

Making Dry Beans Eligible for the Title 1 Farm Safety Net: Considerations and Implications

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Since the 1930s, Congress has chosen to provide a safety net for our nation's agricultural producers. Historically, that safety net largely focused on the major commodities including cotton, feed grains (barley, corn, oats, and sorghum), and cereals (rice and wheat). The *Farm Security and Rural Investment Act of 2002* (2002 Farm Bill) added peanuts (following a quota buyout), soybeans, certain other oilseeds, and certain pulse crops to the list of covered commodities eligible for the farm safety net. To date, dry beans continue to have no access to the traditional farm safety net. In an effort to change that dynamic, the Northharvest Bean Growers Association asked us for perspectives on making dry bean producers eligible for the Title 1 farm safety net. As a result, the objectives of this study are to:

- Identify the existing risk management tools available for dry bean producers and profile the risks currently faced by dry bean producers.
- Analyze market trends (including acres, prices, and—to the extent available—costs of production) to derive parameters (e.g., proposed Statutory Reference Prices) for dry beans.
- Estimate national average program yields and base acres to derive an estimate of program cost.
- Evaluate how Title I programs (e.g., decoupled ARC/PLC options and non-recourse marketing loans available on production) would have performed for dry beans if the program had been in place during the recent market price downturn.
- Highlight the impact that these new risk management tools could have on producers while drawing on the experience of other covered commodities (principally other pulse crops) in demonstrating the impact (or lack thereof) that the covered commodity designation has had on the market.

BACKGROUND

Dry Bean Production in the United States

Dry beans have been grown in North America for hundreds of years, and long before the creation of the United States. According to the U.S. Dry Bean Council, “Beans are planted in May and take about 12-14 weeks to grow to full height. Once the plant has matured, it begins to develop small flowers that vary in color depending on the bean variety. The flowers give way to pods, within which the small beans begin to form. The warm summer days ripen the beans inside the pods. One or two weeks before harvest, the plants change color from green to golden yellow, signaling they are ready for harvest. The American bean harvest begins in August and continues in various parts of

the country until late October.”¹ As highlighted in Figure 1, dry beans come in a number of different, well-known varieties, including pintos, black beans, and navy beans, to name a few.

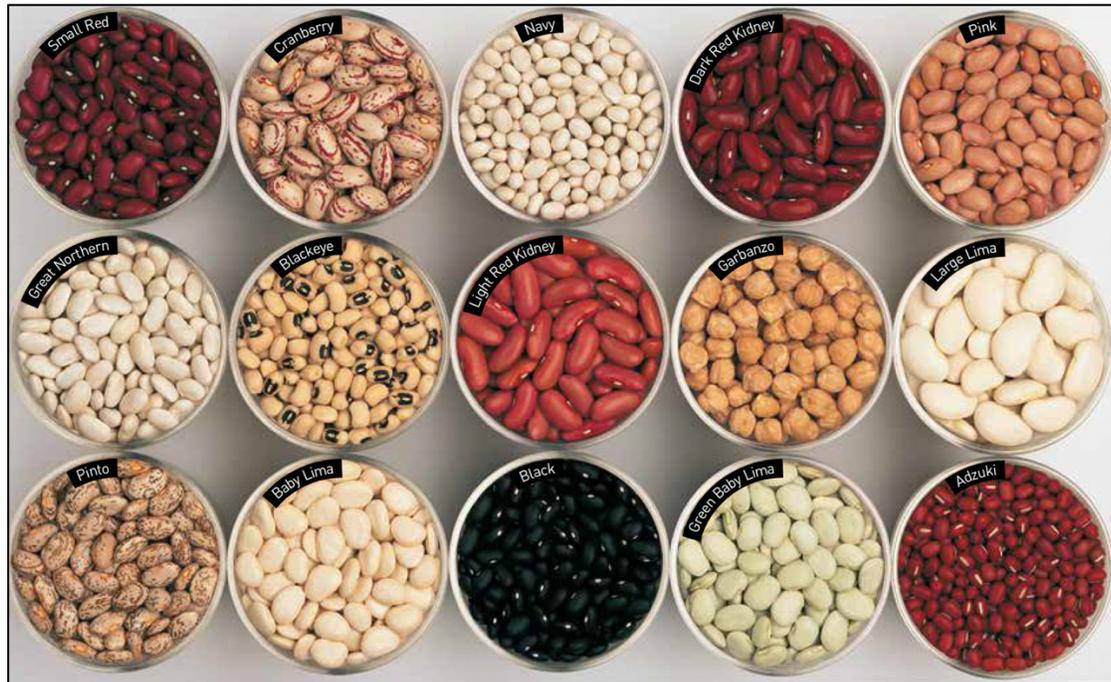


Figure 1. Dry Bean Varieties Grown in the United States

Source: <https://usdrybeans.com/wp-content/uploads/2016/11/suppliersguideUSDBC2015English1.pdf>

While dry beans are grown in several states, the vast majority (89%) are grown in North Dakota (47%), Minnesota (17%), Michigan (16%), and Nebraska (9%), as noted in Figure 2. In terms of type, the majority (75%) are Pinto (42%), Black (21%), and Navy (12%) with none of the remaining types individually accounting for more than 6% of planted acres.

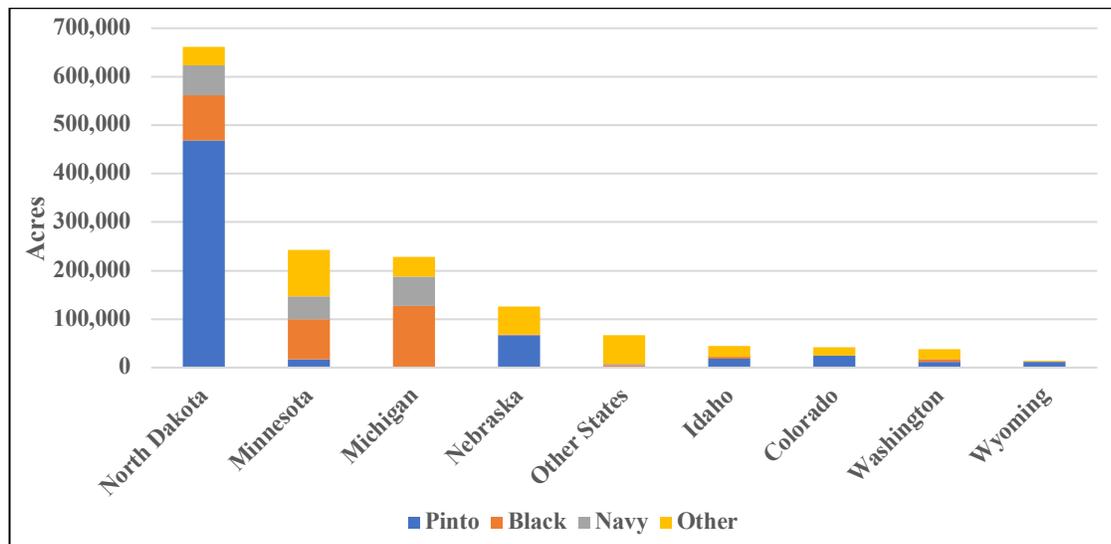


Figure 2. Annual Average Dry Bean Planted Acres by State and Type, 2020-2024

Source: author analysis of USDA National Agricultural Statistics Service (NASS) data.

¹ <https://usdrybeans.com/industry/industry-facts/>

Farm Safety Net

Since passage of the *Agricultural Adjustment Act of 1933* (1933 Farm Bill), Congress has chosen to provide a safety net for our nation’s agricultural producers. While the form of support has changed over time, the primary purpose of the “traditional” farm safety net over the last 25 years has been to provide risk management protection for farm incomes, principally protecting against multi-year declines in commodity prices. The traditional farm safety net has been augmented by the Federal Crop Insurance Program (FCIP), protecting against risks not covered by the traditional farm safety net, principally intra-season price and yield risk. Taken together, these tools comprise the farm safety net. The following sections provide additional background on the development of the farm safety net.

The Traditional Farm Safety Net

While farm policy traces its roots to 1933, the *Federal Agriculture Improvement and Reform Act of 1996* (1996 Farm Bill) was a watershed change in farm policy. The 1996 Farm Bill—also known as Freedom to Farm—provided planting flexibility to producers and began to phase out government support. While the former proved very popular—for example, ushering in an explosion in soybean acres—the latter did not. The ensuing collapse in commodity prices ultimately brought about the *Farm Security and Rural Investment Act of 2002* (2002 Farm Bill) which brought back the traditional farm safety net (albeit in a new form) while maintaining planting flexibility protected by decoupling (more on that below). The 2002 Farm Bill also saw an expansion in the list of covered commodities, adding peanuts (following a quota buyout), soybeans, certain other oilseeds, and certain pulse crops. Despite this expansion, dry beans were not included on the list.

The *Food, Conservation, and Energy Act of 2008* (2008 Farm Bill) introduced the concept of shallow-loss revenue protection (i.e., essentially covering the portion of revenue not covered by crop insurance) subject to area wide trigger(s). The *Agricultural Act of 2014* (2014 Farm Bill) and the *Agriculture Improvement Act of 2018* (2018 Farm Bill) moved traditional farm policy further in the direction of risk management while maintaining the basic tenets of the 2002 Farm Bill. Today, the traditional farm safety net is authorized in Title 1 of the farm bill, and with respect to row crops, it is largely comprised of commodity policy (Subtitle A) and marketing loans (Subtitle B). The authorized programs are generally administered by USDA’s Farm Service Agency (FSA).

The primary commodity policy tools (Subtitle A) are the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. ARC is an income support program that provides assistance when actual crop revenue—at the individual or county levels, depending on the producer election—declines below a guaranteed level. ARC is based on county- or farm-level revenue losses.

