

For: State and County Offices

**Reviewing and Adjusting CRP Rental Rates**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

CRP rental rates provide the basis for maximum payment rate calculations used to determine annual rental payments on a per acre basis. CRP rental rates must be established and maintained to conform to current dryland agricultural cash rents.

2-CRP, Part 7 provides policies and procedures for County Offices to follow to establish and maintain CRP rental rates. 2-CRP, subparagraph 155 A provides for County and/or State Office-initiated periodic reviews of posted rental rates to ensure that they reflect cash rents that can fluctuate over time. In addition, CRP notices have been issued before each general signup, beginning with signup 13 in 1996, prompting all State and County Offices to review and adjust CRP rental rates.

A number of complaints have been received that some CRP rental rates are not consistent with current dryland agricultural cash rents.

**B Purpose**

This notice summarizes the CRP rental rate policy and requires all State and County Offices to thoroughly review and adjust rates by the deadlines provided in Exhibit 1.

Although there are many county locations for which the current rental rates are set at correct levels, changes in rates are apparently needed for a number of counties. A thorough rate review, including the development of supporting documentation, is needed for all locations to ensure that market-based rates are used in CRP offers and contracts.

This review process requires a substantial analytical effort and time commitment from State and County FSA and, to the extent that staff time is available, NRCS Offices. These efforts must be given **high priority** in all offices. CRP rental rates must be set at market levels to ensure that program operations do not distort local rental markets, program costs are minimized, and program benefits are achieved.

Disposal Date	Distribution
February 1, 2006	State Offices; State Offices relay to County Offices and NRCS State Offices

## Notice CRP-497

### 2 CRP Rental Rates - Soil Rental Rates (SRR's) and Marginal Pasture Land Rental Rates (MPLRR's)

#### A Rate Establishment Policy Summary

For cropland, 2-CRP requires that SRR's be established based on the unique soil type, that is NRCS "soil map unit", within an NRCS Soil Survey Area within a county. These SRR's must reflect average **nonirrigated** cash rents for the 3 most recent years for the production of predominant annually tilled crops.

All SRR's shall be established and maintained for cropped soils types, including hay crops, as currently published in soil surveys by NRCS and listed in the applicable Field Office Technical Guide (FOTG). The exact soil map unit symbols (MUSYM's) published with these soil surveys **must** be used for CRP SRR posting to support proper technical determinations including CRP GIS tool use.

**Note:** SRR's must **not** be posted for soils that are not cropped.

For marginal pastureland, 2-CRP requires that MPLRR's be:

- established based on whole county
- set at levels that reflect **nonirrigated** riparian corridor grazing land rental rates for the 3 most recent years.

For those counties in Western States (North Dakota, South Dakota, Kansas, Oklahoma, Texas, and all States west of these States, excluding Hawaii and Alaska), 2-CRP provides that separate county MPLRR's be established for marginal pastureland adjacent to seasonal and perennial water bodies.

All rental rates established for CRP are recorded and maintained by State FSA and NRCS Office staff through the CRP Soils Data Management System at <https://indianocean.sc.egov.usda.gov/soilDbMgmt/SoilWelcome.do>.

**Important:** NRCS is an integral component of both State and County Rental Rate Review Teams and their full support is welcomed and needed at both State and County levels. See Exhibit 2 for more information about FSA and NRCS SRR review support.

## Notice CRP-497

### 2 CRP Rental Rates - Soil Rental Rates (SRR's) and Marginal Pasture Land Rental Rates (MPLRR's) (Continued)

#### B Comparison and Review of County Average SRR's Versus County Average Cash Market Dryland Rents

County average SRR's are printed on Posting Reports available at the CRP Soils Data Management System at <https://indianocean.sc.egov.usda.gov/soilDbMgmt/SoilWelcome.do>.

To provide State and County Offices with additional analysis information, the Posting Report now includes the following 2 county average SRR's:

- "County Weighted Average SRR" reflects the county average SRR based on all soil records, that is weighted based on number of MUSYM's per SRR group

**Note:** This "County Weighted Average SRR" is the same SRR average that has been historically displayed on this report.

- "County Simple Average SRR" reflects the average of the SRR groups.

**Note:** This is a new item on this report.

**County average cash market dryland rent estimates** must be developed by State Teams for all counties with any dryland (nonirrigated) cropland, and provided to STC's and COC's. These estimates may be developed from FSA's Land Value Survey (LVS), NASS, and/or other published locally available cash market rent data sources. These estimates must reflect an average of the 3 most current years and must be regionally consistent within States and between States.

