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CORNHUSKER ECONOMICS

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University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
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Farm Wages In Nebraska

Market Report	Yr Ago	4 Wks Ago	1/19/07
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$94.56	\$ *	\$86.33
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	141.54	*	113.57
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	114.96	*	90.25
Choice Boxed Beef, 600-750 lb. Carcass	156.81	*	154.56
Western Corn Belt Base Hog Price Carcass, Negotiated	54.10	*	59.58
Feeder Pigs, National Direct 45 lbs, FOB	*	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	60.55	*	64.18
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	78.50	*	*
National Carcass Lamb Cutout, FOB	226.10	*	244.87
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu	*	*	4.49
Corn, No. 2, Yellow Omaha, bu	1.80	*	3.80
Soybeans, No. 1, Yellow Omaha, bu	5.35	*	6.73
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.77	*	6.29
Oats, No. 2, Heavy Minneapolis, MN, bu	2.14	*	2.83
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	130.00	*	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	65.00	*	92.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	52.50	*	82.50
* No market.			

As farm sizes increase, questions related to labor management, employee working conditions and employee wages become more important. Farm operators want to know if the wages they are providing are competitive and employees want to ensure they are being compensated fairly. The most comprehensive set of information on farm wages in this region is a report published by Iowa State University in 2006. This resulted from a survey of Iowa farmers who employ one or more workers on a full-time basis. Another source of information is the periodic report of farm wages published by the National Agricultural Statistics Service (NASS).

Wages

The most recent NASS data published in November, 2006 showed an average wage rate for all hired farm workers in Nebraska of \$9.84 per hour, or an increase of 7 percent over the 2005 average wage. Table 1 on the next page is a summary of the results of the Iowa survey which was conducted in 2005. The average rate for all employees was \$11.22 per hour or, about 4 percent above the NASS average quoted for 2005 of \$10.73. On an hourly equivalent basis, those employees on a fixed wage earned over a dollar more than those paid on an hourly basis, \$11.74 versus \$10.61 per hour. The hourly wage earners worked 50 hours more per year than the fixed wage earners. Slightly more than half of all workers were on an hourly wage basis.

Benefits

An interesting feature of the Iowa data is the specification of benefits and their value shown in Table 2 (on next page). For all employees, the value of benefits is 22 percent of the average wage. For those on a fixed wage, the value is nearly 28 percent of the base wage and for those on an hourly wage it is only 17 percent. The value of benefits for those on hourly wages, who actually receive benefits, is



less than for those on a fixed wage, but the percentage of hourly workers who receive benefits is also probably lower.

Table 1. Compensation by Wage Type, Iowa Farm Employees

	All Full-time Employees	Hourly Wage	Fixed Wage
Percent of Employees	100	55	45
Value of Cash Wages	\$28,256		\$28,972
Value of Benefits	5,374	4,066	6,958
Value of Bonuses	1,010	701	1,382
Value of Total Compensation	\$34,640		\$37,312
Years of Tenure on Farm	9.2	8.3	10.3
Hours Worked per Year	2,575	2,597	2,547
Average Wage per Hour	\$11.12	\$10.61	\$11.74
Total Compensation per Hour	\$13.59	\$12.45	\$14.98

Source: Edwards, William. *Wages and Benefits for Farm Employees*. <http://www.extension.iastate.edu/agdm/wholefarm/html/c1-60.html>

Nearly half of the employees received health insurance either as an individual or with family coverage as well. The housing benefit is based on typical rental rates for rural homes. An interesting benefit is the meals provided to nearly half of the workers. Employees who received meals received an average of 5 meals per week.

Table 2. Benefits Provided to Employees

Type of Benefit	Percent Receiving the Benefit	Average Value for Those Receiving the Benefit	Average Value for All Employees
Insurance (total)	42	\$4,132	\$1,721
Housing (total)	20	\$3,459	\$700
Utilities (total)		\$2,157	\$436
Meals	45	\$1,273	\$583
Personal Use of Vehicle	20	1,224	300
Farm Produce to Consume	32	275	98
Clothing	24	142	34
Continuing Education	14	266	36
Recreation	36	1,239	458
Farm Commodities	4	3,318	242
Retirement Plans	27	12,000	732

Source: Edwards, William. *Wages and Benefits for Farm Employees*. <http://www.extension.iastate.edu/agdm/wholefarm/html/c1-60.html>

In addition to these benefits, more than 55 percent of the employees received payments through some type of bonus or incentive plan. The average bonus was \$1,748. While many of these payments were incentive payments based on farm performance, many were a simple year-end cash bonus.

Implications for Nebraska

The NASS data shows the Nebraska hourly wage rate for 2006 is \$9.84. That is 87 percent of the Iowa average hourly rate of \$11.28. The NASS data does not specify if benefits are included. It is assumed benefits are not included. By applying this ratio to the different wage types in the Iowa data and adding in the value of benefits, estimated equivalent Nebraska wages were calculated as follows:

Hourly Iowa Average Wage	\$10.61 per hour (see Table 1)
Equivalent Nebraska Wage	\$9.23 per hour
Value of Benefits and Bonuses	\$1.84 per hour
Total	\$11.07 per hour
Fixed Iowa Average Wage, Hourly Basis	\$11.74 per hour
Equivalent Nebraska Wage	\$10.21 per hour
Value of Benefits and Bonuses	\$3.22 per hour
Total	\$13.43 per hour or \$34,206 per year

References:

Edwards, William. *Wages and Benefits for Farm Employees*. <http://www.extension.iastate.edu/agdm/wholefarm/html/c1-60.html>

USDA. *Nebraska Agri-Facts*. NASS, Nebraska Field Office. Issue 23-2006, December 5, 2006.

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