

## Workers' Compensation Insurance

Requirements for workers' compensation coverage of agricultural employees vary by state. The workers' compensation system is a mechanism for sharing costs of industrial injuries and illness. It provides two-way protection on a no-fault basis. For workers, it promotes job health and safety and helps soften the financial consequences of an industrial injury or disease. For employers, it absorbs liability and removes the threat of potentially large damage awards.

In most states, workers' compensation insurance premiums depend on (1) rate group (usually industry, as classified by commodity), (2) claims experience in previous years, and (3) total payroll amount. State agency publications that describe the program and the responsibilities and rights of both employers and employees are available at *AgHelpWanted.org*.

## Health Care Insurance

Employers have various options for helping their employees stay healthy and guard against the financial hardships of obtaining care for illness. Large employers offer health benefits to workers more commonly than small companies. The 2000 Small Employer Health Benefits Survey examined issues related to small employers' (between 2 and 50 workers) decisions about whether to offer health care benefits. While small employers report cost as the primary reason they do not offer health benefits, many other factors contribute to their lower coverage rates. Small employers often are not aware of the importance of this benefit to employees, do not understand tax code incentives to offer benefits in general, and do not understand how insurance laws have addressed the accessibility and affordability of health benefits.

The survey found that 57 percent of small employers did not know that they could deduct 100 percent of their health insurance premiums. More than 60 percent of the respondents did not know that insurers may not deny health insurance coverage to small employers even when the health status of their workers is poor. Many small employers that do not offer health benefits have moved toward doing so. Twelve percent said they are either extremely or very likely to start offering health benefits in the next two years, and another 17 percent that they are somewhat likely. Two-thirds of small business owners said they would seriously consider offering health benefits if the government subsidized premium costs. Almost one-half said that they would consider it if insurance costs fell by as little as 10 percent.

## Farm Labor Housing

Federal, state, and local laws regulate the operation of farm labor housing. The Migrant and Seasonal Worker Protection Act requires that housing occupied by migrant agricultural workers meet applicable local, state, and federal health and safety standards. Federal rules for labor camps are also of concern to the

Occupational Safety and Health Administration. Links to rule summaries are at *AgHelpWanted.org*.

On many farms and ranches, a few hired employees are supplied housing as a part of their employment package, and their house is located near the owner's. This situation can give rise to the following problems that demand attention:

- **Privacy.** Hired employees and their families need and have a right to privacy, visual and otherwise. Invasion of it can lead to tension and friction that carry over to the work relationship.
- **Time off.** It can be tempting to ask for assistance that will only take a minute when an employee is handy, even if not on duty. Though employees may be willing to help out, taking advantage of their good nature can build resentment and virtually force them to leave the property to be sure of having free time. When urgent help is needed and provided, it can be compensated in some tangible way beyond "thanks."
- **Repair and maintenance.** Responsibility for repair and maintenance of the employee's house can be batted back and forth if not clarified up front. An employee's family is no better able to live with non-functioning essentials, such as a stove or hot water heater, than the owner's.
- **Kids and dogs.** Noise and safety problems may arise in relation to pets or children. It may be a manager's dog that howls all night and keeps employees awake or the other way around. Disagreements between children of the manager and the worker sometimes arise. There are no easy answers, but it is generally a wise move to discuss these issues before anger builds.
- **Family safety.** The safety of all children in a farm situation is a matter for mutual discussion and cooperation. It is best for everybody if safety-related restrictions on children's whereabouts and activities are set forth in clear policies. Everyone on the ranch can help ensure adherence to the rules.

### **Aligning Benefits with Business Objectives**

Like pay, fringe benefits can help management achieve multiple objectives—induce people to apply for job, accept a job offer, stay in the job, produce high-quantity and high-quality results, come to the job reliably, work safely, cooperate with supervisors and coworkers, offer useful ideas, and not complain without good cause. They usually have more of an effect on attraction and retention, however, than performance.

In the following case of Bubba Hart Shrimp, the owner is prepared to put more money into employee compensation, and he is not sure how to make his dollars do the most good. He grapples with whether to increase the wage scale or enhance the benefits package. The owner and his vice-president try to anticipate differences in how employees will respond to various alternatives, and they seem to have a few business objectives in mind.