

2024 Nebraska Agricultural Custom Rates Report



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Agenda



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- **Custom rates survey procedures**
“Regular” Survey vs. the Livestock Related Survey & Report
- **Observations: trends and some history**
- **Use of survey information and setting rates**



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- Rates reported are as of May 2024.
- Beyond considering the rates reported in this survey, custom operators should consider their cost of machinery, labor, and fuel as they set their rates.
- The information provided in the custom rates report and those mentioned during this presentation should be used only as a guide when figuring rates and charges for custom operations.

2024 Custom Rates Survey Background



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- **Biennial Survey (paper and online)**
 - Received 159 responses
- **Rates requested for 138 different machine operations and custom services**
- **Include cost of machine power unit, fuel, and labor (not material or input expenses)**



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State Summary



Table 2 STATE SUMMARY OF THE MOST POPULAR MACHINERY OPERATIONS

LAND TILLAGE OPERATIONS	Average Rate	Most Common	Range	Number Reporting
Disk Harrowing, Primary (heavy), rate per acre	19.93	18.00	10.00-55.00	38
Disk Harrowing, Finishing (light), rate per acre	18.54	16.00	10.00-48.00	39
Moldboard Plow, rate per acre	23.71	25.00	10.00-35.00	7
Harrowing, Spike or Spring Tooth, rate per acre	13.00	15.00	5.00-20.00	8
Chisel Plow for Primary Tillage, rate per acre	20.40	25.00	13.00-25.00	10
Deep Chisel, rate per acre	24.17	25.00	13.00-34.00	12
Subsoil or Rip, rate per acre	27.86	25.00	13.00-55.00	18
Field Cultivator, rate per acre	19.07	20.00	8.50-48.00	22
Vertical or Turbo Tillage, rate per acre	18.78	18.00	10.00-28.00	25
Combination Tillage Operations, Primary, rate per acre	30.17	-	20.00-40.00	6
Combination Tillage Operations, Finishing, rate per acre	25.31	30.00	13.00-48.00	13
Strip Tilling, rate per acre	23.14	25.00	17.00-30.00	14
Strip Tilling with Fertilizer Application, rate per acre	28.50	25.00	17.00-50.00	17
Stalk Shredder PTO Driven, rate per acre	12.29	15.00	9.00-15.00	7
Rolling Stalk Chopper Not PTO Driven, rate per acre	12.43	12.00	11.00-15.00	7
Cultivation Tillage, Rotary Hoe, rate per acre	9.83	6.00	6.00-15.00	6
Cultivation Tillage, conventional, rate per acre	19.26	15.00	10.00-55.00	17
Cultivation Tillage, handling residue, rate per acre	15.94	15.00	12.00-20.00	12
Cultivation Tillage, hill or ditch, rate per acre	14.75	15.00	8.00-24.00	17
PLANTING AND POST PLANTING OPERATIONS	Average Rate	Most Common	Range	Number Reporting
DRILLING				
- Small Grains, conventional drill, rate per acre	18.85	15.00	15.00-27.00	20
- Small Grains, no-till drill, rate per acre	24.95	20.00	15.00-65.00	38
- Soybeans, conventional drill, rate per acre	21.08	22.00	15.00-30.00	12
- Soybeans, no-till drill, rate per acre	25.37	25.00	16.00-65.00	36
SEEDING				
- CRP Ground, rate per acre	26.64	25.00	14.00-40.00	11
- Cover Crops - Drill, rate per acre	22.64	20.00	12.00-35.00	38
PLANTING ROW CROPS				
- No coulters, with band applicator, rate per acre	25.00	25.00	15.00-40.00	15
- No coulters, without band applicator, rate per acre	23.94	25.00	15.00-30.00	25
- Coulters, with band applicator, rate per acre	23.73	20.00	15.00-40.00	24
- Coulters, without band applicator, rate per acre	22.77	20.00	15.00-35.00	20
- Ridge planting, with band applicator, rate per acre	25.13	20.00	15.00-35.00	19
- Ridge planting, without band applicator, rate per acre	23.53	22.00	15.00-38.00	20

