

# Contract Grazing in the Upper Mississippi River Basin

## Midwest Perennial Forage Working Group Green Lands Blue Waters



**ABSTRACT.**  
In the Upper Mississippi River Basin, annual row crop agriculture dominates the landscape and has effectively replaced the native tallgrass prairie. Managed grazing represents a potential economically viable way for perennial grassland to be re-established on some acreage in the region. Well-managed pastures have multiple benefits, such as improving soil health, reducing soil erosion and nutrient runoff for improved water quality, and providing high quality grassland wildlife habitat. A main constraint to increasing the number of farms adopting managed grazing is that planning and managing a pasture system and caring for livestock can involve a significant investment of the farmer or landowner's time and resources. The Midwest Perennial Forage Working Group (part of the Green Lands Blue Waters collaborative) has identified contract grazing, in which land ownership, livestock ownership, and management of the system are de-coupled, as a means of overcoming this challenge. While fairly common in the more and Plains states, contract grazing arrangements are rare in the Upper Mississippi River Basin. The Midwest Perennial Forage Working Group worked to adapt contract grazing practices specifically for this region, where land rents are higher and dairy and cash grain production are more common. The group has created a series of informational fact sheets to be used to provide much needed information about contract grazing to landowners and livestock owners to promote this effective practice.

**What is Contract Grazing?**  
Contract Grazing (also known as Custom Grazing) is a livestock production system in which land ownership, livestock ownership, and management of the system may be de-coupled. This arrangement can involve as many as three separate entities carrying out three distinct roles: a land owner, a livestock owner, and a grazing manager.

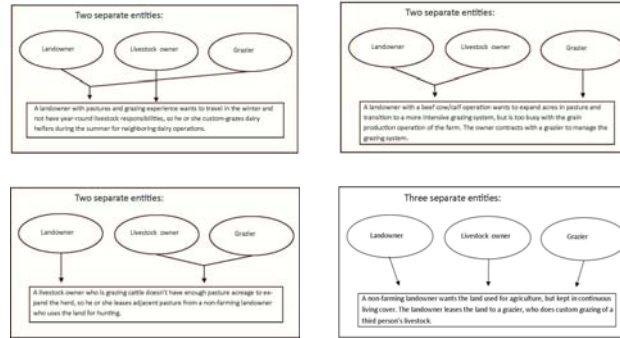
Well-managed pastures offer environmental benefits, such as reduced potential for soil erosion and nutrient runoff from agricultural areas for improved water quality, high quality grassland wildlife habitat, and many others. Becoming a contract grazer may be a good fit for someone who has a farming operation and is looking for ways to either expand grazing (if they already own livestock) or start grazing (if they would like to incorporate grazing on their farm, and may or may not already own livestock). Since contracting as a grazer can be done without owning land, it can also be a good way for beginning farmers to start a grazing operation. For land owners, contract grazing can be used to diversify their farming operation with livestock, without having to be responsible for livestock care. For absentee or non-farming land owners, renting one's land for contract grazing is an alternative to renting the land for annual row crop production. Renting or leasing to a contract grazer qualifies land owners to maintain agricultural use value tax benefits while achieving conservation goals.

The Working Group website contains comprehensive contract grazing information for the Upper Midwest:  
[www.greenlandsbluewater.com/Perennial\\_Forage/](http://www.greenlandsbluewater.com/Perennial_Forage/)

**Contract Grazing Fact Sheet Series:**

-  **The Basics of Contract Grazing**  
Fact Sheet 1 of 4 in the Contract Grazing Series
-  **Evaluating Land Suitability for Grazing Cattle**  
Fact Sheet 2 of 4 in the Contract Grazing Series
-  **Pasture Rental & Lease Agreements**  
Fact Sheet 3 of 4 in the Contract Grazing Series
-  **Rates Charged for Contract Grazing Agreements**  
Fact Sheet 4 of 4 in the Contract Grazing Series

**Contract Grazing Configurations**



**Excerpts from Fact Sheet #4**

**Table 1: Expected price ranges for various contract grazing operations in Wisconsin. Prices reflect the amount that the livestock owner would pay to the grazer. (These rates are approximations for spring 2013.)**

Livestock Class	Typical Price Range (cost per head per day)
Sheep	\$1.00-1.40
Goats	\$0.80-1.00
Beef	\$0.90-1.00
Prepregnancy cows	\$1.50-1.80 +
Dairy	\$2.00-1.30

**Table 2: Expected price ranges for various contract grazing beef cattle operations in south-central Iowa. These fees include labor and mineral provided by the grazer. Prices reflect the amount that the livestock owner would pay to the grazer. (These rates are approximations for spring 2013.)**

Livestock Class	Typical Price Range (cost per head per day)	Average Cost (per head per day)
Calves and yearlings (beef)	\$1.40-1.70	\$1.35
Yearlings and developing heifers (beef)	\$0.90-1.00	\$0.95
Dry, pregnant cows (beef)	\$0.90-1.10	\$1.00

**Rates Charged for Contract Grazing Arrangements**

Contract grazing arrangements typically follow one of three operational scenarios:

- A grazer who owns pasture land and facilities who contracts to manage another farmer's livestock.
- A livestock owner leasing pasture land from a landowner and managing it on her own land.
- A farmer contracting with a grazer to manage the farmer's livestock on the farmer's own land or another party's land.

