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We are pleased to provide you with the summary results of our 2021 Thoroughbred Horse Farm Compensation survey. This survey focuses on compensation matters for Thoroughbred horse farms throughout the United States and Canada. We hope that these compiled results will be a helpful tool for you to use in conducting your business throughout the year.

We would like to thank the NTRA for assisting us to expand this survey nationally. We also thank those who responded, as these responses continue to make this survey useful.

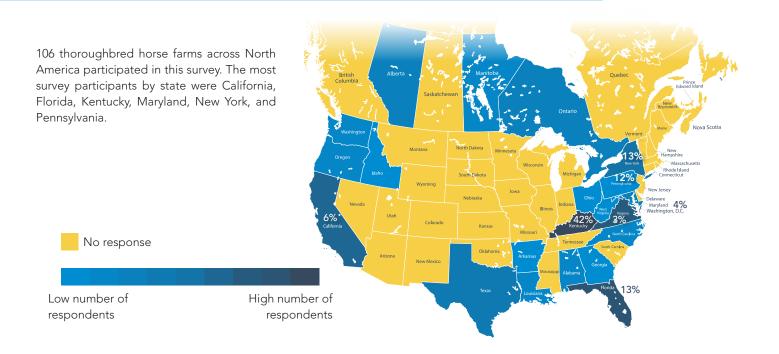
As always, we welcome your feedback and suggestions for future survey topics.

Sincerely,

Jen Shah & Melissa Hicks
Dean Dorton Equine Team



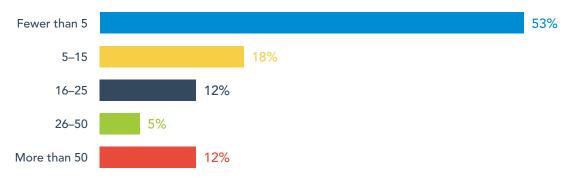
# SURVEY DEMOGRAPHICS



The responding farms range in size from 1 acre to 6,000 acres, with an average of 85% used acreage per farm.



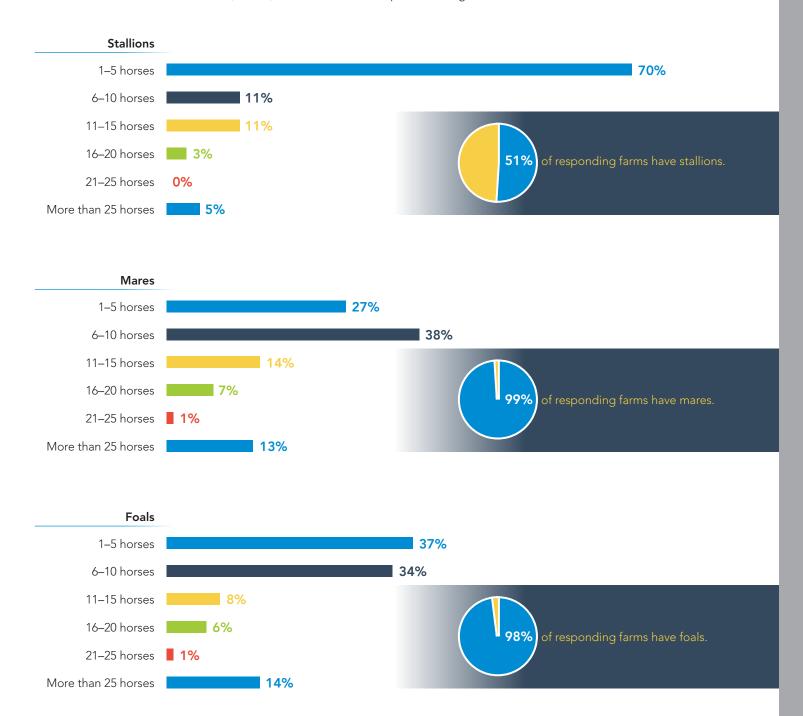
Most responding farms have, on average, fewer than five full-time (year-round) employees.





