

For: State and County Offices

Clarification for Reviewing and Adjusting CRP Soil Rental Rates (SRR's)

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice CRP-559 summarized CRP SRR policy and provided:

- procedure for State and County Offices to thoroughly review CRP SRR's
- policy for adjusting CRP SRR's
- deadlines for completing CRP SRR reviews and adjustments.

B Purpose

This notice provides:

- clarification of policies and procedures described in Notice CRP-559
- a list of available reports and tools to assist with CRP SRR reviews
- policy for using Beta SRR List reports for establishing updated SRR's.

Disposal Date	Distribution
January 1, 2008	State Offices; State Offices relay to County Offices and NRCS State Offices

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2 Reminder of Reports Available to Assist State Office SRR Reviews

A CRP Soils Data Management System Posting Reports

The following rates are available in the CRP Soils Data Management System under Posting Reports at <https://indianocean.sc.egov.usda.gov/soilDbMgmt/SoilWelcome.do>:

- “**Soil Rental Rate (SRR)**” is a dollar rate per acre of a specific soil area within a Soil Survey Area ID (SSAID)
- “**County Weighted Average SRR**” reflects the county average SRR based on all soil records, that is weighted based on number of map unit symbols (MUSYM’s) per SRR group
- “**County Simple Average SRR**” reflects the average of the SRR groups.

B SRR Analysis Report 1

SRR Analysis Report 1 is available at <http://dc.ffasintranet.usda.gov/DAFP/cepdsto.htm>, under item “23”, “CRP SU33 Soil Rental Rate Analysis Report 1”.

C GIS CRP SRR Mapping Tool

As stated in Notice CRP-559, a GIS CRP SRR mapping tool is available to assist County Offices in identifying current SRR inconsistencies across State and/or County boundaries. State and/or County tool users **must** ensure that they have downloaded the most current SRR data for their county and surrounding counties before using the GIS CRP SRR mapping tool.

D Beta SRR List Reports

Beta SRR List Reports:

- assist the State rental rate review teams in reviewing and adjusting County SRR’s, if necessary
- are intended to be a benchmark for State and County Offices when analyzing CRP SRR’s
- at <http://dc.ffasintranet.usda.gov/DAFP/cepdsto.htm>, under item “25”, “Beta SRR List Reports” provide, for each county, a:
 - **Beta County Average Cash Market Dryland Rent**
 - **Current County Acreage-Weighted Average SRR**
 - calculated **Beta SRR** for each cropland soil
 - spreadsheet for soil rate changes documentation.

Note: Beta SRR terms are explained in detail in subparagraph 3 A.

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3 Establishing Updated SRR's

A Process Used to Determine the Beta Rates

This table provides how the values on the new Beta SRR List Reports were created.

Step	Action
1	<p>County Average Cash Market Dryland Rental Rate or reference rate was derived from the best nationally available data on market conditions in each county. The data used to determine this rate includes:</p> <ul style="list-style-type: none"> • land value surveys (LVS's) • NASS • State produced reports of rental rates • crop yields and prices. <p>Note: The "Beta County Rate" should be compared to the "Current County Acreage-Weighted SRR" and not to any other existing county average SRR's.</p>
2	<p>A new weighted county average of current SRR data was calculated where the weight given to each cropland soil was determined by its total acreage in the county.</p> <p>Example: A county has 2 soils with characteristics as follows:</p> <ul style="list-style-type: none"> • soil A with an SRR of \$50 and an extent of 100,000 acres in the county • soil B with an SRR of \$100 and an extent of 20,000 acres in the county. <p>Area weighted average SRR for the county would be calculated as \$58.</p> $\frac{(50 * 100,000) + (100 * 20,000)}{100,000 + 20,000} = 58.33$ <p>Note: The "Current County Acreage-Weighted SRR" is provided only where data is available for the acreage of each MUSYM in the county.</p>
3	<p>Individual "Beta SRR's" for each soil were determined by adjusting current SRR's by the ratio of the "Beta County Rate" to the "Current County Acreage-Weighted Rate."</p>

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3 Establishing Updated SRR's (Continued)

B Basic Policy for Using Beta SRR List Reports for Establishing Updated SRR's

Using the beta environment provides a benchmark for CRP rental rate review teams to review and adjust, if necessary, the county SRR's according to Notice CRP-559, subparagraph 2 G. The beta approach is being implemented to test a methodology for determining uniform SRR's.

