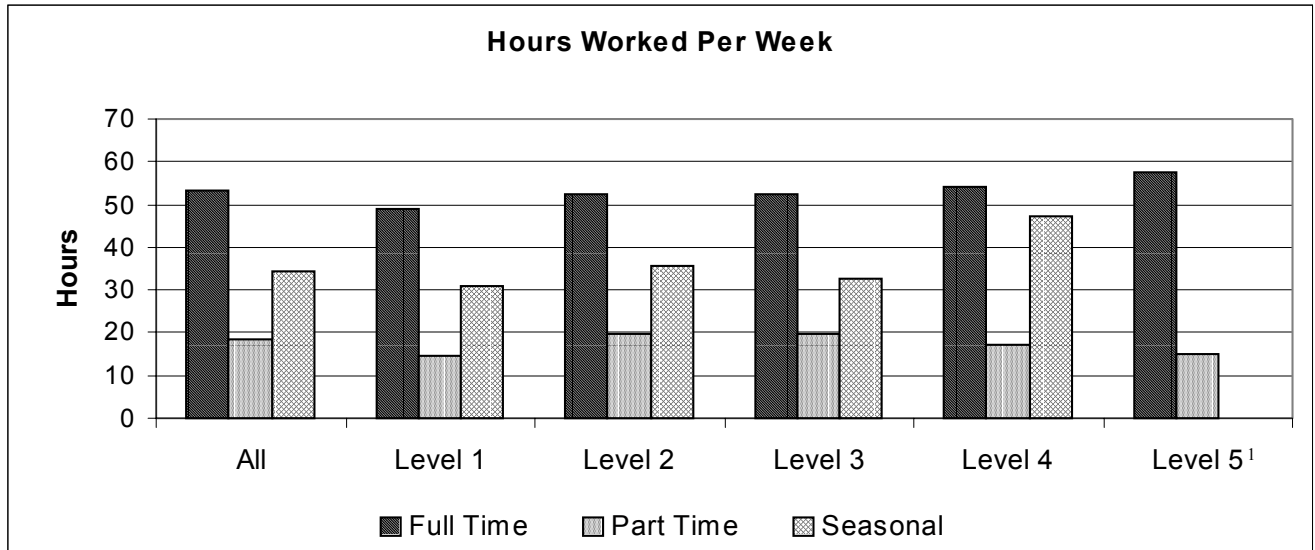


Figure 4.



<sup>1</sup>Due to confidentiality concerns, results are only reported when responses < 5.

Figure 5.



<sup>1</sup>Due to confidentiality concerns, results are not reported when responses < 5.

## Definition of Terms

Total Compensation: The sum of the values (in \$/year) of  
Total cash wage, House, Utilities, Farm products received, Vehicle, Use of  
equipment, Health insurance, Employer contribution to retirement program, Profit  
sharing, Bonuses, Other benefits

Hourly Compensation = Total Compensation / Total hrs worked per year

Total Cash Wage (hourly & salaried):  
Total Cash Wage is either the employee's annual salary as reported by the employer  
or, for hourly employees, is calculated by multiplying the employee's hourly wage by  
the hours worked per year.

Annual Cash Wage (salaried):  
An average of the cash wages of all those employees receiving annual salaries as  
reported by their employers.

Hourly Wage (\$ paid/hour):  
The average hourly wage received by those employees who are paid by the hour as  
reported by their employers.

Hourly Wage Equivalent =  
Annual Cash Salary / Hours worked per year (salaried employees only)

This figure is calculated to represent what salaried employees receive per hour of  
work. It can be compared to Hourly Wage to determine whether an employee is  
better off being paid a salary or an hourly wage.