# SURVEY DEMOGRAPHICS

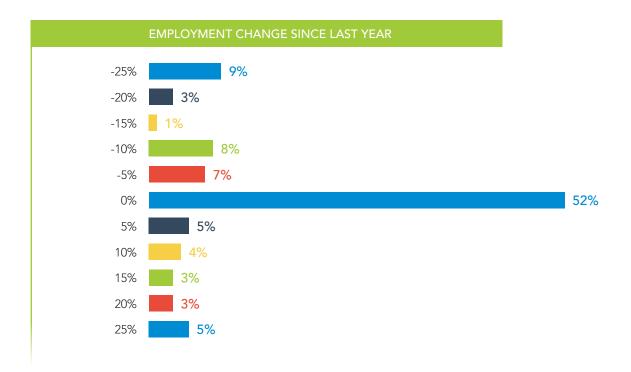
About half of the responding farms have stallions, while nearly all of the responding farms have mares and foals. The breakdown of stallions, mares, and foals maintained per full-time groom is:





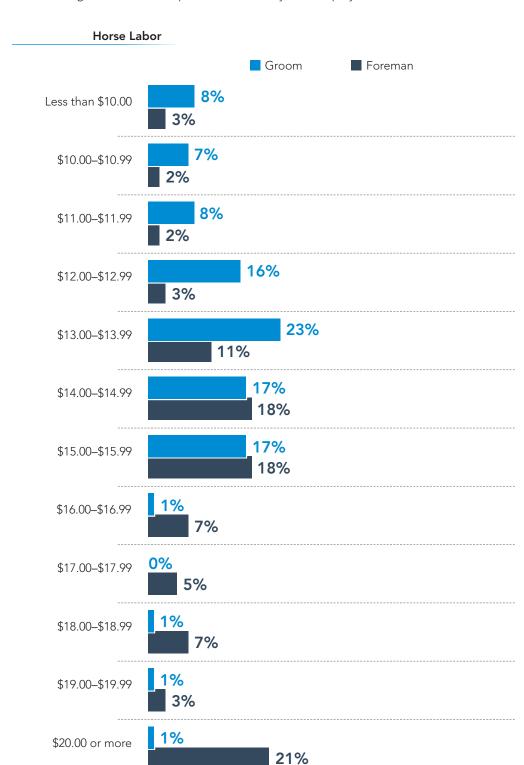
# **EMPLOYEES**

The past year presented new challenges for thoroughbred operations. The Coronavirus (COVID-19) pandemic caused significant disruptions to the industry; however, horses still needed care on the farms. It is not surprising that most farms show no change in employment because they needed to retain team members to help care for the horses.



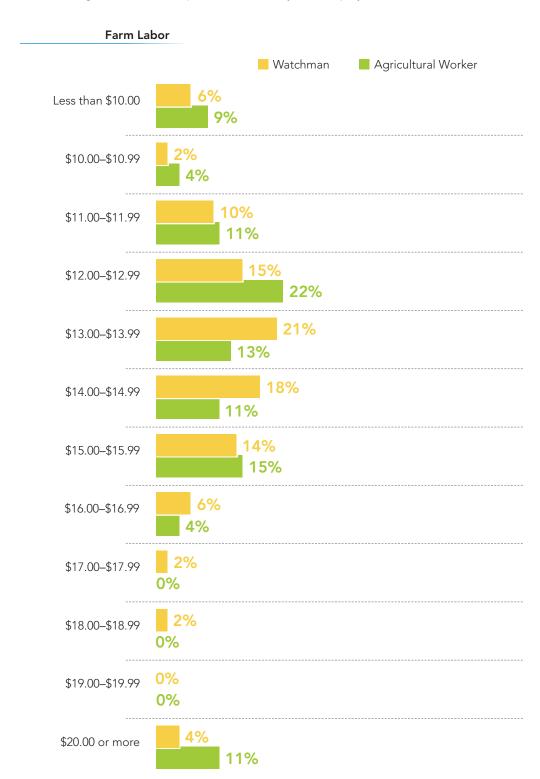


The following chart details compensation for hourly farm employees:



