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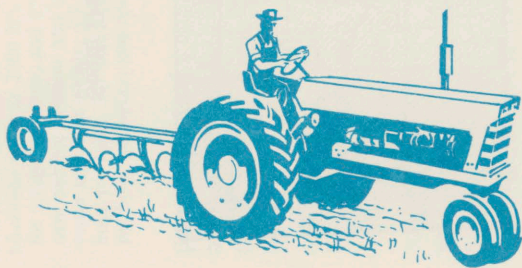
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CUSTOM RATES

PAID BY SOUTH DAKOTA FARMERS IN 1962



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Custom Rates Paid by South Dakota Farmers in 1962

The high initial cost of farm machinery, coupled with low annual use, has meant that many farmers have turned to custom work for some of their operations. Other farmers have bought new machinery and do custom work for their neighbors to spread their fixed or overhead costs over more acres.

Figures on custom rates, paid by South Dakota farmers, reported in this fact sheet were obtained from questionnaires mailed to a sample of farm operators and custom operators in the state. These rates are believed to be representative of the prices paid for work done in 1962 in the state or area. Names of operators were obtained from cooperating County Extension Agents.

Specific custom rates paid by an individual farmer may vary with size of field, roughness of land, equipment, supplies and labor furnished, and with competition in a community. Some rates varied according to area of the state and are reported on the next page.

Frequently a farm operator wishes to know whether it would be more profitable for him to own a particular machine or custom hire the work done. The number of acres, hours, or bales required to be done

Table 1. Custom Rates Paid by South Dakota Farmers in 1962*

Operation	Unit	Rate		
		Most Frequent	Average	Range
Plowing	acre	\$3.00	\$3.50	\$2.00—\$8.00
Disking, tandem	acre	1.00	1.30	.75— 3.00
Drilling small grain w/o fert.	acre	1.25	1.30	0.50— 2.00
Cultivating row crops ..	acre	1.00	1.30	0.75— 2.50
Mowing	acre	1.25	1.20	0.50— 2.75
Hay baling				
Square, twine	bale	.10	.10	.07— .15
Square, wire	bale	.12	.13	.08— .18
Round, twine	bale	.10	.10	.07— .13
Picking corn	acre	3.00	3.80	2.50— 6.00
Picker sheller	acre	5.00	5.30	3.50— 7.00
Swathing	acre	1.25	1.30	0.85— 2.50
Combining				
Wheat†	acre	3.50	3.60	2.50— 5.50
Flax	acre	3.50	3.80	3.00— 6.00
Other small grain....	acre	3.50	3.50	2.50— 5.00
Sorghum	acre	4.00	3.40	3.00— 5.00
Field				
Chopping, 2-row‡ ..	hour	12.00	11.70	2.00—20.00
Spraying§				
Air	acre	1.50	1.40	1.00— 2.00
Ground	acre	1.25	1.20	1.00— 2.00
Corn Shelling	bu.	.03	.04	.02— .08

*From mail sample survey of farmers and custom operators.

†Frequently an extra charge was made of 5c per bushel on the yield above 20 bushels.

‡Wagons and blower furnished.

§Including cost of 2,4-D material.

Table 2. Annual Use Required for Profitable Ownership of Selected Equipment

Machine	New Cost	Annual Fixed Cost*	Unit	Most Frequent Custom Rate	Annual Cash Costs†	Annual Use To Be Equally Profitable
Combine, 12' SP	\$6500	\$946	Acre	\$ 3.50	\$1.25	420
Baler, pto twine	1800	262	Bale	.10	0.428	4580
Forage harvester, pto, 1-row	1800	262	Hour	12.00	2.99	29
Corn picker, mounted, 2-row	2500	364	Acre	3.00	1.32	217

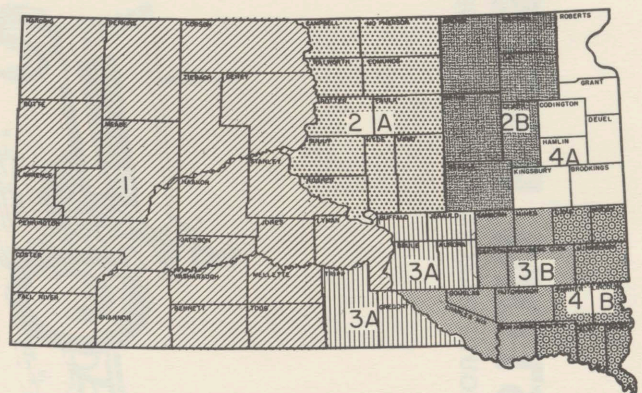
*Assumes 10-year life and 10% salvage value. Includes depreciation, interest on investment, taxes, insurance, and housing calculated at 14.55% of original cost each year (from Kan. Agr. Exp. Sta. bul 417, "What It Costs to Use Farm Machinery").

