

2019 River Valley Extension District Lease Survey Summary

January 2020

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 representing 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. New in 2019 was the on-line Qualtrics option for the survey. In all, there were sixty-six crop, fifty-seven pasture, and sixty-four labor surveys completed. Of those, five crop, six pasture, and two labor surveys were completed via the on-line option.

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 included with this paper are a compilation of the local surveys returned and do not represent a random, scientific sampling.



This 2019 Survey Summary paper contains:

- Pasture Leasing Arrangements and Rates Summary
- Cropland Leasing Arrangements and Rates Summary
- Agriculture Labor Wage and Benefit Information
- Trends in Leases and Values of Ag Land in Kansas
- Overview of lease resources available

The 2019 Survey was conducted by:

K-State Research and Extension, River Valley District

The Fall 2019 Survey was sponsored by:

K-State Research and Extension, River Valley District
Kansas Crossroads RC&D Area, Inc.

This 2019 Survey Summary Paper was Written by:

Brett Melton	District Extension Agent Livestock Production
Mykel Taylor	PhD, Extension Specialist K-State Research & Extension Agricultural Economics
John Forshee	District Extension Director Community Vitality



K-STATE
Research and Extension

River Valley
District

Kansas State University Agricultural Experiment Station and Cooperative Extension Service

K-State Research and Extension is an equal opportunity provider and employer.

2019 River Valley District Cropland Survey Summary

Brett Melton, District Livestock Agent

The following summary contains the responses of 66 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. With only one response, irrigated cropland was omitted from the table.

Renting Cropland – There were 63 responses for the rented cropland lease arrangement. Of those, 29 (46%) respondents stated they had a written lease arrangement, while 34 (54%) respondents stated they had an oral lease arrangement. Results of 22 cash rental rates reported are in Table 1. Not included in the table is the one response for irrigated land in Republic County that was \$190.00/acre.

Table 1: Non-irrigated cropland cash rent

	Average Rent/Acre	Min,	Max.	Count
CY	\$57.80	\$45.00	\$75.00	5
CD	\$73.75	\$65.00	\$85.00	4
RP	\$75.00	\$70.00	\$80.00	4
WS	\$80.78	\$40.00	\$110.00	9
RVED	\$73.23	\$40.00	\$110.00	22

Crop Share – Table 2 provides the distribution of lease arrangements for crop sharing arrangements. Not included in the table is the one response for irrigated land, which was in Republic County and was a 40/60 crop share. 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 36 survey participants responding to this question.

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

% Share	25/75	30/70	33/66	40/60	50/50
	2.8%	2.8%	22.2%	66.7%	5.6%

Table 3: Expense inputs shared with the landowner (39 Respondents)

Crop Production Expense	Percent of tenants that share cost with landowner
Fertilizer	92.3%
Herbicide	76.9%
Fungicide	69.2%
Insecticide	56.4%
Application cost	33.3%
Terrace Maintenance	23.1%
Seed	17.9%
Irrigation Maintenance	5.1%
Seed Tech Fee	5.1%
Harvest	2.6%

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 December price at 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, 36 (59%) were unrelated, 9 (15%) were distantly related, and 16 (26%) were immediate family. One trend we observed is 27 (75%) of unrelated participants were in a crop share rental arrangements compared to 9 (25%) in a cash rent arrangement. We also asked participants where the landowner resided relative to the land. Thirty (49%) of the landowners lived in the same county, 20 (33%) lived out of county, and 11 (18%) lived out of the state. Another trend we observed is 10 (91%) of the participants who had/were out of state landowners were in a crop share leases arrangement and only 1 (9%) was in a cash rent arrangement.

Hunting Rights – Due to underperformance of the hunting rights question in previous surveys, this section was removed. However, it is still worthy to note, under Kansas Lease Law hunting and fishing rights automatically transfer to the tenant. Therefore, the landowner cannot hunt or fish on leased ground without permission from the tenant, unless those rights are retained in a written lease.

2019 River Valley District Pasture Survey Summary Brett Melton, District Livestock Agent

Variable Rate Technology – Forty-two percent of those surveyed stated they use variable rate technology in their farm operation. In our 2016 survey, only 28% of producers used VRT. This is an increase of 14 percentage units over a three-year period.