Custom Rate Survey & Report – Part 1



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- ✓ Land Tillage Operations
- ✓ Planting and Post Planting Operations
- ✓ Haying, Baling, and Grinding Hay
- ✓ Small Grain Harvest (Wheat, Oats, and Barley)
- ✓ Application of Fertilizer
- ✓ Insect, Disease, and Weed Control Application
- ✓ Custom Contract Farming



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Custom Rates Survey Part II



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- Harvesting Grains & Soybeans
- Hauling Operations (grain & hay)
- Making Silage and Earlage
- Hauling Silage (packing silage bags)
- Grain or Seed Handling, Storage, & Miscellaneous Operations
- Hauling Livestock
- Waste Handling
- Fencing, Trenching, Mowing
- Checking and Closing Pivot Tracks
- Heavy Equipment, Skid Steer, and Tractor Rentals

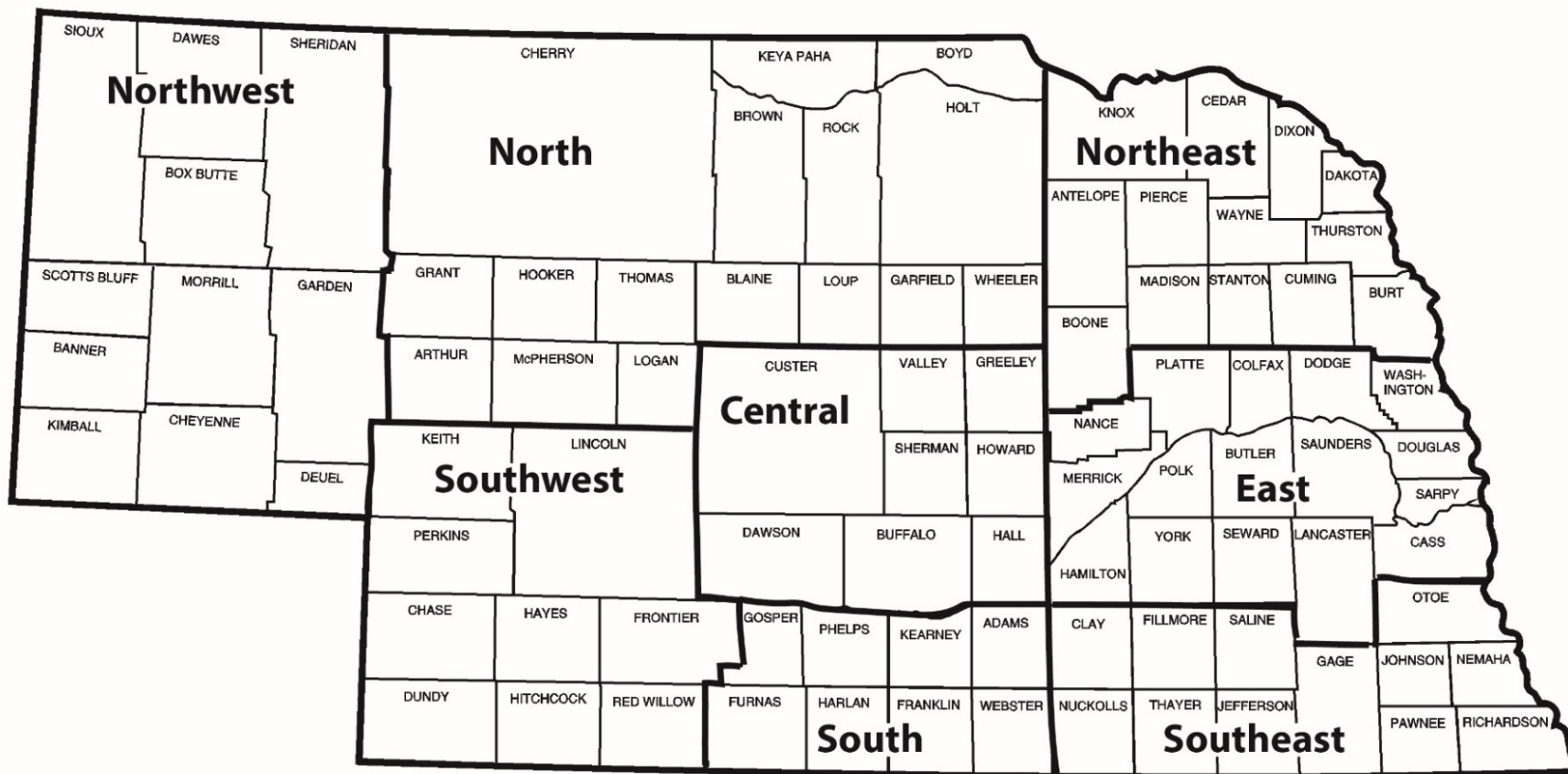
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USDA-National Agricultural Statistics Service Reporting Districts for Nebraska



