



Current Report

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Oklahoma Farm and Ranch Custom Rates, 2017-2018

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This Current Report summarizes data collected from Oklahoma farmers, ranchers and custom operators during the fall of 2017. Respondents were recipients of a mailing by the Oklahoma Agricultural Statistics Service. Custom work is defined as machine operations performed for the customer with the custom operator furnishing the machine, fuel, labor and other inputs directly associated with the machine. Custom operators do not usually furnish materials such as seed or fertilizer unless it is explicitly stated. The change in custom rates was mixed since the 2015 survey. While relatively low fuel prices over the past several years may have helped stabilize custom rates, higher repair and ownership costs have more than offset the cost savings in many situations. Approximately 260 surveys were returned with usable data.

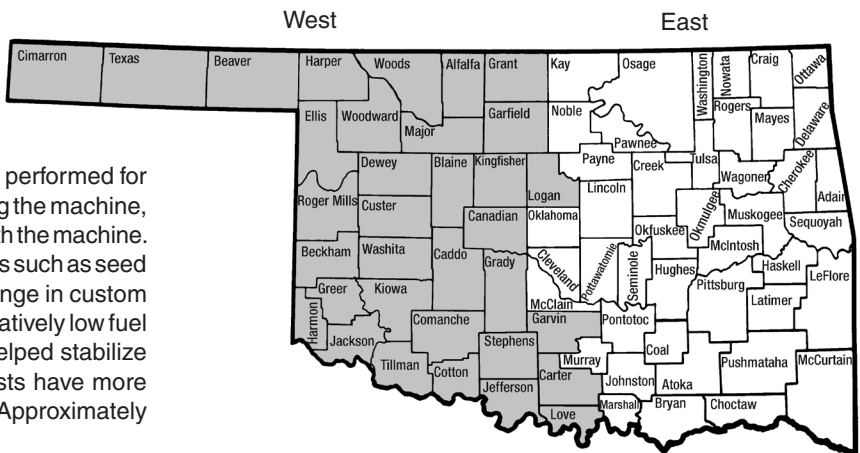


Figure 1. Regions used in reporting custom rate survey results.

Summary Procedure

The rates quoted herein were collected by a survey of both farmers and custom operators. A list of over 150 operations was provided from which each respondent quoted rates for only selected operations. Some respondents quoted rates for only one or two operations while others were familiar with rates for many of the machines listed. Fair rates are negotiated. Regional or state average rates may be used as a beginning point for discussion. However, differences in operations, requirements, and circumstances may impact rates.

The rates summarized on the inside pages were edited to remove those replies for which the respondent's interpretation of the information being requested did not match the interpretation of other respondents.

Interpreting the Rate Tables

A statewide rate summary for each operation is quoted in the included table. If available, separate quotes are listed for each area of the state as shown in Figure 1. The number of estimates obtained, the average rate, and the median rate are shown. The average rate for a specific operation provides an estimate of the prevailing charge with its reliability improving as the number of responses increase. Median values provide an additional measure of the central tendency of the survey response distribution. The cost of following up with individual

surveys prohibited questioning or affirming doubtful replies. In most cases the number of observations was insufficient to allow statistical analysis. Results must be interpreted, therefore, with these limitations in mind.

Figure 2 shows the distribution of survey responses for operations with at least 25 observations. For example, a distribution of 80 responses for baling a 5x6 round bale is one of several graphs shown. None of the respondents reported a rental rate less than \$10 per bale, 6 percent reported a rental rate between \$10 and \$13 per bale, 28 percent reported a rental rate between \$13 and \$16 per bale, 44 percent reported a rental rate between \$16 and \$19 per bale, 6 percent reported a rental rate between \$19 and \$22 per bale, and 16 percent of the respondents reported a rental rate of \$22 or more per bale.

