

2023 Custom Service Rates Related to Livestock Production in Nebraska

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Agenda



- **Custom rates survey procedures**
- **Observations**
- **Use of survey information and setting rates**

Disclaimer

Rates reported are as of early 2023.

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.

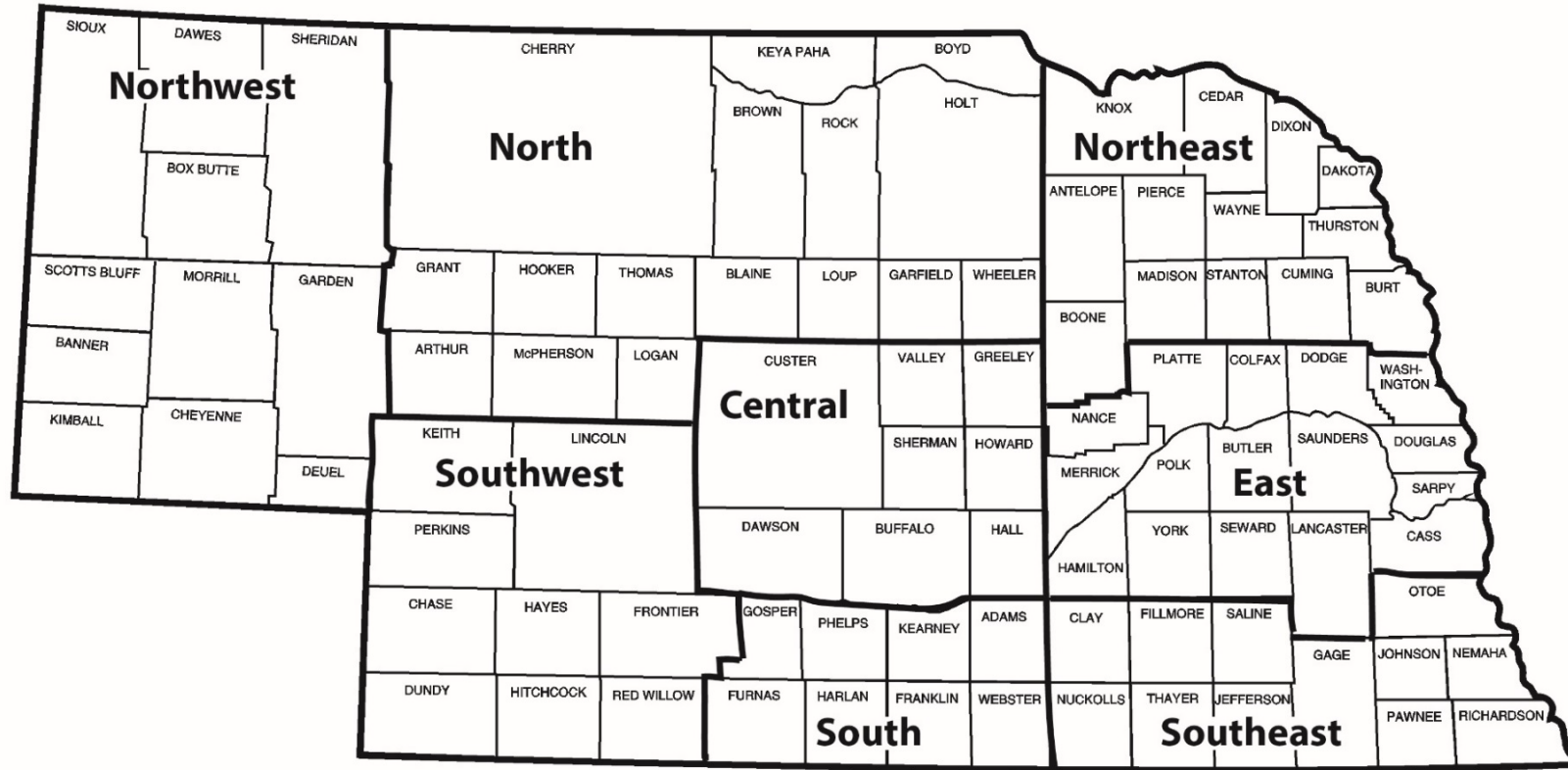
General Survey Info

- 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.

cap.unl.edu/customrates/livestock



USDA-National Agricultural Statistics Service Reporting Districts for Nebraska

Livestock Custom Rates Survey Topics

- Custom Land /Pasture Maintenance
- Fencing and Trenching
- Common Custom Services per Species
 - Cattle
 - Hogs
 - Poultry
 - Sheep
- Hauling Livestock
- Custom Feed Preparation
- Haying and Baling
- Custom Facility Rental
- Equipment Rental
- Manure Pumping, Hauling, and Application



Report Format

Average Rate

Most Common Rate (Mode)