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Procedures



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Number Reporting

Rates entered in report when there are three or more responses in total or by district.

#sign means there were not three or more responses from that district.

CUSTOM PRACTICE	NEBRASKA AGRICULTURAL STATISTICS DISTRICTS								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE
----- All Units in Dollars Unless Specified -----									
COMBINING DRYLAND CORN, flat rate per acre									
Number Reporting	#	#	17	9	25	#	3	21	75
Average Rate	-	-	42.65	50.44	46.44	-	48.92	43.95	45.00
Range	-	-	30.00-60.00	35.00-62.00	35.00-78.00	-	40.00-55.00	30.00-60.00	30.00-78.00
Most Common	-	-	40.00	50.00	35.00	-	-	45.00	35.00

Procedures



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Average Rate

Range

Most Common Rate (Mode)

CUSTOM PRACTICE	NEBRASKA AGRICULTURAL STATISTICS DISTRICTS								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE
----- All Units in Dollars Unless Specified -----									
PLANTING ROW CROPS, WITH ROW CLEANING DEVICES FOR RIDGE PLANTING, NO band applicator, rate per acre									
Number Reporting	#	4	4	6	3	#	#	4	20
Average Rate	-	23.75	25.00	23.83	28.00	-	-	26.00	23.53
Range	-	22.00-25.00	20.00-38.00	15.00-38.00	20.00-38.00	-	-	22.00-30.00	15.00-38.00
Most Common	-	25.00	20.00	-	-	-	-	-	22.00



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General Information Collected



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2024 Fuel (State Average Diesel Price) = \$3.26 /gallon