PLC provides assistance when the Effective Price (EP) for a covered commodity falls below its Effective Reference Price (ERP). The EP is the higher of the Marketing Year Average Price (MYAP) and the MAL rate. Established in the 2018 Farm Bill, the ERP is the higher of the Statutory Reference Price (SRP) and 85% of the 5-year Olympic average MYAP, but in no case can it be higher than 115% of the SRP. The SRP is established in statute. The *One Big Beautiful Bill* (H.R. 1) raised the 85% factor to 88% and lowered the 115% factor to 113%. H.R. 1 also raises the SRPs by 0.5% per year beginning with crop year 2031.

Beginning with the 2021 crop year, producers must choose annually between ARC and PLC on a crop-by-crop and farm-by farm basis. There are 22 commodities that are eligible for participation in ARC and PLC (that have not changed since 2002): wheat, oats, barley, corn, grain sorghum, long grain rice, medium/short grain rice, temperate japonica rice, seed cotton, dry peas, lentils, large and small chickpeas, soybeans, peanuts, sunflower seed, canola, flaxseed, mustard seed, rapeseed, safflower, crambe, and sesame seed.

For a farm to be eligible, it must have “base acres” in that particular crop. Base acres are tied to the land and the last opportunity to reset the base—in this case, reallocate amongst crops without adding any new base—was in the 2014 Farm Bill. H.R. 1 also authorized the Secretary of Agriculture to add up to 30 million acres of new base (although dry beans remain ineligible).

Successive farm bills have also authorized nonrecourse marketing assistance loans (MALs) and loan deficiency payments (LDPs) for a variety of different crops.² The purpose of the MAL is to provide liquidity for harvest costs and to allow for more orderly marketing of crops. FSA takes the crop as collateral, and the loan term is typically 9 months. If market prices fall below the loan rate during the loan term, the loan can be repaid at the prevailing market prices with storage and interest forgiven (known as Marketing Loan Gains or MLGs). The LDP plays a similar role but is only for a crop not put in the MAL. If market price falls below the loan rate, the producer can exercise a one-time opportunity to take an LDP on the shortfall.

H.R. 1 increased both Statutory Reference Prices and Marketing Assistance Loan Rates effective for the 2025 crop year as noted in Table 1.

Table 1. Statutory Reference Prices and Loan Rates for Covered Commodities in H.R. 1

Commodity	Units	2018 Statutory Reference Price	NEW Statutory Reference Prices		2018 Loan Rate	NEW Loan Rates	
			\$	% Δ		\$	% Δ
Corn	bu	\$3.70	\$4.10	11.0%	\$2.20	\$2.42	10%
Sorghum	bu	\$3.95	\$4.40	11.0%	\$2.20	\$2.42	10%
Barley	bu	\$4.95	\$5.45	10.0%	\$2.50	\$2.75	10%
Oats	bu	\$2.40	\$2.65	10.0%	\$2.00	\$2.20	10%
Soybeans	bu	\$8.40	\$10	19.0%	\$6.20	\$6.82	10%
Wheat	bu	\$5.50	\$6.35	15.0%	\$3.38	\$3.72	10%
Seed Cotton	lb	\$0.367	\$0.42	14.0%	n/a	n/a	n/a
Upland Cotton	lb	n/a	n/a	n/a	\$0.45 - \$0.52	\$0.55	6% - 22%
ESL Cotton	lb	n/a	n/a	n/a	\$0.95	\$1.00	10%
Rice	cwt	\$14.00	\$16.90	21.0%	\$7.00	\$7.70	10%
Peanuts	ton	\$535	\$630	18.0%	\$355	\$390.00	10%
Other Oilseeds	cwt	\$20.15	\$23.75	18.0%	\$10.09	\$11.10	10%
Dry Peas	cwt	\$11.00	\$13.10	19.0%	\$6.15	\$6.87	10%
Lentils	cwt	\$19.97	\$23.75	19.0%	\$13.00	\$14.30	10%
Small Chickpeas	cwt	\$19.04	\$22.65	19.0%	\$10.00	\$11.00	10%
Large Chickpeas	cwt	\$21.54	\$25.65	19.0%	\$14.00	\$15.40	10%

Source: author compilation.

² For more information, see: https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2016/mal_ldp_2016.pdf

Crop Insurance

While many consider crop insurance to be a modern construct—and unquestionably it is more functional than when it first began—the reality is that crop insurance has been around for a long time. The *Agricultural Adjustment Act of 1938* (1938 Farm Bill) created the Federal Crop Insurance Corporation (FCIC) and authorized crop insurance for wheat. Crop insurance was largely run by the Federal government until the *Federal Crop Insurance Act of 1980* brought about the current framework whereby private industry sells and services policies and shares in the risk with the Federal government.

In 2010, USDA’s Risk Management Agency (RMA) introduced “combo” policies that form the basis of modern-day individual insurance coverage. These policies include Actual Production History (APH), Yield Protection (YP), Revenue Protection (RP), and Revenue Protection – Harvest Price Exclusion (RP-HPE). Depending on the policy type, these policies provide intra-season price, yield, and/or revenue protection. RMA also provides a number of endorsements and area-wide policies as well, ultimately providing coverage on more than 130 agricultural commodities, including dry beans.³

Decoupling

One of the key tenets of farm policy over the last 30 years is the concept of decoupling. Decoupling occurs when a producer’s decisions do not directly influence the amount of assistance received from a policy. The purpose of decoupling is to ensure that producers plant for the market and not for government assistance, thereby ensuring that Federal policies do not distort planting decisions (and, by extension, markets and trade). For the Title 1 policies that are the focus of this study, Table 2 summarizes the key decoupling considerations.

Table 2. Decoupling Considerations for Title 1 Policies

Policy Tool	Is the policy decoupled from...?		
	Price	Acreage	Yield
Price Loss Coverage (PLC)	No. PLC is based on the marketing year average price.	Yes. PLC is based on base acres that are decoupled from current plantings.	Yes. PLC is based on program yields that are decoupled from current production.
Agriculture Risk Coverage (ARC)	No. ARC is based on the marketing year average price.	Yes. ARC is based on base acres that are decoupled from current plantings.	Partially. ARC is based on actual county yields that an individual producer can only indirectly influence.
Marketing Assistance Loans (MALs)	No. MALs are triggered based on prevailing market prices.	No. MALs are based on actual planted acres (i.e., based on actual production).	No. MALs are based on actual yields (i.e., based on actual production).

Source: author compilation.

While there is little concern about ARC and PLC—given that they are only coupled to marketing year average prices which an individual producer has no ability to impact—MALs are different. Because they are completely coupled to production, it is very important that Congress set the loan rates at levels that do not incentivize production. This is typically why loan rates are set very far

³ <https://www.ers.usda.gov/topics/farm-practices-management/risk-management/crop-insurance-at-a-glance>

below market prices. For example, for soybeans, the loan rate in 2024 was \$6.20/bu which was just 51% of the 5-year average of the marketing year average prices from 2020 to 2024. The new loan rate in H.R. 1 of \$6.82/bu is still just 56% of the 5-year average price.

ANALYSIS

Risks Currently Faced by Dry Bean Producers

As noted by USDA, “[t]he uncertainties inherent in weather, yields, prices, Government policies, global markets, and other factors that impact farming can cause wide swings in farm income.”⁴ The following list of risks in production agriculture is provided by USDA’s Economic Research Service:

- **Production risk** derives from the uncertain natural growth processes of crops and livestock. Both the quantity and quality of commodities produced are affected by weather, disease, pests, and other factors.
- **Price or market risk** refers to uncertainty about the prices producers will receive for commodities or the prices producers must pay for inputs. The nature of price risk varies significantly from commodity to commodity.
- **Financial risk** results when the farm business borrows money and creates an obligation to repay debt. Aspects of financial risk include rising interest rates, the prospect of loans being called by lenders, and restricted credit availability.
- **Institutional risk** results from uncertainties surrounding government actions. Examples of government decisions that can have a major impact on the farm business include tax laws, regulations for chemical use, rules for animal waste disposal, and the level of price or income support payments.
- **Human or personal risk** refers to factors such as problems with human health or personal relationships that can affect the farm business. Examples of personal crises that can threaten a farm business include accidents, illness, death, and divorce.

Dry bean producers are not unique in this regard—they face the same risks that all producers face. For purposes of this study, we focus on production and price risk as those are the primary risks addressed by the farm safety net. With respect to production risks, we assume virtually anyone reading this study needs little convincing about variability in production. But, in taking nothing for granted, we estimated planted-acre dry bean yields in North Dakota for illustration. The 5 counties in Table 3 were the ones where NASS had 5 full years of data. As illustrated in the table, there is considerable variability in yields in these 5 counties and 5 years alone. For example, in Cavalier County, the maximum yield observation was more than double the minimum yield. Why does this matter? A policy like ARC may prove popular in helping mitigate production risk, but dry bean producers are not currently eligible.

⁴ <https://www.ers.usda.gov/topics/farm-practices-management/risk-management/risk-in-agriculture>

Table 3. Planted-acre Dry Bean Yields (per cwt) in Select North Dakota Counties, 2020-2024

	2020	2021	2022	2023	2024	MIN	MAX	AVG	CV
Cavalier	18.32	12.22	20.79	10.88	13.42	10.88	20.79	15.13	25%
Grand Forks	13.72	13.35	20.18	19.07	18.41	13.35	20.18	16.95	17%
Pembina	18.57	9.75	21.46	12.24	16.59	9.75	21.46	15.72	27%
Traill	15.44	8.73	19.43	18.57	17.74	8.73	19.43	15.98	24%
Walsh	18.76	9.97	19.57	15.53	17.71	9.97	19.57	16.31	21%

The far more difficult issue to address is price risk—especially for dry bean producers. One of the biggest challenges is that NASS has historically included chickpeas in the published price for dry beans (see the gray line in Figure 3). While NASS started reporting a separate price for chickpeas in 2003 (which is only natural considering chickpeas were added as a covered commodity in the 2002 Farm Bill), the separate price for dry beans (excluding chickpeas) only dates to 2020. In other words, we only have a 5-year history for the marketing year average price (MYAP) of dry beans.