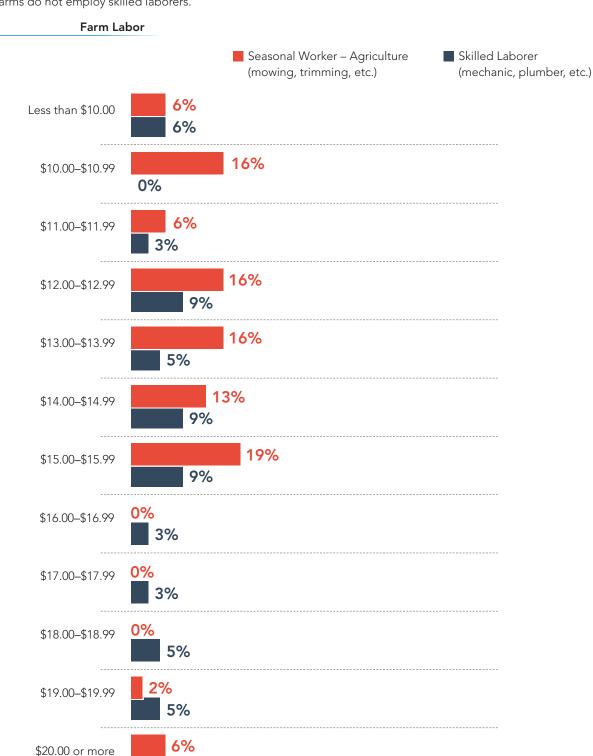


The following chart details compensation for hourly farm employees:





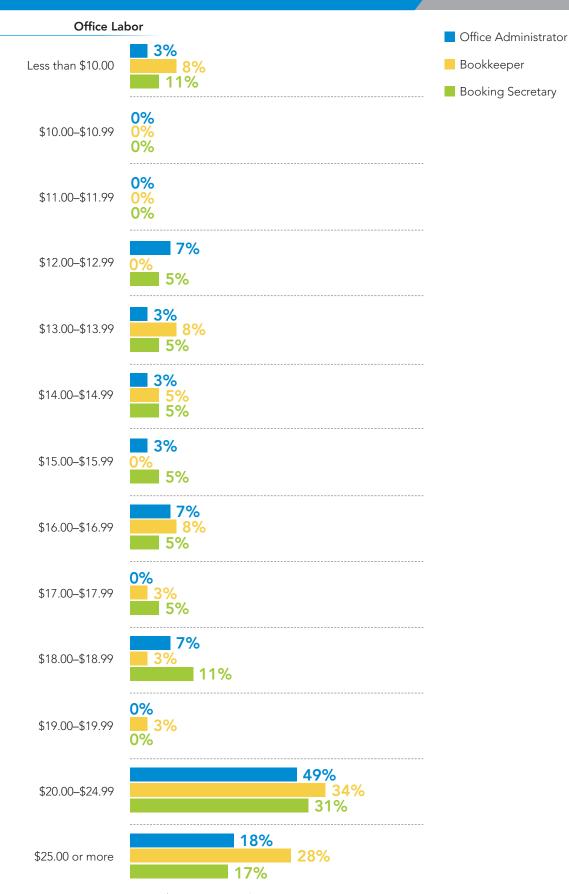
The following chart details compensation for hourly farm employees. We noted that the majority of farms do not employ skilled laborers.





43%

The following chart details compensation for hourly farm employees:

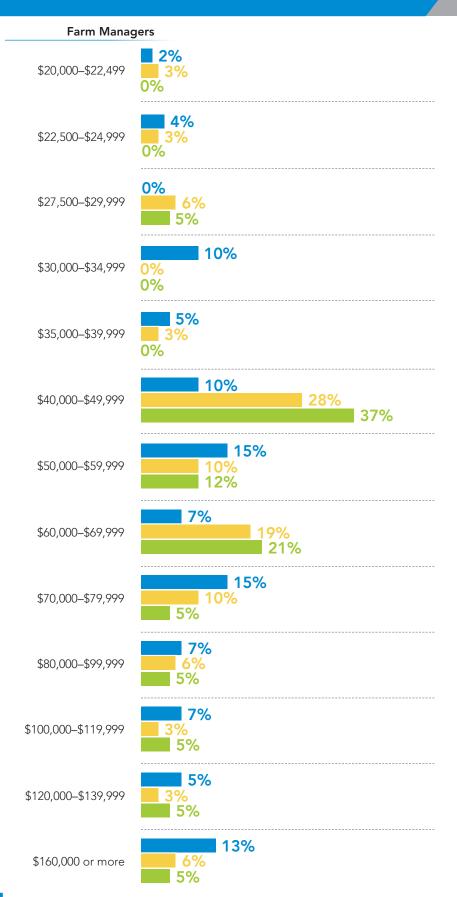




#### **AVERAGE PAY RATES: SALARY**

The following chart details compensation for salaried farm managers.

There were no managers reported being paid in the \$25,000–\$27,499 range or in the \$140,000–\$159,999 range.