†Assumes a life of 2000 hrs. for combine, 300 hrs. for baler, 1200 hrs. for forage harvester, and 1500 hrs. for picker; total repairs of 40% of new cost for combine and baler, and 30% of new cost for forage harvester and corn picker; 3.7 acres per hour for combine, 100 bales per hour for baler, 1.5 acres per hour for forage harvester, and 2.3 acres per hour for picker; and operator labor cost of \$1.50 per hour.

per year to make it equally profitable to own or hire a machine can be calculated by dividing the annual fixed cost by the difference between the custom rate and the cash cost.¹ This amount of annual use is calculated in table 2 for a combine, baler, forage harvester, and corn picker.

It is recognized, however, that factors other than cost must be considered by an operator when deciding whether to own a machine or hire the work done. Some of these factors include: likely returns from using the required investment capital in other parts of the farm business, the value of timeliness in getting the work done, the quality of the work done, the ability to hire additional labor for seasonal work, the satisfaction of ownership, and the risk of obsolescence.

$$^1 \text{Annual use} = \frac{\text{annual fixed cost}}{\text{custom rate} - \text{cash cost per acre, bale, or hour}}$$



South Dakota Economic Areas.

Table 3. Most Frequent Custom Rates Paid by South Dakota Farmers for Selected Operations, by Area, 1962 (From Mail Survey)

Operation	Unit	1	2a	2b	3a	3b	4a	4b
		West River	West North Central	East South Central	West South Central	East South Central	North-east	South-east
Plowing	acre	3.00	3.00	2.50	4.00	3.00	3.00	5.00
Plowing w/pony press drill	acre	.....	4.00	3.00	.....	.....	.....	.....
Disking, tandem	acre	1.00	1.00	.....	.....	1.50	.....	.....
One way	acre	2.00	1.50	1.50	2.00	.....	.....	.....
Listing and fertilizing*	acre	.....	.....	.....	1.50	.....	.....	.....
Listing w/o fert.	acre	.....	.....	.....	.....	.....	.....	1.50
Drilling small grain w/o fert.	acre	1.25	1.00	.....	.....	1.50	1.00	1.25
Drilling small grain and fert.*	acre	.....	1.25	.....	.....	.....	1.25	.....
Planting corn w/fert.*	acre	.....	.....	.....	.....	1.50	1.00	.....
Planting corn w/o fert.	acre	.....	.....	.....	.....	1.00	1.00	.....
Cultivating row crops	acre	1.00	1.00	.....	1.50	1.00	1.00	1.00
Mowing	acre	1.25	1.25	1.00	1.25	1.00	1.00	1.00
Hay baling								
Square, twine	bale	.10	.10	.10	.10	.10	.....	.10
Square, wire	bale	.12	.12	.....	.14	.12	.....	.....
Round, twine	bale	.10	.10	.08	.10	.08	.08	.....
Swathing	acre	1.25	1.25	1.25	1.00	1.00	1.00	1.25
Combining								
Wheat†	acre	3.50	3.50	3.50	4.00	4.00	3.00	4.00
Flax	acre	3.50	3.50	3.50	4.00	.....	3.50	.....
Other small grain	acre	3.50	3.50	3.50	3.50	3.50	3.00	4.00
Sorghum	acre	3.00	4.00	.....	4.00	4.00	.....	.....
Soybeans	acre	.....	.....	.....	.....	.....	.....	4.00
Picking corn	acre	6.00	4.00	3.00	4.00	4.00	3.00	3.50
Picker-shell corn	acre	.....	5.00	5.00	4.00	5.00	.....	6.00
Spraying§								
Air	acre	1.25	1.25	1.25	.....	1.50	1.25	.....
Ground	acre	1.25	1.00	1.00	.....	1.25	1.00	1.00
Corn shelling								
No hauling	bu.	.....	.05	.05	.04	.025	.03	.025
Haul up to 10 mi.	bu.	.....	.....	.....	.....	.....	.05	.06
Stack moving|| .....	stack	5.00	5.00	5.00	6.00	6.00	6.00	7.50
Feed grinding, small grain	bu.	.....	.....	.....	.....	.10	.....	.....
Sheep shearing	head	.....	.50	.50	.....	.50	.50	.....

*Fertilizer furnished by farmer.

†An extra charge of 5c per bushel generally was made on the yield above 20 bushels except in areas 4a and 4b.

§Includes cost of 2,4-D material.

||An extra charge of \$1.00 per mile generally was made for more than 1 mile, except in area 4b.