The fact sheet addresses rates charged for contract grazing arrangements similar to the first situation, where a grazer is hired to manage someone else's livestock on the grazer's own land. These are the most common ways to determine payment rates charged by the grazer for rates, or incentives pay.

**Flat Rates**

- One of the most common strategies for determining payment for contract grazing is to charge a flat rate per animal per day. These rates cover the cost of pasture and facilities, but do not cover the cost of the grazer's labor or the cost of the grazer's time and resources.
- One of the factors influencing the rate charged is the experience of the grazer and the relationship between the grazer and the livestock owner. An experienced and knowledgeable grazer will command higher charges, because they are expected to have high productivity and high weight gain and production efficiency with their own grazing. An experienced grazer will also negotiate to stay consistent to maintain this level of productivity given variability in climate and the pasture grazing season. He realizes this should be able to maintain high animal performance in his best years of droughting.
- Amount of size of the land being grazed.
- Level of labor and number of animals provided by the grazer.

• Type of cattle operation (dry, lactating, yearling, etc.)  
• Weight of the cattle  
• Experience of the grazer


Other factors influencing the rate charged are the experience of the grazer and the relationship between the grazer and the livestock owner. An experienced and knowledgeable grazer will command higher charges, because they are expected to have high productivity and high weight gain and production efficiency with their own grazing. An experienced grazer will also negotiate to stay consistent to maintain this level of productivity given variability in climate and the pasture grazing season. He realizes this should be able to maintain high animal performance in his best years of droughting.

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The Midwest Perennial Forage Working Group includes researchers, extension educators, farmers, agency and non-profit staff, and other forage and grazing experts from Minnesota, Wisconsin, and Iowa.

The Working Group is affiliated with Green Lands Blue Waters, a multi-state consortium of land-grant universities, non-profits, agencies, and individuals working to advance Continuous Living Cover cropping systems in the Upper Mississippi River Basin.



[www.greenlandsbluewater.com](http://www.greenlandsbluewater.com)  
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Midwest Perennial Forage Working Group  
Sample Contracts & Leases

This section provides information on the types of contracts and leases available for contract grazing. It includes links to fact sheets and sample contracts.

[www.greenlandsbluewater.com/Perennial\\_Forage/sample\\_contracts\\_leases.html](http://www.greenlandsbluewater.com/Perennial_Forage/sample_contracts_leases.html)

Example of an actual grazing contract (names changed):

**Grazing Contract Pasture**

Owner: Barbara Ann Dyer  
Lessee: John Dyer

This contract is an agreement in the conditions of lease for 320 pasture acres at (Baraboo), owned by the Barbara Ann Dyer and leased to John Dyer for the purpose of livestock grazing. Date of first payment: November 28th of the year 2013. 2013, and will be open for contract of agreement for both Lessee and Owner. Lessee must ensure that the water will be proper functioning condition prior to arrival of Lessee cattle.

**Lessee's Responsibilities:**

- Annual total payment: \$47,000 for 320 acres year (124,400) and \$14,000 for 320 acres year 2 and 3 (253,600 each of two years). Payment will be on 50% lease, 50% and balance due December 31st, 2013. Cash on annual payments due the 1st day of June-December, 2013. Payment schedule in year 2 and 3 to be same as year 1, adjusted for any annual payment between Lessee and Owner. Payment after the date specified will accrue interest at 12% annual or 1% per month.
- Lessee shall ensure that pasture is in good and proper condition at the time Lessee's cattle are put on the pasture. Lessee shall be responsible to see the soil nutrient are optimal as much as before arrival of Lessee's cattle to the pasture. Lessee will be responsible to maintain Lessee for suitable condition after 50% lease year at 12%.
- Each annual stocking rate not to exceed 200 AC (10000), with stocking rate reduction amount of each year.
- Lessee shall implement grazing practices and practices to maintain adequate pasture plant cover, to minimize cattle trampling and degradation, and to maintain grazing from the right animal per head per acre (100%) of the time necessary compliance with the 2013 United States Regulations on this pasture. In the case the livestock tank on the field pasture and, reduction or significant practice between Lessee and Owner. Payment after the date specified will accrue interest at 12% annual or 1% per month.
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Perennial Forage Resources

This section provides information on the types of resources available for contract grazing. It includes links to fact sheets and sample contracts.

[www.greenlandsbluewater.com/Perennial\\_Forage/resources.html](http://www.greenlandsbluewater.com/Perennial_Forage/resources.html)