

For: State Offices

**Provisional County-Average Rental Rates to Determine CRP SRR's for FY 2024**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

SRR's are soil-specific rental rates used to calculate the payment rate for CRP cropland offers and contracts. County-average rental rates are used to calculate SRR's for cropland. The Cash Rents and Leases Survey administered by NASS generates county-average dryland cash rent estimates, which are the foundation for establishing a county-average cropland rental rate for CRP.

FSA annually updates county-average rental rates and SRR's to ensure CRP payment rates are set at an amount that will encourage enrollment of eligible land and not adversely impact the cropland rental market. If sufficient county NASS data is not available, NASS determines a State average cropland rental rate which is reflected in this data. A State average cropland rental rate may or may not be set at an amount that encourages enrollment and avoids adverse impacts on the cropland rental market.

STC's and CREP partners may propose an alternative county-average rental rate according to this notice. It is preferred that STC's and CREP partners agree on a single alternative rental rate for each applicable county, STC's and CREP partners may each submit a different proposed alternative rental rate for an applicable county if they cannot come to agreement.

**Note:** For the purpose of this notice, a CREP partner is a State or a political subdivision of a State, Tribal, or nongovernmental organization (NGO) that entered into a CREP agreement with USDA.

Disposal Date	Distribution
August 1, 2024	State Offices; State Offices relay to State CREP Partner

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### 1 Overview (Continued)

#### B Purpose

This notice:

- announces that 2024 county-average cropland rental rates will be updated using one of the following:
  - 2023 NASS Cash Rent and Leases Survey-based estimates for non-irrigated cropland
  - an alternative rental rate, if determined appropriate, with adequate justification
- announces the irrigated rental rate for the county for CREP agreements that authorize the use of an irrigated rental rate will be updated using one of the following:
  - 2023 NASS Cash Rent and Leases Survey-based estimates for irrigated cropland
  - an alternative rental rate, if determined appropriate, with adequate justification
- provides policy for STC's and CREP partners to propose an alternative county-average non-irrigated cropland rental rate and alternative irrigated cropland rental rate, if applicable.

### 2 Reviewing Rental Rates

#### A National Office Posting of Provisional County-Average Non-Irrigated and Irrigated Cropland Rental Rates

The National Office posted the provisional non-irrigated and irrigated cropland rental rates for STC and CREP partner review in the “**2024 - Provisional Rates**” folder on the Conservation Division (CD) SharePoint at [2024-Provisional Rates](#).

**Note:** Access to this SharePoint is limited to State Office Conservation Specialists.

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**2 Reviewing Rental Rates (Continued)**

**A National Office Posting of Provisional County-Average Non-Irrigated and Irrigated Cropland Rental Rates (Continued)**

Each State will have a separate spreadsheet that has:

- a single tab for non-irrigated cropland county-average rental rates if there is no CREP agreement in the State that authorizes irrigated rental rates
- separate tabs for each of the following if there is a CREP agreement that authorizes irrigated rental rates for land enrolled through the CREP agreement:
  - non-irrigated cropland county -average rental rates
  - irrigated rental rates for the applicable counties.

The spreadsheet tab for **non-irrigated** cropland includes the FY 2023 approved county-average non-irrigated cropland rental rate and the FY 2024 provisional non-irrigated cropland rental rate based on the NASS survey. The spreadsheet provides a column for each of the following:

- FIPS
- State
- County
- Soil Map Unit
- 2023 Approved County Rate
- 2024 Provisional County Rate
- 2024 Alternative Rate.

**Important:** Provisional county rates for 2024 established using a State average are highlighted when 2024 county NASS data is not available.

FIP	State	County	Soil Map Unit	2023 Approved County Rate	2024 Provisional County Rate	2024 Alternative Rate
5001	Arkansas	Arkansas	AVGRT	93	38	
5003	Arkansas	Ashley	AVGRT	86	38	
5005	Arkansas	Baxter	AVGRT	25	38	
5007	Arkansas	Benton	AVGRT	35		47
5009	Arkansas	Boone	AVGRT	41		54

**Note:** The 2023 approved county rate and 2024 provisional county rates do not include the inflationary adjustment percentage or any other incentives.

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2 Reviewing Rental Rates (Continued)

A National Office Posting of Provisional County-Average Non-Irrigated and Irrigated Cropland Rental Rates (Continued)

The spreadsheet tab for **irrigated** cropland includes the FY 2023 approved irrigated cropland rental rate and the FY 2024 provisional irrigated cropland rental rate based on NASS data. Irrigated rates are only applicable when there is an approved CREP agreement in effect that authorizes the use of an irrigated rental rate. Therefore, only spreadsheets for States with an existing CREP agreement that authorizes an irrigated rental rate will include this tab. If applicable, the spreadsheet provides a column for each of the following:

- FIPS
- State
- County
- Soil Map Unit
- 2023 Approved County Rate
- 2024 Provisional County Rate
- 2024 Alternative Rate.

**Important:** Provisional county rates for 2024 established using a State average are highlighted when 2024 county NASS data is not available.

