



AEDE-14-10

# Ohio Tobacco Farm Custom Rates 2010

**David Dugan**, Extension Educator, Agriculture and Natural Resources  
Ohio State University Extension, Brown County

**Barry Ward**, Leader, Production Business Management  
Ohio State University Extension  
Department of Agricultural, Environmental, and Development Economics

A large number of Ohio tobacco farmers hire out for machinery operations and other farm related work. This is often due to lack of proper equipment, lack of time, or lack of expertise for a particular operation. Many farm business owners do not own the necessary equipment for every possible job; instead of purchasing the equipment needed, they seek out someone with the proper tools necessary to complete the job. Farm work that is completed by others is often referred to as “custom farm work” or, more simply, “custom work.” A “custom rate” is the amount agreed upon by both parties to be paid by the custom work customer to the custom work provider.

The custom rates reported in this publication are based on a survey conducted in 2010 of 44 farmers, custom operators, farm managers, and landowners. These rates, except where noted, include the implement and tractor if required, all variable machinery costs such as fuel, oil, lube, twine, etc., and the labor for the operation.

There is no assurance that the average rates reported in this publication will cover your total costs for performing the custom service or that you will be able to

hire a custom operator for the average rate published in this fact sheet. Calculate your own costs carefully before determining the rate to charge or pay.

Some of the custom rates published here have a wide range. Possible explanations are the type or size of equipment used, the value of labor, the mix of labor and equipment used, and the different income needs of full-time custom operators versus farmers supplementing their income. Also, some custom operations are provided at bargain rates due to family relationships between the parties or due to the fact that custom providers may see an increased probability of eventually securing the custom farmed farmland in a cash rental or other rental agreement.

Charges may be added if the custom provider considers a job abnormal. A job may be considered abnormal due to the distance from the operator’s base location, the difficulty of the terrain, the amount of product or labor involved with the operation, or other special requirements of the custom work customer.

Before entering into an agreement, discuss all of the details of the specific job with the other party. Publications are available that may help in calculating

your total costs of performing a given custom operation. Some of the available online resources that may be of assistance include the following:

- Machinery Cost Estimates ([www.apec.umn.edu/faculty/wlazarus/documents/machdata.pdf](http://www.apec.umn.edu/faculty/wlazarus/documents/machdata.pdf))
- Farm Economics Facts and Opinions ([www.farmdoc.illinois.edu/manage/index.asp](http://www.farmdoc.illinois.edu/manage/index.asp))
- Estimating Farm Machinery Costs ([www.extension.iastate.edu/agdm/crops/html/a3-29.html](http://www.extension.iastate.edu/agdm/crops/html/a3-29.html))

Fuel prices have an impact on custom rates, and rates may fluctuate based on large movements in fuel

prices. The approximate price of diesel fuel at the time of this survey was \$2.50 per gallon for off-road (farm) usage.

For the custom rates reported in this publication, the average is a simple average of all the survey responses. The “Low” and “High” rates represent  $\pm$  one standard deviation around the average. (Standard deviation is a measure of the variability of the survey responses; one standard deviation both above and below the average includes approximately two-thirds of all survey responses.)

	Number of Resp.	Low	Average	High
<b>Tobacco Production</b>				
<b>Direct Seeding Trays</b>				
\$/hr.	9	\$5.75	\$7.00	\$8.00
\$/tray	7	\$0.37	\$0.51	\$0.66
<b>Plug and Transfer</b>				
\$/hr.	5	\$5.25	\$6.50	\$7.50
<b>Set Tobacco</b>				
\$/hr.	28	\$6.00	\$7.50	\$8.75
<b>Cultivate</b>				
\$/hr.	8	\$6.75	\$8.25	\$9.75
<b>Hoe/Chop Out Weeds</b>				
\$/hr.	19	\$5.75	\$7.25	\$8.75
<b>Spraying (Pesticides/Suckers)</b>				
\$/acre	15	\$29.75	\$45.25	\$60.75
<b>Topping</b>				
\$/hr.	31	\$6.25	\$7.25	\$8.50
<b>Suckering</b>				
\$/hr.	11	\$6.50	\$7.50	\$8.75

	Number of Resp.	Low	Average	High
<b>Dropping Sticks</b>				
\$/hr.	26	\$6.50	\$7.75	\$9.00
<b>Cutting</b>				
\$/stick	30	\$0.12	\$0.13	\$0.15
\$/hr.	11	\$7.75	\$8.75	\$9.75
<b>Housing</b>				
\$/hr.	34	\$8.00	\$9.00	\$10.00
<b>Cutting and Housing</b>				
\$/stick	4	\$0.28	\$0.34	\$0.39
\$/hr.	19	\$7.75	\$8.75	\$9.50
\$/acre	7	\$535.25	\$573.50	\$611.75
<b>Taking Down to Strip</b>				
\$/hr.	25	\$5.75	\$7.00	\$8.00
<b>Stripping</b>				
\$/hr.	23	\$5.50	\$6.75	\$7.75
\$/pound	6	\$0.16	\$0.18	\$0.19
<b>Take Down and Strip</b>				
\$/hr.	14	\$5.50	\$6.75	\$8.00
\$/pound	11	\$0.20	\$0.22	\$0.24

## EMPOWERMENT THROUGH EDUCATION

Visit Ohio State University Extension's web site "Ohioline" at: <http://ohioline.osu.edu>

Ohio State University Extension embraces human diversity and is committed to ensuring that all research and related educational programs are available to clientele on a nondiscriminatory basis without regard to race, color, religion, sex, age, national origin, sexual orientation, gender identity or expression, disability, or veteran status. This statement is in accordance with United States Civil Rights Laws and the USDA.

Keith L. Smith, Ph.D., Associate Vice President for Agricultural Administration and Director, Ohio State University Extension

TDD No. 800-589-8292 (Ohio only) or 614-292-1868