Kidney Bean – Establishing Harvest Price

Dear partners in kidney bean production,

Even if your farm didn't by DRK bean revenue insurance last year, many of you are aware of the problem with not having a harvest price. Last Wednesday, I had the opportunity to take part in the meeting before the Federal Crop Insurance Corporation. Below is a summary of the outcome.

Background:

The Federal Crop Insurance Corp threatened to cancel the Pulse Pilot revenue program because harvest prices were not established for navy, black, dark red kidneys and small reds in MI, dark red kidneys in MN/DK and chickpeas in MT/ND. I was invited to the meeting by the American Pulse Association to speak on behalf of bean processors.

Reporting Spring and Harvest pricing:

The spring price is established by a phone survey; in January we receive a call asking for contract pricing. The DRK processors report the prices which are then averaged and made available for the insurance program in February/March. Given that, I thought we would receive a call requesting the harvest price, but that wasn't the case. There were only three weeks left in the reporting period when kidney bean processors were told how to report the harvest price. The program model required bean processors to supply AMS - Bean Market News with a price for a minimum of seven weeks from September 1 to November 30. There were only three weeks left in the reporting period when we were told how to report. Unfortunately, the three weeks of reporting didn't provide enough data for the program.

Outcome:

The good news is that bean processors wrote letters to FCIC assuring that in the future harvest prices would be reported to the Bean Market News. It appears that the combination of letters, my testimony and earlier discussion with members of Congress were enough to keep the pilot program in place. The heartbreak is that the program cannot belatedly establish a harvest price and pay growers indemnity claims.

There are certain misconceptions about crop insurance that stem from the federal government's subsidization of the program. The insurance policies are actually written by private insurance companies, not government agencies. As mandated in the farm bill, the government pays a portion of the grower's premium in lieu of providing disaster payments. The loss payments come to the growers from the companies that issued the crop insurance policies. If harvest prices are not established, there is nothing in the program that mandates the payment of loss claims.

Going forward:

Michigan growers didn't have harvest prices established for any of their pulse crops. I know that the Michigan Bean Commission has been discussing this with Sen. Stabenow's office and that the MI Farm Bureau sent a letter to every Congressional office in Michigan. I know that many of you have reached out to your elected representatives as well. If you belong to the Minnesota or North Dakota Farm bureau, I recommend that you reach out and ask them to work together with Michigan Farm Bureau on a joint Congressional outreach. Wisconsin DRK bean growers aren't eligible for revenue insurance because the state wasn't included in the pilot program.

We will keep you posted if we learn about further developments.

The following is a brief report by Alex Offerdahl of Watts and Associates. Alex was one of the original architects of the program and helped write the pulse brief that was to the FCIC.

Results of the FCIC Meeting

"In their open meeting, the FCIC board voted to approve the industry's recommendations for program revisions for the pulse program and to accept the change in the release date for harvest prices. Given the level of push-back we've experienced so far this winter, we expected a much more difficult meeting than we got. Congratulations and good work! Upon reflection, it appears that

the industry's friends have been paving the way, and that is (at least partially) why we had a generally successful meeting today.

We need to talk about one point. In the meeting, Ms. Arrigo stood up and provided a brief discussion of how the recommendations cannot go into effect until the 2017 crop year, because the contract change date was last June and there are contracts already in place. We were able to save MI Navy, Black, and Small Red Beans and DRK in MN/ND along with chickpeas in MT/ND.

Here is the bottom line: If we get the data as all of the processors have promised for 2016 (and all future years), our recommendations don't matter - there will be solid harvest prices in all states and types and the growers will get the coverage they need with or without our recommended softened data standards, even if they are NEVER fully implemented. At the end of the day, that is what we all want.

That said, the bean industry in particular, has reached out to RMA a lot this winter, and brought in a lot of friends to help behind the scenes. That level of activity on your collective behalf cannot be taken for granted and needs to be both appreciated and coordinated.

The Pulse Revenue program is an important tool for growers. When the industry found itself in a bad spot, the response was swift and surprisingly effective.

Many thanks to Watts and Associates, Alex Offerdahl, for preparing a great brief and for helping us defend this program in front of the FCIC board.

If you have any questions about the APA and/or our mission. Please ask for Tim McGreevy (CEO), Todd Scholz (VP Research/Member Services) or Kim Monk (Member Services Mgr.) 208-882-3023.