Notes: The Beta SRR List Report is a guideline for State Offices to use in setting SRR's. However, this report should **not** be considered as definitive because it is a test of a methodology to build better SRR tools for the future. The "Beta Rates" must be carefully reviewed to determine applicability for each SRR for each county.

It is important that all differences be reported so that analysts can further test the beta methodology.

C Policy When State Office Determines "County Average Cash Market Dryland Rental Rate Estimates" Differ From "Beta County Average Cash Market Dryland Rent"

There may be cases where the "County Average Cash Market Dryland Rental Rates," determined by the State rental rate review team, do not agree with the "Beta County Average Cash Market Dryland Rent," as listed on the Beta SRR List Report. In these cases, State Offices **must** provide the CRP program manager (see subparagraph E for contact information) for approval following Notice CRP-559, Exhibit 1, Steps 1 through 8, supporting documentation and sufficient justification for the differences.

If CRP program manager approves the State Office recommendation, the "Beta Rate" shall be recalculated by CEPD using the rate recommended by the State Office and reposted on the Beta SRR List Report.

D Policy When State Office Recommends a SRR Different from Beta Rate

If a State Office determines, after thorough SRR review, that the "Beta Rates" on the Beta SRR List Reports are **not** accurate, the State Office **must** compile complete documentation for recommending individual SRR's that differ from the "Beta Rates." Documentation **must** be provided to the CRP program manager, along with the recommended rates, using all applicable data sources (LVS's, NASS, CSREES publications, etc.).

Note: If the State Office determines **not** to use the "Beta Rate" amount from the Beta SRR List Report, follow Notice CRP-559, Exhibit 1 for validation, documentation, and reporting procedures.

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3 Establishing Updated SRR's (Continued)

D Policy When State Office Recommends a SRR Different from Beta Rate (Continued)

Additionally, the National Office has provided a spreadsheet with each county's current SRR's and "Beta Rates", with a blank column for State Offices to record any changes to individual soils, which shall be submitted to the CRP program manager.

Note: The spreadsheet is located at <http://dc.ffasintranet.usda.gov/DAFP/cepdsto.htm>, under item "25", "Beta SRR List Reports."

Submit to CRP program manager (see subparagraph 3 E for contact information):

- information as detailed in Notice CRP-559, Exhibit 1, Steps 1 through 8, documentation to substantiate why the "Beta Rates" are not being used
- the spreadsheet.

E Policy About "Beta Rates" Across State and/or County Boundary Lines

State Offices may have issues and concerns about "Beta Rate" amounts posted, particularly when determining consistency across State and/or County boundary lines. Large differences in SRR's across boundaries **must** be clearly documented and reported to CRP program manager.

Note: Include reasons for **not** following the guidelines in Notice CRP-559.

Send all documentation according to subparagraphs B, C, D, and E by 1 of the following:

- mail to:

Attn: Karen McGinnis
USDA/FSA/ITSD/AMC/PMO/PMG
STOP 8408
6501 Beacon Dr
Kansas City MO 64133-4676

telephone: 816-926-2164 (if FedEx is used)

- e-mail to karen.mcginis@kcc.usda.gov
- FAX to 816-823-1877.

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3 Establishing Updated SRR's (Continued)

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 SRR's are established at market rent levels. 2-CRP and this notice provide for a "ground up" SRR review process that starts at the county level. However, COC SRR adjustment recommendation reports to State rental rate review 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.

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

4 Action

A County Office Action

County Offices shall read and review Notice CRP-559 and this notice.

COC's shall review SRR's, in conjunction with NRCS, and send any recommended changes to the State rental rate review team and the State Office.

B State Office Action

State Offices shall:

- read and follow the policy and guidelines in Notice CRP-559 and this notice

Note: Notice CRP-559, Exhibit 1 provides step by step actions and dates to complete this process.

- ensure that Notice CRP-559 deadlines are met.