

2019

Agribusiness Wage + Land Rent Survey



Survey Structure

Aldrich CPAs + Advisors LLP developed its fourth annual edition of the Agribusiness Wage + Land Rent Survey focusing on compensation, employee benefits and land rents. The survey's purpose is to provide agricultural business owners and stakeholders with insights and information to assist in day-to-day decisions.

The Agribusiness Wage + Land Rent Survey focuses on areas that are most important to the agribusiness community as communicated to us by our clients and industry partners.

Employee wages, including national benchmarks and data from previous years

Wages are often the highest expense for many agricultural businesses. With benchmarks and comparisons to other industry businesses, farm owners and managers can make more informed decisions to remain competitive in the marketplace.

Land rents in various Pacific Northwest regions

To address this ongoing concern with farm owners, the survey provides an overview of land rent statistics to better prepare Aldrich clients.

Employee benefits, including national standards

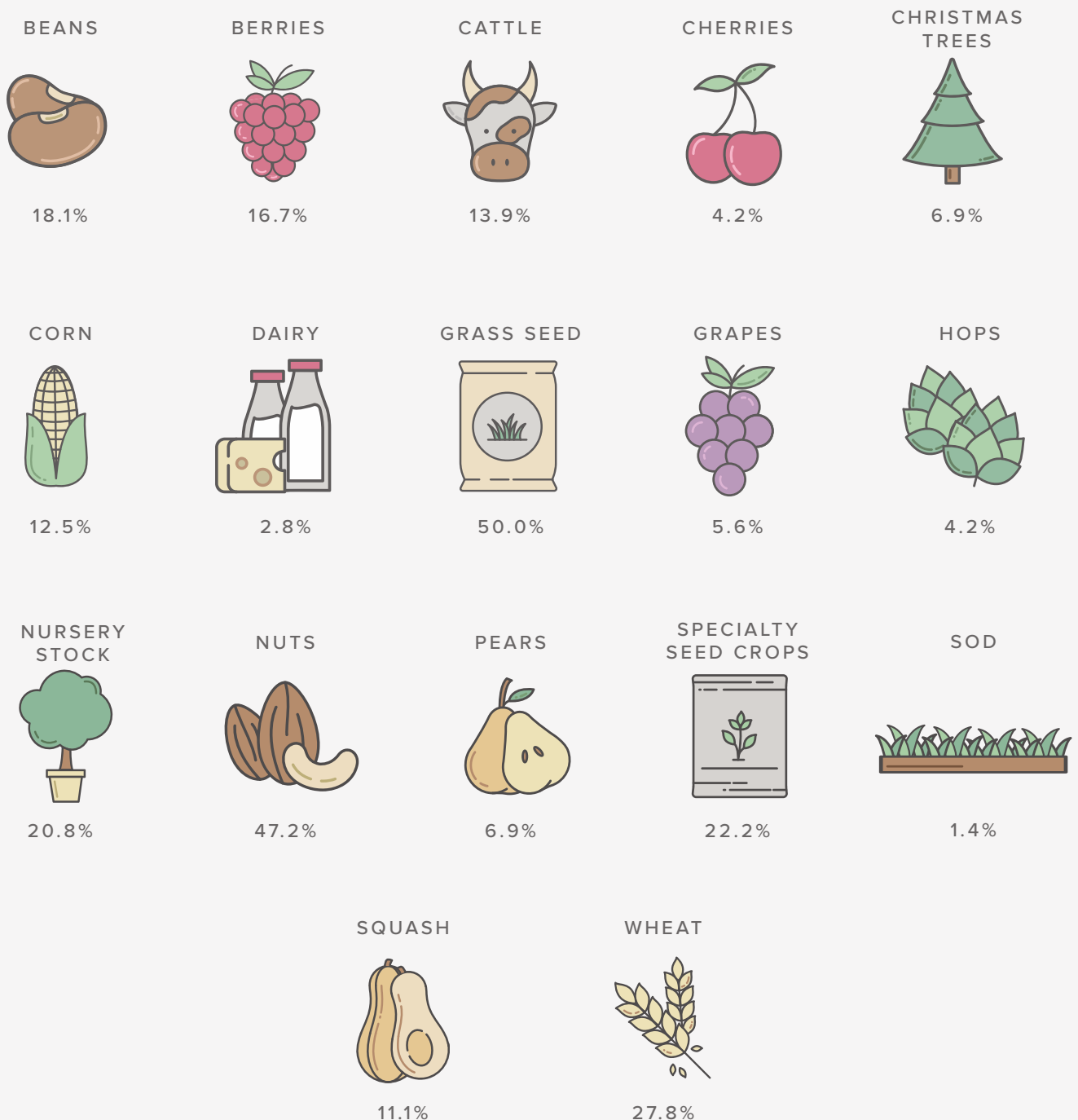
Business owners can gain an advantage with prospective employees by using competitive employee benefits offerings to their advantage.