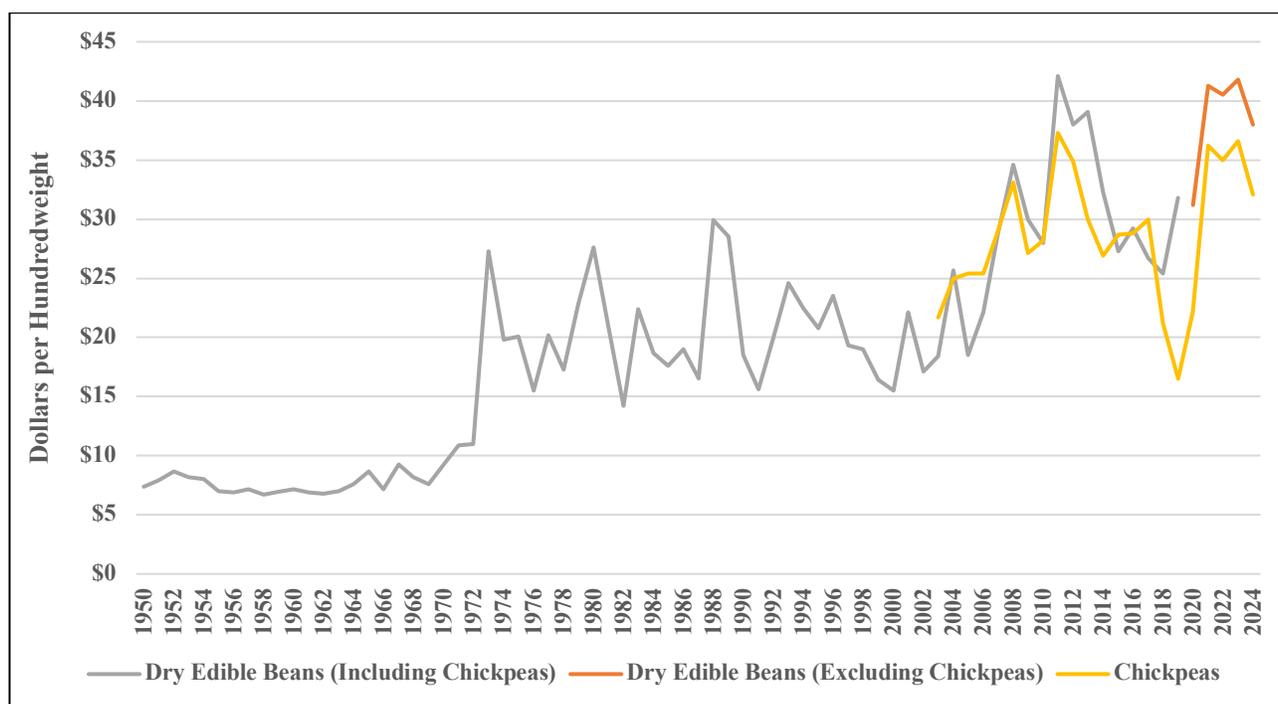


Figure 3. Marketing Year Average Prices for Dry Edible Beans and Chickpeas, 1950-2024

Source: author compilation based on NASS data.

While NASS only provides 5 years of price history for dry beans, it is enough to demonstrate the considerable variability in price faced by dry bean producers. In considering both Figures 3 and 4, it is clear that dry bean producers responded to lower prices from 2015 to 2020 by planting fewer dry bean acres from 2021 to 2023. Higher prices during those years attracted additional planted acres in 2024; now prices are on the decline again. As a result, dry bean producers are back to the point of relying on Section 32 purchases to help move product. This significant variability across years is precisely the type of scenario that PLC aims to address. But, yet again, dry bean producers are not eligible.

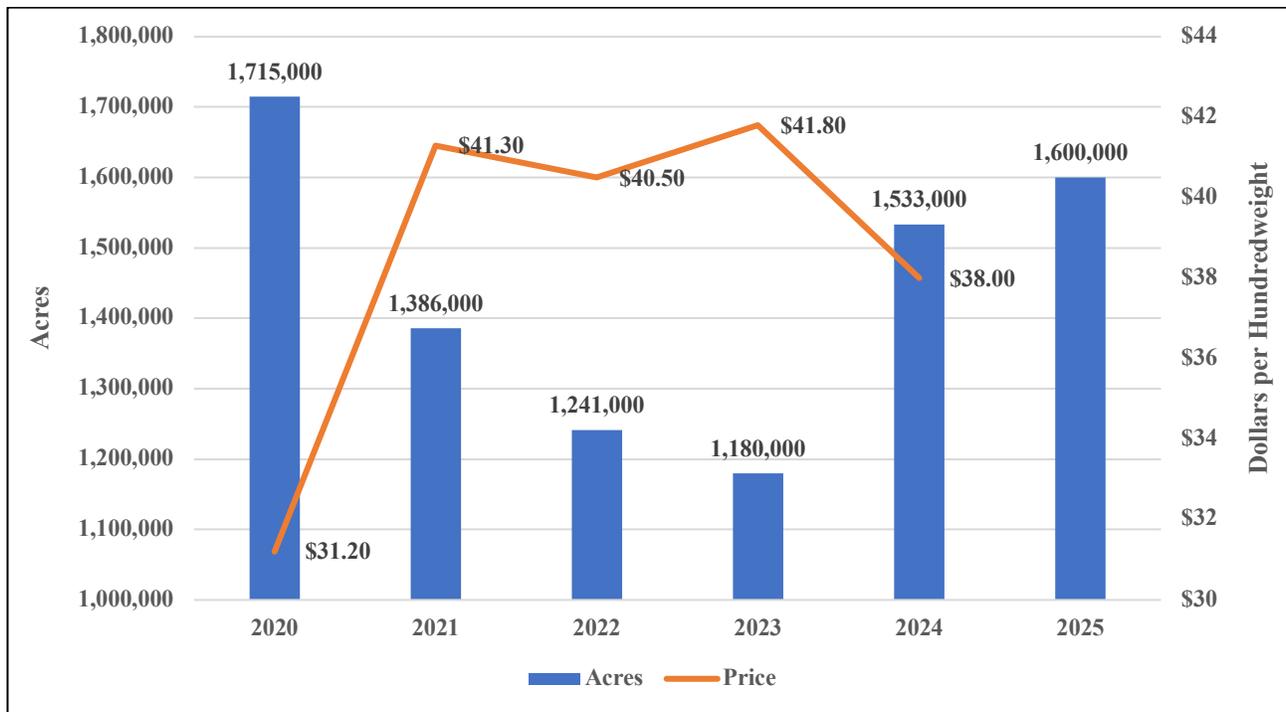


Figure 4. Dry Bean Planted Acres and Prices, 2020-2025P

Source: author compilation based on USDA-NASS data.

While there is limited availability of marketing year average prices for dry beans, USDA’s Agricultural Marketing Service (AMS) tracks daily prices for several different dry bean varieties in several locations which they ultimately report on a monthly basis. While we do not have the necessary marketing data to aggregate across regions, these price series help illustrate the multi-year price risk facing producers. See Appendix A for summary of monthly prices for various varieties and locations.

Existing Risk Management Tools Available for Dry Bean Producers

As noted above, production and price risk tend to be the focus of the farm safety net. Crop insurance covers production risks and intra-season price risk—both of which are subject to a deductible. Dry beans are eligible for Federal Crop Insurance. As noted in Figure 5, the liability insured by individual policies for dry bean producers reached almost \$1 billion in 2024. Like most crops, Revenue Protection (RP) is the most popular policy type. While dry bean producers also utilize area-wide policies like the Supplemental Coverage Option (SCO) and the Enhanced Coverage Option (ECO), on average over the last 5 years, 98.5% of the dry bean liability was for individual coverage.

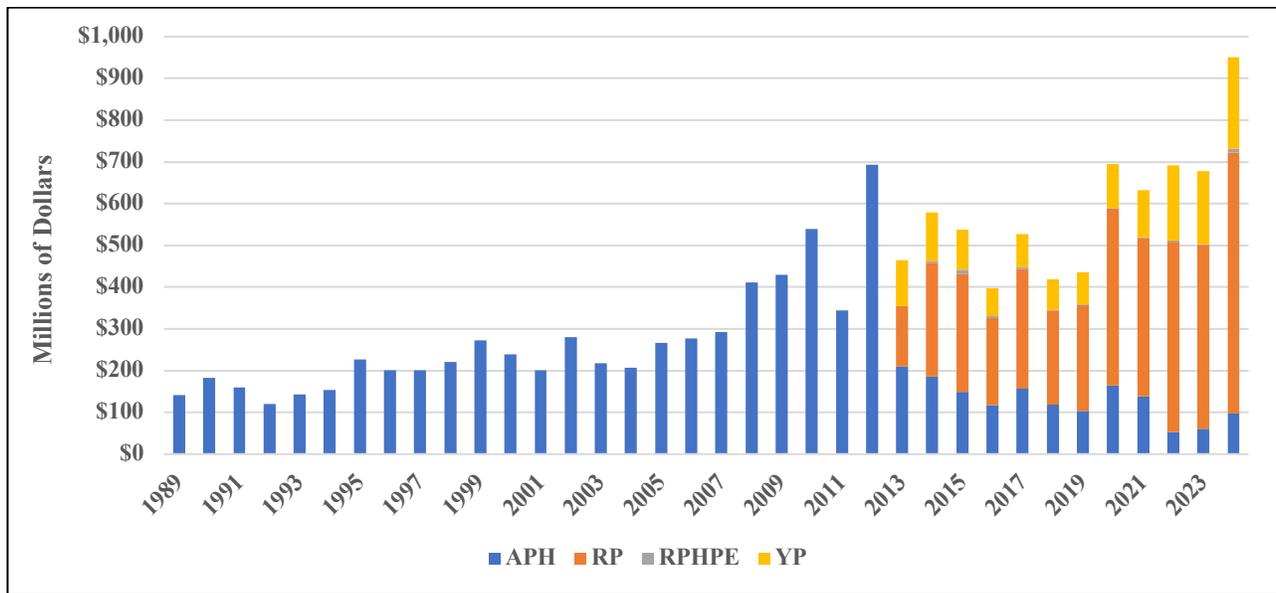


Figure 5. Dry Bean Liability Insured by Individual Policy Type, 1989-2024

Source: author analysis of USDA Risk Management Agency (RMA) data.