General Manager

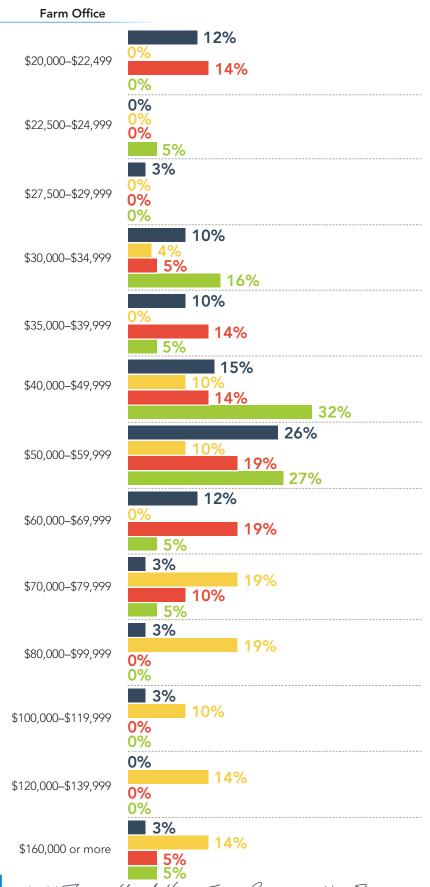
Division Manager

Stallion Manager

#### **AVERAGE PAY RATES: SALARY**

The following chart details compensation for salaried farm office staff and managers.

There were no office managers or staff reported being paid in the \$25,000–\$27,499 range or in the \$140,000–\$159,999 range.





Office Manager

Farm Accountant

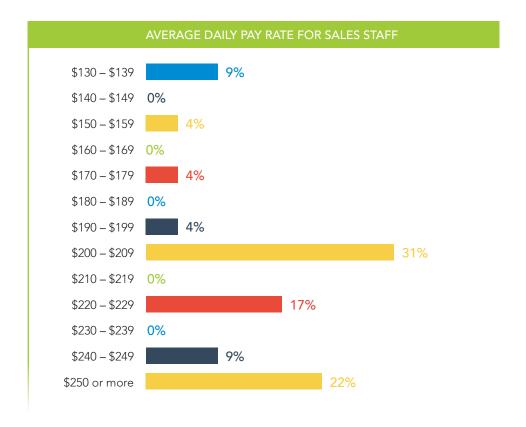
Business/Finance Manager

Accounts Payable Clerk

## SALES STAFF

27%

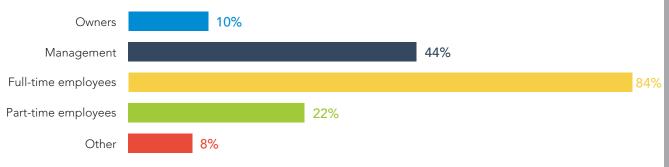
of responding farms employ sales staff.



#### **BONUS PROGRAM**

60%

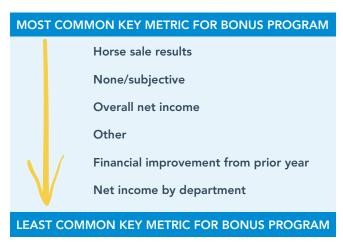
of responding farms offer a bonus program. The following positions are eligible to participate:



Examples of others who participate include seasonal employees, year-round employees, riders, and contract workers.

30%

of horse farms offering a bonus program use horse sale results as the key metric for their bonus program calculation.



Examples of other key metrics include:

- Tenure
- · Job performance
- · Racing stakes
- Kentucky Breeders Incentives Fund and Breeders' Cup
- · Race earnings
- · Discretionary holiday bonus
- · Value of two weeks wage paid annually

The majority of farms do not use a specific percentage of any key metric for funding the bonus plan itself. Of those that do, specific percentages range from horse sale proceeds (example: 2% of Yearling sales) to 5% sales, 10% racing, or 1% of company revenue.

61%

of farms pay bonuses annually. 17% pay semi-annually, 14% pay after sales proceeds are received, and 8% pay during other times like at the end of breeding season, end of sales, holiday bonus, after racing, or just on a discretionary basis.



