

2022

River Valley Extension District Lease Survey Summary

February 2023

Agriculture continues through one of the most significant financial downturns in recent history. With many similarities to the 1980s, landlords and tenants are carefully looking for ways to cut costs and improve revenue streams. Given these conditions, determining an equitable lease arrangement has become increasingly challenging with landowners and tenants frequently turning to the K-State Research and Extension offices for information on the “going rates” for pasture and cropland leases.

K-State Research and Extension, River Valley District recognizes the value of local rental rate information and conducted its first annual, district-wide lease survey in the fall of 2012.

The survey is sent to two landowners and/or tenants in each of the townships within the four counties that make up the River Valley District. This gives a cross-section of responses that represent the common terms for district leases. In addition, the River Valley District Agriculture Program Development Committee and Governing Board members, as well as North Central Kansas Farm Management Association members within the district are invited to complete the survey. In all, 218 surveys were sent out in 2022. In 2019, we added the online Qualtrics survey option for any producer to go on and fill out. All in all, we had 94 cropland surveys, and 72 pasture surveys filled out.

While no one average value will hold true for all rental arrangements, the goal of this survey and summary is to provide ag producers, ag lenders, and local or absentee landowners with local lease information that can be used as a basis to begin lease negotiations. The summaries that are included with this paper are a compilation of the local surveys returned and do not represent a random, scientific sampling.

This 2022 Survey Summary paper contains:

- Pasture Leasing Arrangements and Rates Summary
- Cropland Leasing Arrangements and Rates Summary
- Agriculture Labor Wage and Benefit Information
- Overview of lease resources available

The 2022 Survey was conducted by:

K-State Research and Extension, River Valley District

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This 2022 Survey Summary Paper was Written by:

Kaitlyn Hildebrand
District Agent
Livestock Production

Luke Byers
District Agent
Agriculture & Natural
Resources



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2022 River Valley District Pasture Survey Summary

Kaitlyn Hildebrand, Livestock Production Agent

All survey recipients were provided a pasture survey with a total of 52 pasture lease surveys returned including those filled out online. However, individual questions may not have been answered by all respondents. Therefore, when reporting survey results, the “count” will also be reported to capture the certainty of the statistic.

The respondents were asked when were target calving dates for their cows and heifers. Twenty-five of the 32 respondents calved in the spring (January – May). Fourteen of the 25 calved during March. The other seven herds calved in August and September.

For pasture rent paid by the acre, the average across the District was \$28.18 with a median value of \$26.50. Numbers ranged from \$18.75 to \$40.00 per acre. While this seems like a wide range, keep in mind arrangements can vary significantly by the type of soil and grass in the pasture, type of cattle pastured, availability of water, who maintains the fence, who manages the brush and weeds, etc.

Over the years, we have had some large variations on a dollar/pair basis. In 2017, the average was \$203.43/pair. In 2018 it was \$157.92/pair. In 2019, it was \$190.31/pair. For the 2020 survey, we had 10 respondents averaging \$142.00/pair. If we take the weighted average of the past four years, we have \$169.08/pair. Few leases are being paid on a dollar/head/day basis. However, the average of the three respondents was \$1.68/head/day. Table 1 illustrates the average lease rates in the District.

Figure 1 illustrates the stocking rates in the District. Most operations have five to seven acres/pair. The average stocking rate for the district was 5.9 acres per cow-calf pair. Four of the six producers that indicated higher stocking rates in the district also had shorter grazing seasons (approximately 100 days). In 2020, 85% (39 out of 46) of participants started grazing in early May/late April. One started in early April and the other five began grazing in June/July.

Most pasture leases are done with cow-calf pairs. Only five respondents said they had stocker cattle.

Four of the five responded and the rental rate averaged \$27.00/acre. The fifth rental rate paid \$2.00/head/day. Based on the grazing days and the weight gain, the average daily gain of these animals was 1.49 pounds. The average stocking rate of these five responses was 3.0 acres/animal.