Range



Number Reporting

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

STATE SUMMARY OF LIVESTOCK RELATED CUSTOM SERVICE RATES

COMMON CUSTOM LIVESTOCK SERVICES	Average Rate	Most Common	Range	Number Reporting
Cattle - Cows /Breeding Stock				
Artificial Insemination - \$ Rate per head	11.83	10.00	5.00-22.00	10
Pregnancy Testing by arm - \$ Rate per head	3.75	4.00	2.00-7.00	15
Pregnancy Testing by ultrasound - \$ Rate per head	4.46	4.00	2.00-10.00	18

Comparing Some Rates

Custom Service	2023 Average Rate	2022 Average Rate
Clearing Cedar Trees - \$ Rate per hour	\$ 96.67	\$ 105.83
Building New Fence - Labor charge only for 4 strand barbed with wood posts - \$ Rate per hour	\$ 35.00	\$ 18.67
Hauling Cattle by 18 wheeler (semi-trailer) - \$ Rate per loaded mile	\$ 6.24	\$ 4.06
Hauling Cattle by stock trailer - \$ Rate per loaded mile	\$ 3.88	\$ 3.00
Baling Hay (large square bale) - \$ Rate per bale	\$ 16.40	\$ 17.88
Baling Hay (large round bale without net wrap) - \$ Rate per bale	\$ 15.64	\$ 14.46
Baling Hay (large round bale with net wrap) - \$ Rate per bale	\$ 16.24	\$ 15.32
Skid Steer Rental - \$ Rate per hour	\$ 71.67	\$ 71.67
Solid Manure Loading - \$ Rate per ton	\$ 7.64	\$ 3.67
Solid Manure Application - \$ Rate per ton	\$ 3.25	\$ 4.58

Determining Custom Service Rates



Photo by [Daniel Salgado](#) on [Unsplash](#)

#1 Fencing Scenario

- I have fence building skills and have done this type of custom work in the past. My neighbor asked me to build a $\frac{1}{4}$ mile of fence for one of their pastures. The job site is about 4 miles south.
- He'll supply the fencing materials. I'll be using my tools and providing the labor.
- What factors should I consider in determining a rate to charge?

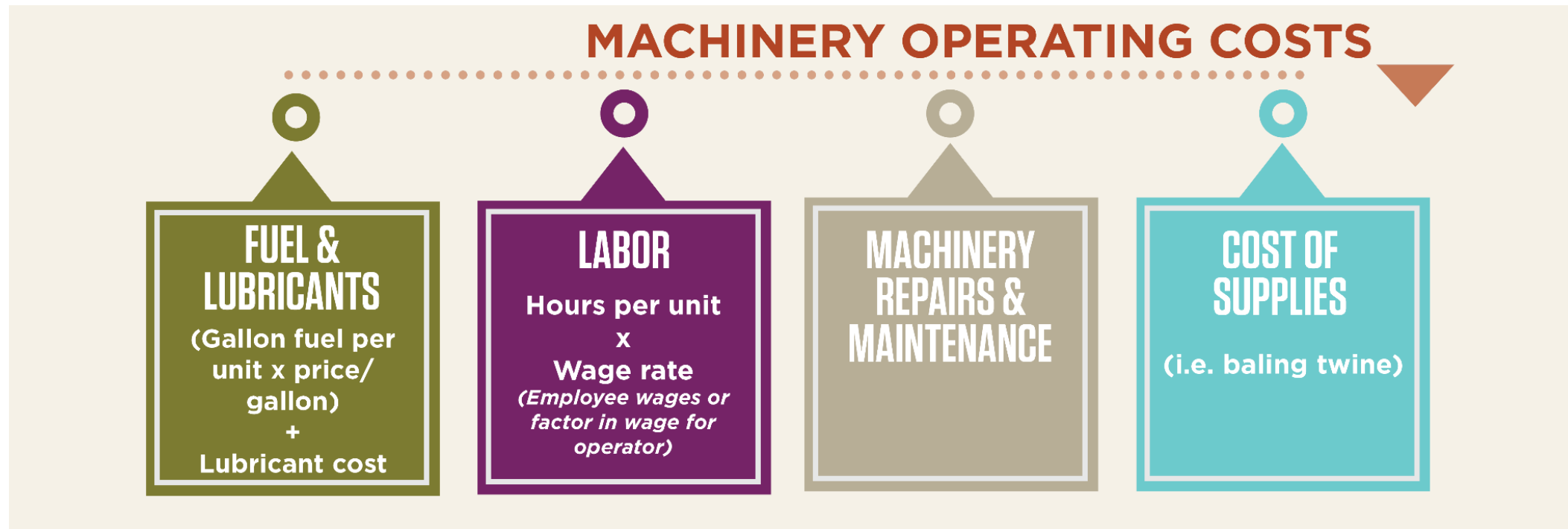
Determining Custom Service Rates



- Review what the latest UNL Custom Rates report says about fence building rates.
- 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 2022 report at \$18.67 /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.