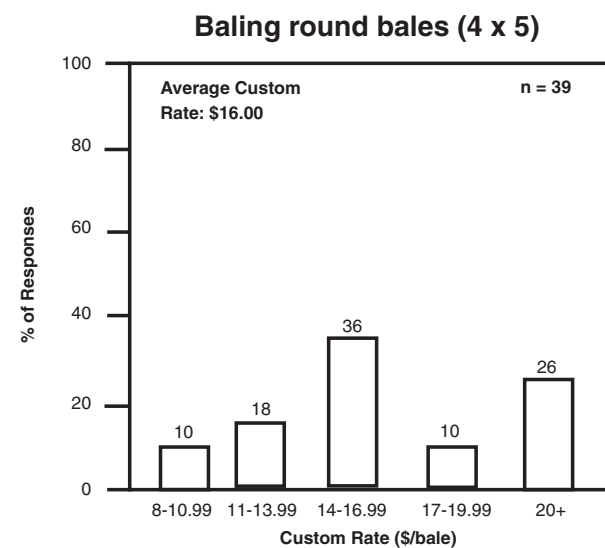
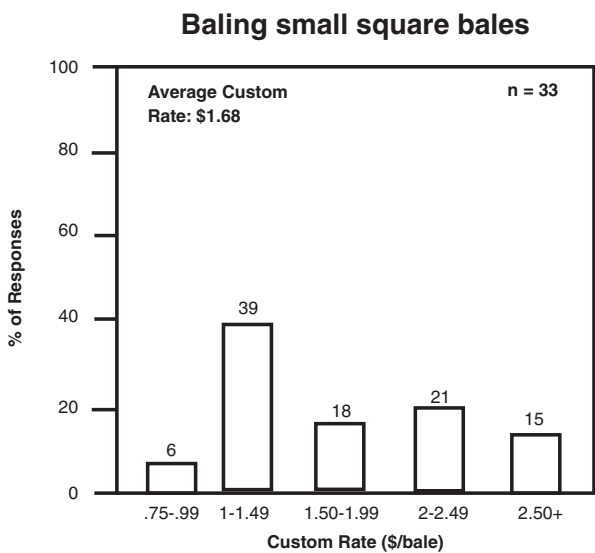
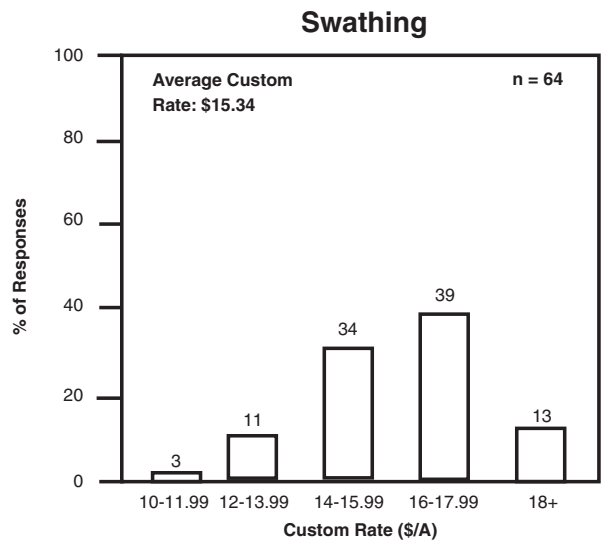
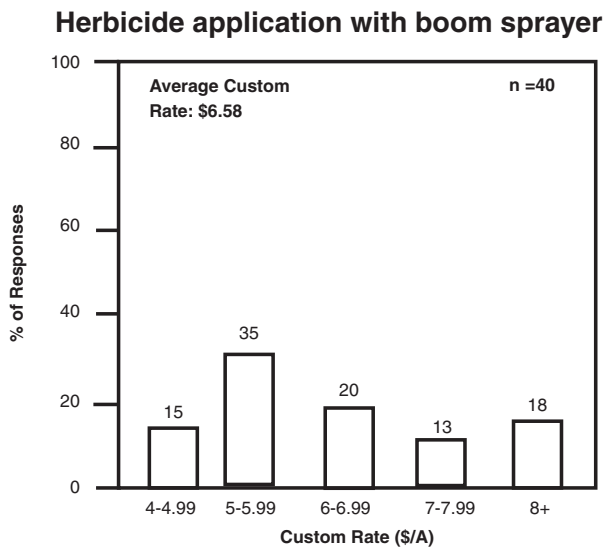
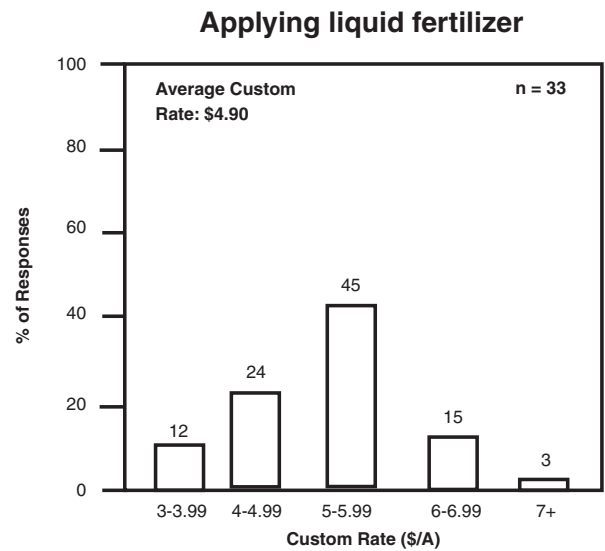
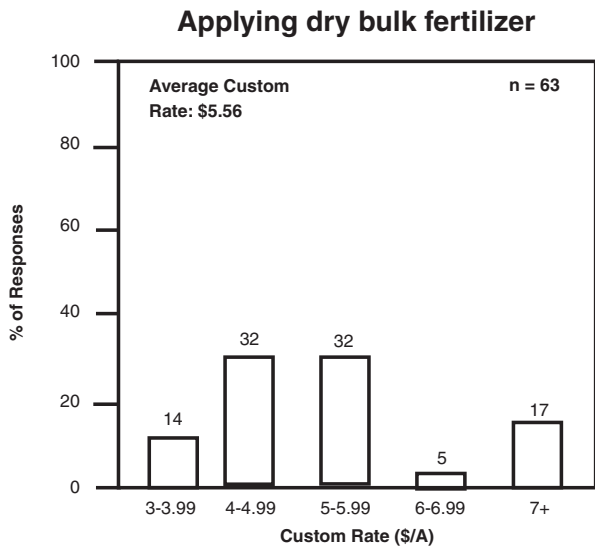
If you are interested in a rate quotation for a specific operation in an area which shows a small number of reports, consider rates for other areas of the state where the operation is more common or refer to the statewide summary. Additional adjustments for field size, terrain and soil type may be necessary.

