

Rates Charged for Two-Party Contract Grazing Cattle Arrangements

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One of the most common strategies for determining payments for contract grazing is to charge a *flat rate* per animal per day. The table shown below provides a common range of rates charged that could be expected in the Midwest region for a two-party contract grazing system (the livestock owner and the land-manager/grazier). Cattle raised as organic-certified may incur fee charges that are \$0.25-0.50 higher than the highest values in the ranges given.

The fee charged for contract grazing cattle can vary widely depending on a number of factors. Chief among the factors influencing the rate charged is the reputation of the grazier, and the relationship between the grazier and livestock owner. An experienced and knowledgeable grazier will command charges at the upper end of those shown in the table, because they are expected to show high performance with the cattle. Not only should the cattle be achieving high productivity, but the expectation is that the grazier will be able to maintain this level of production given variability in climate and the pasture growing season (for example, they should be able to maintain high animal performance in all but the worst of droughts). The receiving weights, or “in-weights”, of cattle can also affect which end of the range the price charged will be: animals that are lower in weight may be at the lower end of the range, whereas heavy animals may be at the high end. As an example, a grazier with a good reputation may choose to charge \$1.15/head for developing replacement dairy heifers with an in-weight of 500-550lbs, but increase that rate to \$1.50/head for heifers that have an in-weight of 650-700lbs. Fees charged for contract grazing cattle can also depend on the services to be provided by the grazier that are included in the contract. Many contracts assume the cattle owner will take on the cost of services such as veterinary care, liability insurance, and trucking to market. Those that expect the grazier to cover those costs are likely to require a grazing fee that is on the upper end or higher than those in the table.

Contract grazing fees can also be scheduled as *incentive pay*, meaning that the payments are based on production of the animal. In such cases, a base grazing fee per head per day is established (as shown in the table), but as goals such as increased average daily gain or milk production are met, an additional

fee is paid on top of that base. Another version of incentive pay for beef finishing operations is to not utilize the base fee, but rather split the price earned at market for that weight put-on while under the care of the custom grazier.

Table 1: Expected price ranges for various contract grazing operations in Wisconsin. Prices reflect the amount that the livestock owner would pay to the grazier. Note: rates are approximations.

Typical Price Range (cost per head per day)	
Heifers	
Dairy	\$1.00-1.60
Beef	\$0.60-1.00
Pregnant cows	
Dairy	\$1.50-2.00 +
Beef	\$0.75-1.10

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- The Basics of Contract Grazing
- Evaluating Land Suitability for Grazing
- Pasture Rental and Lease Agreements