Note: Actual Production History (APH), Revenue Protection (RP), Revenue Protection – Harvest Price Exclusion (RP-HPE), and Yield Protection (YP) are all individual crop insurance policies.

Unlike with most other major row crops, there is no futures market for dry beans. As a result, the insurable price must be determined using other methods. The projected price for black beans, dark red kidney beans, great northern, navy beans, pinto beans, and small red beans (for select states) is determined from analysis of the contracts for purchase of dry beans of the insurable type offered by business enterprises in the region for the current crop year (subject to RMA approval). The harvest price is determined from analysis of prices received by growers for each week of publication beginning with the second USDA Agricultural Marketing Service (AMS) Market report in September and ending with the third AMS market report in December as reported by the AMS Bean Market News (subject to RMA approval). While RP typically insures against price movements between planting and harvest, dry bean producers must purchase the Dry Bean Revenue Endorsement to insure against price movements.

As illustrated in Table 4 for North Dakota, there often is no change in price—at least not according to RMA—between planting and harvest for dry beans (as denoted by the yellow highlighted boxes). In these cases, the RP policy is a de facto YP policy, providing yield protection only. In other words, even though dry bean producers have access to crop insurance, it is quite limited in terms of price protection. For example, in 2020 when the projected price for pintos was \$0.28/lb and fell to \$0.23/lb, the policy covered the 5-cent loss, but the total liability covered by the policy was still well below the cost of production.

Table 4. RMA Dry Bean Insurable Prices (per pound) for North Dakota, 2017-2024

Crop	Practice	2017			2018			2019			2020		
		Proj	Harv	Change	Proj	Harv	Change	Proj	Harv	Change	Proj	Harv	Change
Black	Non-Irrigated	\$0.26	\$0.26		\$0.25	\$0.26	\$0.01	\$0.24	\$0.24		\$0.26	\$0.24	(\$0.02)
Black	Irrigated	\$0.26	\$0.26		\$0.25	\$0.26	\$0.01	\$0.24	\$0.24		\$0.26	\$0.24	(\$0.02)
Cranberry	Non-Irrigated	\$0.40	\$0.40		\$0.37	\$0.37		\$0.35	\$0.35		\$0.35	\$0.35	
Cranberry	Irrigated	\$0.40	\$0.40		\$0.37	\$0.37		\$0.35	\$0.35		\$0.35	\$0.35	
Dark Red Kidney	Non-Irrigated	\$0.36	\$0.34	(\$0.02)	\$0.37	\$0.35	(\$0.02)	\$0.37	\$0.39	\$0.02	\$0.44	\$0.37	(\$0.07)
Dark Red Kidney	Irrigated	\$0.36	\$0.34	(\$0.02)	\$0.37	\$0.35	(\$0.02)	\$0.37	\$0.39	\$0.02	\$0.44	\$0.37	(\$0.07)
Great Northern	Non-Irrigated	\$0.29	\$0.29		\$0.27	\$0.27		\$0.25	\$0.25		\$0.30	\$0.30	
Great Northern	Irrigated	\$0.29	\$0.29		\$0.27	\$0.27		\$0.25	\$0.25		\$0.30	\$0.30	
Light Red Kidney	Non-Irrigated	\$0.34	\$0.34		\$0.35	\$0.35		\$0.35	\$0.35		\$0.40	\$0.40	
Light Red Kidney	Irrigated	\$0.34	\$0.34		\$0.35	\$0.35		\$0.35	\$0.35		\$0.40	\$0.40	
Pea (Navy)	Non-Irrigated	\$0.27	\$0.24	(\$0.03)	\$0.27	\$0.22	(\$0.05)	\$0.24	\$0.25	\$0.01	\$0.29	\$0.27	(\$0.02)
Pea (Navy)	Irrigated	\$0.27	\$0.24	(\$0.03)	\$0.27	\$0.22	(\$0.05)	\$0.24	\$0.25	\$0.01	\$0.29	\$0.27	(\$0.02)
Pink	Non-Irrigated	\$0.28	\$0.28		\$0.26	\$0.26		\$0.25	\$0.25		\$0.30	\$0.30	
Pink	Irrigated	\$0.28	\$0.28		\$0.26	\$0.26		\$0.25	\$0.25		\$0.30	\$0.30	
Pinto	Non-Irrigated	\$0.27	\$0.21	(\$0.06)	\$0.23	\$0.22	(\$0.01)	\$0.23	\$0.26	\$0.03	\$0.28	\$0.23	(\$0.05)
Pinto	Irrigated	\$0.27	\$0.21	(\$0.06)	\$0.23	\$0.22	(\$0.01)	\$0.23	\$0.26	\$0.03	\$0.28	\$0.23	(\$0.05)
Small Red	Non-Irrigated	\$0.28	\$0.28		\$0.27	\$0.27		\$0.25	\$0.25		\$0.30	\$0.30	
Small Red	Irrigated	\$0.28	\$0.28		\$0.27	\$0.27		\$0.25	\$0.25		\$0.30	\$0.30	
White Kidney	Non-Irrigated												
White Kidney	Irrigated												

Crop	Practice	2021			2022			2023			2024		
		Proj	Harv	Change	Proj	Harv	Change	Proj	Harv	Change	Proj	Harv	Change
Black	Non-Irrigated	\$0.30	\$0.45	\$0.15	\$0.39	\$0.42	\$0.03	\$0.39	\$0.40	\$0.01	\$0.39	\$0.29	(\$0.10)
Black	Irrigated	\$0.30	\$0.45	\$0.15	\$0.39	\$0.42	\$0.03	\$0.39	\$0.40	\$0.01	\$0.39	\$0.29	(\$0.10)
Cranberry	Non-Irrigated	\$0.49	\$0.49		\$0.49	\$0.49		\$0.50	\$0.50		\$0.46	\$0.46	
Cranberry	Irrigated	\$0.49	\$0.49		\$0.49	\$0.49		\$0.50	\$0.50		\$0.46	\$0.46	
Dark Red Kidney	Non-Irrigated	\$0.44	\$0.46	\$0.02	\$0.44	\$0.48	\$0.04	\$0.41	\$0.42	\$0.01	\$0.43	\$0.47	\$0.04
Dark Red Kidney	Irrigated	\$0.44	\$0.46	\$0.02	\$0.44	\$0.48	\$0.04	\$0.41	\$0.42	\$0.01	\$0.43	\$0.47	\$0.04
Great Northern	Non-Irrigated	\$0.33	\$0.33		\$0.31	\$0.31		\$0.35	\$0.35		\$0.40	\$0.40	
Great Northern	Irrigated	\$0.33	\$0.33		\$0.31	\$0.31		\$0.35	\$0.35		\$0.40	\$0.40	
Light Red Kidney	Non-Irrigated	\$0.40	\$0.40		\$0.44	\$0.44		\$0.45	\$0.45		\$0.43	\$0.43	
Light Red Kidney	Irrigated	\$0.40	\$0.40		\$0.44	\$0.44		\$0.45	\$0.45		\$0.43	\$0.43	
Pea (Navy)	Non-Irrigated	\$0.31	\$0.42	\$0.11	\$0.39	\$0.39		\$0.39	\$0.31	(\$0.08)	\$0.38	\$0.30	(\$0.08)
Pea (Navy)	Irrigated	\$0.31	\$0.42	\$0.11	\$0.39	\$0.39		\$0.39	\$0.31	(\$0.08)	\$0.38	\$0.30	(\$0.08)
Pink	Non-Irrigated	\$0.30	\$0.30		\$0.39	\$0.39		\$0.39	\$0.39		\$0.38	\$0.38	
Pink	Irrigated	\$0.30	\$0.30		\$0.39	\$0.39		\$0.39	\$0.39		\$0.38	\$0.38	
Pinto	Non-Irrigated	\$0.30	\$0.45	\$0.15	\$0.37	\$0.35	(\$0.02)	\$0.38	\$0.37	(\$0.01)	\$0.39	\$0.29	(\$0.10)
Pinto	Irrigated	\$0.30	\$0.45	\$0.15	\$0.37	\$0.35	(\$0.02)	\$0.38	\$0.37	(\$0.01)	\$0.39	\$0.29	(\$0.10)
Small Red	Non-Irrigated	\$0.31	\$0.31		\$0.38	\$0.38		\$0.40	\$0.40		\$0.43	\$0.43	
Small Red	Irrigated	\$0.31	\$0.31		\$0.38	\$0.38		\$0.40	\$0.40		\$0.43	\$0.43	
White Kidney	Non-Irrigated				\$0.49	\$0.49		\$0.50	\$0.50		\$0.50	\$0.50	
White Kidney	Irrigated				\$0.49	\$0.49		\$0.50	\$0.50		\$0.50	\$0.50	

While dry bean producers are eligible for crop insurance—despite its shortcomings—they have no access at all to Title 1. In other words, they have no tools to protect against multi-year declines in prices and production losses not covered by crop insurance. Instead, they are left navigating the market on their own or waiting on USDA to make Section 32 purchases to deal with a market glut.