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Employee wages, including national benchmarks and data from previous years



Operation

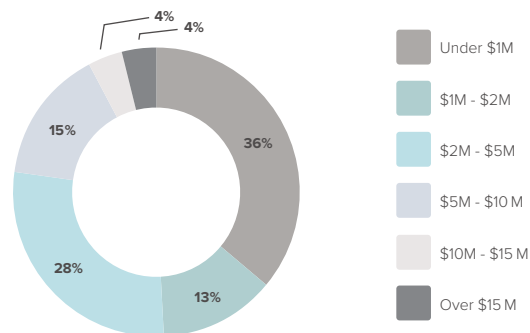
It is crucial for farm owners and stakeholders to understand the issues that influence operations each year, including changes in soil composition, water sources and climate change. Farmers work to mitigate these issues through the use of fertilizers, pesticides, technology and labor. As was the case in 2018, fertilizers and pesticides drew the greatest number of responses from survey participants. When looking at the largest variable category of expenditure, 55% said fertilizers were their greatest expense and 18% of our respondents identified pesticides as the next largest variable expenditure.

In this year's participant pool, farms generating less than \$1 million annually made up 36% of respondents, comparable to the previous two years. Another similarly sized segment of 41% earned in the \$1-\$5 million range. For the larger operations, just 8% of respondents generated more than \$10 million, with half of that earning more than \$15 million.

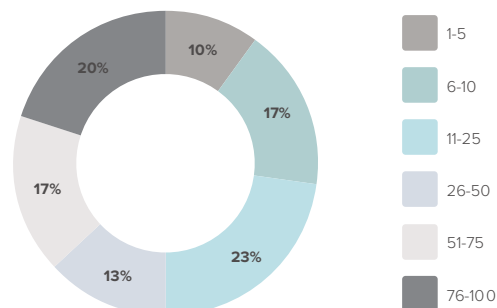
Today, agribusiness relies heavily on farmworkers to plant, cultivate, harvest and prepare crops for market or storage. National statistics from the U.S. Bureau of Labor show that in 2017, employers ranged from 30 to 50 workers per farm¹. Survey respondents stated that during peak season, 10% of farm owners hired fewer than five farm laborers, 17% hired between six and ten workers, 23% hired 11-25 workers, 13% hired between 26-50 workers and 37% of companies hired more than 50 laborers. Our survey respondents indicated higher employment than in previous years, but with larger revenue operations joining the participant pool, we have still seen numbers that reflect challenges around hiring.

Survey results showed minimal changes in seasonal employment duration. Consistent with previous years, 20% employ workers for less than 6 weeks. Another 36.7% retained seasonal labor for 6-12 weeks, a slight increase for the second straight year. Just 6.7% employed workers for 13-18 weeks. Finally, another 36.7% employed seasonal workers longer than 18 weeks, the highest in the previous three years.

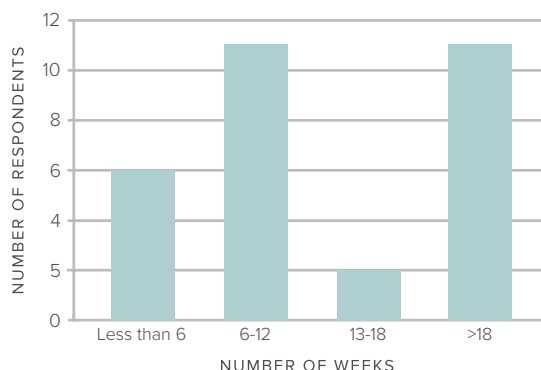
Gross Revenues from Farming Operations



Number of Employees During Peak Employment



Average Number of Weeks of Employment



¹Occupational Employment and Wages, May 2019, 45-2099 Agricultural Workers, All Other. U.S. Bureau of Labor Statistics, 2018. <https://www.bls.gov/oes/2017/may/oes452099.html>

Compensation

As minimum wage increases, business owners must plan accordingly. The United States Department of Agriculture (USDA) stated that the average wage for all hired workers increased by 5% annually². While an increase in minimum wage requirements can be a challenge to business owners, establishing a competitive wage can help farm owners retain loyal workers. According to the national Agribusiness Human Resource report, 48% of human resource professionals are most concerned with maintaining a fair and competitive compensation system for employees.

