

For: State and County Offices

Revised Soil Rental Rates (SRR's) for 2010

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

SRR's for dryland cropland provide the basis for maximum payment rate calculations used to determine annual rental payments for CRP. SRR's must be established and maintained to conform to current dryland cropland cash rents. SRR's 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.

SRR's are comprised of the following 2 components:

- average county cash rental rate for dryland cropland
- grouped soil productivity factor.

Provisions in 2-CRP, paragraphs 157 through 159 will not apply to soils updates for 2010.

The National Office shall determine the 2010 average county cash rental rate using the 2009 NASS survey. This data was based on statistically sound sampling protocols and NASS data review and analysis. The 2009 NASS survey was published in April 2010 and is available on the NASS web site.

The 2009 NASS average county cash rental rates are modified to reflect the long-term rental rate inflation for a contract of 10 years.

State and County Offices shall review the average county cash rental rate and may propose alternative estimates for average county cash rental rates for dryland cropland.

A future notice will instruct State and County Offices concerning updating grouped soil productivity factors.

Disposal Date	Distribution
October 1, 2010	State Offices; State Offices relay to County Offices and NRCS State Offices

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1 Overview (Continued)

B Purpose

This notice:

- announces that the National Office will post average county cash rental rates based on NASS survey estimates
- provides policy for STC and COC to propose an alternative estimate for average cash rental rates under certain conditions
- provides that policy for updating grouped soil productivity factors will be announced in a future notice.

2 Updated SRR's

A Methodology for Calculating the Soil Rental Rate

2010 SRR's will be based on:

- average county cash rental rate for dryland cropland
- grouped soil productivity factor.

The SRR calculation is derived by multiplying the average county cash rental rate by the grouped soil productivity factor. The following provides an example.

State	County	Average Rate	Map Unit Symbol	Prod. Group	Grouped Soils Prod. Factor	SRR
Michigan	Clinton	\$100	ADC1	1	1.1	\$110
Michigan	Clinton	\$100	ADC2	1	1.1	\$110
Michigan	Clinton	\$100	ADC3	1	1.1	\$110
Michigan	Clinton	\$100	CR1	2	0.9	\$90
Michigan	Clinton	\$100	PVa	3	1.0	\$100
Michigan	Clinton	\$100	PVb	3	1.0	\$100
Michigan	Clinton	\$100	PVc	3	1.0	\$100

2 Updated SRR's (Continued)

B Average County Cash Rental Rate for Dryland Cropland

The average county cash rental rate will be the 2009 NASS rate, or the most current NASS rate available for the county, modified to reflect the long-term rental rate inflation for a contract of 10 years. In instances where NASS was not able to calculate a statistically reliable county cash rental rate, the county cash rental rate will be based on the NASS estimate for the Agricultural Statistic District (ASD). ASD's are groups of counties.

Note: The 2009 NASS rate may be substituted by an alternative rate as provided in paragraph 3.

C Grouped Soil Productivity Factor

A future notice will describe the process for calculating grouped soil productivity factors.

D Posting Average County Cash Rental Rates

The National Office will post the average county cash rental rates all counties for review on **June 15, 2010**. Exhibit 1 contains instructions for accessing and reviewing this information.

3 Policy for State and County Office Review of Average County Cash Rental Rate

A Policy for Review of Average County Cash Rental Rates

NASS rental rate estimates are considered to be statistically-valid representations of county average cash rental rates. In certain areas of the country, some STC's and COC's may disagree with the relative county average cash rental rate. In light of this, STC's and COC's may propose an alternative estimate for average cash rental rates, under certain conditions.

STC's and COC's may:

- establish that the predominant form of compensation on land lease contracts is not based strictly on cash transactions

Note: In areas where cash leases are not predominant, STC's and COC's must rely on existing USDA surveys or surveys from an authoritative source to establish this fact.

- submit independent data, data source collection documentation, methodology used to develop an alternative estimate, and an alternative estimate for average cash rental rates, which could include University studies, existing data on leases, and other credible data sources.

Average county cash rental rate from the 2009 NASS survey are based on statistically sound sampling protocols and NASS data review and analysis. Alternative estimates must meet similar standards.

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3 Policy for State and County Office Review of Average County Cash Rental Rate (Continued)

B Submitting Information

COC's must submit their request to STC. STC's must:

- review each request to ensure completeness and accuracy
- submit their request and supporting documentation for an alternative estimate to DAFP through CEPD by **July 13, 2010**.

Note: DAFP will evaluate each request on a case-by-case basis.

Negative reports are required from each STC. Requests and supporting documentation for alternative estimates, and negative reports must be submitted to Jean Agapoff by e-mail at jean.agapoff@ca.usda.gov

Note: Policy and procedure for State and County Office Review of Grouped Soil Productivity Factors will be provided in a future notice.

4 Action

A State Office Action

State Offices and STC's shall follow the provisions of this notice, including:

- submit all requests for an alternative county average cash rental rate, or a negative report, by **July 13, 2010**, according to the instructions in subparagraph 3 B
- ensure that County Offices follow the provisions of this notice.

B County Office Action

County Offices shall follow the provisions of this notice and submit all requests for an alternative county average cash rental rate to STC.

State and County Office Instructions for Accessing and Viewing Average Cash Rental Rates

State and County Offices may access and view average cash rental rate information according to the following steps.

Step	Action
1	Go to the CEPD Data Entry SharePoint web site located a https://fsa.sc.egov.usda.gov/states/cepd/default.aspx
2	SELECT "Average Cash Rental Rate Review."
3	Select the relevant State Excel Workbook.