

**Custom Grazing Rate Discussion, September 2015**

**What is a fair pasture rental rate?**

**Based on land value?**

		<b>180 day grazing season, daily rate</b>			
		<b>3% Rate of return</b>			
	<b>Rent per acre</b>	<b>2 acres/pair</b>	<b>2.5 acres/pair</b>	<b>3 acres/pair</b>	
\$2500	\$75.00	\$.83	\$1.04	\$1.25	
\$3500	\$105.00	\$1.17	\$1.46	\$1.75	
\$4500	\$135.00	\$1.50	\$1.88	\$2.25	

**Based on pasture rent survey?**

		<b>180 day grazing season, daily rate</b>			
	<b>Rent per acre</b>	<b>2.0 acres/pair</b>	<b>2.5 acres/pair</b>	<b>3 acres/pair</b>	
District 6	\$88	\$.98	\$1.22	\$1.47	
District 8	\$72	\$.88	\$1.00	\$1.20	
District 9	\$73	\$.81	\$1.01	\$1.22	

**What is the rate with care added? (Custom Grazing)**

Add \$.25-.35 to the rates above      Most at \$1.40 - \$2.00 per pair per day

**Average \$1.70 per pair per day**

**Add \$.10/day for mineral      Average \$1.80 per pair per day**

**What would it cost to feed them?**

		<b>Mid lactation ration, medium framed cows, summer</b>			
		<b>Feed</b>	<b>\$.30/day Yardage</b>	<b>\$.50/day</b>	<b>\$.75/day</b>
High quality hay		\$1.73	\$2.03	<b>\$2.23</b>	<b>\$2.48</b>
Low quality hay and coproducts		\$1.54	\$1.84	<b>\$2.04</b>	<b>\$2.29</b>
Corn stover and coproducts		\$1.38	\$1.68	<b>\$1.88</b>	<b>\$2.13</b>

**Rations developed with the BRANDS software** - High quality hay - \$70/1500 lb. bale, Low quality hay - \$55/150 lb. bale, corn stover - \$35/1300 lb. bale, modified DGS - \$80/ton, mineral - \$18/bag

**Reduce all these costs per day for smaller cows, yearlings, bred heifers and dry cows by 15-25%**

## **Different types of agreements**

### **Pasture rent only**

Per acre, monthly or per day rate to use pasture. Needs contract on fence repair, water access, extent of grazing season, etc. Who is responsible for which inputs, who determines when cattle need to be removed when grass is short, etc.?

### **Cow-calf share agreements**

Determine what the cow owner, land owner and operator is contributing. Shares risks and profits. Incentives to partner with young producers. Need records to do accurate job predicting who contributes what. Length of agreement generally based on marketing year. (Settlement at weaning or feeder calf sale.) Iowa Beef Center spreadsheet can help do the math. Actual costs need to be evaluated yearly.

Every change in contribution changes the split, there is no “50/50” rule of thumb!

### **Contract grazing**

Rate per animal unit month or per head per day paid by cow owner to land owner/operator. Less risk taken by operator, but also limited upside potential. Important to evaluate who is doing the work or adding inputs to create more grazing days, resulting in more total payment.

Could be used for any class of livestock.

Could be three party agreement with land owner, livestock owner, and caretaker. This is a common arrangement in the Kansas Flint Hills range and on Great Plains wheat acres, with feedlot owners hiring operators to manage stockers on land owned by a third family. These cattle add economical gain before the finishing period.

Some grazing land has been owned for generations by families that have never owned cattle.

### **Per pound of gain**

Some stocker owners pursue agreements that pay the grazer by the pounds of gain added per day or per grazing season. This often transfers more risk to the operator with little reward above the standard per head per day rate.

Iowa grasslands typically do not achieve yearling gains above 2 pounds per day without added supplementation. On unimproved fescue gain may be as low as 1 pound per day. It is critical that supplementation be allowed (if it fits the market outlet) and that the operator is guaranteed an adequate grazing period to capture adequate income.

A better arrangement is a floor rate based on a per day fee and gain incentives if cattle perform better. This type of arrangement could also fit grass fed beef development.

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