OPERATION	Oklahoma			West			East			
	No.	Avg.	Median	No.	Avg.	Median	No.	Avg.	Median	
TILLAGE										
Moldboard plowing	\$/acre	7	22.00	20.00	5	21.80	20.00			
Chisel plowing	\$/acre	13	12.12	12.00	11	11.86	12.00			
Surface chisel	\$/acre	8	12.00	11.00	5	11.20	11.00			
Discing - offset	\$/acre	16	12.66	12.25	12	12.67	12.50	4	12.63	—
Discing - tandem	\$/acre	16	11.38	12.00	12	11.21	11.50	4	11.88	—
Blade or wide sweeps	\$/acre	10	10.70	11.00	8	10.88	11.00			
Vertical/turbo tillage	\$/acre	6	13.17	13.50	5	13.20	—			
Spike tooth harrow	\$/acre	7	6.57	—	4	5.00	—			
Field cultivating	\$/acre	11	11.18	12.00	10	10.80	11.25			
Subsoiling	\$/acre	5	17.60	—	4	17.00	—			
FERTILIZER AND CHEMICAL APPLICATION										
Applying bulk dry fertilizer	\$/acre	63	5.56	5.00	35	5.56	—	28	5.55	5.00
Renting bulk dry applicator	\$/acre	10	2.67	2.50	6	2.87	3.00	4	2.38	—
Applying liquid fertilizer	\$/acre	33	4.90	5.00	29	4.75	5.00	4	6.00	—
Applying anhydrous	\$/acre	7	12.86	12.00	7	12.86	12.00			
Lime application	\$/ton	6	10.33	10.00				4	10.00	—
Ground appl., insect, fung.	\$/acre	14	6.18	6.00	11	5.95	5.50			
Aircraft appl., insect, fung.	\$/acre	9	6.39	6.00	8	6.19	6.00			
Ground app - herbicides - boom	\$/acre	40	6.58	5.75	20	5.53	5.00	20	7.63	6.25
Ground app - herbicides - pipe wick	\$/acre	5	10.10	—						
Aircraft appl, herbicides	\$/acre	17	8.13	7.00	10	7.85	6.50	7	8.54	8.00
Ground appl, growth regulators and defoliant	\$/acre	7	5.93	6.00	6	6.42	6.00			
PLANTING										
Air seeder w/fertilizer	\$/acre	13	17.69	18.00	11	17.55	17.00			
Air seeder w/o fertilizer	\$/acre	12	15.83	16.00	12	15.83	16.00			
Drill small grains, conventional	\$/acre	20	12.95	13.50	16	13.25	14.00	4	11.75	—
Drill small grains, no-till	\$/acre	21	14.12	15.00	13	15.58	15.00	8	11.75	14.50
Broadcasting seed	\$/acre	7	6.43	5.00				5	6.20	5.00
Plant cotton, no-till	\$/acre	6	15.33	16.50	5	15.60	—			
Plant corn, no-till	\$/acre	7	16.57	16.00				5	16.00	15.00
Plant milo, conventional	\$/acre	5	15.20	—	4	16.00	—			
Plant milo, no-till	\$/acre	10	16.20	16.00	7	16.86	16.00			
Plant soybeans, conventional	\$/acre	5	14.90	—						
Plant soybeans, no-till	\$/acre	9	16.44	16.00	5	17.20	16.00	4	15.50	—
Sprigging bermuda grass	\$/acre	7	72.86	—				5	88.00	100.00
HAYING										
Mowing hay	\$/acre	22	14.02	15.00	14	14.86	15.50	8	12.56	12.00
Raking hay	\$/acre	21	5.29	5.00	11	6.05	5.00	10	4.45	4.50
Swathing	\$/acre	64	15.34	16.00	53	15.55	16.00	11	14.32	15.00
Small square bales										
Baling a small square bale	\$/bale	33	1.68	1.50	10	1.77	1.45	23	1.64	1.50
Flat rate for hauling small squares	\$/bale	16	1.15	1.00	10	1.10	1.00	6	1.23	1.05
Cost of all haying operations (cutting to stacking sm squares)	\$/bale	9	24.67	24.00				8	24.75	24.50
Large square bales										
Baling a large square bale	\$/bale	8	15.75	16.50	6	16.33	16.50			
Large round bales										
Baling a round bale (4 x 5)	\$/bale	39	16.00	15.00	15	15.60	15.00	24	16.25	15.50
Baling a round bale (5 x 6)	\$/bale	80	16.96	16.00	53	16.12	16.00	27	18.59	20.00
Cutting, raking, baling large round bales (4 x 5)	\$/bale	57	21.99	22.00				54	21.86	21.50
Cutting, raking, baling large round bales (5 x 6)	\$/bale	52	24.25	23.50	8	24.88	25.00	44	24.14	23.00
Flat rate for hauling round bales (4 x 5)	\$/bale	18	5.66	5.00	4	7.75	—	14	5.06	5.00
Flat rate for hauling round bales (5 x 6)	\$/bale	20	5.18	5.00	9	5.56	5.00	11	4.86	5.00