As depicted below, starting minimum hourly wage ranges between \$11 to a maximum hourly wage of

\$110 depending on role and responsibility. With some positions reported as part time workers, we have also included yearly compensation as a reflection of total cost to business owners.

Our respondents met national standards² in most positions.

Outside of managers and controllers, the highest compensated individuals were those with additional machinery expertise such as forklift and tractor operators.

STARTING HOURLY COMPENSATION OF NEW EMPLOYEES

POSITION	MINIMUM WAGE	MEDIAN WAGE	MAXIMUM WAGE
Accounting Clerk/Staff	\$11.25	\$18.00	\$36.06
Field Spraying Operator (Herbicide/Pesticide Applicator)	\$12.00	\$20.60	\$35.00
Field/General Laborer - Farm	\$11.25	\$13.46	\$30.00
Floor/General Laborer - Processing Plant	\$11.25	\$13.94	\$30.00
Floor/Line Supervisor	\$16.83	\$18.27	\$38.00
Food Safety Manager	\$24.04	\$24.04	\$24.04
Forklift Operator	\$12.00	\$15.46	\$30.00
Head Seed Cleaner	\$16.25	\$23.08	\$40.00
Maintenance Manager	\$24.04	\$31.83	\$50.00
Mechanic - Farm	\$16.00	\$24.02	\$38.46
Mechanic - Processing Plant	\$16.00	\$26.44	\$38.00
Office Manager	\$15.00	\$21.69	\$36.00
Plant Manager	\$28.85	\$37.93	\$63.46
Quality Control Supervisor	\$24.04	\$27.02	\$30.00
Receptionist/Administrative Assistant	\$14.42	\$18.00	\$30.00
Sales Manager	\$16.83	\$30.63	\$62.50
Sales Staff	\$14.57	\$23.08	\$30.00
Supervisor/Crew Supervisor	\$13.00	\$18.00	\$47.44
Tractor/Equipment Operator	\$11.25	\$16.11	\$35.00
Truck Driver	\$12.00	\$19.62	\$22.00

²Size and Composition of The U.S. Agricultural Workforce, United States Department of Agriculture, Economic Research Service, 2019. <https://www.ers.usda.gov/topics/farm-economy/farm-labor/#wages>

TOP HOURLY COMPENSATION OF EXISTING EMPLOYEES

POSITION	MINIMUM WAGE	MEDIAN WAGE	MAXIMUM WAGE
Accounting Clerk/Staff	\$17.00	\$21.32	\$36.06
Field Spraying Operator (Herbicide/Pesticide Applicator)	\$15.38	\$21.82	\$35.00
Field/General Laborer - Farm	\$11.54	\$16.00	\$30.00
Floor/General Labor - Processing Plant	\$14.00	\$16.83	\$30.00
Floor/Line Supervisor	\$16.83	\$21.00	\$38.00
Food Safety Manager	\$19.47	\$22.96	\$26.44
Forklift Operator	\$12.02	\$16.83	\$30.00
General Manager	\$28.85	\$56.49	\$106.00
Head Seed Cleaner	\$16.25	\$26.92	\$40.00
Maintenance Manager	\$23.08	\$33.65	\$50.00
Mechanic - Farm	\$19.23	\$25.00	\$38.46
Mechanic - Processing Plant	\$22.00	\$28.85	\$38.00
Office Manager	\$18.00	\$25.42	\$38.46
Plant Manager	\$18.00	\$38.46	\$63.46
Quality Control Supervisor	\$15.38	\$22.12	\$28.85
Receptionist/Administrative Assistant	\$16.83	\$21.63	\$30.00
Sales Manager	\$31.25	\$38.46	\$62.50
Sales Staff	\$14.42	\$26.00	\$39.90
Supervisor/Crew Supervisor	\$17.00	\$21.88	\$47.44
Tractor/Equipment Operator	\$15.38	\$19.62	\$35.00
Truck Driver	\$16.00	\$21.39	\$32.00



Land Rents

A key indicator of business sustainability, land rents remain at the forefront of farm owners' minds. Understanding the marketplace and a farm's cost-per-acre can aid in rent negotiations and other land-related decisions.