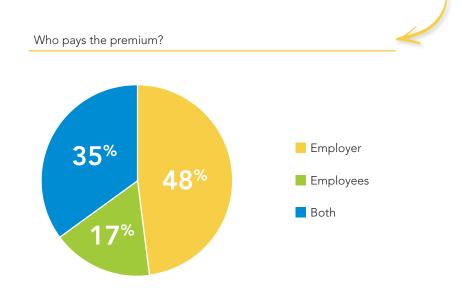
### **DENTAL INSURANCE**

28%

of responding farms provide dental insurance

48%

of responding farms pay the full premium for dental insurance for their employees



For farms where both employer and employee pay a share of the premium for dental insurance, the shared cost ranges significantly from farm to farm:

- 100% for the employee but 67% for dependents
- Employer: 88% and Employee: 12%
- Employer: 80% and Employee: 20%
- Employer: 11-30% and Employee: 70-89%
- 50/50 Employer and Employee
- Hourly Employer: 80% and Employee: 20%; Salary Employer: 100%

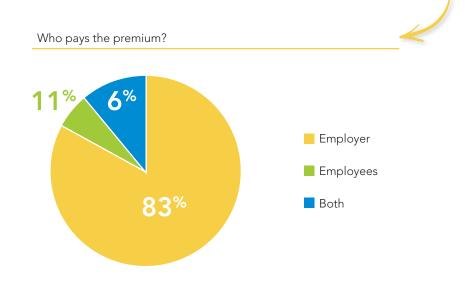
# LIFE INSURANCE

**22**%

of responding farms provide life insurance

83%

of responding farms pay the full premium for life insurance for their employees





#### **HEALTH INSURANCE**

Just less than one-half of the farms provide health insurance.



#### Single Health Coverage

100%

All farms that provide health insurance provide single (individual) coverage and none of the farms make the employee cover the full cost of the premium.

Who pays the premium?

Employer pays the premium

62%

Both share the cost of the premium

38%

For farms where the single health insurance premium is shared by the employer and employee, there are variances in percentages paid:

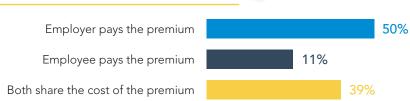
- Employer: 80% and Employee: 20%
- 50/50 Employer and Employee
- Employer: 100% of base plan, 90% of buy-up
- Employer: 90% and Employee: 10%
- Employer: 95% and Employee: 5%
- Employer scales amount paid up to 90%
- Employer: 70% and Employee: 30%
- Hourly Employer: 80% and Employee: 20%; Salary Employer: 100%

#### Family Health Coverage

**72**%

of farms offer family health insurance coverage.

Who pays the premium?

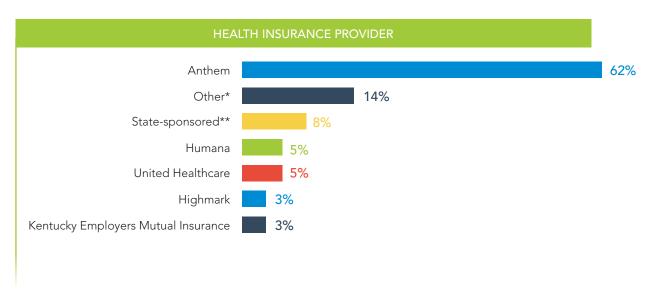


For farms where the family health insurance premium is shared by both the employer and employee, there are variances in percentages paid:

- · Employer pays 67% of dependents
- Employer pays for employee and 25% of dependents
- Employer: 80% and Employee: 20%
- Employer: 80% base plan, 70% buy-up plan
- Employer: 40% and Employee: 60%
- Employer: 70% and Employee 30%



## **HEALTH INSURANCE**



<sup>\*</sup>Other means the insurance provider was not listed or respondents indicated that employees choose their provider

Insurance premiums increased for the majority of farms this year.