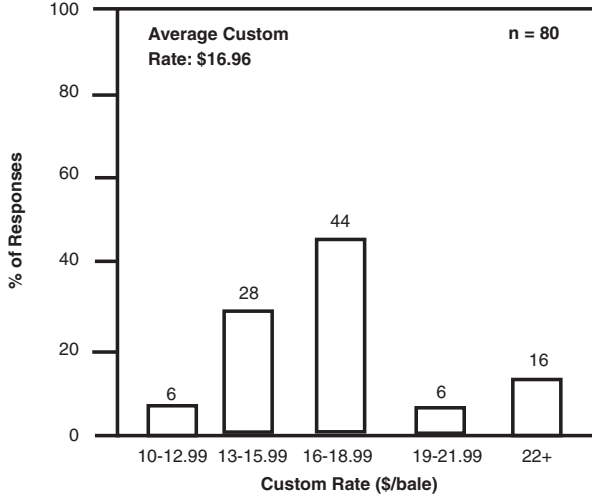
OPERATION	Oklahoma			West			East			
	No.	Avg.	Median	No.	Avg.	Median	No.	Avg.	Median	
Base rate for hauling a round bale (4 x 5)	\$/bale	5	4.45	5.00				5	4.45	5.00
extra charge per bale for a distance over XX miles	\$/bale miles	5	1.90	1.00				5	1.90	1.00
		5	15.00	15.00				5	15.00	15.00
Base rate for hauling a round — bale (5 x 6)	\$/bale	8	6.50	5.00	4	7.25	—	4	5.75	—
extra charge per bale for a distance over XX miles	\$/bale miles	8	1.03	1.00	4	0.68	—	4	1.38	—
		8	21.88	20.00	4	18.75	—	4	25.00	—
SMALL GRAIN AND SOYBEAN HARVEST										
Combining wheat & small grains (flat rate)	\$/acre	30	22.16	22.00	27	22.28	22.00			
Swathing small grains	\$/acre	9	15.78	16.00	7	16.43	16.00			
Base rate for combining small grains	\$/acre	23	22.74	23.00	20	22.80	23.00			
extra charge per bushel for excess over XX bushels/acre	\$/bu. bu.	23	0.22	0.22	20	0.23	0.23			
		23	22.61	20.00	20	22.50	20.00			
Combining soybeans (flat rate)	\$/acre	9	25.78	25.00	6	26.67	25.00			
Flat rate for hauling small grains, soybeans	\$/bu.	15	0.24	0.22	14	0.23	0.22			
CORN, GRAIN SORGHUM HARVEST										
Base rate for combining grain sorghum	\$/acre	5	22.40	—	5	22.40	—			
extra charge per bushel for excess over XX bushels/acre	\$/bu. bu.	5	0.22	—	5	0.22	—			
		5	32.00	30.00	5	32.00	30.00			
LIVESTOCK OPERATIONS										
Spraying	\$/head	9	2.51	2.00	4	2.42	—	5	2.59	2.00
Dehorning	\$/head	13	3.77	4.00	5	3.00	3.00	8	4.25	5.00
Branding	\$/head	16	2.03	1.25	10	1.70	1.00	6	2.58	1.75
Castrating	\$/head	26	3.91	4.00	15	3.30	3.00	11	4.74	5.00
Worming	\$/head	27	4.94	4.00	12	4.72	3.50	15	5.12	—
Artificial insemination	\$/head	13	15.00	—	5	21.40	—	8	11.00	10.50
MISCELLANEOUS										
Welding	\$/hour	40	45.50	50.00	18	46.00	52.50	22	45.09	47.50
Building new fence w/materials (5-wire, steel posts)	\$/mile	12	6056	7610	6	7967	8600	6	4145	2625
Building new fence w/o materials (5-wire, steel posts)	\$/mile	19	3811	—	10	2673	2600	9	5074	4488
Removing fence (5-wire and posts)	\$/mile	9	1898	1200	7	971	—			
Digging line fence post holes	\$/hour	5	40.00	—						
Brush hogging	\$/hour	17	35.71	25.00				14	34.64	25.00
Dozing (D6 or smaller)	\$/hour	32	113.75	105.00	11	128.18	135.00	21	106.19	100.00
Dozing (D7 or larger)	\$/hour	14	133.21	127.50	8	132.50	122.50	6	134.17	130.00
Clearing cedar trees	\$/hour	20	68.00	75.00	9	61.11	75.00	11	73.64	75.00
Sawing wood, chainsaw	\$/hour	6	20.50	17.50				5	17.60	15.00
Hauling cattle belly semi truck, capacity	lbs	9	50111	50000	5	51200	—	4	48750	—
Per mile (one-way load)	\$/mile	9	3.84	3.60	5	4.22	—	4	3.36	—
Gooseneck trailer, length	feet	17	26.59	24.00	6	23.33	24.00	11	28.36	—
capacity	lbs	17	13719	15000	6	13100	14000	11	14056	16000
rate per mile	\$/mile	17	2.51	2.50	6	2.25	2.75	11	2.65	2.50
TRACTOR RENTAL										
Tractor rental less than 100 hp	\$/hour	7	31.71	—				6	35.00	32.50
Tractor rental (100 -150 HP)	\$/hour	5	32.60	—						
MACHINERY RENTAL										
No-till drill	\$/acre	12	10.88	10.00	5	8.10	10.00	7	12.86	15.00
Skid loader	\$/hour	6	53.33	52.50						