Determining Custom Service Rates When Using Machinery & Equipment

- Factor in -



Determining Custom Service Rates When Using Machinery & Equipment

Plus +



Determining Custom Service Rates

#2 Scenario – Baling Hay



Photo by [Belinda Fewings](#) on [Unsplash](#)

I own a 3-year-old round baler and provide custom round baling services around our area. I have 80 acres of hay to bale of my own and figure providing services for another 80 acres. Typical annual production is approximately 3.5 to 4.5 tons of hay per acre. What should I charge per acre, per ton, or per bale?

Using the Agricultural Budget Calculator (ABC) Program we'll plug in the figures to assist us in calculating operation and ownership costs for round baling.

Let's figure machinery costs

Tractor info –



List price of comparable machine today:

\$ 488798



Purchase price:

\$ 192926



Age of machine when purchased:

5



Total tach on machine when purchased:

2500

Estimated fuel used / hour:

10

gallons



Enter your own

Expected total years of ownership:

5



Total usage per year (hours):

400

Repair and salvage estimates shown below are calculated using data from document ASAE D 497.7 (ASABE Standard 2011). [View ASABE D497.7](#)

Estimated salvage value when your ownership ends:

\$ 100000



Enter your own estimated salvage value

Estimated average annual cost of repairs while owned:

\$ 5000



Enter your own estimated annual repair cost

Edit Permanent Values

Changes in this section will be saved to ALL budgets that include this record.

Name:

Big Red Tractor



Max PTO HP:

250

Fuel used by this unit:



Gasoline



Diesel

**AGRICULTURAL
BUDGET CALCULATOR**



Big Red Tractor costs



Power Unit Details ?

Big Red Tractor

Budget Year: 2023 UNL

Summary

Usage

Edit

Big Red Tractor

List Price:

\$488,798.00

Purchase Price:

\$192,926.00

Max PTO:

250

Est. Hours / Year:

400 Hrs

Repair Cost / Hour:

\$12.50

Depreciation / Hour:

\$46.46

Fuel Type:

Diesel

Fuel Used / Hour:

10 Gallons

Fuel Cost / Hour:

\$38.30

Round Baler cost inputs



Edit Permanent Values

Changes in this section will be saved to ALL budgets that include this record.

Name:

My Round Baler

Coverage rate (acres/hr):

4

Help me find the coverage rate

List price of comparable machine today:

\$ 59000

Purchase price:

\$ 52000

Age of machine when purchased:

2

Expected total years of ownership:

10

Total usage per year (acres):

200

Repair and salvage estimates shown below are calculated using data from document ASAE D 497.7 (ASABE Standard 2011). [View ASABE D497.7](#)

Estimated salvage value when your ownership ends:

\$ 14875.69

Enter your own estimated salvage value

Estimated average annual cost of repairs while owned:

\$ 1500

Enter your own estimated annual repair cost



Round Baler costs



Implement Details ?

My Round Baler

Budget Year: 2023 UNL

Summary

Usage

Edit

My Round Baler

Purchase Price:

\$52,000.00

List Price:

\$59,000.00

Coverage Rate:

4 Acres/Hr

Est. Acres / Year:

200 Acres

Repair Cost / Acre:

\$7.50

Depreciation / Acre:

\$18.56

AGRICULTURAL BUDGET CALCULATOR



Field Operation Costs / Acre (Includes cash and ownership costs)

Bale Large Round (Includes cash and ownership costs)

Field Operation Costs / Acre

	Labor	Fuel	Repairs	Deprec.	Opp.	Total / acre
Big Red Tractor	6.88	11.01	3.13	11.62	2.75	
My Round Baler			7.50	18.56	5.02	
	\$6.88	\$11.01	\$10.63	\$30.17	\$7.76	\$66.45

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.

Purchased Materials, Inputs, and Services

	% of acres applied	Qty applied / acre	Cost / unit	Total \$ / acre
Round Bale Wrap	100	1 acre	\$7.50/ acre	7.50
				\$7.50

Total per acre = **\$73.95**

Bale Large Round
(Includes cash and ownership costs)

Field Operation Costs / Acre

	Labor	Fuel	Repairs	Deprec.	Opp.	Total / acre
Big Red Tractor	6.88	11.01	3.13	11.62	2.75	
My Round Baler			7.50	18.56	5.02	
	\$6.88	\$11.01	\$10.63	\$30.17	\$7.76	\$66.45

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.

Purchased Materials, Inputs, and Services

	% of acres applied	Qty applied / acre	Cost / unit	Total \$ / acre
Round Bale Wrap	100	1 acre	\$7.50/ acre	7.50
				\$7.50

Total per acre = **\$73.95**

If total costs per acre = \$73.95

At 4.5 tons per acre = $\$73.95 / 4.5 \text{ T} = \$16.43/\text{ton}$

If a round bale = 1,431 pounds or .72 tons (6.3 bales per acre) then our cost would be \$11.83/ bale

Thank you for your interest in the Livestock Custom Rates Survey!

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