

Are You Being Paid the Right Amount?

— A Poultry Growers' Guide To Getting Information About Earnings

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This article originally appeared in the Summer 1992
(Vol. 7, No. 3) issue of *Farmers' Legal Action Report*.

At the end of each flock, most poultry growers receive paychecks. Although they are happy to be paid, growers commonly complain that they never really know whether the check was for the right amount. This article explains the types of information that broiler growers and some other growers¹ are entitled to receive according to the Packers and Stockyards Act.²

Most poultry growing contracts provide that growers' pay will be computed according to a formula that takes into account the weight of the birds, their feed conversion efficiency,³ and other factors. The formula is different in different contracts: the only thing that all contracts seem to have in common is that the formula is complicated. Growers receive "settlement sheets" that give them some information, but often the sheets do not contain *enough* information to really enable the grower to figure out whether the pay was correct.

One of the problems is that the company sometimes fails to explain what *formula* it uses to compute pay. How exactly do they compute feed conversion efficiency? Do they just divide the weight of the birds by the weight of the feed that they ate? Do they use the *weight* of the feed or the *price* of the feed? Do they factor in medicines?

Another problem is that sometimes the grower does not trust *the numbers* that the company plugs into the formula. For example, the company may be saying that a certain flock used 250 tons of feed, but the grower may think that the company actually only delivered 245 tons of feed.

¹ The Packers and Stockyards Act defines "poultry grower" as "any person engaged in the business of raising and caring for live poultry for slaughter by another." 7 U.S.C. § 181(a)(8). This article applies only to growers who are covered by that definition. Therefore, the rights explained in this article *may not* apply to growers who have egg operations or pullet or breeding operations.

² Packers and Stockyards Act, 7 U.S.C. § 181, *et seq.*

³ "Feed conversion efficiency" measures the amount of feed it takes for the birds to gain a certain amount of weight.

Following is a list of Packers and Stockyards Act regulations that give growers the right to receive certain categories of information about their pay. When the three categories of information—contract information, settlement sheets, and ranking sheets—are taken together, you should have enough information to accurately compute the amount of pay that you are entitled to receive.

Contract Information

Your contract is supposed to give you basic information about how your pay will be computed. You are entitled to receive a *written*⁴ contract that *clearly specifies*⁵ “all terms relating to the payment to be made to the poultry grower.” All “terms relating to payment” should include all terms relating to bonuses. The law says that the contract must include the following information:⁶

- 1) The party liable for condemnations,⁷ including those resulting from plant errors.
- 2) The method for figuring feed conversion ratios.
- 3) The formula or method used to convert condemnations to live weight.
- 4) The per unit charges for feed and other inputs furnished by each party.
- 5) The factors to be used when grouping or ranking poultry growers.

Additionally, you have a right to receive official United States Department of Agriculture (USDA) condemnation and grading certificates at the time of settlement if your contract provides that USDA condemnations or grades affect your pay.⁸

Settlement Sheets

Growers have a right to receive “a true and accurate settlement sheet (final accounting)” at the time of settlement.⁹ The law says that:

The settlement sheet shall contain *all information necessary to compute the payment due the poultry grower*. For all such arrangements in which the weight of birds affects payment, the settlement sheet shall show, among other things, the number of live birds marketed, the total weight and the average weight of the birds, and the payment per pound.¹⁰

⁴ 9 C.F.R. § 201.100(a).

⁵ 9 C.F.R. § 201.100(a).

⁶ 9 C.F.R. § 201.100(a)(2)(i)-(v).

⁷ “Condemnations” refers to situations in which a bird is “condemned” by the inspector because it does not meet quality standards.

⁸ 9 C.F.R. § 201.100(c).

⁹ 9 C.F.R. § 201.100(b).

¹⁰ 9 C.F.R. § 201.100(b) (emphasis added).

The settlement sheet should give you all information necessary to compute both your base pay and your bonus.¹¹

Grouping or Ranking Sheets

Many contracts provide that a ranking system will be one of the factors used to compute the growers' pay. For example, some contracts say that if a grower ranks high on feed conversion efficiency, he or she will receive a higher price per pound for the birds. Ranking systems make the pay formula even more complicated.

The law says that when the contract provides for payment based upon a grouping or ranking formula:

[The company] shall furnish the poultry grower, at the time of settlement, a copy of a grouping or ranking sheet which shows the grower's precise position in the grouping or ranking sheet for that period. The . . . sheet need not show the names of other growers, but shall show the *actual figures* upon which the grouping or ranking is based for each grower¹²

If You Can't Figure Out What You Earned, Something Is Wrong

If you receive all of the information to which you are entitled, you should be able to figure out how much pay you are entitled to receive. The formula explained in your contract should tell you exactly how the computations will be made. The settlement sheets and ranking sheets should tell you exactly what figures you should plug into the formulas.

If you do not understand the *formula* that the company used to compute your pay, you should consider requesting additional information. If that does not work, see the next section of this article.

If you do not believe that *the numbers* that the company is plugging into the formula are accurate, you have to figure out whether you can *prove* that the numbers are wrong. There are many laws requiring that the companies use fair and accurate scales for the weighing of the *poultry*.¹³ The general fairness clauses in the Packers and Stockyards Act should require the companies to be fair in their weighing of feed and other inputs as well.¹⁴ See the next section of this article for thoughts on how to approach these problems.

¹¹ The law does not make the distinction; it simply says *all* information necessary to compute the payment due. The bonus is part of the payment due.

¹² 9 C.F.R. § 201.100(d) (emphasis added).

¹³ 9 C.F.R. § 201.49, .55, .71, .72, .73, .76, and .82. Also, see the article in this issue entitled "How Much Did Your Birds Really Weigh? A Poultry Growers' Guide to Laws About Scales."

¹⁴ 7 U.S.C. § 192.

If Your Company Will Not Give You Complete and Accurate Information

If you cannot get information that you need from your company and/or you do not trust the numbers that your company is giving to you, you are in a tough situation. You have a *right* to receive complete and accurate information; but you may be afraid that if you *exercise* that right, the company will retaliate against you.

There are at least three courses of action that you can consider in that situation. First, you may want to talk with other growers in your area to find out whether they are having the same problem. If they are having the same problem, you may want to share information with them and/or you may want to organize to work on the problem together. One of the easiest ways to get in touch with other growers is to call the National Contract Poultry Growers' Association (NCPGA) at 1-800-259-8100. Second, you may want to talk with a lawyer.¹⁵ Third, you may want to file a complaint with the Packers and Stockyards Administration.¹⁶

¹⁵ If you are low-income, you may be entitled to receive free legal assistance from your local legal services program. Look in the phone book under Legal Services. Also, you may want to call the NCPGA at 1-800-259-8100 for a referral to a lawyer who is familiar with poultry cases.

¹⁶ See "Making Complaints Under the Packers and Stockyards Act—A Poultry Grower's Guide," published in *Farmers' Legal Action Report* (Winter 1991), Vol. 6, No. 1. Additional copies of that article are available from FLAG.