Increases for farms ranged from 1% to 70%, but the average increase was

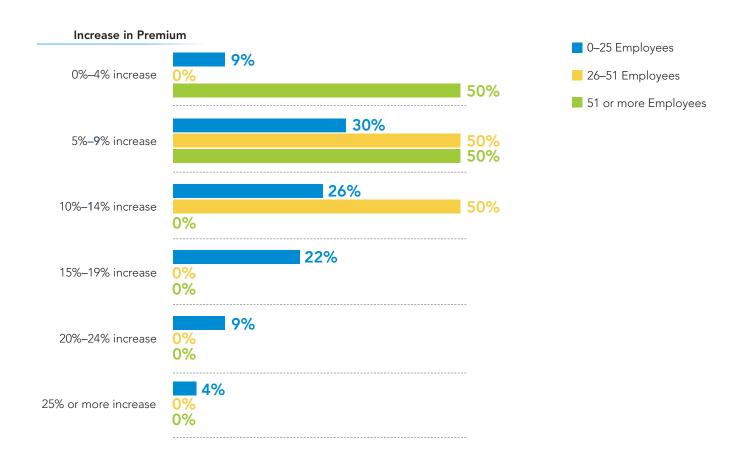
12%

<sup>\*\*</sup>State-sponsored indicates a plan such as a state-sponsored thoroughbred association plan

## **HEALTH INSURANCE**

The following chart details the percent (%) change in health insurance premiums over the prior year.

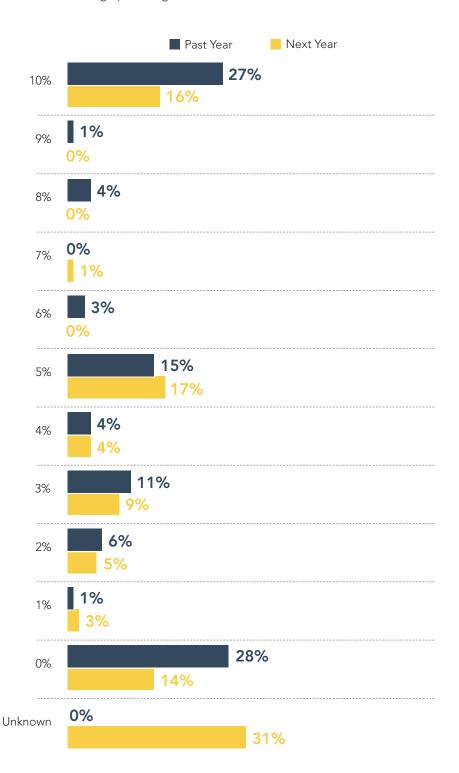
The increase is broken down by full-time employees as categorized on the right-hand legend:





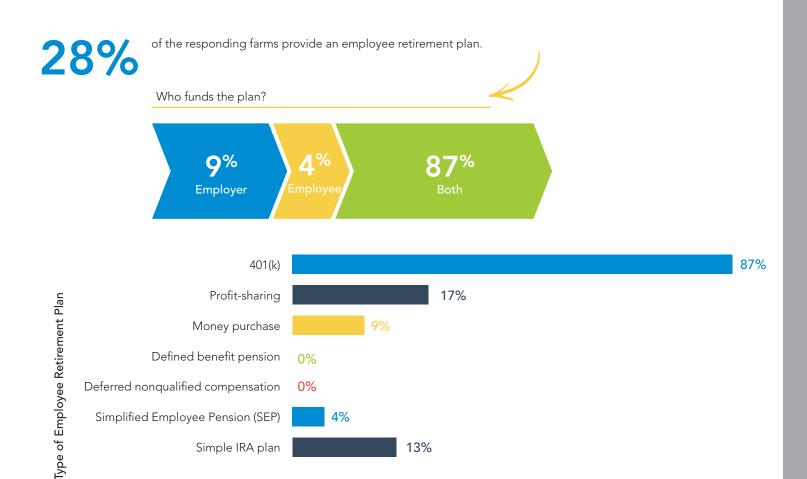
# **WAGE INCREASES**

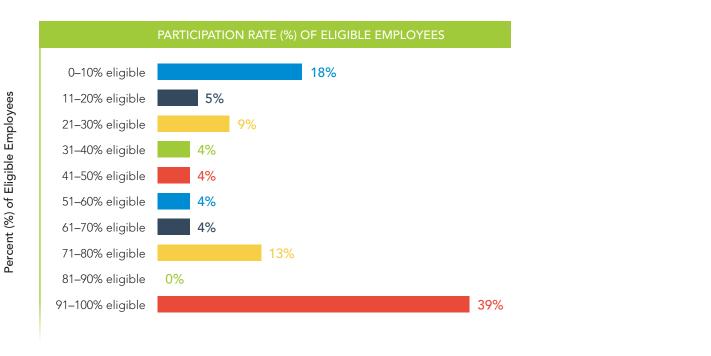
Most of the respondents had a wage increase of 10% in the past year. In the coming year, the majority of farms are unsure how much their average price wage increase will be.