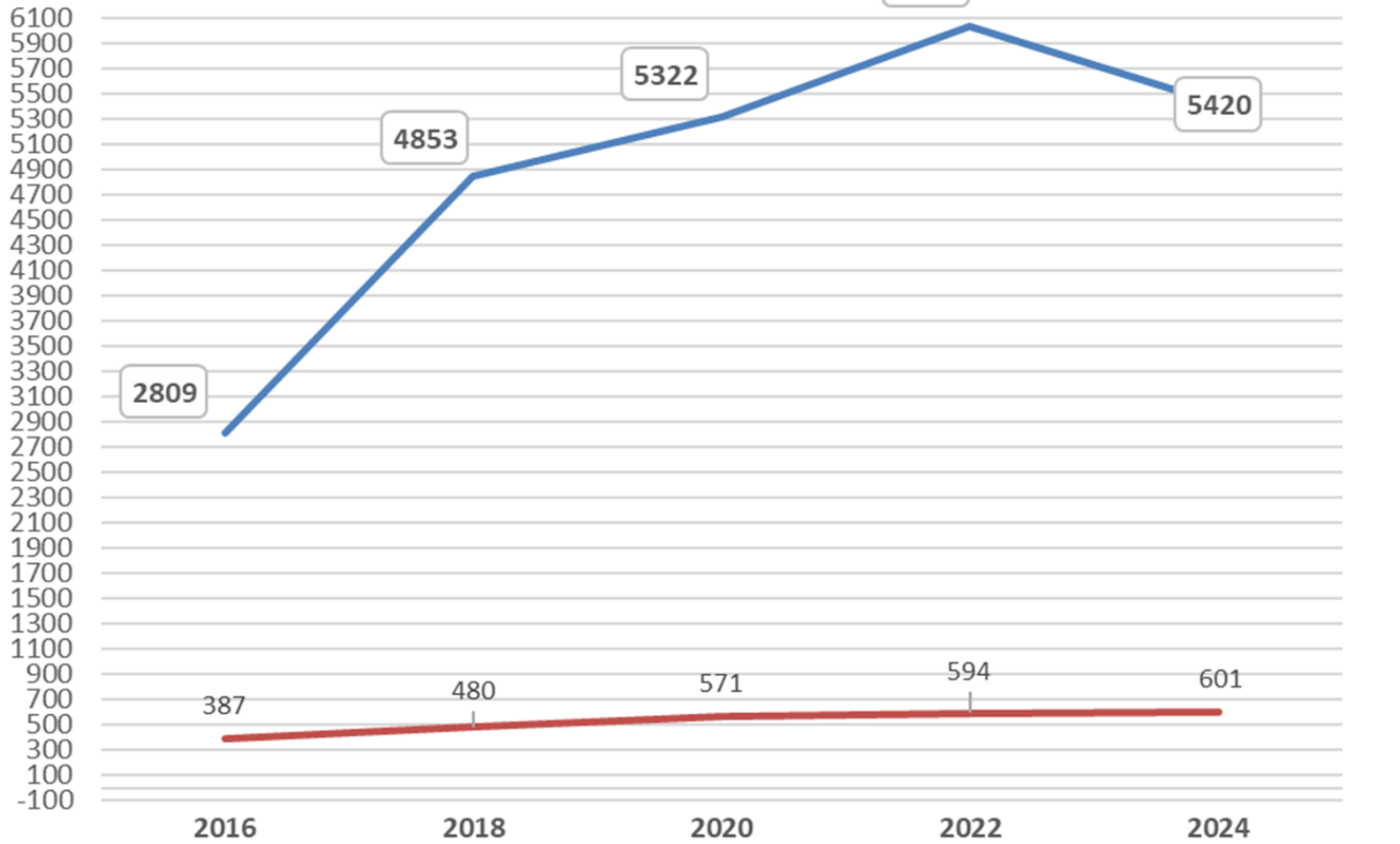
2024 Labor Rate (State Average) = \$27.98 /hour

Other general information:

109 responses on acres covered per year in custom work = 5,420 acres (State Average)

69 responses on hours spent per year on custom work operations = 601 hours (State Average)

Hours Worked & Average Acres Covered Per Year Custom Work Operations



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Trends – Rates have Increase



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Percentage change in a sample list of custom rates reported from 2022 to 2024

Some Common Nebraska Custom Rates	2022 State Average Rate	2024 State Average Rate	Percentage % Change
Drilling Small Grains, no-till drill, rate per acre	19.65	24.95	27%
Drilling Cover Crops, rate per acre	19.16	22.64	18%
Planting with coulters, with band applicator, rate per acre	22.27	23.73	7%
Planting with coulters, without band applicator, rate per acre	20.41	22.77	12%
Ridge planting, with band applicator, rate per acre	23.50	25.13	7%
Ridge planting, without band applicator, rate per acre	21.74	23.53	8%
Spraying Weed Control, self-propelled sprayer, rate per acre	8.12	9.18	13%
Combining Irrigated Corn, flat rate per acre	41.63	47.84	15%
Combining Dryland Corn, flat rate per acre	38.82	45.00	16%
Combining Soybeans, flat rate per acre	40.18	46.00	14%
Combining Small Grains (no hauling), flat rate per acre	34.91	43.00	23%
Truck Grain to Storage or Elevator, flat rate per bushel	0.08	0.15	88%
Swathing with Crushing/Crimping, rate per acre	16.23	17.88	10%
Large Round Bales With Net Wrap, rate per bale	15.32	16.54	8%

Fuel Price Change Scenario



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In 2024, \$3.26 average diesel price/gallon reported

