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COMPLIANCE ISSUES FACING FARM LABOR CONTRACTORS



HOW TO PICK THE RIGHT SOFTWARE FOR YOU

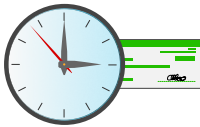
What Should You Look For?

One of the biggest issues facing Ag businesses is staying compliant.

This is especially true for Ag businesses processing their own payroll. Farm Labor Contractors not only need to stay compliant with varying Federal and State laws, but are also subject to laws specifically geared towards regulating farm labor contractor payroll processing.

You need to know what compliance issues FLC's are facing, and what to look for in software that will help you stay compliant.

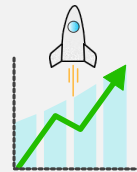
For over 30 years, Datatech has been helping Labor Contractors lighten their workload and stay compliant with software built for Ag payroll.



SAVE TIME & MONEY



STAY COMPLIANT



GROW YOUR BUSINESS

Investing in the right software will save you time, money, and help prevent you from receiving crippling penalties later.



Even if you are not currently affected by some of these regulations, you need to ensure that whatever software you buy will grow with your needs.

MSPA

(Migrant and Seasonal Agricultural Worker Protection Act)

To protect workers, this act establishes employment standards related to wage, housing, transportation, disclosures, and record keeping.

You need to find software that will help you be in compliance with the wage and record keeping requirements of MSPA.

Wages

Ag employers must provide workers an itemized, written statement of earnings for each pay period, including any amount deducted and the reasons for the deduction.

When paying piecework, this statement needs to include the hours worked, pieces paid, and the piece-rate paid.

[U.S. Wage & Hour Division: Sample Wage Statement](#)



WHAT TO LOOK FOR

When reviewing software packages, you should request a sample check stub to make sure it is compliant with this standard wage statement.

Record keeping

Farm labor contractors, Ag employers, and agricultural associations employing migrant or seasonal workers must maintain the following records for each worker:

- Name, Permanent Address, and Social Security Number
- Basis on which wages are paid
- Number of piecework units earned, if paid on a piecework basis
- Number of hours worked
- Total pay period earnings
- Specific sums withheld and the purpose of each sum withheld
- Net pay

All this information must be kept for each worker for three years. Labor contractors not only keep these records, but also provide the record to the agricultural employer for whom they are providing service.



WHAT TO LOOK FOR

Make sure the program provides accurate reports for your clients, with all of the record keeping requirements listed.

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California Check Stub Requirements For Labor Contractors

Farm Labor Contractors in California have this added regulation in Labor Code Section 226:

(8) the name and address of the legal entity that is the employer, and if the employer is a farm labor contractor, as defined in subdivision (b) of Section 1682, the name and address of the legal entity that secured the services of the employer



WHAT TO LOOK FOR

If you are in California, make sure the software prints the name and address of the entities you are providing labor for onto check stubs.

California Department of Industrial Relations:

[*Pay Stub for Piece Rate*](#)

[*Laws Relating to Time, Manner, and Payment of Wages*](#)

[*Sample Itemized Wage Statement Demonstrating Compliance with AS 243*](#)

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Minimum & Guaranteed

Wage Adjustments

Do you currently pay piece rate or a low base hourly rate plus incentive pay? Then you know how difficult it can be to make sure workers are making minimum wage. Many employers have to guarantee workers make a rate beyond minimum wage.



WHAT TO LOOK FOR

Make sure the software can accurately calculate the necessary minimum/guaranteed wage compensation and make the necessary adjustments to ensure employees are paid accurately.

Also, the employee's check stub needs to clearly show the piecework wages they earned and the minimum/guaranteed wage adjustments that bring their wages to the contracted rate.

[*California Department of Internal Relations: Minimum Wage*](#)

Overtime

Varies By State

Calculating piece-rate payroll can be especially difficult and the urgent nature of harvesting commodities often requires overtime work.

California

- If employees are paid more than one rate (piece or hourly) in a week, overtime is based on the employee's average hourly rate for the week.
- Wineries and packing house employees have 8 hour a day overtime rules.
- New rules for field workers and irrigators are being phased in. They will eventually (2022) have the standard overtime thresholds of 8 hours a day and 40 hours a week.