Median values associated with four observations are withheld in addition to values that represent individual operations.

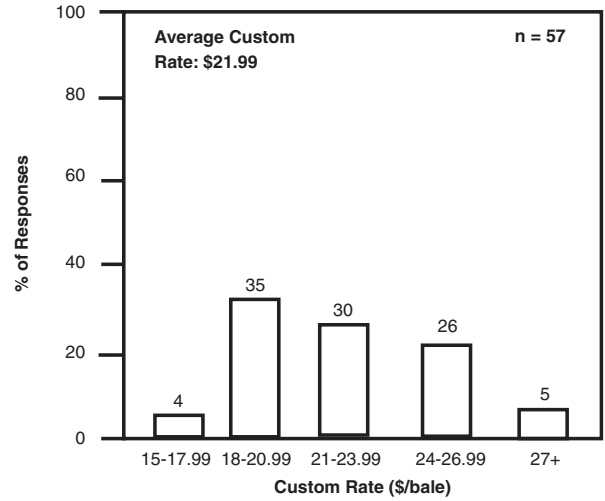
Figure 2. Relative frequency of responses for selected operations, 2017-2018.



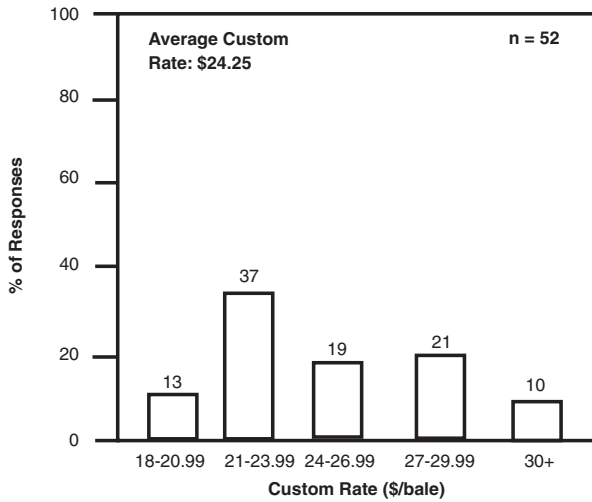
Baling round bales (5 x 6)



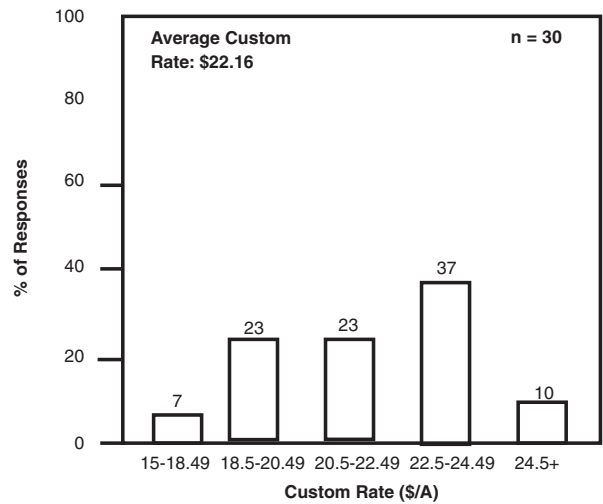
Cutting, raking, baling round bales (4 x 5)



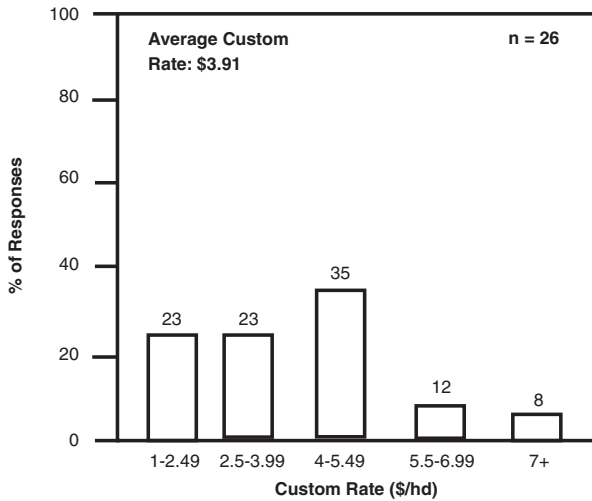
Cutting, raking, baling round bales (5 x 6)