Table 1: Average Pasture Rental Rates

| | \$ Per Acre (N) | Min Per Acre | Max Per Acre | \$ Per Pair (N) | \$ Per Head Per Day (N) |
|---------------------|---------------------|----------------|----------------|----------------------|-------------------------|
| CY | \$24.93 (7) | \$20.00 | \$40.00 | \$118.33 (3) | None |
| CD | \$26.50 (2) | \$25.00 | \$28.00 | \$225.00 (1) | 1.53 (2) |
| RP | \$28.64 (11) | \$20.00 | \$39.00 | \$195.00 (1) | None |
| WS | \$30.63 (10) | \$18.75 | \$40.00 | \$142.00 (5) | 2.00 (1) |
| All Counties | \$28.18 (32) | \$18.75 | \$40.00 | \$148.50 (10) | \$1.68 (3) |

Figure 1: Stocking Rate

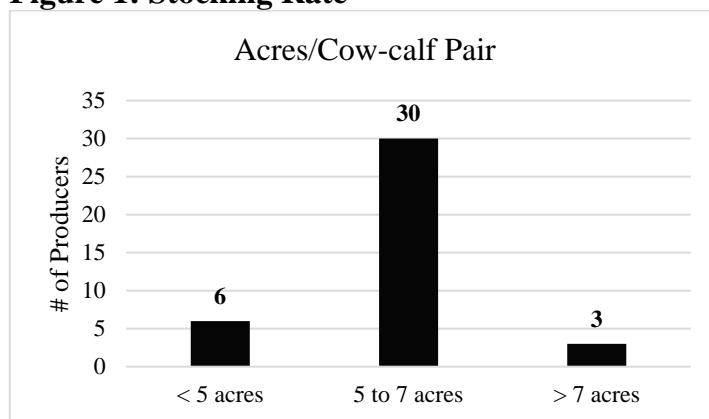


Table 2 illustrates a combination of all four counties when asked how often their lease rates were negotiated, as well as how often other lease terms were discussed.

Table 2: How Often Leases are Negotiated

| All Counties | 1 yr. | 2 yr. | 3 yr. | 5 yr. | Never |
|------------------------|----------|--------|---------|---------|--------|
| Lease Rates Negotiated | 22 (65%) | 2 (6%) | 4 (12%) | 5 (15%) | 1 (3%) |
| Other Lease Terms | 9 (82%) | 1 (9%) | 0 (0%) | 1 (9%) | 0 (0%) |

Table 3 illustrates the average length of leases across the District. When analyzing whether leases are written or oral between landowners and tenants in the District, 33 (67%) respondents say they have oral leases while only 16 (33%) have written leases.

Table 3: Length of leases in years

| All Counties | 1 yr. | 2-5 yrs. | 6-10 yrs. | 11-20 yrs. | 21+ yrs. |
|----------------------|-----------|-------------|------------|------------|-------------|
| Count of Respondents | 3 (7%) | 11 (26%) | 7 (16%) | 7 (16%) | 15 (35%) |

Table 4 illustrates the relationship between the landowner and the tenant across the District. These numbers can play a factor in the amount of rent paid. There was more variation in the amount paid when the landowner and tenant were related to each other. However, in most cases across the District, the landowner and tenant were not related.

Table 4: Relationship of the Landowner and Tenant

| All Counties | Immediate | Distant | Unrelated |
|-----------------------------|------------|-----------|-------------|
| Related to landowner/tenant | 7 (15%) | 4 (8%) | 37 (77%) |

Table 5 illustrates where the landowner resides relative to the piece of land. This can play a part in the quality of the land if the landowner is absentee and could affect stocking rates. Most of the landowners reside in the same county as the land (62%). When asked what the age of the operator was, 6% were age 20-30, 11% were age 31-40, 6% were age 41-50, 30% were age 51-60, 27% were age 61-70, and 19% were 70 plus years of age. Seventy-six percent of the operators were over the age of 50.

Table 5: Where the Landowner Resides

| All Counties | Same County | Out of County | Out of State |
|-------------------|-------------|---------------|--------------|
| Landowner Resides | 32 (68%) | 8 (17%) | 7 (15%) |

Water sources were reported in Table 6 with 48 respondents. While most had multiple sources, most pastures still relied on a pond, stream, and well. In 48% of the leases, the tenant was responsible for maintaining the water source while 16% the landowner was responsible and 36% shared the responsibility. The high percentage of livestock drinking from ponds and streams has implications for water quality and provides opportunities for livestock producers to take advantage of cost-share assistance. One of the returned leases indicated that the water source is the pond but, the water is pumped from the pond to a stock tank.

Table 6: Water Sources for Cattle

| Pond | Stream | Well | Rural | Transported | Spring Tank |
|------|--------|------|-------|-------------|-------------|
| 83% | 35% | 25% | 10% | 4% | 4% |

Fencing responsibility is illustrated in Table 7. Labor for fencing was the responsibility of the tenant in 67% of the leases while in 58% of the leases the landowner provided the materials. A common arrangement is for the tenant to provide the yearly upkeep on the fence and the landlord to provide any new construction of the fence that is needed.

