

Custom Farm Rates

The Situation

Farmers in North Dakota typically hire some farm work done, either from commercial operators or from other farmers. Farmers may also do some custom work for other farmers. Also, commercial operators are engaged in business to do custom work for farmers. Farmers and commercial operators are interested in what typical charges are. Custom farm work rates include charges for the equipment, power unit used, fuel, repairs and operator labor. Rates vary because of local supply and demand, cash and economic costs of operation, and ownership.

Extension Response

Every three years, the USDA's North Dakota Agricultural Statistics Service, in cooperation with the North Dakota State University Extension Service, conduct a survey of custom operators in North Dakota. The most recent survey was in 2016 which summarized more than 2,600 reports from farmers, ranchers, aerial sprayers, elevators, custom harvesters and other custom operators.

A publication was developed by the NDSU Extension Service. The survey data for 2016 was summarized for the state as a whole. This publication shows the number of reports, the range in rates, most frequently reported rate and the average rate for each operation. Operations include: tillage, planting, fertilizer and pesticide application, haying, harvesting, grain drying, grain hauling, seed preparation, hauling of hay and livestock, and custom livestock feeding.

These rates are published as a guide in establishing rates for custom work, comparing ownership or leasing costs with custom work and settling accounts when two or more people exchange work. Some of the low rates may

represent charges by a farmer who did custom work to help out a neighbor but was not concerned about recovering full costs.

The publication is entitled: "Custom Farm Work Rates on North Dakota Farms 2016", EC499 It is available on the web at: <http://www.ag.ndsu.edu/farmmanagement/>, or, at your local county Extension Service office.

Impacts

Farmers and custom operators are better able to manage their businesses knowing the full costs of custom operations. Rates should cover average operating costs, depreciation, return on investment, labor and management. It would benefit the "bottom line".

Feedback

Specialists and agents receive many inquiries on custom rates. The public is appreciative of the information. There were 9,528 hits in 2017 on the website and 169 downloads of information. Over 300 publications have been mailed to the public.

Public Value

Information transparency helps people make better decisions. The custom farm rates survey helps producers know what rates are.

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