



Minimum Wage Increase: Impact on Agriculture

Agricultural Employer 1 Dairy Farm, Capital Region

375 Cows
Contributes \$2.2M to Local Economy
6 Employees Wage Increase: \$150,020
Employer Payroll Tax Increase: \$20,780

Additional Cost: \$170,800

Agricultural Employer 2 Dairy Farm, North Country

2,500 Cows
Contributes \$13M to Local Economy
46 Employees Wage Increase: \$700,800
Employer Payroll Tax Increase: \$72,476

Additional Cost: \$773,276

Agricultural Employer 3 Vegetable Grower, Central NY

300 Acres of Production
Contributes \$2M to Local Economy
15 Employees Wage Increase: \$23,451
Employer Payroll Tax Increase: \$14,199
52 H2A Employee Wage Increase*: \$170,376

Additional Cost: \$208,026

Agricultural Employer 4 Greenhouse Grower, Capital Region

5 Acres in Production
Contributes \$250,000 to Local Economy
9 Seasonal Empl. Wage Increase: \$26,202
Employer Payroll Tax Increase: \$3,688

Additional Cost: \$29,890

Food Hub Employer 5 Produce Retailer, Hudson Valley

3,000 customers/ 80 Farm Suppliers
Contributes \$4M to Local Economy
25 Employees Wage Increase: \$440,000
Employer Payroll Tax Increase: \$85,000

Additional Cost: \$525,000

Agricultural Employer 6 Vegetable Grower, Western NY

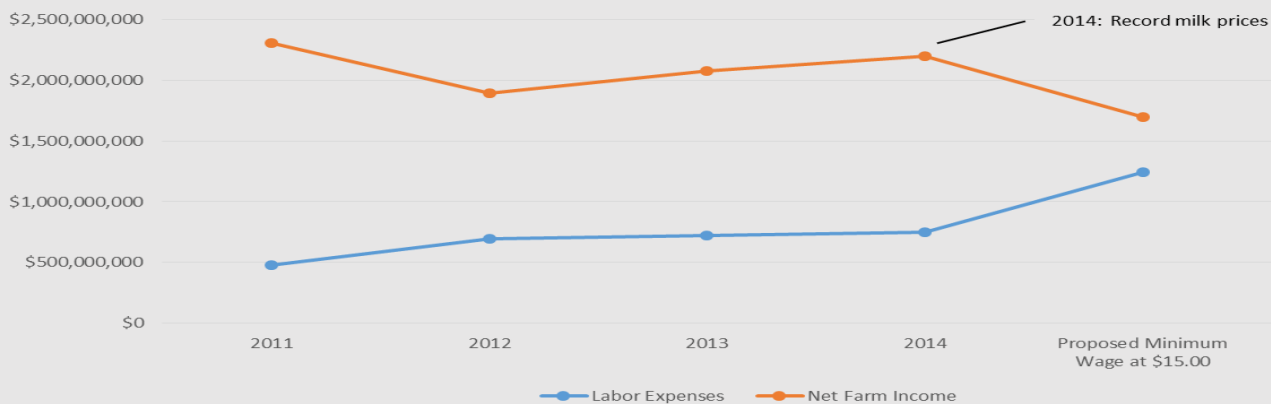
450 Acres in Production
Contributes 2M to Local Economy
107 Employee Wage Increase: \$746,865
Employer Payroll Tax Increase: \$104,607

Additional Cost: \$851,472

- These employers based their costs on the Governor's \$15.00 minimum wage increase proposal from \$9.00 . All employers have included their current employees, regardless of wage, in accruing the \$6.00 pay raise.
- Employer payroll taxes include workers compensation insurance, FICA, unemployment insurance and Medicare.

Farms with seasonal labor needs can also use the Federal H2A Visa Program to access needed employees. The program has strict guidelines, including the required use of an Adverse Effect Wage Rate (AEWR) that is currently set at \$11.74/hour in New York. This wage must be paid to all employees—both H2A and domestic — if the farm uses this program. As the minimum wage level has increased in the state the past 3 years , the AEWR has mirrored that increase as well. **An increase of the minimum wage would increase the AEWR several dollars over \$15.00/hour.*