### EMPLOYEE RETIREMENT PLAN



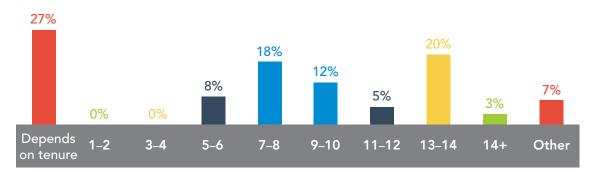




#### **VACATION DAYS**

74%

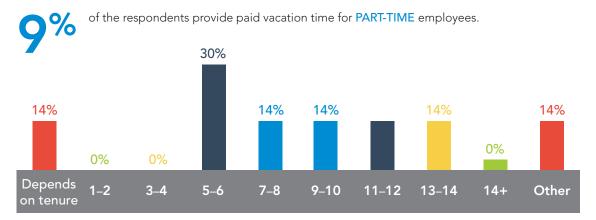
of the respondents provide paid vacation time for FULL-TIME employees.



Amount of Vacation Days Allowed

#### Other:

 Accrues over a period of time; examples include receiving a small amount initially and then accruing more the longer they are employed with the farm

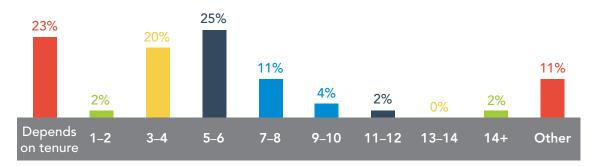


Amount of Vacation Days Allowed

# SICK DAYS

68%

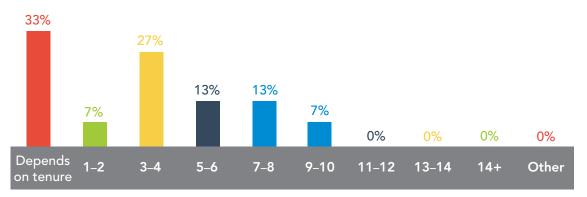
of the respondents provide paid sick time for FULL-TIME employees.



Amount of Sick Days Allowed

**15**%

of the respondents provide paid sick time for  $\ensuremath{\mathsf{PART-TIME}}$  employees.



Amount of Sick Days Allowed

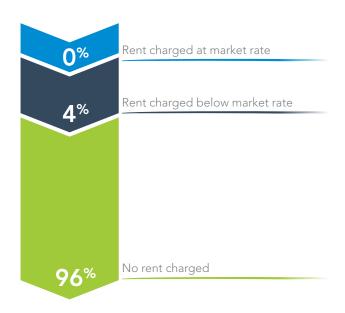


#### **HOUSING**

67%

of the responding farms provide on-farm housing for employees.

Rent varies per farm as follows:



24%

of farms require signed agreements with tenants.

**28**%

of farms provide a housing allowance to offset off-farm housing costs.

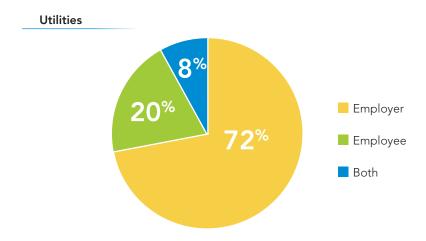
Half

of respondents base the amount of housing allowance on an employee's position or title. Housing allowance paid on average per employee position varies significantly. The overall average was \$460 per month.

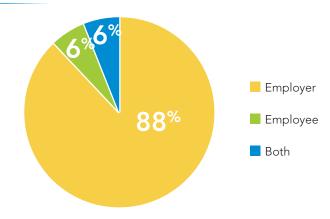


# **HOUSING**

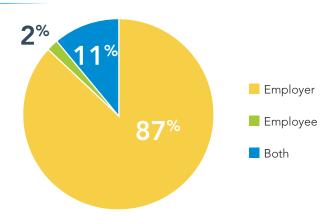
The responsibility for who covers expenses related to on-farm housing vary widely.