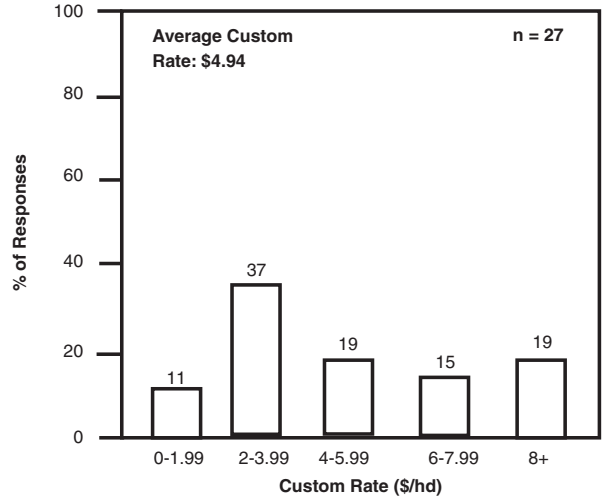
Flat rate harvest small grains



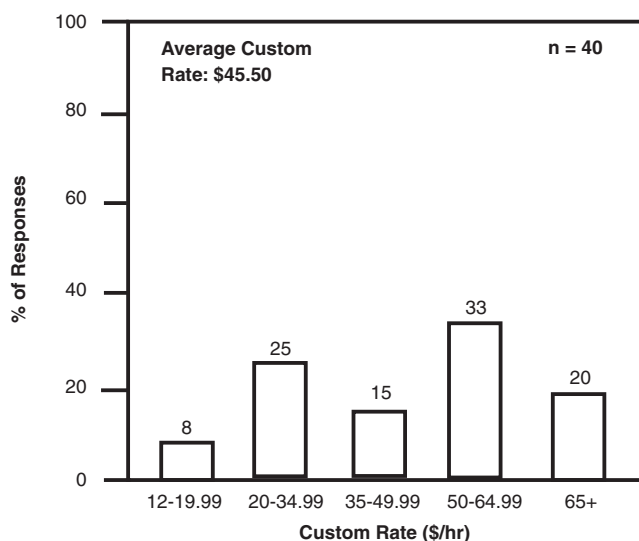
Castrating



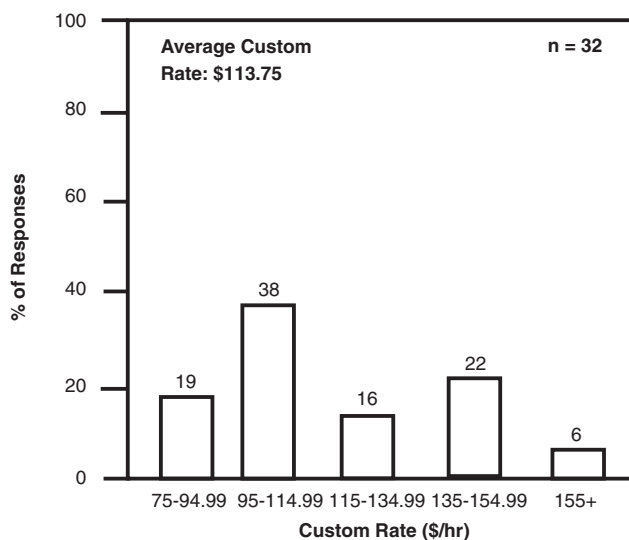
Worming



Welding



Dozer (D6 or smaller)



Reporting Regions

Area rates are summarized for the State of Oklahoma as shown in Figure 1. Regional differences are apparent in the rate table with higher rates prevailing when:

- Fields are small.
- Soils are heavy.
- Slopes are steep.
- Machines are scarce.
- Custom operators are not available.

Rates tend to be lower than expected when exchange work is common between relatives and neighbors. Under these circumstances, fixed costs of ownership such as depreciation and interest on investment (sometimes even labor) tend to be discounted when a rate is established for a particular job.