Deriving Policy Parameters for Dry Bean Producers

The remainder of this study is focused on the parameters needed to make dry beans a covered commodity—and thus eligible for ARC, PLC, and MALs—along with the associated costs.

The ARC program is generally formulaic (i.e., not based on parameters specified in statute). For example, the ARC Benchmark Revenue is the 5-year Olympic average county yield multiplied by the 5-year Olympic average of the marketing year average prices for the crop. The ARC Guarantee is 86% of the ARC Benchmark Revenue (increasing to 90% beginning with the 2025 crop year). As such, if dry beans were added to the list of covered commodities, there are no parameters that must be evaluated and established for ARC. By contrast, for PLC, the Statutory Reference Prices (SRP) are specifically enumerated in statute. Policymakers must decide whether an SRP will be derived for dry beans in general or if an SRP will be derived for each type. Similar to PLC, a loan rate must also be established for dry beans for purposes of the MAL. Again, this can be done for dry beans in general or for each type.

The Case of Pulses and Oilseeds

In deciding whether to make dry beans a covered commodity in general or by variety, the cases of other oilseeds and pulses are instructive. For other oilseeds, the SRPs and MAL rates are the same for all other oilseeds, but the farm bill defines an “other oilseed” as a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary. In other words, as noted in Table 1, the SRP for all other oilseeds is \$23.75/cwt. By contrast, the SRPs and MAL rates for pulse crops are specifically listed for each individual crop. In other words, dry peas, lentils, small chickpeas, and large chickpeas each have their own SRP and MAL rate, as noted in Table 1.

For purposes of this study, we follow the other oilseed model for two primary reasons: (1) dry beans are already aggregated into a dry bean price series and (2) because of a lack of national-level price data by variety.

Cost of Production

There is no “right” way to establish an SRP, but policymakers tend to prefer—and we tend to agree—that the SRPs be relevant to the cost of producing a crop. Unfortunately, USDA does not maintain cost of production data for dry beans. The various state extension services prepare crop budgets, but they generally are very localized and are used for planning purposes with farmers advised to input their own numbers into a budget template. Despite these limitations, we utilized a variety of different extension budgets for reference. Table 5 provides a summary of the publicly available enterprise budgets for dry beans. When adjusted to 2025 dollars, the cost of production for dry beans averaged \$28.25/cwt.

Table 5. Publicly Available Extension Cost of Production Data, 2016-2025

State	Year	Total Cost/AC	CWT/AC	\$/CWT	2025\$	Source
Wyoming	2017	\$598.70	25.0	\$23.90	\$31.33	Wyoming Southeast (Irrigated)
Idaho	2019	\$913.90	26.0	\$35.20	\$44.55	Idaho Magic Valley (Irrigated)
Colorado	2023	\$914.06	20.9	\$43.70	\$43.36	CSU Western (Irrigated)
North Dakota	2023	\$649.70	28.0	\$23.20	\$23.02	NDSU Eastern (Irrigated)
North Dakota	2023	\$606.12	28.0	\$21.60	\$21.43	NDSU Central (Irrigated)
North Dakota	2023	\$583.60	28.0	\$20.80	\$20.64	NDSU Western (Irrigated)
North Dakota	2025	\$492.53	20.2	\$24.40	\$24.40	NDSU South East
North Dakota	2025	\$437.10	15.9	\$27.50	\$27.50	NDSU North East
North Dakota	2025	\$529.05	20.6	\$25.70	\$25.70	NDSU South Valley
North Dakota	2025	\$444.07	17.2	\$25.80	\$25.80	NDSU East Central
North Dakota	2025	\$409.97	15.8	\$25.90	\$25.90	NDSU North Central
North Dakota	2025	\$472.88	17.6	\$26.90	\$26.90	NDSU North Valley
North Dakota	2025	\$419.09	16.4	\$25.60	\$25.60	NDSU South Central
Nebraska	2025	\$759.72	27.0	\$28.10	\$28.10	University of Nebraska (43)
Nebraska	2025	\$748.57	27.0	\$27.70	\$27.70	University of Nebraska (44)
Nebraska	2025	\$788.10	27.0	\$29.20	\$29.20	University of Nebraska (45)
Nebraska	2025	\$789.48	27.0	\$29.20	\$29.20	University of Nebraska (46)
Average					\$28.25	

Table 6 compares SRPs for the major covered commodities from H.R. 1 with their associated costs of production as reported by USDA’s Economic Research Service (ERS). One might ask how the ratio could be less than 100% (e.g., peanuts). It is important to note that ARC and PLC pay on only 85% of base acres. As a result, even if Congress sets the SRP at (or above) 100%, the assistance a producer ultimately receives will be far less (because of the 85% factor). As noted in Table 6, the cost of production ranges from 98% to 144% of the SRP, with an average of 118%. If Congress were to set the dry bean SRP at a similar level to cost of production as other major covered commodities, the SRP would range from \$19.58/cwt to \$28.71/cwt, with an average of \$24/cwt, as highlighted in Table 6.

Table 6. Cost of Production (COP) for Major Covered Commodities Compared to Dry Beans

	Units	2025 COP	SRP	COP/SRP	
Corn	bu	\$4.94	\$4.10	120%	
Grain Sorghum	bu	\$6.35	\$4.40	144%	
Peanuts	lbs	\$0.31	\$0.32	98%	
Rice	cwt	\$17.26	\$16.90	102%	
Seed Cotton	lbs	\$0.46	\$0.42	110%	
Soybeans	bu	\$12.17	\$10.00	122%	
Wheat	bu	\$8.09	\$6.35	127%	
Dry Beans	cwt	\$28.25	\$28.71	98%	Min
Dry Beans	cwt	\$28.25	\$19.58	144%	Max
Dry Beans	cwt	\$28.25	\$24.00	118%	Avg

Source: https://ers.usda.gov/sites/default/files/_laserfiche/DataFiles/47913/cop_forecast.xlsx?v=71037

For PLC to have triggered assistance for dry beans over the last 5 years, the SRP would have had to have been higher than \$31.20/cwt (the MYAP in 2020, as noted in Figure 4). At an SRP of \$31.20/cwt and an average cost of production of \$28.25/cwt, the COP/SRP ratio (for comparison with the results in Table 6) would have been 90.5%, the lowest of any program crop listed in Table 6. While cost of production is one method for establishing SRPs, lack of data for dry beans means relying on extension enterprise budgets rather than official USDA national average estimates, which is far from ideal. Given these limitations, it begs the question of how SRPs typically compare to prices.

To address this question, we compared SRPs for the various other oilseeds and pulse crops against their projected 10-year average prices from CBO’s January 2025 outlook. As noted in Figure 6, the SRP averaged 85% of the average projected price. The other pulse crops are all below the 85% average, but it’s worth noting at current SRP/MAL rates, virtually no support from ARC, PLC, or MALs is expected to be paid over the next 10 years for pulse crops (i.e., just \$5.6 million per year on average over the next 10 years according to CBO’s January 2025 baseline). While neither USDA nor FAPRI provide a 10-year outlook for dry bean prices, we note that CBO largely projected no movement in price for the other pulse crops relative to the 2024 MYAP (i.e., on average, the price of pulses is projected to increase by just 0.6% over the next 10 years, with all of that attributed to a slight increase in lentil prices). Using the 85% metric from Figure 6 and a 10-year projection for dry beans similar to other pulses, this would result in an SRP of \$32.65/cwt for dry beans and would put it on par with dry peas.

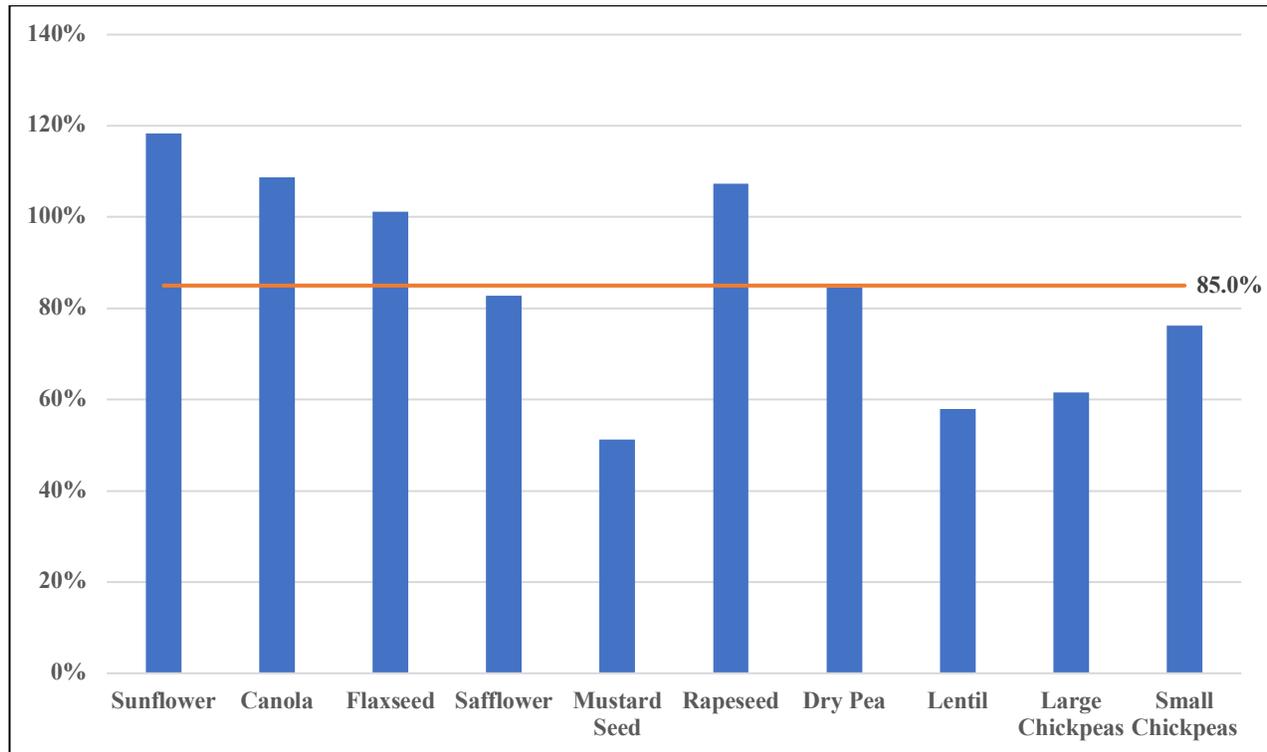


Figure 6. Ratio of SRP to 10-year Projected Average MYAP

As for loan rates, when compared to other oilseeds and pulse crops, the loan rate ranges from 46.7% of the SRP for other oilseeds to 60.2% of the SRP for lentils. Given competition for acres between dry beans, other pulse crops, and other oilseeds, it would be appropriate to set the loan rate for dry