**Note:** LVS, NASS, and other locally available market data estimates may contain errors or other sampling limitations that may necessitate some refinements in the development of these estimates by State Teams before they are used for SRR analysis.

County average SRR's **must be generally consistent with** county average cash market dryland rents.

For county locations with current county average cash market dryland rent estimates substantially higher or lower than both the simple and weighted county SRR averages listed on Posting Reports, SRR changes must be submitted to the Program Manager to ensure that all SRR's reflect market cash rental rates. All SRR increase requests must be submitted with supporting documentation. For those county locations for which substantial numbers of individual SRR changes are recommended, this supporting documentation must also include these estimates of county average cash market dryland rents. Requests submitted without this supporting documentation will not be approved by the CRP Program Manager.

**2 CRP Rental Rates - Soil Rental Rates (SRR's) and Marginal Pasture Land Rental Rates (MPLRR's) (Continued)**

**C Ensuring SRR Consistency and CRP SRR Mapping Tool Use**

SRR adjustment recommendations must be developed in consultation with neighboring counties to ensure rate consistency across soil survey and/or county lines as provided in 2-CRP. For locations for which NRCS has published SSURGO v. 2 soil shape files, State and County Offices shall use the GIS SRR Mapping Tool to help identify current rate inconsistencies that may **not** be warranted based on real market rent differences within a county and/or across soil survey and/or county boundaries.

Tool use information was outlined at the end of the signup 29 training module still posted at <http://intranet.fsa.usda.gov/fsatraining/GIS%20Presentation.ppt>.

**Note:** County and/or State tool users must first download or import to their PC the current SRR's before use for any county locations for which SRR changes have been made for signup 29.

**D Using SRR Analysis Report 1 to Identifying SRR's That May Need To Be Reduced**

The SRR analysis report reflects SRR's from signup 29 offers with rental rates offered (bid rates) that were substantially less than maximum payment rates (bid caps). SRR's listed on this report are set at levels that are higher than market rates, especially when they appear on multiple offers on this report. County Rental Rate Review Teams and COC's shall thoroughly review any SRR's listed on this report for their county and recommend reductions needed to ensure that all rates are market based. The SRR analysis report:

- is posted at <http://dc.ffasintranet.usda.gov/DAFP/cepdsto.htm>, under item 7, "CRP SU29 Soil Rental Rate Analysis Report 1"
- has a column titled, "Bid Rate as of % of Bid Cap". This reflects rental rates as a percent of maximum payment rates. Lower percentages are strong indicators that current posted SRR's are set at levels that are higher than market levels and need to be reduced.

**Note:** Future enhancements are planned to web-based CRP offer software that will allow State and County Offices to automatically develop additional SRR review reports that identify soils and SRR's that may need to be increased because they are listed on scenarios developed, but not submitted as offers by applicants because the maximum payment rates were too low. County Office CRP staff are strongly encouraged to keep manual records of the soils and SRR's for these types of scenarios until these automation enhancements are implemented to support future SRR analysis efforts.

## Notice CRP-497

### 2 CRP Rental Rates - Soil Rental Rates (SRR's) and Marginal Pasture Land Rental Rates (MPLRR's) (Continued)

#### E Ensuring That SRR's Reflect Market Cash Rents in Areas Effected by Peanut and Tobacco Program Terminations

Soil types ideally suited for peanuts and tobacco have often had high SRR's reflecting the relatively high market cash rental rates caused in part because of allotment and quota programs. Because these quota and allotment programs have ended, thorough review of current posted SRR's for these soils is needed to ensure that they reflect market rates. In addition, for applicable counties with these soils and cropping patterns, the county average cash market dryland rent estimates, to be developed according to subparagraph B, must be set at county market levels.

#### F State Office Oversight and Responsibility

2-CRP provides that STC, in consultation with State Rental Rate Review Teams and NRCS working with COC recommendations, must ensure that all rental rates are established at market rent levels. 2-CRP and this notice provide for a "ground up" rental rate review process that starts at the county level. However, COC SRR adjustment recommendation reports to State Teams and STC's are only recommendations. FSA State Offices working with NRCS may, where needed, develop and distribute county average cash market dryland rent estimates and proposed changes in individual SRR's to County Rental Rate Review Teams and COC's to expedite the review process.

**Very Important:** STC must review and adjust SRR's whenever determined necessary, **even when COC's submit negative report recommendations.**

#### G Enhancements to the CRP Soils Database Management System

To better support FSA/NRCS State Office "Authorized User" use of the web-based CRP Soils Database Management System, a full-screen editing feature has been deployed to allow authorized FSA/NRCS State Office users to more easily edit and maintain multiple soils records, including SRR's.