Table 7: Fencing Responsibilities

| | Labor | Materials |
|----------|-------|-----------|
| Tenant | 72% | 77% |
| Landlord | 15% | 17% |
| Shared | 13% | 6% |

One new question that we asked for this year's survey is what type of fencing is used in the pasture. Barbed-wired was used in 76% of pasture leases. A combination of barbed-wire and electric fencing was used in 24% of leases. No one indicated that they use only electric fencing.

Musk thistles and cedar trees remain the largest problem in pastures for our district. Cedars trees were problematic in 87% of pastures and musk thistles in 70% of pastures. The other problematic species listed in order of prevalence were locust (66%), hedge (66%), brush (19%; blackberry, buckbrush, and dogwood), sericea lespedeza (6%), and one response for old world bluestem. Controlling problematic plant species in a pasture has very mixed arrangements throughout the District. In 37% of the leases, the tenant is responsible for controlling weeds and trees, in 30% the landlord is responsible for controlling weeds and trees, and in 33% it is a shared responsibility. Control methods varied considerably across the District and most respondents listed multiple control methods. Eighty-five percent of respondents spot sprayed their pasture with 97% of those doing so every year. Seventy percent mechanically cut trees, brush, or weeds. Sixty-eight percent of those that mechanically remove do so every year. Prescribed burns were conducted by 40% of respondents. Prescribed burns were done every 3.5 years on

average. Aerial spraying was done by 28% of respondents every four years on average. One survey respondent indicated that they have had unsatisfactory results with aerial spraying.

We did not ask questions on this survey pertaining to hunting rights due to the low response rate in years past. Hunting leases are highly variable due to the quality of the land. (Note: Kansas lease law would indicate hunting rights go to the tenant unless otherwise specified in the lease agreement)

**2020 River Valley District
Cropland Survey Summary**
Luke Byers, Agriculture & Natural Resources Agent

The following summary contains the responses of 94 returned surveys for cropland rental rates and related topics, including renegotiation of leases, grazing residue and cover crops, and custom rates. Within each survey, each question may not have been answered by all respondents. The specific number of responses is mentioned with each data set. The survey does not reveal the quality of land, parcel size, technology being implemented, productivity, commodity prices, or other demand factors that might affect the rate negotiated between a landlord and tenant for a piece of land. Table 1 provides the breakdown of responses for non-irrigated cropland from Clay, Cloud, Washington, and Republic counties as well as a District average.

Renting Cropland – There were 84 responses for the rented cropland lease arrangement. Of those, 36 respondents stated they had a written lease arrangement, while 48 respondents stated they had an oral lease arrangement. Results of cash rental rates are in Table 1.

Table 1: Cropland cash rent in the River Valley District

| | Average (\$/Acre) | Min. | Max | Responses |
|-----------|-------------------|----------|----------|-----------|
| CY | \$92.71 | \$55.00 | \$135.00 | 17 |
| CD | \$80.00 | \$70.00 | \$90.00 | 6 |
| RP | \$92.50 | \$60.00 | \$120.00 | 7 |
| WS | \$93.33 | \$65.00 | \$130.00 | 9 |
| RVED | \$91.08 | \$62.50 | \$118.75 | 39 |
| Irrigated | \$220.00 | \$220.00 | \$220.00 | 1 |

Crop Share – Table 2 provides the distribution of lease arrangements for crop sharing arrangements. Table 3 provides information on the sharing of production expenses in crop share arrangements. In most lease arrangements, not all expenses are shared. The percentages are based upon the 45 survey participants that responded to this question.

Table 2: Distribution of crop share arrangements (landowner:tenant)

| Crop Share | 25/75 | 33/66 | 40/60 | 50/50 |
|------------|-------|-------|-------|-------|
| | 1.8% | 30.9% | 61.8% | 5.5% |

Table 3: Expense inputs shared with the landowner (45 Respondents)

| Crop Production Expense | Percent that share cost with landowner |
|-------------------------------|--|
| Fertilizer | 95.8% |
| Herbicide | 77.1% |
| Fungicide | 72.9% |
| Insecticide | 64.6% |
| Application cost | 31.3% |
| Terrace/Structure Maintenance | 16.7% |
| Seed | 12.5% |
| Irrigation Maintenance | 6.3% |
| Other | 10.4% |

Flex Rent – Flex rent was mentioned in three surveys. In the three that we received, flex rent arrangements were similar to one another, reading the same calculation: $Rent = Yield \times Local\ Monthly\ Average\ Cash\ Price \times 40\%$ (Corn & Soybeans) or $\times 20\%$ (wheat).

