RENTING CROPLAND: CHOOSING THE BEST OPTION USING A DECISION TOOL
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Abstract
Agricultural producers are faced with a variety of cropland rental options, such as cash rent, share rent, and flexible cash rent. While there are decision tools available for use by producers to compare rental options, most are for specific crops, such as corn, soybeans, and wheat. The Cropland Rental Tool (CROPRENT) is an Excel-based decision tool for comparing different cropland rental arrangements for up to five crops and/or management system, such as a conventional system versus a conservation system on cotton. The goal of this tool is to allow producers to easily compare rental options using their historical and current farm data, such as yield and production costs, regardless of crop and/or management system. The main menu tab allows the user to move through the steps of the decision aid and access the tables and reports, as well as clear the data. The user enters their farm specific information, such as farm name, land identification, location, land owner, length of lease, and crops/management systems and acres of each crop/management system grown on the identified land, on the general information tab. The historic price yield data tab allows the user to enter their historical farm yields and prices for the last five years. The production costs tab allows the user to enter variable and fixed production costs for their operation or from state specific enterprise guides. The user enters their actual or expected cash rental rate, as well as the tenant’s share of the revenue, variable costs, and fixed costs on the cash and share tab. The flex rent tab lets the user enter the information needed to calculate cash rent flexed on price, yield, and revenue. All of the rental options are displayed on the rent options tab. A user can view expected flexible cash rents on the Flex Yield Table, Flex Price Table, and Flex Revenue Table tabs for each crop. Included in the tool are expected rent and actual rent reports (expected report and actual report tabs, respectively) that can assist in facilitating discussions between tenants and landowners regarding rental options and provide documentation for actual rents after harvest. Finally, a breakeven analysis (breakeven tab) is available to provide the user with additional information regarding their overall production decisions. Future versions of the tool will include additional methods to calculate flexible cash rent, the ability to select average county yields by crop, and a safety-first constraint to calculate the probability of being above a given threshold level using average county yields and prices. Once the tool is complete, the final version of the tool will be available for download online.