Custom Work – Many producers have custom work performed on their operation. Out of those surveyed, 28% reported they hire custom work on their farm, and 30% reported they perform custom work for others. Many times the harvesting custom rate charge is not a flat fee per acre, but rather consists of a base with additional charge over a set yield, variance among commodity, and may include a hauling charge. Table 4 lists all reported custom farming operations along with the average rate charged. The number of people who reported on each operation is listed in the “Count” column.

Table 4: Custom services and prices paid/received

Operation	Rate	Unit	Count
Anhydrous	\$18.00	Acre	1
Baling (Large Round)	\$13.00	Bale	3
Combining	\$31.55	Acre	11
Drilling	\$15.58	Acre	3
Grain hauling	\$0.1825	Bushel	4
No-till planting	16.00	Acre	2
Planting	18.98	Acre	11
Swathing	\$15.00	Acre	2
Spraying	\$6.25	Acre	4
Tillage	\$10.00	Acre	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 the tenants have 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. Thirty-two participants responded to which type of animals grazed the cropland. Dry cows grazed in 63% of the surveys. This is no surprise since most of the herds in the district are spring calving herds. Cow-calf pairs were grazed in 34%, and stockers grazed 3% of surveys.

Table 5: Grazing croplands

Grazing	Average \$/Acre	Average \$/head/day	Head/Acre	# Days
Stalks-Corn/Milo	\$9.72	\$0.375	2	44
Cover Crops	\$21.67	-	1.67	28

All survey recipients were provided a pasture survey with a total of 51 pasture lease surveys returned by mail and 6 were completed using the online format for a total of 57 returned surveys. 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. Thirty of the 37 respondents calved in the spring. The average target calving date of spring calving cows was March 9. Heifers typically started earlier with an average starting date of February 18. The average of the three fall calving cow herds was September 5.

For pasture rent paid by the acre, the average across the District was \$27.33 with a median value of \$25.00. Numbers ranged from \$15.00 to \$40.00 per acre. While this seems like a really 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 past three years, we have had some large variation on a dollar/pair basis. In 2016, the average was \$170.50/pair, in 2017 it was \$203.43/pair and in 2018 it was \$157.92/pair. In 2019, we had 16 responses and the average was \$190.31. If we take the weighted average of the past four years, we have \$183.99/pair. Few leases are being paid on a dollar/head/day basis. However, the average of the three respondents was \$1.49/head/day. Table 1 illustrates the average lease rates in the District.

Table 1: Average Pasture Rental Rates

	\$ Per Acre (N)	Min.	Max.	\$ Per Pair (N)	\$/Hd /Day (N)
CY	\$26.82 (11)	\$15.00	\$40.00	\$190.00 (5)	None
CD	\$25.25 (8)	\$20.00	\$30.00	\$201.25 (4)	1.49 (3)
RP	\$27.75 (16)	\$20.00	\$39.00	\$110.00 (1)	None
WS	\$28.38 (8)	\$15.00	\$35.00	\$214.00 (5)	None
RVED	\$27.16 (42)	\$15.00	\$40.00	\$190.31 (16)	\$1.49 (3)

Table 2 illustrates the average stocking rates and the average mature weight of cows in the District. The average lease across the District in 2019 began May 4 and ended October 20, for an average grazing season of 169 days. Two participants grazed in a above average stocking rate for a short amount of time (intensive grazing).

Table 2: Stock Rate and Cow Size

	# Acres Per Pair	Mature Cow Weight
Clay	6.2	1275
Cloud	6.2	1314
Republic	5.3	1281
Washington	5.9	1308
RVED	5.9	1295

Most pastures leases are done with cow-calf pairs. Only four respondents said they had stocker cattle. Three of the four responded to the rental rate and averaged \$22.33/acre. Average daily gain of these animals was 1.6 pounds over an average of 155 days. The average stocking rate for the three who responded was 3.9 acres/animal.

Table 3 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 3: How Often Leases Are Negotiated

RVED	1 yr.	2 yr.	3 yr.	4 yr.	5 yr.
Lease Rates Negotiated	27 (53%)	2 (4%)	13 (25%)	1 (2%)	8 (16%)
Other Lease Terms	9 (45%)	0 (0%)	6 (30%)	1 (5%)	4 (20%)

Table 4 illustrates the average length of leases across the District. When analyzing the type of lease landowners and tenants have across the District, 32 (71%) respondents say they have oral leases while only 13 (29%) have written leases.