FIP	State	County	Soil Map Unit	2023 Approved County Rate	2024 Provisional County Rate*	2024 Alternative Rate
8003	Colorado	Alamosa	11111X	210	151	
8017	Colorado	Cheyenne	11111X	165	109	
8063	Colorado	Kit Carson	11111X	173	185	

**Note:** The 2023 approved county rate and 2024 provisional county rates do not include the inflationary adjustment percentage or any other incentives.

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### 2 Reviewing Rental Rates (Continued)

#### B State Office Review and Sharing of FY 2024 Provisional Rental Rates

State Offices will:

- download the spreadsheet for their respective State from the SharePoint site specified in subparagraph A
- review the FY 2024 provisional:
  - non-irrigated cropland rental rate for each county
  - irrigated cropland rental rate for each county (if applicable)

**Note:** Provisional county rental rates for 2024 established using a State average are highlighted in the spreadsheets when 2024 county NASS data is not available.

- determine whether STC will propose an alternative county-average non-irrigated or irrigated rental rate for any county in the State
- provide the applicable FY 2023 approved and FY 2024 provisional rental rates to the CREP partner.

**Important:** State Offices will only provide the CREP partner with the FY 2023 approved and FY 2024 provisional county-average rental rates for counties included in the CREP project area of the applicable approved CREP agreement. State Offices will not share any data with the CREP partner for any county not in the CREP project area, if there is no approved CREP agreement, or the CREP agreement has ended. See subparagraph 3 D.

STC may allow County Offices to:

- review the FY 2023 approved and FY 2024 provisional non-irrigated and irrigated cropland rental rates
- propose an alternative non-irrigated and irrigated cropland rental rate for the county if:
  - all the requirements in paragraph 3 are met
  - COC concurs with the proposed alternative rental rate.

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### 3 Proposing Alternative Rental Rates

#### A Opportunity to Propose Alternative Rental Rates

STC's and CREP partners may propose alternative county-average non-irrigated rental rates and irrigated cropland rental rates, if applicable, when adequate justification supporting the alternative rental rate is provided according to subparagraph C. If STC's or CREP partners do not propose an alternative rental rate, the FY 2024 provisional rental rates will be used to determine FY 2024 SRR's for the county.

State Offices will not submit any proposed alternative rental rate that the STC has not agreed to or for which adequate justification is not provided.

**Exception:** STC's and CREP partners must submit a proposed alternative county-average rental rate for applicable county. If STC's and CREP partners cannot agree on a single proposed alternative rental rate, State Offices must submit both proposed alternative rental rates for review.

See subparagraph D for information on obtaining and proposing alternative rental rates from CREP partners.

STC's must meet all deadlines and requirements in this paragraph to propose alternative rental rates. DAFP will review and consider each request for an alternative rental rate on a case-by-case basis. Proposals that do not meet all requirements and deadlines may not be considered.

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### 3 Proposing Alternative Rental Rates (Continued)

#### B Deadline to Propose Alternative Rental Rates and Documentation

By **COB January 16, 2024**, State Offices must access the CD Policy SharePoint site at [2024-Provisional Rates](#).

**Note:** Access to this SharePoint is limited to State Office conservation specialists.

On the page:

- add a new State folder (“<State Name>”) to the “**FY24 Proposed Alternative Rates**” folder
- upload the following to the State folder:
  - the updated spreadsheet, named “<State abbreviation>\_Proposed Rates”, with proposed alternative rental rates for each applicable county  
**Example:** “IL\_Proposed Rates” for Illinois.
  - State Office memo proposing alternative rates
- supporting documentation for all proposed alternative rental rates, according to subparagraph C.

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### 3 Proposing Alternative Rental Rates (Continued)

#### C Requirements for Proposed Alternative Rental Rate Documentation

Proposals for alternative rental rates submitted according to subparagraph B must:

- explain why the provisional rate does not reflect current market conditions
- describe the analysis, including any formulas, used to determine the alternative rental rate in sufficient detail
- include all data on which the proposed alternative rental rate is based.

The strength of the case and the quality of the approach will be considered when determining acceptability of the proposed alternative rental rates.

State Offices must maintain copies of all documentation used to propose alternative rental rates until notified otherwise. All documentation used is subject to audit.

#### **Proposed alternative rental rates must be based on one or more of the following:**

1. Average of 2023 cash rents from a random sample of cash leases for land physically located within the county for which the proposed alternative rental rate is requested. The cash leases used to support a proposed alternative rental rate must:
  - be for land physically located throughout the county, not just one portion of the county
  - be between unrelated parties
  - clearly identify the amount paid for the leasing of the cropland only
  - be for, or include, the 2023 crop year
  - contain at least 10 lease agreements
  - clearly identify whether the cropland leased is irrigated or non-irrigated.

**Important:** Cash leases with the rental rate amount, location of the cropland, or lease/lessor redacted will not be considered.

Copies of all leases used to support the proposed alternative rental rate **must** be submitted to the National Office by uploading copies of the leases to the applicable “**FY24 Proposed Alternative Rates**” State folder. See subparagraph 3 B.



