

2020

River Valley Extension District Lease Survey Summary

January 2021

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 2020. In 2019, we added the online Qualtrics survey option for any producer to go on and fill out. All in all, we had 31 agriculture labor surveys, 70 cropland surveys, and 52 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 2020 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 2020 Survey was conducted by:

K-State Research and Extension, River Valley District

The Fall 2020 Survey was sponsored by:

K-State Research and Extension, River Valley District

This 2020 Survey Summary Paper was Written by:

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District Agent	District Agent
Livestock Production	Crop Production



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Kansas State University Agricultural Experiment Station and Cooperative Extension Service
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2020 River Valley District Pasture Survey Summary

Brett Melton, District Livestock 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

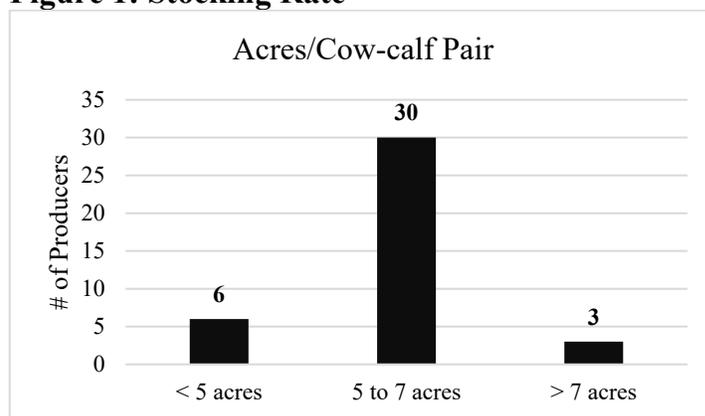


Table 2 illustrates a combination of all four counties when asked how often their lease rates were negotiated, as well as how often other lease terms were discussed.

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**
Rebecca Zach, District Crops Agent

The following summary contains the responses of 72 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 69 responses for the rented cropland lease arrangement. Of those, 35 respondents stated they had a written lease arrangement, while 34 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	\$80.00	\$75.00	\$90.00	4
CD	\$97.50	\$75.00	\$120.00	2
RP	\$85.00	\$55.00	\$100.00	4
WS	\$81.00	\$65.00	\$90.00	10
RVED	\$85.87	\$67.50	\$100.00	20
Irrigated	\$220.00	\$200.00	\$240.00	2

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
	2.5%	20.0%	72.5%	5.0%

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

Crop Production Expense	Percent that share cost with landowner
Fertilizer	100%
Herbicide	86.6%
Fungicide	66.7%
Insecticide	64.4%
Application cost	44.4%
Terrace/Structure Maintenance	17.7%
Seed	15.5%
Irrigation Maintenance	4.4%
Seed Tech Fee	2.0%
Harvest	4.4%

Flex Rent – Flex rent was mentioned in three surveys. There are many types of flex rents and in the three that we received; none were the same. In two of the surveys, a base amount was paid to the tenant. The flex of the rental rate was based on the price of the local elevator in one and on the close of the December board on the other. The third flex rent was a simple calculation: $Rent = yield \times harvest\ price \times 22.5\%$.

Other Influencers – When we look at the relationship of the landowner and tenant, 46 were unrelated, eight were distantly related, and 13 were immediate family. One trend we observed is 21 of unrelated participants were in an oral contract and 25 were in a written. We also asked participants where the landowner resided relative to the land. Twenty-eight of the landowners lived in the same county, 20 lived out of the county, and 15 lived out of the state. Another trend we observed was out of

the 32 oral contacts four were cash rent and out of the 36 written contracts eight were on shares.

Hunting Rights – Due to the underperformance of the hunting rights question in previous surveys, this section was removed. (Note: Kansas lease law would indicate hunting rights go to the tenant unless otherwise specified in the lease agreement.)

Custom Work – Many producers have custom work performed on their operation. Out of those surveyed, 20 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 over 75 bu/acre charge an additional \$0.20 per acre and sorghum over 50 bu/acre charge an additional \$0.18 per acre. Table 4 lists all reported custom farming operations along with the average rate charged.