Table 4: Average Length of Lease Relationship

RVED	1 yr.	2-5 yrs.	6-10 yrs.	11-20 yrs.	20+ yrs.
Lease Years	3 (5%)	20 (36%)	7 (13%)	15 (27%)	10 (18%)

Table 5 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 amount paid when the landowner and tenant were related to each other. Both the highest and the lowest rental rates were paid/received by family members. However, in most cases across the District the landowner and tenant were not related.

Table 5: Relationship of Landlord and Tenant

All Counties	Immediate	Distant	Unrelated
Related to landowner/tenant	17 (31%)	6 (11%)	33 (60%)

Table 6 illustrates where the landowner resides. This can play a part in the quality of the land, if the landowner is absentee and could affect stocking rates. The majority 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 6: Where the Landowner Resides

All Counties	Same County	Out of County	Out of State
Landowner Resides	34 (62%)	15 (27%)	6 (11%)

Water sources were reported in Table 7 with 56 respondents. While most had multiple sources, the majority of pastures still relied on a pond, stream, and well. In 48% of the leases, the tenant was responsible for maintaining the water source while 21% the landowner was responsible and 30% 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 surveys indicated a pond as the water source but the water is pumped from the pond to a stock tank using solar power.

Table 7: Sources of Pasture Water

Sources of Water in a Pasture				
Pond	Stream	Well	Rural	Transported
89%	27%	25%	9%	2%

Fencing responsibility is illustrated in Table 8. 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 fence that is needed.

Table 8: Fencing Responsibility

Fencing Responsibility		
	Labor	Materials
Tenant	67%	58%
Landlord	15%	30%
Shared	19%	11%

Eighty-nine percent of respondents listed thistles as the most critical problem in their pastures with cedar trees coming in second at 84%. The other problematic species listed in order of prevalence were locust (50%), hedge (38%), brush (25%; blackberry and dogwood), sericea lespedeza (13%), and one or two responses including old world bluestem, and common mullein. Controlling problematic plant species in a pasture has very mixed arrangements throughout the District. In 46% of the leases, the tenant is responsible for controlling weeds and trees, in 22% the landlord is responsible for controlling weeds and trees, and in 32% it is a shared responsibility. Control methods varied considerably across the District and most respondents listed multiple control methods. Ninety percent of respondents spot sprayed their pasture an average of every year. Sixty-seven percent mechanically cut trees, brush, or weeds on an average of every two years. Prescribed burns were conducted by 48% of respondents. The range of year between burns was from every year to ten years but, the most common response was every three years. Aerial spraying was done by 37% of respondents, every four years.

Part-Time: Twelve respondents employed part-time help paid on an hourly basis. The high was \$17.00 per hour, the low was \$10.00 per hour, and the average for part-time employees was \$13.41 per hour.

Seasonal: Eleven 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 \$10.00 per hour, for an average of \$15.05, down from \$16.11 in 2018. One reported paying seasonal a flat \$1,500 for the season.

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. Table 1 provides a summary of the number of respondents reporting providing the particular benefit. Clothing, vision insurance, dental insurance, and fuel were included on the survey but no respondents offered these benefits. Other benefits offered included three dental, two life insurance, one paid Internet and Satellite TV, one wintering of employee cows, and one reporting a 1% share of the crop.

Table 1: Benefits Provided

Benefit Provided	Full-Time	Part-Time	Seasonal
Meals	8	3	5
Housing	2	1	0
Meat	7	1	0
Paid Holidays	6	0	0
Paid Vacation	5	0	0
Paid Sick Leave	8	0	0
Health Insurance	8	0	0
Vehicle	9	0	0
Equipment Use	11	2	0
Retirement	3	0	0
Dental	3	0	0

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.

**2019 River Valley District
Labor Survey Summary**
John Forshee, District Extension Director

The 2019 survey is the fourth year labor questions have been included as a part of the annual survey. Sixty-four surveys were completed with twenty-eight 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 considered to be one employee who works 2080 hours per year.

Full-Time: Sixteen survey respondents reported the operation included at least one full-time employee and five reported a second or third full-time. Of those reporting full-time employees, ten reported paying salary and six reported paying hourly. Five did not report method of pay. For those reporting hourly, the high was \$20.00 per hour, the low was \$15.00 per hour, and an average of all reports was \$16.67, down from the \$18.13 reported in 2018. These average wages paid on a 2080-hour year would equate to a \$34,673 salary. For those reporting paying an annual salary, the high report was \$50,000 per year, the low report was \$18,000 per year, and the average of the reports was \$34,920 down from \$40,114 in 2018. Broken down to an hourly basis for a 2080-hour year, the average salary would equate to \$16.79 per hour. Whether paying on a salary or hourly basis, the pay for full-time is within a similar range.