#### Home Insurance



#### Maintenance





# **VEHICLES**



**51%** of respondents provide vehicles for any employees.



**61%** of respondents said that vehicle use is restricted to farm business.

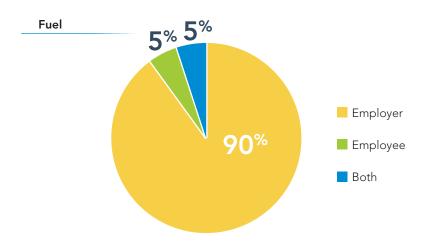


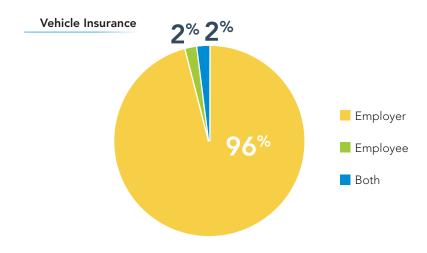
**39%** of respondents indicated that a written vehicle policy is maintained by the farm.

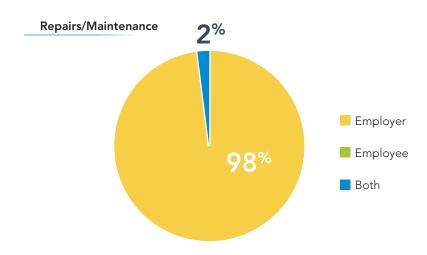


# **VEHICLES**

The responsibility for who covers expenses related to vehicles vary widely.







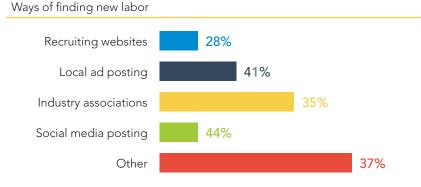


#### LABOR

Farms have different labor needs depending on the season and the operations of the farm. How people are hired varies depending on the timeframe, job role, and other factors. Hiring trends also show that it is a mixed approach to finding the right labor.



Farms use multiple sources to find new labor including some of those listed indicated below.



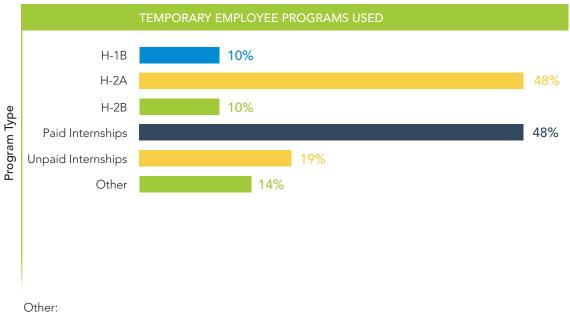
#### Other:

- · Word of mouth
- Radio
- Sign in front of the farm
- Networking and employee contacts



#### LABOR

of the respondents hire temporary employees through Visa programs or other temporary work programs, such as internships.

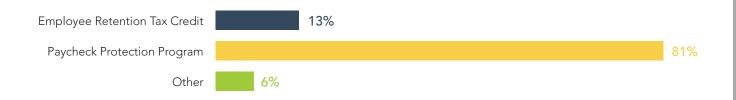


- State Visa Program
- Temp Agencies

# ECONOMIC RELIEF FUND PROGRAMS

**58**%

of responding farms participated in an economic relief fund program this year due to the COVID-19 pandemic. The chart below illustrates the breakdown of the programs farms used.



#### Other:

- · SBA Loan
- EIDL Grant

#### ABOUT DEAN DORTON

Located in Kentucky, known for its world-class horse farms, racing, and sales, Dean Dorton has provided accounting, tax, and business consulting services to the horse industry for over 40 years. Our clients cover a broad spectrum of organizations involved in the horse industry, from small boarding farms to large multi-departmental farms involved in boarding, breeding, selling, and stallion management; from racing stables to a racetrack; from bloodstock agents to equine veterinary firms; and from industry associations to equine insurance agencies.

Not all of our clients are based in Kentucky; horse industry clients from other parts of the country and from outside the United States also gain comfort from having our industry specialists work with them. As a firm, we endeavor to know the business of horses, not just accounting and tax rules relating to the industry. We accomplish this in a number of ways, including, most usefully, by working with our many clients in the industry on their business matters.

We perform a variety of services for our clients involved in the equine industry. And, we welcome inquiries, whether from new participants in the industry who want assistance in properly structuring and administering their stables or farms or from longtime industry participants seeking to improve the performance and administration of their operations.



#### DEAN DORTON TEAM

The Dean Dorton equine team is available to assist you with your needs throughout the year.



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