

2013 Risk and Profit Conference Breakout Session Presenters

"Knowledge for Life"

3. Pasture Lease Pricing, a Comparison of Methods

David Kehler is the Director/Agricultural Agent for K-State Research and Extension/Butler County, where he has worked for 31 years. Prior to that time, he was an agent in Douglas and Cherokee Counties. He has developed and provided programs related to Farm Management, with a particular interest in Ag lease law and equitable lease arrangements. He has developed spreadsheets to help with decisions regarding cattle stocking rates and grass rental pricing. David is a member of the Extension Farm Management Focus Team.

Abstract/Summary

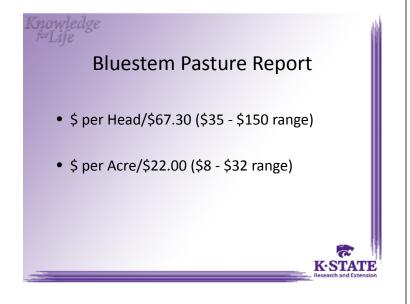
This session will provide the opportunity for a discussion of pasture grazing leases. We will discuss and evaluate the different types of leases such as "double – stock", ¾ season, and full season grazing. The various methods of pricing will be presented and discussed. These include per acre, per head and per gain methods. While this discussion while focus on Flint Hills native grazing, the principles will apply to all types of pasture.



Historically, prices are based on... • Bluestem Pasture Report • Local or Area "Going Rate" • Long Term Contract











If Charging on a "Per Pound"

-At \$67.30/Head = .1224

- At \$22/Acre = .09

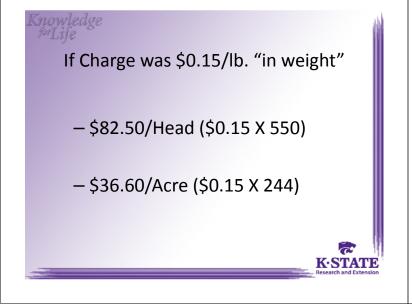
Charges for Example - Steer If \$0.60 Cost of Gain with Care "Care" Charge \$14/Head (\$12-\$16) \$14/2.25 = \$6.22/Acre \$0.51 Cost of Gain Without Care \$0.60 X 170 lb gain = \$102 \$102-\$14 = 88/170 = .5176

At \$0.51 Cost of Gain Without Care

- \$0.51 X 170 lbs. = \$86.70/Head

- \$86.70/Head = \$38.53/Acre

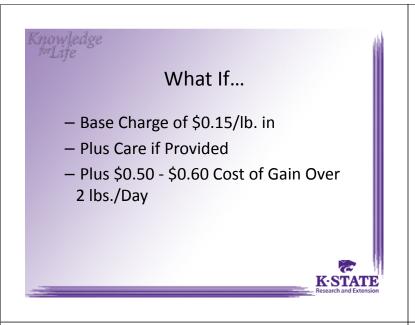
- \$38.53/244 lbs. = \$0.1579/lb. "in wt"



If Charge is \$0.55 Cost of Gain With Care
@ 2 lb./Day = 170 lbs.

- \$93.50/Head

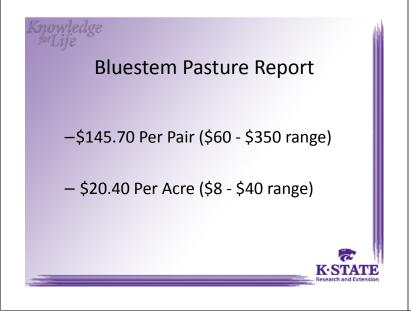
- \$41.50/Acre



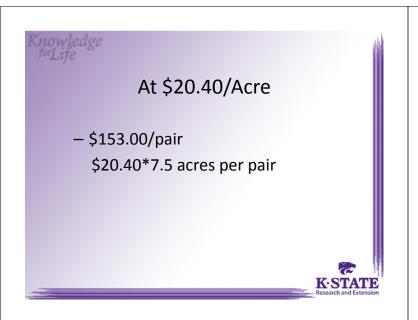








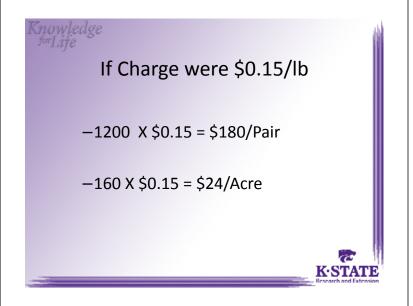




If Charging on "Per Pound"

-At \$145.70/1200 = \$0.12

- At \$20.40/160 = \$0.127



Bluestem Pasture Report
Pairs With Care

- \$177.60/Pair (\$90 - \$350 range)

- \$23.70/Acre (\$10 - \$40 range)



Summary

- Large Variation in Stocker Methods
- "Best" Pricing is Negotiated, Agreed
On and Put in Writing





