

Custom Rates for Mississippi Agriculture, 2000

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Sometimes, farmers have opportunities to earn extra income by providing custom services for other farmers. These opportunities can come about because of time constraints or a lack of adequate equipment. For producers with adequate or surplus machinery (the contractor), the idea of spreading fixed costs over additional acres is appealing. However, in order for the custom work to be economically beneficial for the contractor, the custom rate must cover fixed and direct costs and provide some additional return as well. Per acre fixed cost is reduced through additional hours of annual use; direct costs per acre can be expected to increase because of overall annual repairs and maintenance.

As a guideline for custom charges, the following table gives direct and fixed costs for selected pieces of equipment and their appropriate tractors. These costs are based on Mississippi State Planning Budgets (MSPB). Direct costs include repairs and maintenance, labor, fuel, and interest on operating expense. Fixed costs for tractors are based on 600 hours annual use. Implement fixed costs are based on the hours of annual use given in the table.

The table also gives a suggested custom charge per acre for each implement. This charge was obtained by multiplying the total costs per acre by 1.25 or a 25 percent premium. This percent markup is consistent with normal markups in Mississippi (range 20-40 percent) as suggested by county agents, custom operators and farmers. Farmers providing custom work may desire a lower or a higher return depending on the level of management required.

The table also lists custom rates as reported in *Doane's Agricultural Report*. These rates are for the entire Southern U.S., so some degree of variance can be expected. However, the reported rates are still a good reference for performing or having custom work performed. As the table shows, most rates are relatively consistent with the calculated and/or reported rates for Mississippi.

Additionally, the tables give a commonly charged custom rate for Mississippi, based on personal communication with county agents, custom operators and farmers. This rate can help producers decide whether to plant additional acreage for which they do not have adequate equipment or to plant crops that they do not normally plant.

Farmers desiring to have custom work performed may benefit in several ways. Benefits may include lower capital and labor costs, tax advantages, and/or economic opportunities through new or additional crops. Also, the ability to complete field operations in a timely manner can have significant benefits.

Farmers desiring to perform or have custom work performed should remember that custom work involves certain risks. Some of these risks are timeliness of the work, quality of the work, and field contamination of weeds or insects.

This information sheet is intended only as a guide. Farmers desiring to perform or have custom work performed should realize that these rates are often negotiable. Also, per acre costs and hours of annual use will likely vary for each producer; therefore producers should use their own costs whenever possible. Additionally, input costs and interest rates are increasing. Producers should consider any needed adjustments accordingly.

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Implement*	Hours annual use	Direct costs per acre \$	Fixed costs per acre \$	Suggested custom charge per acre \$	Doane's estimate** \$	Reported Mississippi custom charge \$
Chisel Plow 12'	200	3.32	3.40	8.50	12.00	15.00/A
Chisel plow 24'	150	2.72	2.02	6.00	n/a	n/a
Cultivate and Apply Post-Emergent Chemicals 8 Row/40 inch (Early)	200	3.85	2.66	8.25	n/a	n/a
Cultivate and Apply Post-Emergent Chemicals 8 Row/40 inch (Late)	200	2.45	1.85	5.50	n/a	n/a
Cultipacker 12'	300	3.11	1.87	6.25	n/a	8.00/A
Cultivate (Early) 8 Row/40 inch	200	3.28	2.40	7.00	6.00	n/a
Cultivate (Late) 8 Row/40 inch	200	2.05	1.61	4.50	6.00	n/a
Cyclone Spin Spreader 600 lb		3.92	2.75	8.25	4.00	8.00/A
Disk & Incorporate 24'	200	3.30	2.72	7.50	n/a	n/a
Disk & Incorporate 32'	200	2.72	2.64	6.75	n/a	n/a
Disk Bed (Hipper) 8 Row/40 inch	160	2.37	1.94	5.50	n/a	10.00/A
Disk Harrow 24'	180	2.86	2.58	6.75	n/a	9.00-20.00/A
Disk Harrow 32'	180	2.42	2.54	6.25	n/a	n/a
Apply Liquid Fertilizer 8 Row/40 inch	150	2.66	2.22	6.00	5.00	n/a
Field Cultivate & Incorporate 24'	100	2.79	2.50	6.50	n/a	n/a
Field Cultivate & Incorporate 32'	100	2.07	2.14	5.50	n/a	n/a
Field Cultivate & Incorporate 42'	100	1.72	2.01	4.75	n/a	n/a
Field Cultivate 24'	100	2.35	2.19	5.75	6.50	n/a
Field Cultivate 32'	100	1.87	1.83	4.75	6.50	n/a
Field Cultivate 42'	100	1.54	1.72	4.00	6.50	n/a
Grain Drill 20'	100	4.93	4.51	11.75	10.00	12.00/A
Hay Baler Square	200	4.99	4.46	11.75	.58/bale	12.00-50.00/A
Hay Baler Lg Round	200	5.37	5.95	14.00	7.50/bale	12.00/bale
Hay Cut-Cond 9'	200	5.41	5.18	13.25	10.00	4.00-8.00/bale
Hay Disc Mower 8'	200	4.54	3.18	9.75	8.00	8.00-10.00/A
Hay Rake-Double 17'	200	2.25	1.37	4.50	5.00	4.00-5.00/bale
Heavy Disk 21'	180	4.34	3.60	10.00	10.00	
Land Plane	Hours	n/a	n/a	n/a	n/a	4.50-9.25/A
Land Form (per Yard)		n/a	n/a	n/a	n/a	1-1.50/yard
Manure Spreader	200	4.10	2.02	7.75	20.00/hr	
No-Till Grain Drill 20'	150	6.81	7.96	18.50	10.00	12.00-20.00/A
No-Till Plant 6 Row/30 inch	150	6.74	5.90	15.75	12.00	n/a
No-Till Plant 6 Row/40 inch	150	5.12	4.58	12.25	12.00	n/a
No-Till Plant & Pre 8 row/30 inch	150	5.98	6.06	15.00	n/a	n/a
No-Till Plant & Pre 8 Row/40 inch	150	4.52	4.64	11.50	n/a	n/a

* Rates and costs are for service performed only and do not include cost of chemicals, seed or fertilizer.