The below table represents the average per-acre cost with irrigation by commodity.

IRRIGATED COST PER ACRE

COMMODITY	MINIMUM	MEDIAN	MAXIMUM
Apples	\$400	\$425	\$450
Beans	\$120	\$240	\$400
Berries	\$120	\$425	\$1,550
Cattle	N/A	N/A	N/A
Cauliflower	\$200	\$225	\$250
Cherries	\$300	\$300	\$300
Christmas Trees	\$175	\$175	\$175
Corn	\$120	\$240	\$400
Dairy	\$100	\$100	\$100
Garlic	\$350	\$425	\$800
Grapes	N/A	N/A	N/A
Grass Seed	\$110	\$200	\$450
Hops	\$1,040	\$1,040	\$1,040
Nursery Stock	\$250	\$466	\$1,528
Nuts	\$110	\$475	\$1,000
Peaches	\$300	\$300	\$300
Pears	\$450	\$450	\$450
Sod	\$300	\$300	\$300
Specialty Seed Crops	\$150	\$200	\$250
Squash	\$120	\$185	\$250
Wheat	\$100	\$225	\$450
Other	\$120	\$150	\$350

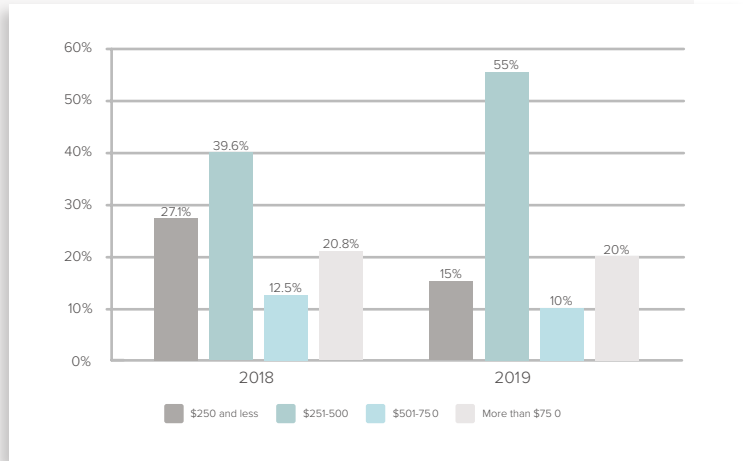
NON-IRRIGATED COST PER ACRE

COMMODITY	MINIMUM	MEDIAN	MAXIMUM
Apples	\$450	\$450	\$450
Beans	\$190	\$200	\$200
Berries	N/A	N/A	N/A
Cattle	\$25	\$25	\$25
Cauliflower	N/A	N/A	N/A
Cherries	N/A	N/A	N/A
Christmas Trees	\$175	\$175	\$175
Corn	\$190	\$190	\$190
Dairy	N/A	N/A	N/A
Garlic	N/A	N/A	N/A
Grapes	N/A	N/A	N/A
Grass Seed	\$85	\$163	\$500
Hops	N/A	N/A	N/A
Nursery Stock	\$150	\$250	\$1,077
Nuts	\$110	\$300	\$1,000
Peaches	\$300	\$300	\$300
Pears	\$450	\$450	\$450
Sod	N/A	N/A	N/A
Specialty Seed Crops	\$100	\$125	\$235
Squash	N/A	N/A	N/A
Wheat	\$100	\$163	\$350
Other	\$100	\$150	\$432