Custom Service vs. Ownership

Individual circumstances—cash flow, ownership and operating costs, labor availability, reliability and timeliness of custom operators, pride of ownership—will influence an individual's decision on whether to buy or lease machinery and equipment or custom hire work done. A worksheet at the end of this article is designed to help evaluate the cost of machinery ownership and operation.

Possible Advantages of Using Custom Operations

- Ownership costs are avoided.
- Capital and labor can be channeled to other uses.
- Machine use can be readily adjusted to changes in crop mix and market conditions.

- Specialized operations may benefit from experience and skilled operator.
- Jobs may be completed faster using several machines.

Possible Disadvantages of Using Custom Operations

- Service may not be available at the best time.
- Reliability of the custom operator may not be known.
- Rates may be excessive in special situations.

Each manager must choose the best combination of owned and hired machines. The quotations here will be helpful in estimating custom costs and to provide a base figure for agreement on a rate when well established local rates are not available. If you have questions, ask your Extension Educator- Agriculture or Area Agricultural Economics Specialist for additional information.

Considerations to Keep in Mind

Keep in mind there is a wide variation in rates charged for most jobs, even within the same geographic area, partly because some custom work is done for friends, relatives, and neighbors at reduced rates, partly because *some* custom work is done late by farmers who do their own work first and therefore do not attempt to include the full cost of machine ownership in their rates, and partly because it is easy to under-estimate the full cost of ownership and operation of machinery.

A small number of reports for a given machine in a particular area may not be representative. In this case, it is particularly important to check rates in other areas or statewide where a larger number of reports are found.

Costs of Ownership and Operation

The management decision to own a machine, to custom hire operations performed, or to custom perform operations is partially determined by cost, which is heavily influenced by the amount of use realized over the period of machine ownership. Estimates of fixed and variable costs per hour can be approximated using the following steps. Unless accurate records are used to estimate costs, variability in machine and operator efficiencies can cause actual results to be significantly different from estimated results.

A. Acres per hour = Acres covered in normal day ÷ hours in normal day = _____ acres ÷ _____ hours = _____

B. Average investment = (Original cost + Trade-in value) ÷ 2 = (\$ _____ + \$ _____) ÷ 2 = \$ _____

C. Depreciation = $\frac{\text{Annual Original cost} - \text{Trade-in value}}{\text{Number of years owned}}$ = (\$ _____ - \$ _____) ÷ _____ years = \$ _____

D. Interest = Average Investment x Interest rate = \$ _____ x _____ % = \$ _____

E. Taxes = Average Investment x Tax rate (1) = \$ _____ x _____ % = \$ _____

F. Insurance = Average Investment x rate (2) = \$ _____ x _____ % = \$ _____

G. Total Annual Ownership Costs (Sum of C through F) = \$ _____

H. Costs per acre = $\frac{\text{Ownership Annual Costs}}{\text{Acres Per Year}}$ = \$ _____ ÷ _____ acres/year = \$ _____

I. Per acre = $\frac{\text{Repairs (3) Per Year}}{\text{Acres}}$ = \$ _____ ÷ _____ acres/year = \$ _____

J. Per acre = $\frac{\text{Fuel Cost Fuel Gallons}}{\text{Price Per Hour Acres}} \div \frac{\text{Per Hour}}{\text{Per Hour}}$ = (\$ _____/gal. x _____ gal./hour) ÷ _____ acres/hour = \$ _____

K. Per acre = $\frac{\text{Labor costs Daily}}{\text{Wage Per day Acres}}$ = \$ _____/day ÷ _____ acres/day = \$ _____

L. Total Cost Per Acre = Sum of items H through K above = \$ _____

- (1) Use local tax rate if known. One to two percent is a reasonable "guesstimate".
- (2) Use own insurance rate if known. One-half to one percent is a reasonable "guesstimate".
- (3) Use your repair expense data, if available. One percent of original price for each year machine is kept is a rough estimate; e.g., 10% per year if machine is to be used for 10 years.

The Oklahoma Cooperative Extension Service

Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.
- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

The authors gratefully acknowledge Derrel Kletke, Professor Emeritus and Damona Doye, Associate Director for Extension for past contributions to this publication.

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