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*** Custom sprigging includes cost for transportation, etc.; calculated sprigging costs assume tractor sitting in the field, ready to go.

Implement*	Hours annual use	Direct costs per acre \$	Fixed costs per acre \$	Suggested custom charge per acre \$	Doane's estimate** \$	Reported Mississippi custom charge \$
Paratill & Bed						
4 Row/40 inch	150	5.08	4.26	11.75	n/a	n/a
Plant 8 Row/30 inch	150	4.08	3.48	9.50	10.00	8.00/A
Plant 8 Row/40 inch	150	3.10	2.74	7.25	10.00	8.00-9.00/A
Plant & Pre 8 Row/30 inch	150	4.38	3.91	10.25	n/a	n/a
Plant & Pre 8 row/40 inch	150	3.37	3.11	8.00	n/a	n/a
Rotary Mower 8'	200	3.49	2.14	7.00	10.00	5.00-10.00/A
Row Condition & Incorporate 27'	100	2.52	2.22	6.00	n/a	n/a
Row Condition (Harrow) 27'	100	1.92	1.76	4.50	5.75	n/a
Row Condition (Plant) 27'	100	2.65	2.42	6.25	n/a	n/a
Spray (Broadcast) 27'	100	1.99	1.15	4.00	4.50	3.00/A
Spray (Broadcast) 42'	100	1.32	.79	2.75	4.50	3.00-4.50/A
Spray (Layby) 8-Row	100	2.09	1.18	4.00	4.50	n/a
Spray (Spot) 27'	100	1.99	1.15	4.00	4.50	n/a
Hi-Clear Sprayer 60'		1.13	0.96	2.75	5.00	n/a
Sprigger 60 bu***	100	13.56	7.63	26.50	n/a	65.00-75.00/A
Stalk Shredder 12'	185	4.06	3.18	9.00	6.50	8.00/A
Subsoiler 3 shank	100	5.64	3.88	12.00	12.00	n/a
Subsoiler 4 shank	100	4.65	3.36	10.00	12.00	n/a
Subsoiler low-till 4 shank	100	4.45	3.88	10.50	n/a	n/a
Subsoiler low-till 6 shank	100	3.13	2.89	7.50	n/a	n/a
Apply Fert by Air		n/a	n/a	n/a	n/a	4.10-5.00/cwt
Custom Spread Fert (Truck)		n/a	n/a	n/a	4.00	3.00-5.00/A
Combine Rice (cl) 25'	250	14.83	20.87	44.75	n/a	60.00/A
Combine Rice (sl) 25'	250	13.22	18.61	40.00	n/a	50.00/A
Combine Soybeans 25'	250	8.67	11.90	25.75	25.00	20.00-30.00/A
Combine Sorghum 25'	250	7.94	10.84	24.00	25.00	22.00-28.00/A
Combine Wheat 25'	250	6.88	9.40	20.50	25.00	24.00-28.00/A
Combine Corn 8- Row	250	9.24	13.03	28.00	25.00	25.00-28.00/A
Pick Cotton 4-Row	200	20.76	26.31	59.00	50.00	.08/lb
Pick Cotton 4-Row BB MB	200	33.00	39.00	93.50	n/a	120.00/A
Pick Cotton 6-Row	200	11.79	15.82	38.00	50.00	.085/lb
Pick Cotton 6-Row BB MB	200	23.00	28.00	55.00	n/a	n/a
Strip Cotton		n/a	n/a	n/a	35.00	.08/lb
Haul Corn		n/a	n/a	n/a	.12/bu	.16/bu
Haul Cotton		n/a	n/a	n/a	n/a	.02/lb
Haul Rice		n/a	n/a	n/a	.12/bu	.10/bu
Haul Sorghum		n/a	n/a	n/a	.12/bu	.16/bu
Haul Soybeans		n/a	n/a	n/a	.12/bu	.16/bu
Haul Wheat		n/a	n/a	n/a	.12/bu	.14/bu
Custom Spread & Seed		n/a	n/a	n/a	n/a	5.25/A
Plant by Air		n/a	n/a	n/a	n/a	4.00/cwt
Custom spray by Helicopter		n/a	n/a	n/a	n/a	12.50/A
Custom spray by Air (1 gal)		n/a	n/a	n/a	n/a	2.00/A
Custom spray by Air (2 gal)		n/a	n/a	n/a	n/a	2.20/A
Custom spray by Air (3 gal)		n/a	n/a	n/a	n/a	2.60/A
Custom spray by Air (5 gal)		n/a	n/a	n/a	n/a	3.25/A
Custom spray by Air (10 gal)		n/a	n/a	n/a	n/a	5.10/A
Custom Terragator		n/a	n/a	n/a	n/a	2.75-4.00/A
Spray levees, 4-wheeler	100	.90	.46	1.75	n/a	2.50/A

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