Effect on Net Farm Income



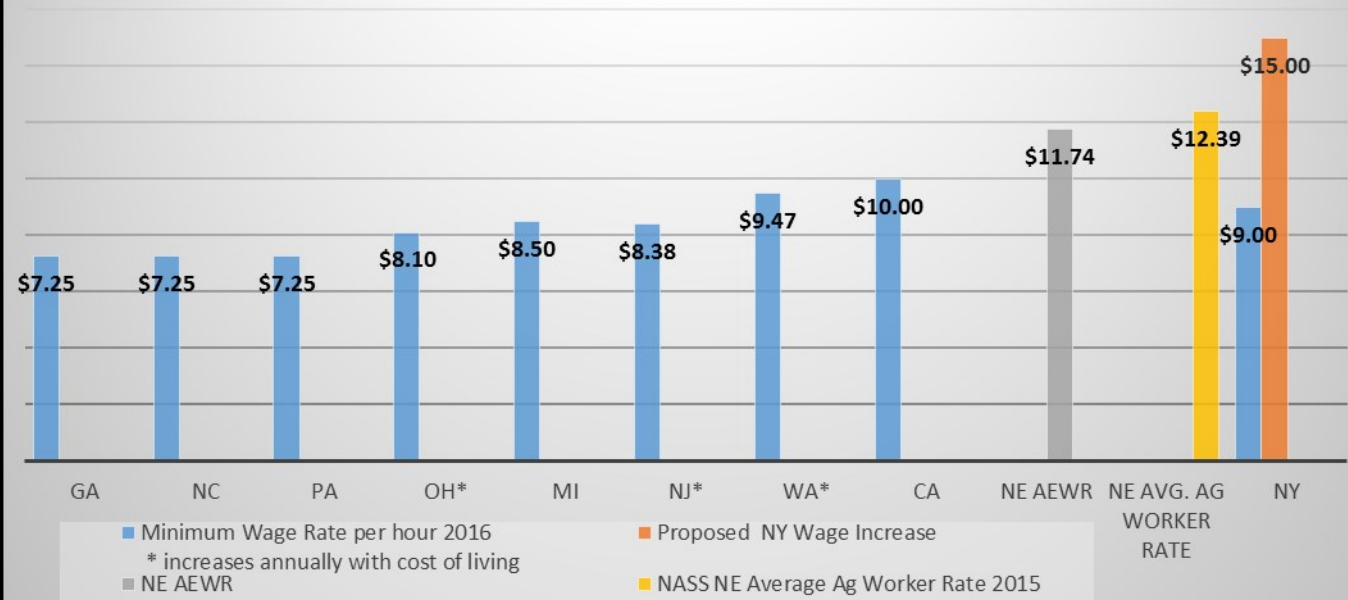
- The United States Department of Agriculture Economic Research Service (USDA ERS) estimates that farmers in New York spent \$746 million on labor in 2014.
- New York's 2014 net cash income for agriculture was \$2.2 billion.
- **Inflating the minimum wage from \$9/hour to \$15/hour = half a billion dollar increase in farm labor costs!**
- **A \$500 million increase (\$1.243B total cost in labor) = 25% of net farm income!**

PRICES FOR AGRICULTURAL PRODUCTS ARE SET AT THE NATIONAL LEVEL

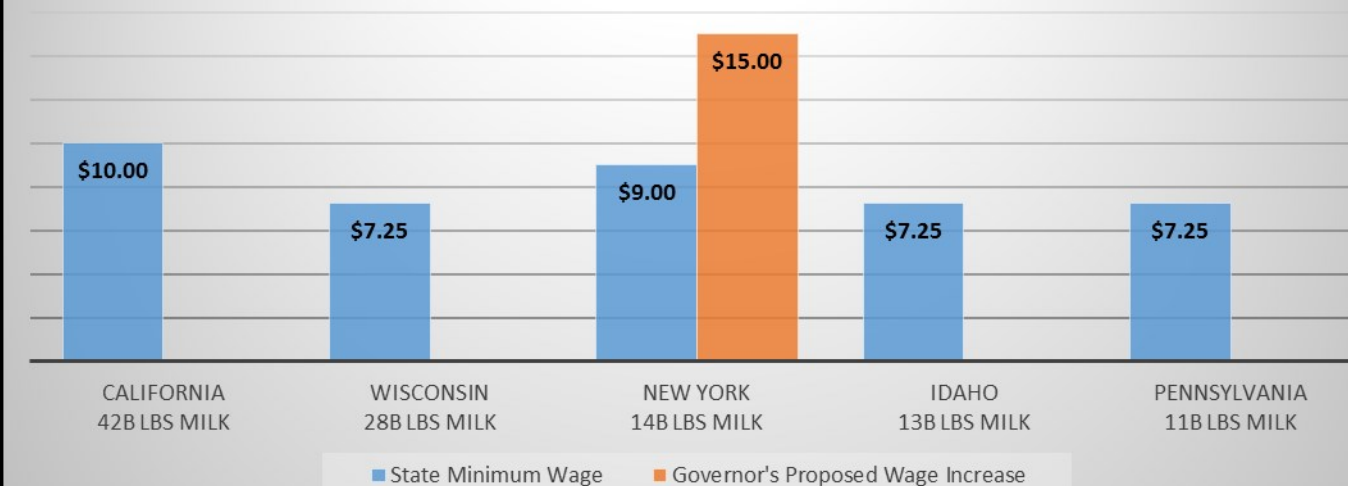
Farmers cannot simply raise prices as labor costs continue to increase—NY agriculture must remain competitive in the global marketplace.

In fact, NY agriculture has yet to see the full impact of the last minimum wage increase, as the \$9.00/hour wage has not yet taken effect.

Minimum Wage Rate in Competitor States



U.S. Top Dairy States & Wage Rates



- Nationally, agriculture labor accounts for 8.5% of total agricultural sales.
- Labor cost represents 14.2% of total agricultural sales on NY farms.
- Of the top 12 agricultural states, only California has a higher percentage of sales spent on labor than NY.
(Farm Credit East report, 2014)