Custom Work – Many producers have custom work performed on their operation. Out of those surveyed, 17 reported they hire custom work on their farm, and 17 reported they perform custom work for others. Many times, the harvesting custom rate charge is not a flat fee per acre but consists of a base with additional charge over a set yield, variance among commodity, and may include a hauling charge. This year we had corn and milo over 75 bu/acre charge an additional \$0.18/bu and soybeans over 30 bu/ac charge an additional \$0.20/bu. Table 4 lists all reported custom farming operations along with the average rate charged.

Table 4: Custom services and prices paid/charged

| Operation | Rate | Unit | Count |
|-------------------|---------|--------|-------|
| Anhydrous ammonia | \$19.00 | Acre | 4 |
| Combining | \$32.06 | Acre | 17 |
| Drilling | \$20.57 | Acre | 7 |
| Grain hauling | \$0.18 | Bushel | 7 |
| Planting | \$20.30 | Acre | 10 |
| Fertilizer App. | \$7.40 | Acre | 5 |
| Chem. Spraying | \$7.35 | Acre | 10 |

Grazing Cropland – The survey asked producers and landlords about the rights for the grazing of stalks, cover crops, alfalfa, and wheat. Many comments in this section indicated that it was agreed upon that the tenant has complete rights to grazing with no extra charge. Table 5 has the average values for rent on dollar/acre and dollars/head/day, acres/animal, and grazing days. Twenty-four participants responded to which type of animals grazed the cropland. Dry cows grazed in 53% of the surveys, Cow-calf pairs were 47%, and no stocker response.

**2020 River Valley District
Labor Survey Summary**
Luke Byers, Agriculture & Natural Resources Agent

The 2022 survey is the sixth year labor questions have been included as a part of the annual survey. Ninety-two surveys were completed, with 42 respondents, or 46%, reporting the use of hired labor.

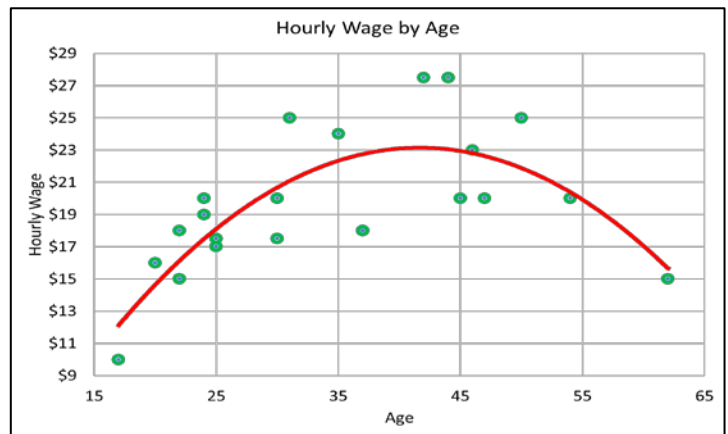
The following is the summary of the surveys compiled on a District-wide basis.

Wages and salaries are compared on a full-time equivalent or FTE. A full-time equivalent is one employee who works 2080 hours per year.

Hourly: Twelve survey respondents reported the operation included at least one hourly employee and two reported a second or third hourly employee. Two did not report the method of pay. For those reporting hourly, the high was \$30.00 per hour, the low was \$10.00 per hour, and the average of all reports was \$19.25, up from the \$18.40 reported in 2020. These average wages paid on a 2080-hour year would equate to a \$40,040 salary.

Salary: For those reporting paying an annual salary, the high report was \$200,000 per year, the low report was \$30,000 per year, and the average of the reports was \$50,318, up dramatically from \$35,975 in 2020. Excusing the \$200,000 response, average salary comes in at \$42,850, still a significant increase from 2020. Broken down to an hourly basis for a 2080-hour year, the average salary would equate to \$20.60 per hour. Whether paying on a salary or hourly basis, the pay for farm employees is within a similar range.

Wage-Age: Of note is the trajectory of wages depending on the age of the employee. Farm employees ranged from ages 17 to 62. Wages rose steadily among employees from age 17 to roughly age 42, before declining again up to age 62.