**Note:** All System 36 based rental rate reports and files are obsolete.

Tasks/Deadlines

Step	Task	Deadline
1	State Teams shall develop and distribute county average cash market dryland rent estimates as outlined in subparagraph 2 B.	July 15
2	<p>County Rental Rate Review Teams, including NRCS, shall:</p> <ul style="list-style-type: none"> <li>• thoroughly review current posted SRR’s and MPLRR’s according to 2-CRP and this notice, including:                             <ul style="list-style-type: none"> <li>• notifying all continuous/CREP/FWP producers who submitted an offer on CRP-1 or CRP-2C, for which a binding CRP-1 has <b>not</b> yet been approved by COC that CRP rental rates are currently under review and subject to increases and/or decreases</li> </ul> </li> </ul> <p><b>Note:</b> These producers should be provided the opportunity to withdraw any offer without penalty and resubmit at a later date, though they should be aware that some rates may be decreased.</p> <ul style="list-style-type: none"> <li>• developing and reviewing GIS SRR maps according to subparagraph 2 C if NRCS SSURGO shape files are available</li> <li>• reviewing county average SRR’s and county average cash market dryland rent estimates obtained from State Teams according to subparagraph 2 B</li> <li>• reviewing any soils and SRR’s listed in SRR Analysis Report 1 according to subparagraph 2 D</li> <li>• consulting with neighboring County Offices to ensure rate consistency for applicable soils</li> <li>• recommend any needed changes by marking up a copy of the current Posting Report and forwarding with supporting documentation to COC</li> <li>• review and recommend the following:                             <ul style="list-style-type: none"> <li>• SRR and MPLRR increases and/or decreases</li> <li>• new cropped soil and SRR records which need to be added</li> <li>• obsolete soil and SRR records which need to be removed.</li> </ul> </li> </ul> <p><b>Note:</b> The current Posting Report should be printed from the CRP Soils Database Management System to ensure that the most current rates are reviewed.</p>	July 29

Tasks/Deadlines (Continued)

Step	Task	Deadline
3	<p>COC's shall:</p> <ul style="list-style-type: none"> <li>• review County Team recommendations and submit COC recommendations to the State Team according to 2-CRP, using CRP-99 (Exhibit 3) as a cover memorandum</li> <li>• document in COC minutes all COC SRR:                             <ul style="list-style-type: none"> <li>• reviews</li> <li>• adjustment recommendations, including negative reports</li> <li>• copies of completed CRP-99's.</li> </ul> </li> </ul>	August 26
4	<p>The State FSA/NRCS Rental Rate Review Team shall:</p> <ul style="list-style-type: none"> <li>• review COC SRR recommendations</li> <li>• modify if/as needed COC recommendations to ensure that the requirements of 2-CRP and this notice are met</li> <li>• submit State Team recommendations to STC.</li> </ul>	September 30
5 A	<p>STC's shall review and submit SRR increases to the Program Manager with supporting documentation.</p> <p><b>Notes:</b> Use 2-CRP, Part 7 format <b>only</b> and submit to:</p> <p style="padding-left: 40px;">Karen McGinnis                      USDA/FSA/ITSD/ADC/PAS                      STOP 8408                      6501 Beacon Drive                      Kansas City, MO 64133-4676                      FAX: 816-823-1877                      Phone: 816-926-2164.</p> <p>The address and FAX number for Karen McGinnis recently changed. Current 2-CRP contact information is obsolete.</p> <p>State NRCS and neighboring State FSA Office concurrence is <b>required</b> for SRR increases and must be indicated in a cover memorandum. States must submit all increase requests at the same time with only 1 cover memorandum. <b>Do not send in requests piecemeal.</b></p>	October 28

Tasks/Deadlines (Continued)

Step	Task	Deadline
5 B	<p>STC's may, after receiving State Team recommendations, immediately approve/disapprove the following:</p> <ul style="list-style-type: none"> <li>• SRR decreases</li> <li>• new soils and SRR's</li> <li>• obsolete soils and SRR's.</li> </ul> <p><b>Note:</b> SRR decreases and new or obsolete soils and SRR's should be recorded in the CRP Soils Database Management System by FSA State Office staff as soon as approved by STC to be effective immediately.</p>	October 28
6	The CRP Program Manager shall review/approve SRR increases.	December 9
7	States shall load approved changes in the CRP Soils Database Management System and notify applicable County Offices to print and post the updated Posting Report reflecting the new rates for all counties with any rate changes and/or new/obsolete soil and SRR records.	December 30
8	<p>All County Offices notified of any soil and SRR changes shall:</p> <ul style="list-style-type: none"> <li>• print and post the updated Posting Report from the CRP Soils Database Management System reflecting the new rates</li> <li>• use the CRP GIS tool to make soils-based determinations for CRP scenarios, and <b>download and import</b> the updated SRR's to all PC's that the Tool has been loaded on.</li> </ul> <p>All other County Offices <b>not</b> notified of any soil and SRR changes shall immediately, after this deadline, print the Posting Report and compare with the current posted SRR's to ensure that the county has the correct rates posted.</p> <p>Counties may also post a copy of rates for neighboring counties for which they administer farms.</p>	December 30