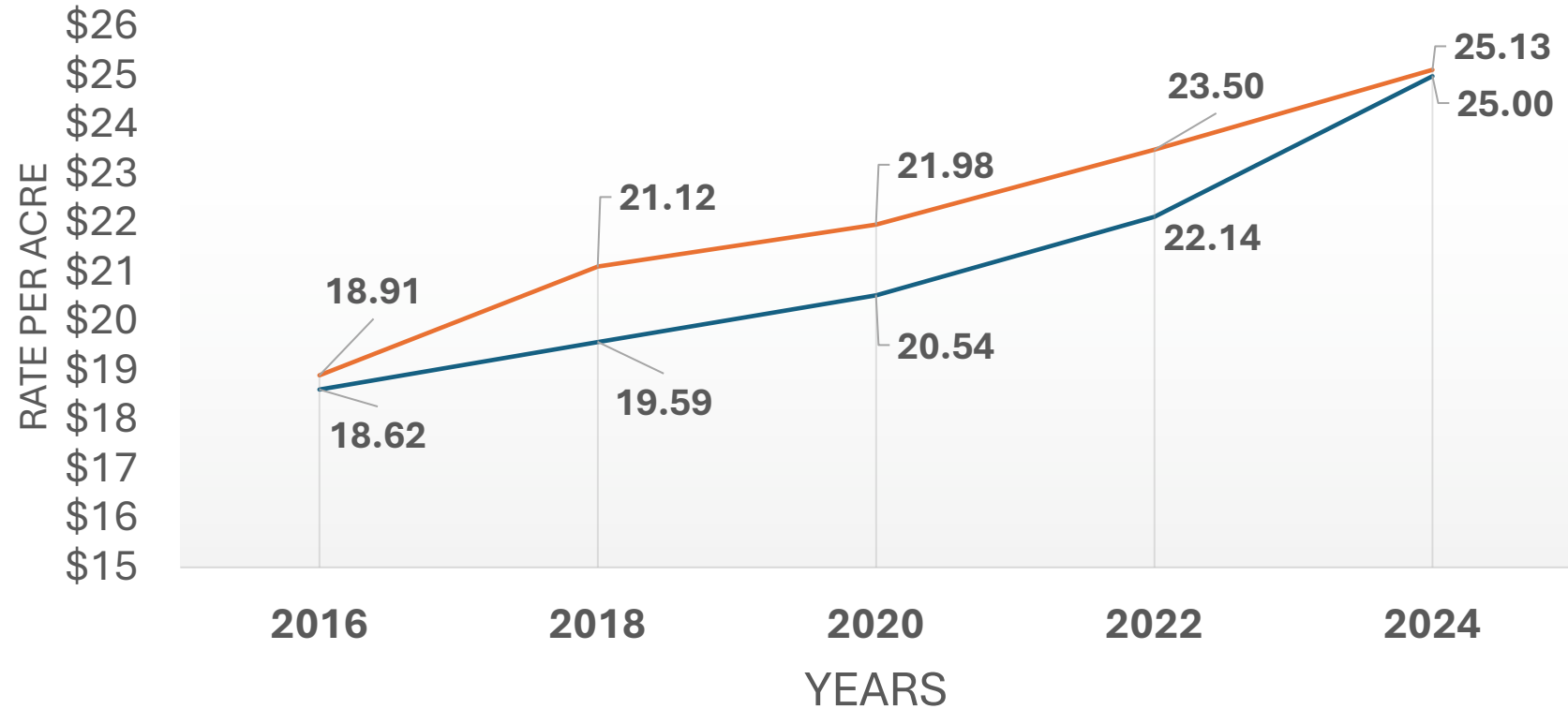
How should we calculate rates if fuel prices change?

- **A \$0.74/Gallon prices rise to \$4.00 /Gallon**
- **Consumption Factor .80 gallon of fuel per acre**
- **Price increase of \$0.74 x .8 gallons per acre = \$0.59 per acre rate increase.**



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Row Crop Planting Rates (State Average)



— Planting Row Crops - no till with band applicator, rate per acre

— Planting Row Crops - with row cleaning device with band applicator, rate per acre