**3 Proposing Alternative Rental Rates (Continued)**

**C Requirements for Proposed Alternative Rental Rate Documentation (Continued)**

2. FY 2023 cash rent estimate from a published survey administered by a State academic institution. Published surveys used to support a proposed alternative rental rate, at a minimum, must include:
  - point estimate from the survey
  - number of respondents on which the point estimate is based
  - standard error of the point estimate
  - criteria used to determine participation in the survey
  - specific county(s) to which the estimate applies.

**Note:** A letter of support from a State economist from the academic institution administering the survey, that explains why the survey is superior to the NASS survey, is strongly recommended.

**Example:** A survey of 2023 cash rents published by a State land-grant university which includes the required information.

3. The simple average of the provisional rental rates for all counties that share a boundary with the county for which an alternative rental rate is being proposed. The proposal must include:
  - an explanation of why the counties are similar, including but not limited to:
    - crop yield data
    - soil types
    - climate
    - topography
    - crops grown

**Note:** If the alternative rental rate is an irrigated rate, include the availability and use of irrigation water.

- calculation used to determine proposed alternative rental rate
- letter of support from the State soil scientist

**3 Proposing Alternative Rental Rates (Continued)**

**C Requirements for Proposed Alternative Rental Rate Documentation (Continued)**

4. A model supported by a State economist using available price, yield, land value, rent, and other data to predict the dryland cash rent.

**Note:** In all cases, a letter of support from a State economist is strongly recommended.

Models may include, but are not limited to, the following.

**Share Rent Equivalent Model:**

- Typical rotation in county must be identified.
- Collect and average for most recent 3 years of price and yield data such as:
  - NASS marketing year average prices for the State
  - NASS county yields where available
  - RMA T-yields.
- Identify the typical amount shared by operator when only income is shared (not costs).
- Multiply share, price, and yield for each year of rotation and average across years.

**Irrigated Rent Equivalent Model:**

Subtract from NASS irrigated cash rent, all irrigation-related costs that are incurred by landowner, such as land prep, well drilling, and pumping equipment, which are available from NASS' Irrigation and Water Management Survey.

**Farm Budget Model:**

- Calculate the residual the tenant has left for rent by calculating total income (crop price times yield) and subtracting operating labor and amortized equipment costs, along with an estimate of the returns to management.
- Typical rotation must be identified.
- Average crop prices and yields for 3 most recent years.

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### 3 Proposing Alternative Rental Rates (Continued)

#### C Requirements for Proposed Alternative Rental Rate Documentation (Continued)

##### Return on Investment (ROI) Model:

- Typical current land value for county, excluding buildings/infrastructure, is required.
- The typical county land value must be multiplied by an ROI based on the ratio of NASS state-level land value and cash rent estimates.

#### D Proposed Alternative Rental Rates From CREP Partners

CREP partners may propose alternative county average dryland and irrigated cropland rental rates, if applicable, for only those counties located within the approved CREP project area. This includes counties where only a portion of the county is within the approved project area.

**Important:** CREP partners may propose an alternative irrigated cropland rental rate only when there is an approved CREP agreement in effect authorizing the use of irrigated rental rates.

State Offices will, for States with an existing approved CREP agreement:

- provide a copy of this notice to CREP partner
- provide the CREP partner with the applicable FY 2023 approved and FY 2024 provisional rental rates for only the counties included in the CREP project area of an existing approved CREP agreement
- inform the CREP partner of the deadline for submitting proposed alternative rental rates and adequate supporting documentation to the State Office that allows sufficient time for:
  - STC to review the proposed alternative rental rates and supporting data
  - STC to determine if it concurs with proposed alternative rental rates
  - State Office to submit proposed alternative rental rates to the National Office by **COB Friday, January 16, 2024.**

The CREP partner must provide adequate supporting documentation, according to subparagraph C, for all proposed alternative rental rates.

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### 3 Proposing Alternative Rental Rates (Continued)

#### D Proposed Alternative Rental Rates From CREP Partners (Continued)

STC must review all CREP partner proposed alternative rental rates and supporting documentation. STC and CREP partners must submit one proposed alternative rental rate for applicable counties. If STC and CREP partner cannot agree on a single proposed alternative rental rate, then the State Office must submit both alternative rental rates for review. State Offices will submit CREP partner proposed alternative rental rates to the National Office only if supporting documentation meets the criteria in subparagraph C.

State Offices will notify CREP partner whether the CREP partner's proposed alternative rental rates were submitted to the National Office.

### 4 Posting and Effective Date

#### A Posting

When finalized, the National Office will post the updated county average rental rates on CD's SharePoint website according to subparagraph 2 A.

#### B Effective Date of SRR's

The existing SRR's will continue to be used until updated. The updated SRR's will not be effective until a subsequent notice is published announcing their availability. That notice will also provide instructions on how and when County Offices are to post new SRR's. State and County Offices must not share the final SRR's publicly until instructed to do so.

### 5 Action

#### A State Office Action

State Offices will:

- follow the provisions in this notice
- provide a copy of this notice to CREP partners
- submit questions to David Taylor, program specialist.