Letter for Conducting Rental Rate Analysis in Support of CRP

United States Department of Agriculture



Natural Resources Conservation Service  
P.O. Box 2890  
Washington, D.C. 20013



Farm Service Agency  
1400 Independence Ave  
Stop 0501  
Washington, D.C. 20250

TO: State Conservationists, State Soil Scientists, State Resource Conservationist, NRCS

State Executive Directors, State CRP Specialists, and CRP Program Assistants, FSA

SUBJECT: Conducting Rental Rate Analysis in Support of CRP

NRCS has agreed to provide FSA with analytical and technical support to help maintain the soils data FSA uses for CRP administration. NRCS State and Field office staff are key members of the County and State Rental Rate Review Teams established in Part 7 of FSA's National CRP Handbook 2-CRP to recommend needed adjustments in CRP rental rates.

Comprehensive rental rate analysis is essential for optimal program administration. State and County NRCS offices are requested to support this joint effort during these periodic reviews with State and local FSA offices to the extent that staff time is available. Thorough analysis of CRP Rental Rates is needed to ensure they reflect current dryland market cash rents as outlined in FSA Handbook 2-CRP, including the development of supporting documentation for rate adjustment recommendations.

Notes: "View Only" access to the current CRP soils records is available to all FSA/NRCS offices through the intranet site:

<https://indianocean.sc.egov.usda.gov/soilDbMgmt/SoilWelcome.do>

"Authorized User" access to maintain these records has also been provided through this website with specialized accounts issued to State FSA and NRCS staff.

A User Guide is available under the "Help" button on the website. More information about the CRP Soils Database and use of these soils records to support CRP determinations is contained in FSA Notices CRP-425 and CRP-474.

BRUCE I. KNIGHT  
Chief  
Natural Resources Conservation Service

JAMES R. LITTLE  
Administrator  
Farm Service Agency

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CRP-99, COC CRP Rental Rate Review Certification

Following is an example of CRP-99.



**COC CRP RENTAL RATE REVIEW CERTIFICATION**

**United States Department of Agriculture**  
 Farm and Foreign Agricultural Services  
 Farm Service Agency  
 Anywhere County and State FSA Office  
 Any Town, ST  
 45678-1423

**TO: State Rental Rate Review Team**      Date Prepared: \_\_\_\_\_

**The individual rental rates currently reflected on the Posting Report for CRP have been thoroughly reviewed by the COC. This review included:**

**Check Items 1 and 2:**

1. A review of the County SRR Review Team Recommendations and:

- Analysis of the County Posted SRR Averages, and the County Market Cash Rent Averages for this county to ensure the general levels of posted SRR's are consistent with market rates.
- Analysis of each SRR currently posted to ensure they are in the correct SRR group,
- Analysis of GIS SRR Maps (For Counties with SSURGOv. 2 Shape Files only)
- For applicable Counties if listed, review of all soils/SRR's listed on SRR Analysis Report 1 to ensure all needed SRR reduction recommendation have been identified and recommended.

2. Analysis and any needed recommendations for increases or decreases in the posted Marginal Pasture Land Rental Rates (MPLRR's) for this county:

(Note: MPLRR's are to be set a levels that reflect the rental values for marginal pasture land adjacent to rivers, lakes, and streams suitable for riparian and wetlands buffer under MPL practices CP22, CP29 and CP30 which may have higher rental values than whole-field upland pasture/grazing land.)

**The individual rental rates currently reflected on the Posting Report for CRP have been thoroughly reviewed by the COC. This review included:**

**Check Item 3 or 4:**

3. The attached marked up Posting Report reflects any needed adjustments recommended by this COC are submitted to the State Rental Rate Review Team with the attached supporting documentation for STC consideration.

4. Negative Report – A signed copy of this Review Certification, without an attached marked up Posting Report indicates that no rental rate changes are recommended.

Sincerely,

\_\_\_\_\_  
 COC Chairperson or Designee Signature

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**CRP-99 (06-17-05)**

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