September 2002

Small Changes in the Farm Bill Fruit and Vegetable Provisions May Pay Big Dividends for Western Nebraska Dry Edible Bean Producers Facing Continued Drought

Paul Burgener
University of Nebraska-Lincoln

September 18, 2002

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

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Market Report	Yr Ago	4 Wks Ago	9/13/02
Livestock and Products, Average Prices for Week Ending			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	$70.01	$63.70	$64.40
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	96.00	*	*
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	100.99	92.09	87.00
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	109.50	100.39	98.27
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	46.50	30.00	31.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	*	14.50
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	118.75	104.27	84.57
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	*	150.87	71.87
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	122.10	162.09	164.92
Crops, Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu	2.90	4.01	4.69
Corn, No. 2, Yellow Omaha, bu	1.86	2.59	2.63
Soybeans, No. 1, Yellow Omaha, bu	4.65	5.64	4.43
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.54	4.70	4.94
Oats, No. 2, Heavy Minneapolis, MN , bu	1.73	2.05	2.11
Hay, First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	102.50	105.00	135.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	65.00	92.50	92.50
Prairie, Sm. Square, Good Northeast Nebraska, ton	105.00	115.00	120.00

* No market.

The Farm Security and Rural Investment Act of 2002 has retained many of the same restrictions for producers with dry edible beans in their cropping system. Dry beans are included in the fruit and vegetable (FAV) crop classification under the new direct and counter cyclical (DCP) program. This is consistent with the past farm legislation. However, there are a few changes in the new farm legislation regarding the FAV rules that could be very beneficial to Western Nebraska farmers who have grown dry edible beans in the past, or who intend to grow them in the future.

Growers that have established a FAV history on a farm will be allowed to keep the existing history and will only be subject to an acre-for-acre reduction of farm program payments for the dry beans harvested on DCP base acres. Any free acres (non DCP base acres) on the farm may be planted to dry beans without penalty or reduction of the farm program payment.

If there is no established FAV history on the farm, the DCP payment will be reduced by the per acre value of production for any acres harvested, and the producer will be expected to repay the penalty in the contract year. Furthermore, the penalty cannot exceed the total amount of DCP contract payment for that year. Under the previous farm bill, the violation penalty could be carried forward into the remaining years of the contract, resulting in penalties that greatly exceeded the program payments for a single year that FAV crops were grown on base acres.

Previously, payment reductions or violations were based on planted acres of FAV crops. In the 2002 program, any payment reduction or violation will be assessed based on harvested acres of FAV crops.

In addition, the new program requires annual enrollment, which will allow the producer to opt out of the program for one year and plant an unlimited number of acres into dry beans with no risk of violation. In the next year, the producer can re-enroll in the farm program and receive full payment under the DCP program. In years that the farm is not enrolled in the program, it is still eligible for loans and loan deficiency payments on any program crops grown.

The 2002 program has also included a provision allowing producers the opportunity to establish a new fruit and vegetable (FAV) history. This will allow farms that have grown dry beans over the 1998 - 2001 time period to establish a history of FAV production. With a FAV history established, the violation for growing dry edible beans on DCP base acres is reduced from a costly violation (payment reduced by the value of the crop for each acre) to an acre-for-acre reduction of the farm program payment for covered crops. The difference between a violation on a farm with no FAV history and a payment reduction on a farm with FAV history may exceed $300 per acre.

With the recent drought in Western Nebraska and the watersheds of Wyoming and Colorado, the irrigation districts may have limited water for delivery in the 2003 crop season. Many of these systems are also going to be required to pay back any borrowed water used in the 2002 season before taking delivery of 2003 water. These potential shortages, coupled with higher dry edible bean prices in recent months may make the shorter season and lower water requirements of dry beans versus corn and sugarbeets more attractive to many farmers. The recent changes in the farm program will allow these producers to make these decisions without the concern that future farm program payments could be in jeopardy. With the potential for reduced water availability in the next year, these new eligibility and penalty rules for fruit and vegetable crops will greatly reduce the risk for those producers considering a change in cropping practices in response to drought.

Paul A. Burgener, (308) 632-1241
Ag Economics Research Analyst
Panhandle Research and Extension Center