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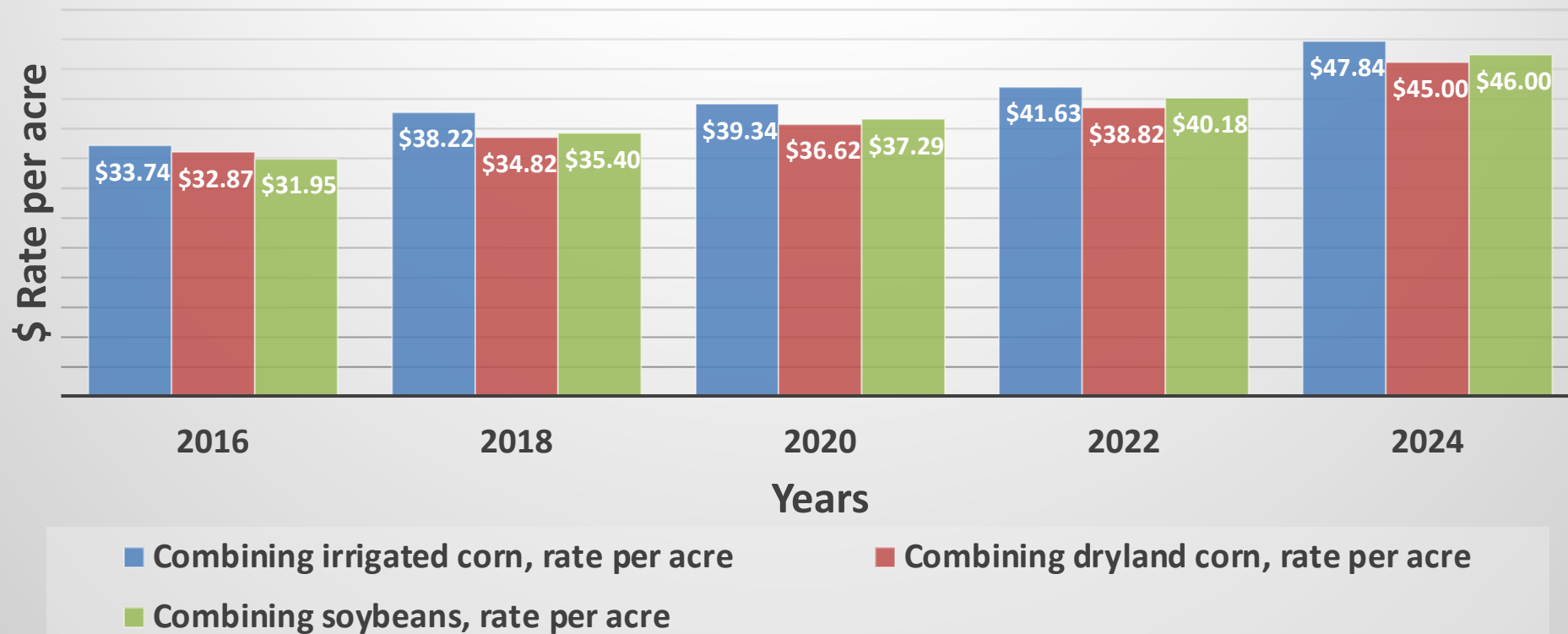
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Harvesting Irrigated, Dryland Corn and Soybeans State Average Rates



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What are your machine costs?



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MACHINERY OPERATING COSTS

FUEL & LUBRICANTS
(Gallon fuel per unit x price/gallon)
+
Lubricant cost

LABOR
Hours per unit
x
Wage rate
(Employee wages or factor in wage for operator)

MACHINERY REPAIRS & MAINTENANCE

COST OF SUPPLIES
(i.e. baling twine)



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What are your machine costs?



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DEPRECIATION

Original machine cost minus salvage value divided by years of use

(Salvage value is the value remaining after the years of usage).

INTEREST

Interest rate
x
AIV*

**Average Investment Value=(machine purchase price + salvage value) divided by 2.*

TAXES

Local property tax rate
x
AIV*

HOUSING

% of facilities value used for this machine's storage
x
AIV*

INSURANCE

Insurance rate
x
AIV*

MACHINERY OWNERSHIP COSTS



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Figuring a No-Till Planting Operation R



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You own a tractor and no-till planter and cover approximately 2,000 acres with the planter per year for corn and soybeans.

The neighbor calls asking if you would plant 200 acres of soybeans for them as soon as you are done planting your crop.

You need to figure out what to charge?