Benefits: Meals and equipment use were the most common benefits across all forms of hired labor and paid holidays/vacation was common for employees. Table 1 provides a summary of the number of respondents reporting providing the particular benefit. Clothing was included on the survey, but no respondents offered these benefits.

Table 1: Benefits Provided

| Benefit Provided | # Respondents |
|------------------|---------------|
| Meals | 13 |
| Housing | 7 |
| Meat | 4 |
| Paid Holidays | 11 |
| Paid Vacation | 10 |
| Paid Sick Leave | 9 |
| Health Insurance | 10 |
| Vehicle | 8 |
| Equipment Use | 19 |
| Retirement | 4 |
| Dental | 4 |
| Vision Insurance | 1 |

Overview of Lease Resources Available

The following resources are available to help in almost any lease situation:

www.AgManager.info - This K-State Ag. Econ website has information on Agribusiness, Crops, Farm Management, Livestock and Meat, and Policy, as well as many Decision Tools that include tools related to crop, pasture, livestock, and machinery leasing. These are a few of the publications and decision tools available on this extensive website:

- “Projected Custom Rates for Kansas” is a helpful companion piece to the lease publications.
- “Kansas Agricultural Lease Law” (C-668) provides an excellent overview and summary of some key elements of Kansas Agricultural Lease Law, including proper termination notification.
- Farm Management Guides provide up-to-date K-State Budget information on livestock and crop enterprises that help determine costs of production.
- Decision Tools such as KSU-Lease, KSU-Graze, Flex Rent, and many other spreadsheet-based tools, are available for producers to input farm data for customized analysis and decision making.
- For information on land values and rental rates in Kansas, visit www.AgManager.info/land-leasing
- For information on hunting leases, visit www.AgManager.info/hunting-leases-kansas

www.aglease101.org - This website is a product of the North Central Farm Management Extension Committee and contains a library full of the North Central Regional lease publications and lease forms that have been popular resources available at local extension offices for years. The publications provide a great background on each form of leasing from fixed and flexible cash rent, to crop share, to pasture rental arrangements, to farm buildings and livestock facilities, to beef cow-herd arrangements. Each publication has an associated fill-in-the-blank lease form that can be used as a template in developing leases. In addition, there are excel spreadsheet worksheets for pasture leases and beef cow leases.

www.ksre.k-state.edu/kams/ - Kansas Agricultural Mediation Service is an officially certified agricultural mediation program helping Kansas farmers facing financial adversity through problem-solving and dispute resolution. KAMS is a confidential program with fees based upon the client’s ability to pay. KAMS services include mediation, legal assistance, family farm transition planning services, and financial counseling through the KSRE Farm Analyst Program. The free initial consultation is available by calling 1-800-321-3276.

www.kcare.k-state.edu - The Kansas Center for Agricultural Resources and the Environment (KCARE) was established to coordinate and enhance research, extension, and teaching activities pertaining to environmental issues related to agriculture. The center has a wealth of resources including drought management information.

www.ksre.k-state.edu - the home page of K-State Research and Extension is your on-line link to all services offered by KSRE and Kansas State University. The mission of K-State Research and Extension is: “We are dedicated to a safe, sustainable, competitive food and fiber system and to strong, healthy communities, families and youth through integrated research, analysis, and education.

www.rivervalley.k-state.edu - is the website for the River Valley Extension District #4. The district has offices in each of the four counties and may be contacted at:

Belleville, 1815 M Street, Belleville, KS 66935 or phone 527-5084,
Clay Center, 322 Grant Avenue, Clay Center, KS 67432 or phone 632-5335,
Concordia, 811 Washington, Suite E, Concordia, KS 66901 or phone 243-8185,
Washington, 214 C Street, Washington, KS 66968 or phone 325-2121.

Like us on Facebook: <https://www.facebook.com/RVED4>

www.dol.gov/whd - The United States Department of Labor Wage and Hour Division has several fact sheets and other resources available to assist agricultural producers who employ labor to meet federal wage and labor guidelines.

<https://agriculture.ks.gov/> - The Kansas Department of Agriculture is located in Manhattan, Kansas and is the nation’s first state department of agriculture. KDA is organized in a variety of divisions and programs that perform different administrative, marketing, regulatory, and other services.

<https://www.nass.usda.gov/> - The National Agricultural Statistics Service is a division of the USDA. The website contains a wealth of data and statistics, publications, news articles, surveys, and census data