With new overtime rules in California, it is likely agricultural business will have to calculate and pay more overtime wages.



WHAT TO LOOK FOR

Can the software you are evaluating accurately calculate and automatically make overtime adjustments?

[California's Department of Industrial Relations: Overtime FAQs](#)

Rest & Recovery/Break Time Pay

California & Washington Employers

Using Excel or separate databases to calculate this pay takes too much time and often leads to data entry errors.

California

In California, Rest & Recovery rates are calculated by taking all compensation divided by the number of hours worked. This can include other hourly pay and non-productive time. If there is any piecework in a week, even breaks paid during hourly compensation must be paid at the average hourly rate.

Washington

In Washington, break rates are calculated solely on average piecework compensation and piecework hours. Breaks must only be paid separately during piece-rate compensation.



WHAT TO LOOK FOR

If you compensate employees on a piece-rate basis in California or Washington, make sure the software you choose will automate rest & recovery/break time calculations.

[California Department of Industrial Relations: **Piece-Rate Compensation FAQs**](#)

[Washington Department of Labor & Industries: **Rest Breaks & Meal Periods**](#)

Paid Sick Leave

Varies by State

Many states have passed paid sick leave laws that are complex and hard to implement with agricultural operations. Rules covering rates of accrual, carryover policies, and when to discard accrued sick pay vary among states like California, Arizona, Oregon, and Washington.

Currently, emergency paid sick leave for the Covid-19 pandemic adds even more stress on employers to pay out and track sick leave.

Employers can choose to implement accrual or lump sum plans for regular sick pay calculations.

Accrual Method

This method requires employers to accrue sick pay with each pay check as well as carry over balances from year to year.

Lump Sum

This plan resets each year. The annual carry-over or resetting of lump sum balances occurs on the employees anniversary. Thus, employers have a constant review and updating of balances.



WHAT TO LOOK FOR

Can the software accurately track and assist with Paid Sick Leave, including Covid-19 Paid Sick Leave?

[California's Department of Industrial Labor: **Paid Sick Leave FAQs**](#)

How Does Our Software Meet Your Needs?

✓ **Check Stubs**

The Labor Contractor's Office provides detailed payroll check stubs and statements that meet current legal requirements (printing total rest & recovery/non-productive time and compensation, paid sick leave hours available, printing names and addresses of the entities where the employee worked, etc).

✓ **Record Keeping & Reporting to Growers/Clients**

Not only are these reports available, but they are customizable to provide each client a simple, easy-to-read report with totals that support the invoice. To further simplify the billing process, that invoice is automatically generated from your payroll information.

✓ **Minimum & Guaranteed Wages**

In addition to tracking state minimum wage rates, Datatech software allows for guaranteed rates to be set up by employee, grower, crop, and type of job.

✓ **Overtime**

Our software calculates necessary overtime premium rates, including all wages needing to be factored into the calculations. This is clearly itemized on the employee's pay stub and factored (exempted) from workers comp calculations. Overtime can also be pro-rated among each grower an employee worked for. This allows you to quickly and accurately bill growers for labor.

✓ **Rest & Recovery**

After the user enters all time/crew sheets, the software can automatically calculate Rest & Recovery Pay Rates and update the break entries made with each employee's respective rate. This compensation is itemized and totaled on the employee's check stubs and payroll reports. Then, it is consolidated on the invoice to the client.

✓ **Paid Sick Leave**

We have designed a Paid Sick Leave system that allows you to automate either the lump sum or accrual method options. Each employee's anniversary and available dates are automatically updated when their first check is processed. Plus, it updates the date on each consecutive anniversary.

Are You Ready for Software That Will Help You Stay Compliant?

We want to make sure our software is the right choice for your business.

1. [Request a Free Consultation](#): Our team will walk you through a personalized demonstration of an Ag software package tailored to your needs and budget.

2. We Will Go to Work: We will work alongside you to ensure a smooth transition — including help with installation, imports, training, and ongoing support.

3. Watch Your Business Grow: With Datatech on your team, you'll save time and money as your business grows — so you can spend your time doing what you love.

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