



University of Idaho
Extension

H2A Wage Rates

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Outline

- Background
- New Approach
- Management Strategies
- Next Steps

Background

- Focus on impacts to industry
 - Feuz, Ritten Ziegler
 - Labor rate as a percentage of annual ewe cost
 - 2015 – 17%
 - 2019 – 30%
 - Awareness

New Approach

- Members of Wyoming Wool Growers and other producers posed using the PRIA grazing formula as a model.

$$Fee_t = \$1.23 * \frac{FVI_{t-1} + BCPI_{t-1} - PPI_{t-1}}{100},$$

- FVI is the forage value index
- BCPI is the beef cattle price index
- PPI is the prices paid index



Proposed H2A Formula

- Developed by Jessica Windh – UI Extension

$$Wage = Base Wage * \frac{WPI_t + LPI_t - PPI_{ta}}{100},$$

- WPI is the wool price index
- LPI is the lamb price index
- PPI is the prices paid index.



Appendix 2

Table 2.1. Index values within the wage equation

Wb	750
WPIb	\$1.50
LPIb	\$180.00
PPIb	$100 + 2.75*(t-2011)$

Table 2.2A. Wage equation results for years 2011-2017

	2011	2012	2013	2014	2015	2016	2017
Wool price	\$1.49	\$1.36	\$1.34	\$1.63	\$1.45	\$1.22	\$1.25
WPI	99.1	90.8	89.2	108.8	96.7	81.2	83.2
Lamb price	\$189.75	\$148.89	\$141.07	\$204.95	\$192.38	\$184.99	\$192.71
LPIt	105.4	82.7	78.4	113.9	106.9	102.8	107.1
PPIt	100.0	104.4	106.3	112.0	110.7	105.8	106.5
PPIta	100.0	101.7	100.8	103.8	99.7	92.1	90.0
Wt	\$783.78	\$750.00	\$750.00	\$892.14	\$778.83	\$750.00	\$751.86

Table 2.2B. Wage equation results for years 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Wool price	\$1.40	\$1.51	\$1.26	\$1.57	\$1.60	\$1.85	\$1.94
WPI	93.5	100.8	84.2	104.4	106.6	123.6	129.5
Lamb price	\$177.46	\$177.29	\$191.75	\$271.26	\$232.98	\$188.86	\$255.38
LPIt	98.6	98.5	106.5	150.7	129.4	104.9	141.9
PPIt	109.6	110.3	110.2	119.9	137.4	140.7	139.8
PPIta	90.4	88.3	85.5	92.4	107.2	107.7	104.1
Wt	\$763.34	\$832.42	\$789.53	\$1,219.96	\$966.84	\$905.92	\$1,255.07

Table 3. Wage results when implementing wage stabilization calculations

Table 3a.

	2013	2014	2015	2016	2017	2018	2019
3-year average wage	\$750.00	\$750.00	\$750.00	\$835.06	\$769.30	\$750.00	\$791.91
5-year average wage	-	-	\$750.00	\$750.00	\$776.96	\$811.20	\$791.46
3-year HIGH	\$750.00	\$750.00	\$750.00	\$750.00	\$835.06	\$835.06	\$835.06
3-year LOW	\$750.00	\$750.00	\$750.00	\$750.00	\$769.30	\$769.30	\$769.30
5-year HIGH	-	-	\$750.00	\$750.00	\$750.00	\$811.20	\$811.20
5-year LOW	-	-	\$750.00	\$750.00	\$750.00	\$776.96	\$791.46

Table 3b.

	2020	2021	2022	2023	2024	Average
3-year average wage	\$814.47	\$919.68	\$900.99	\$991.28	\$1059.49	\$840.18
5-year average wage	\$793.60	\$848.17	\$806.27	\$856.69	\$992.22	\$817.66
3-year HIGH	\$835.06	\$835.06	\$919.68	\$919.68	\$1059.49	\$839.51
3-year LOW	\$791.91	\$814.47	\$900.99	\$900.99	\$991.28	\$808.96
5-year HIGH	\$811.20	\$811.20	\$811.20	\$811.20	\$992.22	\$810.94
5-year LOW	\$793.60	\$848.17	\$848.17	\$848.17	\$856.69	\$801.32

Summary

- Results indicate that from 2011-2024 a wage increase of 14-40% would have been on par with sheep industry growth.
- In reality producers experienced an increase of 165% over that time period.

Management Strategies

- The formula would not reduce the ability of managers to pay above the formula price.
 - Phased approach
 - Bonuses
 - Other

Next Steps

- If deemed appropriate industry will need to move this forward.



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Questions?