beans in a similar range. While the loan is primarily used for liquidity at harvest, Table 7 provides context for the volume of dry beans one might expect to go under loan. For example, for other pulse crops, the share of production under loan in 2024 ranged from 0.6% to 4.2%, a rather small utilization rate. However, it remains a resource for producers to use at their discretion, and it can become more popular as prices fall.

Table 7. Share of Pulse Crop Production Under Loan, 2024

Crop	Production Under Loan (cwt)	Total Production (cwt)	Share of Production Under Loan
Chickpeas	238,262	5,632,000	4.2%
Lentils	55,849	9,049,000	0.6%
Dry Peas	280,777	16,679,000	1.7%

Estimating Program Cost

While the previous section analyzed SRPs for dry beans overall, in this section we examine total program cost. While we could derive costs by variety, the purpose is to estimate total program costs, and we expect the aggregate cost to generally be the same regardless of approach. We utilize the \$32.65/cwt SRP from the previous section and a loan rate of \$17.12/cwt (or 52.44% of the SRP, consistent with the relationship between SRP and MAL rate for dry peas). To derive a reliable estimate of program costs in the future, one must also estimate national average program yields and base acres. For the national average program yield, we used the 5-year planted-acre average from 2020 to 2024 from USDA’s National Agricultural Statistics Service (NASS), or 19.3 cwt/ac as noted in Table 8. For the national average base acres, we used the 5-year average planted acres from 2020 to 2024, or 1.411 million acres.

Table 8. Projected Dry Bean National Average Base Acres and Program Yield

	2020	2021	2022	2023	2024	Average
Planted Acres	1,715,000	1,386,000	1,241,000	1,180,000	1,533,000	1,411,000
Production (cwt)	32,380,000	22,407,000	25,734,000	23,893,000	31,289,000	27,140,600
Planted-Acre Yield (cwt/ac)	18.9	16.2	20.7	20.2	20.4	19.3

The estimated cost is *highly* dependent on how much risk is assumed in the system. Because we only have 5 years of national marketing year average price history for dry beans, we utilize the same amount of relative risk assumed for dry peas in the FAPRI baseline outlook from April 2025. As noted in Table 9, we project the cost to be just under \$40 million over 10 years. Importantly, CBO’s estimate of this cost could vary widely depending on the assumptions they make about price risk. Also, while we assume 100% PLC participation, we use this as a proxy for cost, knowing that some producers will opt for ARC, particularly if they are concerned that PLC may not trigger. As noted in Table 9, we estimate a rather high likelihood (90% on average) that PLC will not trigger.

Table 9. Project Cost for Dry Beans Assuming 100% PLC Participation

Year	Projected Cost Assuming 100% PLC Participation	P(PMT=\$0)
2026	\$1,545,737	93%
2027	\$3,581,900	91%
2028	\$3,247,517	91%
2029	\$5,377,375	88%
2030	\$4,110,483	89%
2031	\$5,757,960	88%
2032	\$3,628,308	91%
2033	\$4,807,231	90%
2034	\$4,349,460	90%
2035	\$2,991,521	92%
Total	\$39,397,491	90%

In our analysis, there is virtually no chance of triggering Loan Deficiency Payments, so the likelihood of dry beans incurring a cost is very low. Rather, the marketing loan would provide liquidity at harvest, but at the rate assumed (\$17.12/cwt), we expect the loan to be repaid with no costs incurred by the Federal government.

Finally, our estimate is likely conservative based on the base acres assumed (1.411 million). In reality, dry beans are very likely being planted on acreage that already has base in other covered commodities. As such, if dry bean acres were to displace other covered commodity base acres, that would have an offsetting effect, reducing the expected cost of the program. While we do not know which dry bean acres might be planted on land with existing base or the number of dry bean acres that might be planted beyond base (because USDA does not make farm-level base data publicly available), we provide a comparison of planted acres versus base acres by commodity in Table 10 for North Dakota for illustration. On average, North Dakota planted 662,000 dry bean acres from 2020 to 2024—which fits within the 2.2 million planted acres without base—but many of those dry bean planted acres could be on farms that are already fully based, and only time will tell.

Table 10. Planted versus Base Acres, North Dakota

Crop	2020-2024 Planted-Acre Average	2025 Enrolled Base	Difference
Barley	580,000	1,188,844	-608,844
Canola	1,828,000	1,319,651	508,349
Chickpeas, Large	6,000	4,393	1,607
Chickpeas, Small	2,800	3,062	-262
Corn	3,400,000	3,016,106	383,894
Flaxseed	151,400	208,757	-57,357
Lentils	111,400	88,548	22,852
Oats	325,000	340,026	-15,026
Peas, Dry Edible	279,000	193,309	85,691
Soybeans	6,300,000	4,008,183	2,291,817
Sunflowers	564,800	801,749	-236,949
Wheat	6,500,000	9,386,551	-2,886,551
Other Field Crops	2,734,600	30,407	2,704,193
Total	22,783,000	20,589,586	2,193,414

Historical Program Performance

In this section, we explore how PLC in particular would have performed had dry beans been eligible for Title 1 programs in the recent past. Importantly, we are using a historical price series (prior to 2020) that included chickpeas, so at most, this is an approximation for years prior to 2020. As noted in Figure 7, assuming an SRP of \$32.65/cwt, PLC would have made no payments over the last 4 years, but it would have provided robust levels of support from 2015 to 2018 in particular.

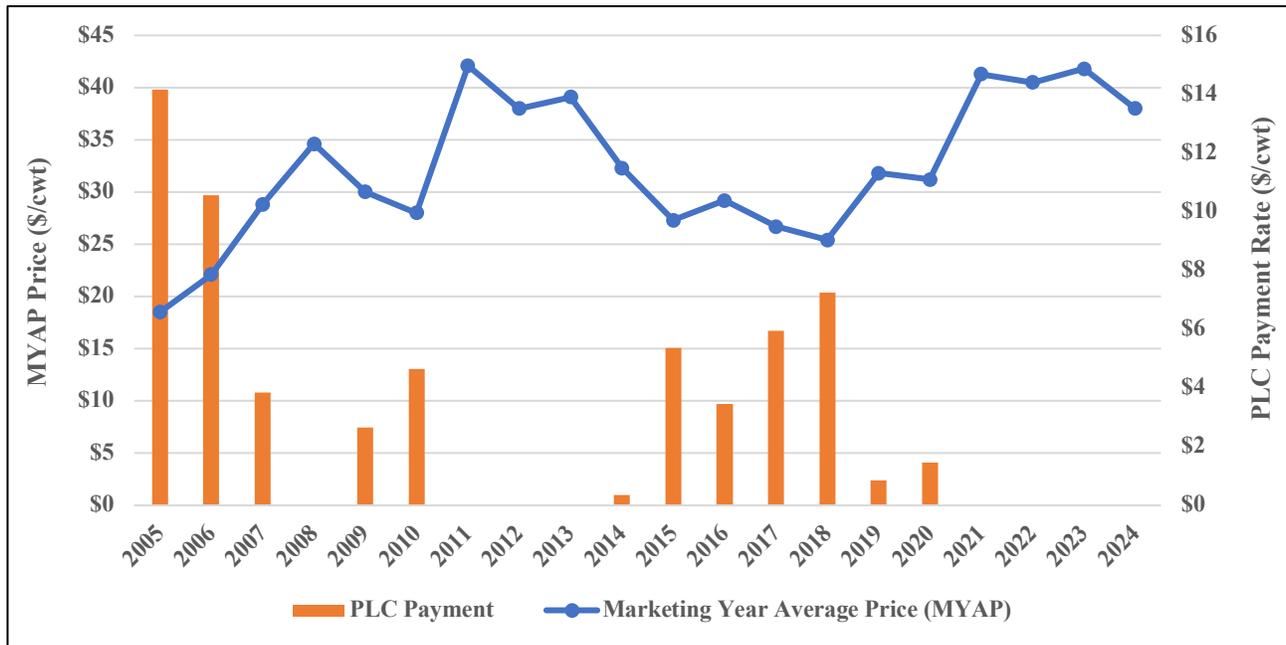


Figure 7. Historic PLC Payment Rates for Dry Beans Assuming \$32.65/cwt SRP

Analyzing How Other Crops Have Been Impacted by Title 1 Eligibility Over Time

One of the concerns with making a commodity eligible for the farm safety net is the fact that—if not done right—it could encourage overplanting, depressing prices along the way and ultimately resulting in a loss of acres in the long run. As we discussed earlier, avoiding that scenario is the point of decoupling and setting the MAL rates (in particular) appropriately.