Table 4: Custom services and prices paid/received

Operation	Rate	Unit	Count
Anhydrous ammonia	\$15.63	Acre	4
Baling (Large Round)	\$14.80	Bale	5
Combining	\$29.50	Acre	12
Drilling	\$15.77	Acre	3
Grain hauling	\$0.18	Bushel	4
Planting	\$19.15	Acre	10
Swathing	\$12.00	Acre	2
Spraying	\$7.30	Acre	3
Tillage (disk, field cultivating, etc.)	\$17.16	Acre	3
Dozer	\$175	Hour	1

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.

Table 5: Grazing croplands

	Animals/Acre	Grazing Days	Average price
\$/acre (13)	3	93.75	\$11.00
\$/head/day (4)	2	60	\$0.28

**2020 River Valley District
Labor Survey Summary
Brett Melton, District Livestock Agent**

The 2020 survey is the fifth-year labor questions have been included as a part of the annual survey. Sixty-four surveys were completed with 28 respondents, or 44%, 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.

Full-Time: Twelve survey respondents reported the operation included at least one full-time employee and two reported a second or third full-time employee. Of those reporting full-time employees, eight reported paying salary and five reported paying hourly. One did not report the method of pay. For those reporting hourly, the high was \$25.00 per hour, the low was \$15.00 per hour, and the average of all reports was \$18.40, up from the \$16.67 reported in 2019. These average wages paid on a 2080-hour year would equate to a \$38,272 salary. For those reporting paying an annual salary, the high report was \$55,000 per year, the low report was \$24,000 per year, and the average of the reports was \$35,975 up slightly from \$34,920 in 2019. Broken down to an hourly basis for a 2080-hour year, the average salary would equate to \$17.30 per hour. Whether paying on a salary or hourly basis, the pay for full-time is within a similar range.

Part-Time: Four respondents employed part-time help paid on an hourly basis. The high was \$21.00 per hour, the low was \$10.00 per hour, and the average for part-time employees was \$16.83 per hour.

USDA National Agriculture Statistics Service Data

Below is a table from the USDA National Agriculture Statistics survey that was completed in August 2020. All data are based on dollars/acre. The averages of the River Valley Extension District are not weighted by the number of responses in each county.

	Nonirrigated Cropland	Irrigated Cropland	Pasture
CY	\$73.50	\$157.00	\$25.00
CD	\$82.50	\$135.00	-
RP	\$86.00	\$211.00	-
WS	\$79.50	\$158.00	\$27.50
RVED	\$80.38	\$165.25	\$26.25

Seasonal: Ten of the surveys reported hiring labor on a seasonal basis. The seasonal labor reports showed a wide range in pay, as might be expected with a wide range of experience and responsibilities given to seasonal labor. The high was \$20.00 per hour, the low was \$8.00 per hour, for an average of \$14.90, down from \$15.05 in 2019.

Benefits: When evaluating benefits, full-time employees generally received more benefits. Meals and equipment use were the most common benefits across all forms of hired labor and paid vacation was common for full-time employees. Table 1 provides a summary of the number of respondents reporting providing the particular benefit. Clothing and vision insurance were included on the survey, but no respondents offered these benefits. Other benefits offered included one life insurance, one wintering of employee cows/feed, one reporting a 1% share of the crop, and one that increases hourly pay by \$2.00 during harvest.

Table 1: Benefits Provided

Benefit Provided	Full- Time	Part- Time	Seasonal
Meals	5	-	5
Housing	2	-	-
Meat	4	-	-
Paid Holidays	6	-	-
Paid Vacation	8	-	-
Paid Sick Leave	6	-	-
Health Insurance	6	-	-
Vehicle	6	-	-
Equipment Use	7	1	-
Retirement	2	-	-
Dental	2	-	-

Regulations: Agricultural employer guidelines can be found at the Federal Department of Labor Wage and Hour Division, Fair Labor Standards Act in Agriculture at:

https://www.dol.gov/whd/ag/ag_flsa.htm

The guidelines for agriculture are summarized in Fact Sheet #12: Agriculture Employers Under the Fair Labor Standards Act. (FLSA).

The Migrant and Seasonal Agricultural Worker Protection Act may also apply.

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