Trends in Leases and Values of Agricultural Land in Kansas

Mykel Taylor, PhD, K-State Research & Extension, Farm Management Specialist

The past few years have seen wide fluctuations in land values and rental rates as a result of dramatic changes in profitability for farmers and ranchers in Kansas. According to surveys by USDA-NASS, the statewide average land value for non-irrigated cropland in 2009 was \$981/acre. Within a five-year span, that average more than doubled to \$2,150/acre in 2014. By 2019, non-irrigated land values in Kansas have fallen to \$2,250/acre and are expected to continue to decline slightly as long as low commodity prices remain in place. A similar pattern can be observed in pasture values. The state average of pasture was \$761/acre in 2010, Within five years, values increased 80% to a record high of \$1,400/acre in 2015. Values have fallen off slightly to \$1,390/acre in 2019.

Information on rental rates is difficult to obtain and, while publically available information sources are very useful, the way in which the data are obtained affects how accurately they can be compared. There are two sources for counties in the River Valley District: the survey results discussed in this publication and the rental rate estimates available from K-State at www.AgManager.info. Table 1 presents rental rates from both sources for the years 2015-2019. The K-State estimates reflect **the ability of the average producer to pay for land**, given current commodity prices, average yields, and costs of production. The River Valley District Survey results are a survey of what people are actually paying for land. In 2015 the non-irrigated cropland values differed by only a few dollars, with the K-State estimates at \$79.83/acre and the River Valley estimate of \$75.58/acre. However, starting in 2016 and continuing in 2017 the values were quite different with the K-State average estimate falling to \$37.38/acre in 2017. The large discrepancy between the two values reflects the drop in commodity prices with little to no decline in production costs. Rental rates recovered somewhat in 2018 and 2019 as producers continue to adjust their production cost.

Table 1. Rental Rate Estimates for Non-Irrigated Cropland (2015-2018).

	2015	2016	2017	2018	2019
K-State Estimates (\$/ac)					
Clay	79.90	56.30	37.60	64.70	65.40
Cloud	75.10	53.40	34.00	57.40	60.40
Republic	79.50	56.40	37.50	65.80	66.20
Washington	84.80	59.90	40.40	67.30	67.60
Average	79.83	56.50	37.38	63.80	64.90
River Valley Dist. Survey (\$/ac)					
	75.58	74.05	65.55	72.14	73.23

While the River Valley estimates are based on survey responses of actual rents paid, the K-State estimates are based on a representative budget for the region and expected yields and commodity prices. The difference between these two approaches is important, especially when there are large swings in commodity prices and/or yields. During periods of high profitability, rental rates will increase and competition for land can be fierce as producers try to expand their land base to capture more returns. However, a sudden decline in profitability in the sector, like the one we have experienced for the past two years, will not necessarily translate into lower rents in the short run as the K-State estimates would have suggested.

Rental rates tend to lag behind commodity prices and profitability for several reasons. First, land contracts and cash rental rates are often set for 3-5 year periods to allow both producers and landowner to plan for expected costs and returns. As a result, producers can be locked into a rent not aligned with the current market.

Another reason rental rates do not decline as quickly as might be expected is due to concern over losing land. Rented land is often a significant part of the land base in an ag operation, driving decisions on machinery and labor. If a landowner will not accept a lower rent, then some producers will pay more than their total costs of production to keep it. The expectation is that taking a loss in the short run is preferable to losing acres and incurring an increase in total costs per acre.

Regardless of the particular situation a producer faces, strong communication with their landowner can be beneficial to the long-run economic viability of their operation. Landowners will not be excited to lower rental rates, but if they have a strong understanding of the current market conditions they may be more willing to negotiate. Tenants who take extra time to work with their landowners, answer questions, and keep them up to date on the farm's situation will find it a little easier to have those difficult conversations about lowering the rent.

For more information on land values and rental rates in Kansas, visit www.AgManager.info/land-leasing

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 are helpful in determining 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.
- ⇒ Information on land values and rental rates in Kansas, visit www.AgManager.info/land-leasing
- ⇒ 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 any and 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 a number of 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.