Regardless, perhaps the best approach is to simply examine what happened with pulse crops other than dry beans (e.g., large chickpeas, small chickpeas, lentils, and dry peas) following their inclusion as covered commodities in the 2002 Farm Bill. As noted in Figure 8, all of the pulse crops eligible for the farm safety net have seen a long-run increase in planted acres while dry beans continue to experience an erosion in planted acres. While this could be explained by a number of factors, having access to the farm safety net has helped to mitigate the risks pulse growers face in growing the crop.

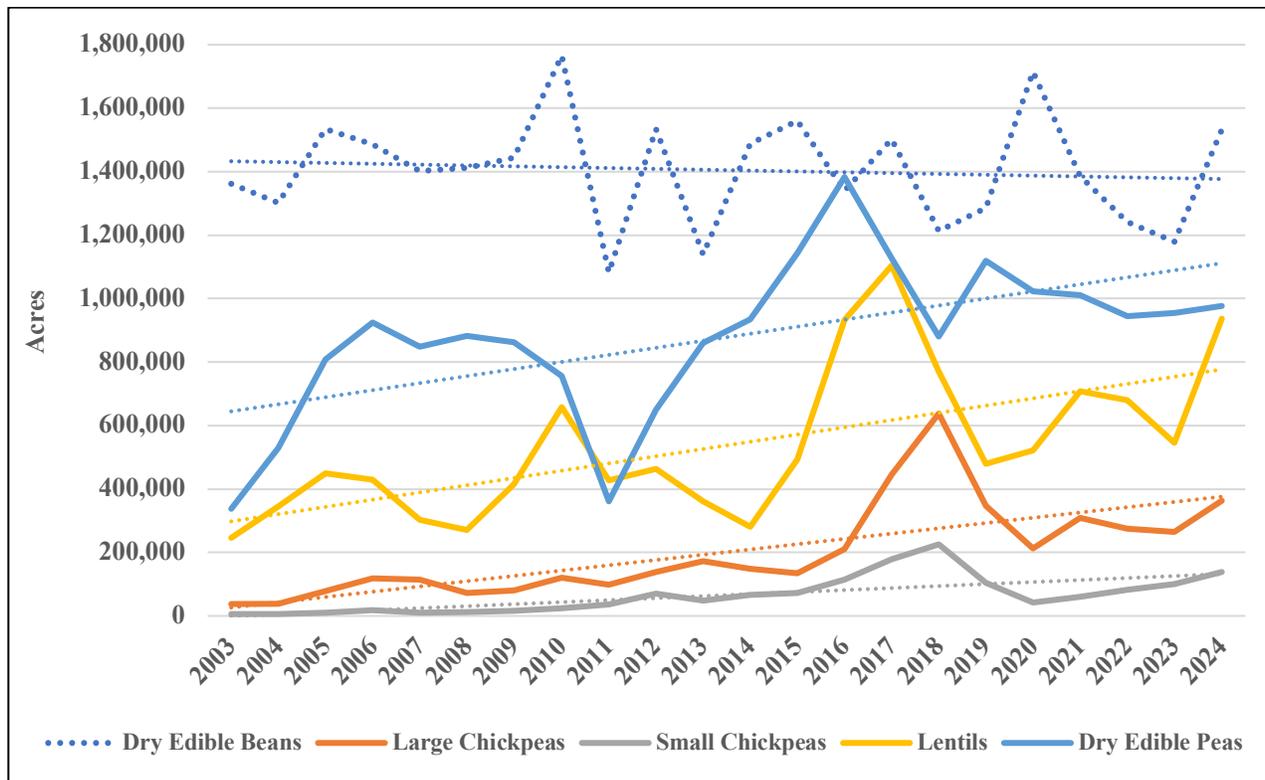


Figure 8. Planted Acres of Covered Commodity Pulse Crops and Dry Beans, USDA-NASS.

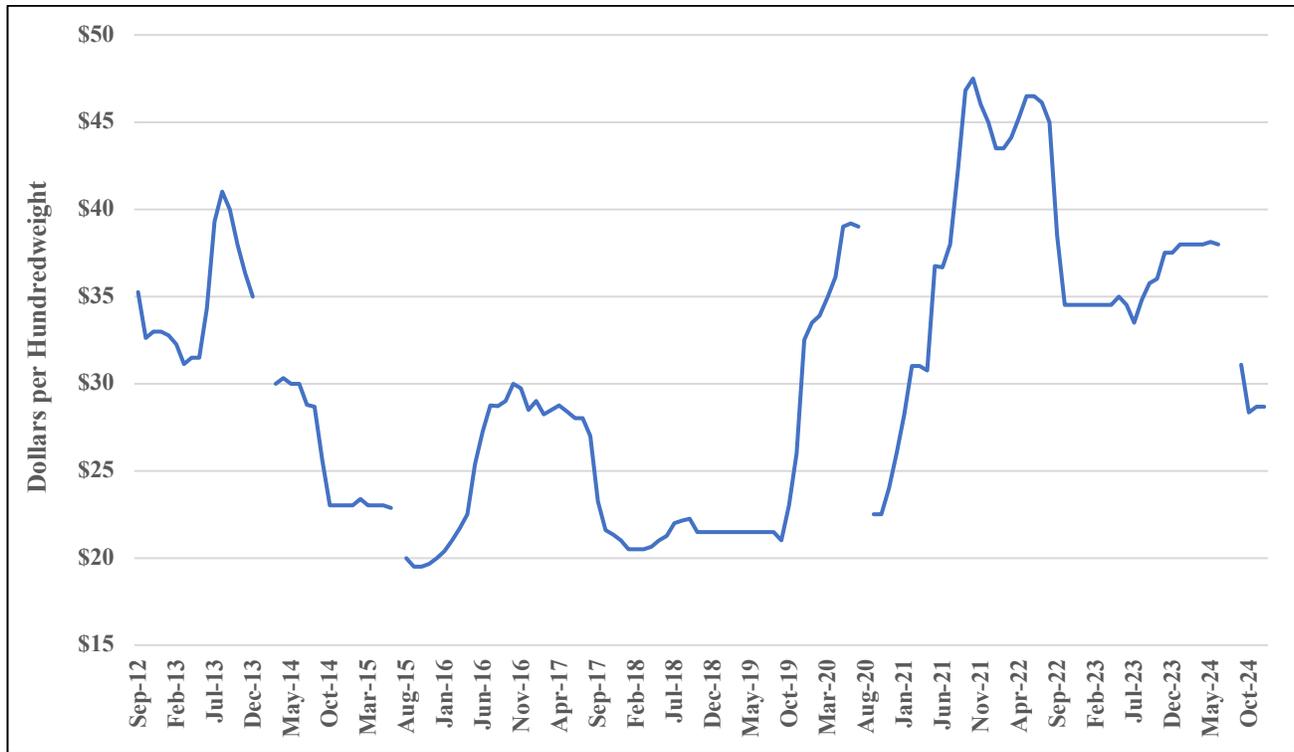
CONCLUSION & SUMMARY

Like with most crops, dry bean producers face a number of risks. Unlike with other crops, dry bean producers do not have access to the traditional farm safety net. The Northharvest Bean Growers Association asked us for perspectives on making dry bean producers eligible for the Title 1 farm safety net. Following are the key findings:

- While dry beans are eligible for crop insurance, they are not on the list of covered commodities that are eligible for Title 1 despite expansion in the 2002 Farm Bill. While beyond the scope of this report, it was also clear that even crop insurance coverage has limitations, which further exacerbates the exposure producers face from lack of access to the traditional farm safety net.
- Congress could choose to add dry beans to the list of covered commodities for both ARC/PLC and the MAL. While dry beans could be added in general or by variety, we focused on adding dry beans in general just given the lack of national price history by variety.
- While there is no “right” method for determining SRPs, existing cost of production data would support an SRP far below current market levels (suggesting to us that the cost of production data is likely lagging behind reality). Comparing SRPs for other oilseeds and pulse crops against their projected marketing year average prices—averaging approximately 85%—provides another reasonable basis for deriving SRPs for dry beans. Using that approach, the SRP for dry beans would be \$32.65/cwt.
- At an estimated national average yield of 19.3 cwt/ac and 1.411 million base acres, we estimate a total program cost of just under \$40 million over the next 10 years.
- Absent adding dry beans to the list of covered commodities, dry bean producers will continue to struggle and rely on USDA Section 32 purchases. Experience with other crops suggests that making dry beans eligible for Title 1 of the farm safety net might help stabilize planted acres, which have been on the decline over the last several years.

