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2016 Farm Custom Rates Steady

Due to the high cost of farm machinery, an ever-increasing number of producers are hiring other farm operators to provide some or all of their machinery resources for their operation.

This is especially true with new and younger farm operators, and with children who decide to start farming with their parents. Also, some land investors are choosing to operate a farm themselves, rather than rent out the land. In that case, the landowner is generally hiring a farm operator to provide necessary tillage, planting and harvesting crop operations under a custom farming agreement. Some farm operators also hire out specific functions (such as combining or hay baling) through a custom arrangement with another farm operator. Many farm operators negotiate these types of custom rate and custom farming arrangements in the Spring.

As a result of the decline in fuel prices in the past year, average 2016 custom rates for farm work have remained steady or declined slightly, compared to 2015 rates. Most custom rates for tillage, planting, and harvest operations in 2016 are listed at no increase to two percent below the rates for similar operations in 2015. The 2016 custom farming rates for corn and soybean production declined about 5 percent compared to a year earlier. In addition to the decline in fuel costs compared to 2015 levels, repair and labor expenses increased slightly from the previous year--keeping most custom rates at a steady pace. The cost for new and used machinery in 2016 has remained fairly stable.

These results are based on the annual Iowa Farm Custom Rate Survey, which is coordinated and analyzed by Iowa State University. The survey sampled 182 custom operators and farm managers on what they expected 2016 custom farm rates to be for

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various farm operations. The survey summary lists the average custom rate and the range for various tillage, planting, fertilizer and chemical applications, grain harvesting, and forage harvesting functions on the farm.

The survey also includes many miscellaneous farming practices, including the average machine rental rates for some equipment and a formula for estimating average machinery rental rates. The survey further lists average custom farming rates for corn, soybeans, and wheat. Over the years, the average custom rates for farm operations in southern and western Minnesota have been very close to the average Iowa custom rates.

Average 2016 farm custom rates for some typical tillage, planting, and harvesting practices, as well as custom farming rates, are listed here.

The complete 2016 Iowa Farm Custom Rate Survey for all farming practices is available [here](#).

All [listed custom rates](#) in the Iowa Survey results include fuel, labor, repairs, depreciation, insurance, and interest, unless listed as rental rates or otherwise specified. The average price for diesel fuel was assumed to be \$2.00 per gallon. A fuel price increase of \$0.50 per gallon would cause most custom rates to increase by approximately 5 percent. These average rates are only meant to be a guide for custom rates, as actual rates charged may vary depending on continued increase in fuel costs, availability of custom operators, timeliness, field size, etc.

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