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Your Equipment Information



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Power Unit	
	Max PTO HP: >150
Tractor	
List Price	\$425,000
Purchase Price	\$275,000
Age of machine when purchased	6 years old
Expected total years of ownership	5 years
Total tach on machine when purchased	2400
Total hours usage per year	450
Estimated fuel used/hour	8.76 gallons

Implement	
No Till Planter - 12R	
List Price	\$220,000
Purchase Price	\$150,000
Age of machine when purchased	4 years old
Expected total years of ownership	6 years
Total usage per year (acres)	2000
Coverage rate (acres/hour)	18 acres

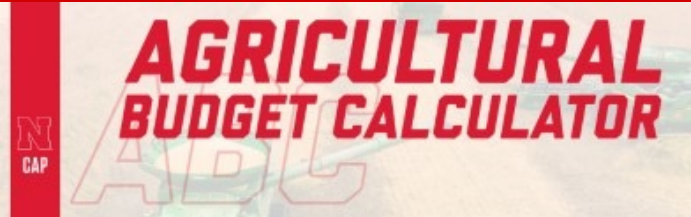


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Machine Costs – Calculated using the Agricultural Budget Calculator (ABC)



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4WD Large Tractor

List Price: \$425,000.00	Purchase Price: \$275,000.00	Max PTO: 200
Est. Hours / Year: 450 Hrs	Repair Cost / Hour: \$8.99	Depreciation / Hour: \$66.68
Fuel Type: Diesel	Fuel Used / Hour: 8.76 Gallons	Fuel Cost / Hour: \$28.56

No-Till Planter

Purchase Price: \$150,000.00	List Price: \$220,000.00	Coverage Rate: 18 Acres/Hr
Est. Acres / Year: 2000 Acres	Repair Cost / Acre: \$6.25	Depreciation / Acre: \$5.08
Repair Category: Row Crop Planter	Depreciation Category: Planters	



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ABC Field Operation Report (plant no-till corn)



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Plant No Till (Includes cash and ownership costs)

Field Operation Costs / Acre

	Labor	Fuel	Repairs	Deprec.	Opp.	Total / acre
4WD large tractor	1.71	1.82	0.50	3.70	0.74	
No-till Planter			6.25	5.08	1.79	
	\$1.71	\$1.82	\$6.75	\$8.78	\$2.53	\$21.60

Machine costs shown in this report do not include taxes, housing, insurance or licensing costs. 'THILM' expenses may be entered in detail for your own enterprises as cash overhead costs and summarized in 'Ownership and Overhead' costs.

\$21.60/acre ownership and operational costs calculated plus 2.5% for THILM (\$0.54) = \$22.14/acre. Adding a 15% profit increases the rate to \$25.46, comparable to the 2024 state average of \$25.00 for a no-till planting custom operation reported in the 2024 report.

Labor rate used in calculation \$27.98/hour. Diesel fuel cost is \$3.26 per gallon.

Taxes, housing, insurance, or licensing costs (THILM) not included. These expenses are entered in ABC as overhead costs.



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Determining Custom Service Rates

– fence building example

I generally charge by the hour. Latest custom rates report shows \$35.00 as an average rate per hour for labor charge when building a 4-strand barbed wire fence with wood posts. The range on this latest report is from \$20.00 to \$50.00 per hour. Rates were also shown on the 2024 report at \$27.98 /hour and a lower range of rates was reported.

I know I do quality work and with wages on the increase overall this past year, I think the \$35.00 per hour rate should work. I've got my own tools for fence building that I've had for along time and use for my own fencing, so I'm not factoring in extra wear and tear on them for this job.

Since the job site is a few miles away, I'll plan to start charging per hour when I head out to work on the fence. There are costs associated with my use of my truck, but the \$35.00 hourly fee should be adequate to cover those costs.



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2023 Livestock Custom Rates Survey & Report



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Paper and online surveys distributed. Received 91 completed survey responses with a majority submitted online. Survey included rate questions for 96 different custom services.

Results for 53 different custom services reported.



54% of responses came from operators providing custom services with 46% of the responses from those that pay for custom services.

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Questions?



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For inquiries about the custom rates report, contact:

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