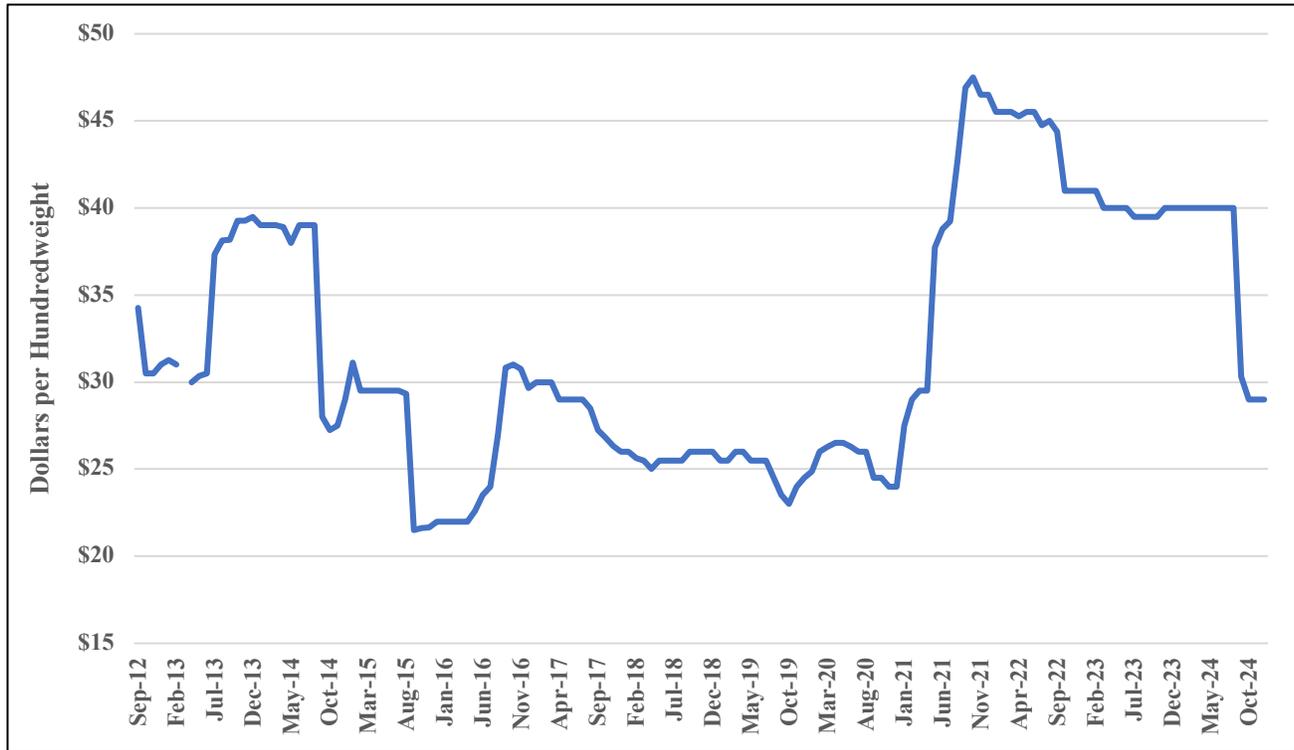
Appendix A: Monthly Dry Bean Prices (per cwt) for Various Varieties and Locations

Pinto Beans – North Dakota/Minnesota



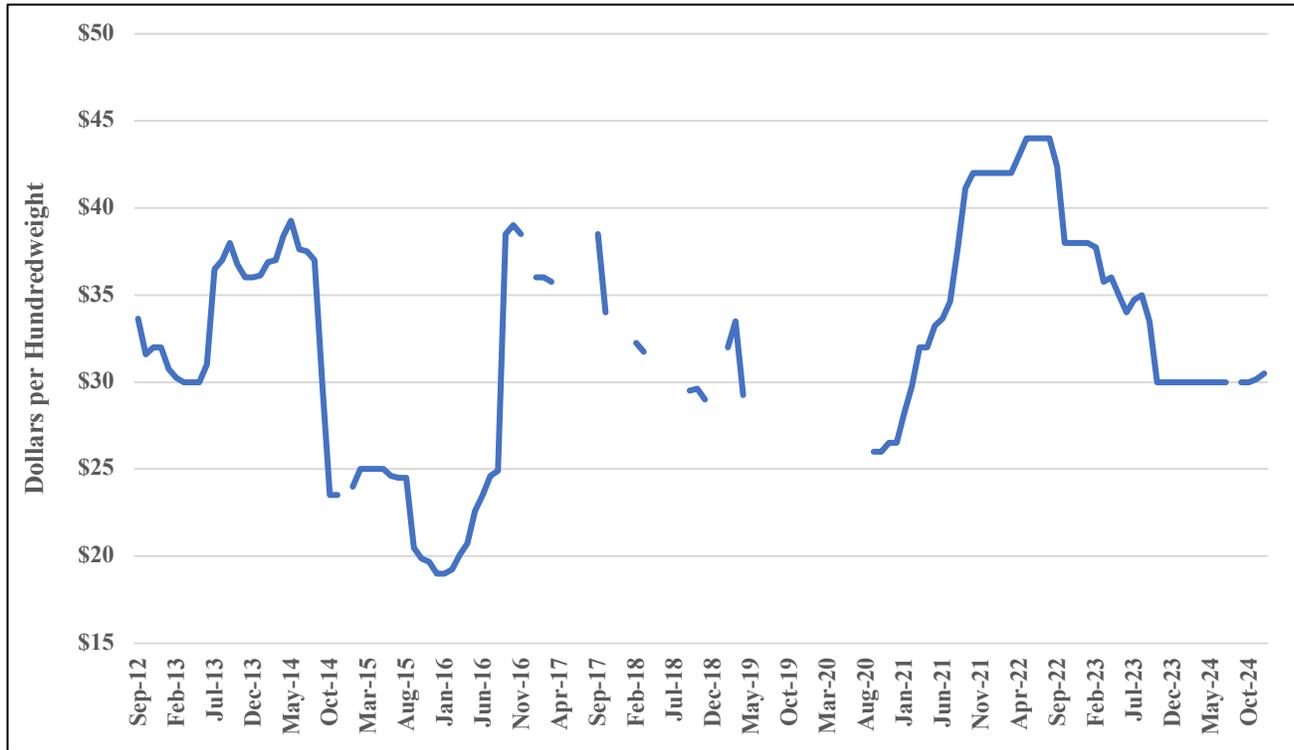
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
2012-2013	35.25	32.60	33.00	33.00	32.75	32.25	31.13	31.50	31.50	34.35	39.30	41.00
2013-2014	40.00	38.00	36.33	35.00			30.00	30.30	30.00	30.00	28.80	28.67
2014-2015	25.63	23.00	23.00	23.00	23.00	23.38	23.00	23.00	23.00	22.88		20.00
2015-2016	19.50	19.50	19.67	20.00	20.38	21.00	21.70	22.50	25.40	27.25	28.75	28.70
2016-2017	29.00	30.00	29.75	28.50	29.00	28.25	28.50	28.75	28.40	28.00	28.00	27.00
2017-2018	23.25	21.60	21.33	21.00	20.50	20.50	20.50	20.65	21.00	21.25	22.00	22.13
2018-2019	22.25	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50
2019-2020	21.00	23.00	26.00	32.50	33.50	33.88	35.00	36.13	39.00	39.20	39.00	
2020-2021	22.5	22.5	24	26	28.25	31	31	30.75	36.75	36.67	37.98	42.13
2021-2022	46.8	47.5	46	45	43.5	43.5	44.1	45.25	46.5	46.5	46.13	45
2022-2023	38.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	35	34.5	33.5	34.8
2023-2024	35.75	36	37.5	37.5	38	38	38	38	38.13	38		
2024-2025	31.09	28.33	28.67	28.67								

Black Beans – North Dakota/Minnesota



	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
2012-2013	34.25	30.50	30.50	31.00	31.25	31.00		30.00	30.34	30.50	37.33	38.13
2013-2014	38.17	39.25	39.25	39.50	39.00	39.00	39.00	38.90	38.00	39.00	39.00	39.00
2014-2015	28.00	27.25	27.50	29.00	31.13	29.50	29.50	29.50	29.50	29.50	29.50	29.33
2015-2016	21.50	21.63	21.67	22.00	22.00	22.00	22.00	22.00	22.60	23.50	24.00	27.00
2016-2017	30.83	31.00	30.75	29.67	30.00	30.00	30.00	29.00	29.00	29.00	29.00	28.50
2017-2018	27.25	26.80	26.33	26.00	26.00	25.63	25.50	25.00	25.50	25.50	25.50	25.50
2018-2019	26.00	26.00	26.00	26.00	25.50	25.50	26.00	26.00	25.50	25.50	25.50	24.50
2019-2020	23.50	23.00	24.00	24.50	24.88	26.00	26.30	26.50	26.50	26.30	26.00	26.00
2020-2021	24.50	24.50	24.00	24.00	27.50	29.00	29.50	29.50	37.75	38.79	39.23	42.86
2021-2022	46.92	47.50	46.50	46.50	45.50	45.50	45.50	45.25	45.50	45.50	44.75	45.00
2022-2023	44.38	41.00	41.00	41.00	41.00	41.00	40.00	40.00	40.00	40.00	39.50	39.50
2023-2024	39.50	39.50	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
2024-2025	30.33	29.00	29.00	29.00								

Pea Beans (Navy) – North Dakota/Minnesota



	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
2012-2013	33.63	31.60	32.00	32.00	30.75	30.25	30.00	30.00	30.00	31.00	36.50	37.00
2013-2014	38.00	36.75	36.00	36.00	36.13	36.88	37.00	38.40	39.25	37.63	37.50	37.00
2014-2015	30.00	23.50	23.50		24.00	25.00	25.00	25.00	25.00	24.60	24.50	24.50
2015-2016	20.50	19.88	19.67	19.00	19.00	19.25	20.10	20.75	22.60	23.50	24.63	24.90
2016-2017	38.50	39.00	38.50		36.00	36.00	35.75					
2017-2018	38.50	34.00				32.25	31.75		32.00			
2018-2019	29.50	29.63	29.00			32.00	33.50	29.25		32.00		33.00
2019-2020												
2020-2021	26.00	26.00	26.50	26.50	28.25	29.75	32.00	32.00	33.25	33.65	34.63	37.71
2021-2022	41.13	42.00	42.00	42.00	42.00	42.00	42.00	43.00	44.00	44.00	44.00	44.00
2022-2023	42.38	38.00	38.00	38.00	38.00	37.75	35.75	36.00	35.00	34.00	34.75	35.00
2023-2024	33.50	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	
2024-2025	30.00	30.00	30.17	30.50								