

CUSTOM RATES FOR WYOMING FARM AND RANCH OPERATIONS 1998-99

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Introduction

Many agricultural operators choose not to own all of the machinery and equipment necessary to perform every farm and ranch operation. In some cases, labor is not available, and in others, owning the equipment is simply too costly for relatively small jobs. Therefore, many farms and ranches use custom operators and/or machinery rental to accomplish the needed operations.

Custom work can be defined as contracting labor, power units, machinery, equipment, or services performed for a farm and ranch operation. Rates for custom work normally include all costs of owning, operating, and performing the custom operation, such as machine operator labor, management, interest on equipment investments, and operating profits. Costs for materials, such as seed, chemicals, fertilizers, and twine, and additional labor are not included in the custom rate unless noted otherwise.



The objective of this report is to collect, organize, and present operators with current information on rates for Wyoming custom operations. The purpose is not to evaluate whether or not the rates are fair, but rather to describe what is being charged by operators in the state.

Use of Custom Rates

Custom rate information is useful to operators involved in commercial agriculture and related industries. Farm and ranch operators may use listed custom rates as guides in financial planning and budgeting, as well as in negotiating charges for work performed for neighbors or

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others. Lending institutions, government agency personnel, and those who prepare budgets or conduct planning activities should find the listed rates useful. Custom operators also may use this publication to analyze their fees.



1999 statistics.

Procedure

Custom rates reported in this publication were obtained from mail surveys or telephone interviews with custom operators, farmers, ranchers, and various agribusiness firms throughout Wyoming and adjacent areas in the surrounding states. Information from more than 89 respondents was used to generate the 1998-

Related Publications

Wyoming Machinery and Operation Costs (University of Wyoming Cooperative Extension Service Bulletin B-982 and Software MP-92) provides readers with data and formulas to calculate ownership and operation costs for farm and ranch machinery and equipment. Comparing the results of those calculations with the custom rates reported here may give the reader a means for evaluating the *reasonableness* of quoted custom rates.

Factors Influencing Custom Rates

Custom rates may vary from one region to another for several reasons. A list of factors influencing the rates set for custom operations is provided below.

Lower rates may be influenced by:	Higher rates may be influenced by:
<ul style="list-style-type: none"> • Neighborliness or friendly work exchange 	<ul style="list-style-type: none"> • Reports from pure custom operators or operators using new equipment who are attempting to cover all costs
<ul style="list-style-type: none"> • Location of job in relation to custom operator 	<ul style="list-style-type: none"> • Setting rates by what the market will bear
<ul style="list-style-type: none"> • Operator's desire to keep equipment working and perhaps cover variable costs but not necessarily all fixed costs 	<ul style="list-style-type: none"> • Tougher jobs that require extra power, fuel, labor, and/or repairs
<ul style="list-style-type: none"> • Use of older equipment where current investment costs are not reflected in the rate. 	<ul style="list-style-type: none"> • Conditions such as rocks, irregular fields, rough terrain, or crop differences

<ul style="list-style-type: none"> Indirectly paying for portions of the operation costs, including providing meals, fuel, transportation, and some supervision of labor 	<ul style="list-style-type: none"> A shortage of necessary labor or equipment resources for a particular job
<ul style="list-style-type: none"> The number of jobs at a particular site 	<ul style="list-style-type: none"> Small or low-yielding jobs

Reported Values

Survey data were entered into an electronic spreadsheet and summary statistics were calculated. This report provides a listing of the calculated statistics. Tabled values include the average rate charged, as well as the range of rates reported for the operation. For example, the average rate for subsoiling in irrigated areas of Wyoming was \$21.29 per acre; however, reported rates ranged from \$11 per acre to \$28 per acre.

Information also was collected on how custom operators accomplish their custom services. These data are reported for the size of the power unit, the size of the implement, and the accomplishment rate expressed as acres completed per 10 hours. Again, looking at 20-inch deep subsoiling, the average power unit is 168 horse power (HP) with a range of 150 to 200 HP; the average implement has 7 shanks with a range of 5 to 10 shanks; and the accomplishment rate averaged 43 acres per 10 hours with a range of 10 to 90 acres per 10 hours. These data, coupled with formulas provided in the accompanying publication *Wyoming Machinery and Operation Costs*, can assist individuals in setting custom rates.

The data in this report should be used as a guide or starting place for negotiating charges for custom operations. Actual charges for services rendered probably will vary from those listed in this report. Custom operators unable to find rates reported for operations of interest to them should contact their local extension office.

Abbreviations Used

Item	Abbreviation	Descriptions
Machinery and Equipment Rental	HP	Horse Power
Laboratory Analysis	N-P-K pH CEC	Nitrogen-Phosphate-Potash Acidity (<7) or Alkalinity (>7), with 7 being neutral Cation Exchange Capacity
Miscellaneous	U/A	Unavailable