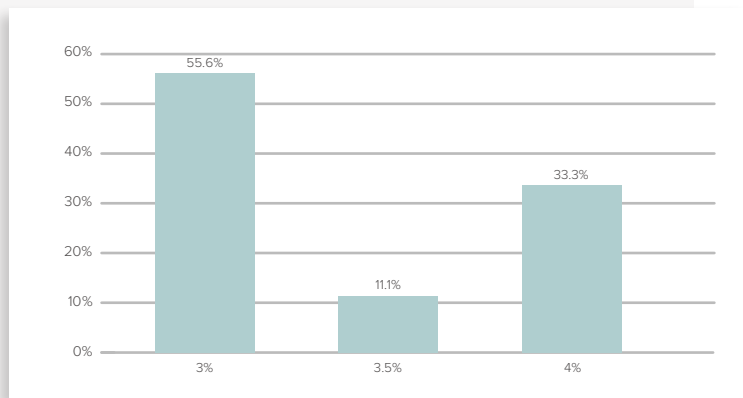


Employee Benefits

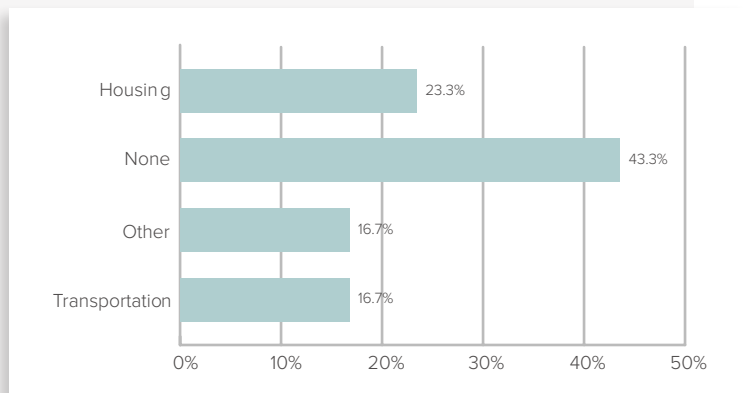
Employer Health Spend per Employee



Maximum Matching Contribution as Percentage



Alternative Compensation



Federal laws on employee benefits have strengthened over time and business owners must comply to avoid penalties. According to the National Agricultural Workers Survey from the Department of Labor, approximately 76% of farmworkers are foreign-born³. Due to shortages in the workforce and strict regulations, business owners often need to increase employee benefits to attract new talent.

An increase in health insurance coverage is a common perk for employees, and business owners agree that it is a competitive offering. According to our survey, 15% of respondents contributed \$250 or less to health insurance per employee. This group of minimum contributors is half of last year's response, showing that employers started to increase their contributions. Increasing substantially from last year, 55% contributed \$251 to \$500. Another 10% offered \$501 to \$750 per month per employee, comparable to 2018. Lastly, 20% offered more than \$750, the same as last year. Larger organizations have increased their health benefits to strengthen their position in the talent marketplace after seeing a decrease in health insurance offerings in 2018. The increase in overall respondents contributing more than \$250 to health insurance per employee is reflective of a continued rising national trend.

Only 25% of this year's participants provided matching for 401K plans, with those offering this benefit providing between 3% and 4%.

Some employers offered alternative forms of compensation, including housing, transportation, produce or meat and additional work gear.

³Agribusiness HR Review 2018-2019 U.S. Data Release, Ag Careers, 2019. <https://www.agcareers.com/agribusiness-human-resources-review.cfm>

Summary

On average, employment continued to rise; however farm managers continue to list obtaining workers as a consistent pain point. Our participants continue to meet national standards for compensation, with machine-related and skilled labor driving the higher end of the wage scale. Business owners decreased their overall retirement plan offerings, but those who did provide this benefit met the national benchmark contribution of 3%.

Our vision at Aldrich is to be a long-lasting resource to the agribusiness community by providing a unique blend of agribusiness industry knowledge, technical expertise and valuable solutions that focus on addressing the production, operations and regulatory demands of our clients. We spend time diving deep into our industries and are active members within key committees of many associations.

Aldrich CPAs + Advisors LLP is ranked in the Top 100 Accounting Firms nationally, providing tax, accounting, advising and consulting services to businesses and individuals. Recognition includes Top 100 Accounting Firms by Inside Public Accounting, Best Places to Work and Healthiest Employer.

Serving clients throughout the west from locations in Oregon, California, Washington and Alaska, Aldrich has industry expertise working with agribusiness, food processing, manufacturing, construction, healthcare, nonprofit, telecommunications and a variety of privately-held companies. Affiliates include Aldrich LLP, CPAs and Business Consultants, Aldrich Wealth Advisors LP, Aldrich Benefit Advisors LP, and Aldrich Retirement Plan Services LP.

If you have any questions or would like us to assist your business in any way, please feel free to contact any of our team members at agribusiness@aldrichadvisors.com.

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