



## OVERTIME COSTS WILL BE MODEST, NOT ANYWHERE NEAR FARM BUREAU'S \$200 M PROJECTION

- Employers always project dire consequences when the state tries to raise wage rates. Each time New York raises the minimum wage, businesses threaten to lay off workers, shut down and/or leave the state. None of that has been shown to occur in New York, or elsewhere. In 1999 farmworkers' minimum wage was raised and tied to the state's minimum wage, at the time, an increase of twenty-one percent. This gain became even more significant in light of the 2004 decision to increase the state minimum thirty-nine percent over two years. In 1999 the New York State farmworker hourly minimum wage was \$4.25. In 2007, it went up to \$7.15. A lot of farmers were crying that the 2004 law was going to put them out of business -- did it? NO> Ag revenues increased by 39 percent between 2002 and 2007.
- The Farm Bureau's projected cost of \$200 million from requiring overtime for farm workers has never been explained and is very questionable.
- Migrant Worker Overtime: Minimal Cost

Every single H2A application submitted to the New York Department of Labor this year by farm employers shows that employees would not have to be paid overtime.

- Farmers could stagger their workforce to ensure adequate coverage if they do not want to pay overtime. Many New York farmers use college students or other temporary workers to supplement their workforce.
- Dairy Worker Overtime: Less than a penny per pound of milk (assumes no change in # of weekly hours)

The New York Farm Bureau indicates that the total agricultural payroll is \$600 million and that the overtime provisions would cost farmers an additional \$200 million per year. They are already supposed to be paying workers straight time for hours over 40 per week so the projected \$200 million represents the extra half time for hours worked. Therefore, they are saying that \$400 million of current annual total payroll is for overtime costs at straight time and that \$200 million of the total current \$600 million in payroll is for hours worked at straight time under forty hours per week. How can only one-third of their annual payroll costs be for work under forty hours per week and the hours worked over 40 hours be twice as high? That would mean that workers are performing 120 hours of work per week, which is obviously ludicrous.

The biggest opposition to overtime payments comes from dairy farmers who tend to have year round workers working for an average of 60 hours per week. Here is an estimate of the cost of overtime as it relates to the cost of milk. According to data from Farm Credit Associations of New York, the average dairy farm sold over 1 million pounds of milk per year per worker. Assume that dairy workers work on average 60 hours per week for 52 weeks at \$10 per hour (this estimate is definitely high), overtime at time and a half for over 40 hours will cost an additional \$100 per week over the sixty hours of straight time that they are paying workers now for sixty hours of work. (20 hours multiplied by 0.5 hours times \$10 per hour.) Assuming that these workers work 52 weeks a year, they will earn an additional \$5,200 per year for the new overtime payments, although this estimate is definitely on the high side. So the increased cost per pound of milk will be \$5,200/1,000,000 lbs per year rendering the increased cost per pound of milk to be \$0.0052 -- about a **penny per quart of milk**.