

Good morning, Chairwoman Stabenow, Ranking Member Cochran, and members of the committee. My name is Ben Steffen. Thank you for all of your leadership and hard work on behalf of our nation. I salute your commitment to public service.

My family, our employees, and I produce milk, corn, soybeans, wheat and hay on our farm at Humboldt in southeast Nebraska. We milk 135 cows and raise crops on 1900 acres. I have family members and key employees at home right now feeding and caring for animals so that I can be here today.

This nation has benefited from a food supply that is plentiful, inexpensive, and of the highest quality. Securing that food supply for the future is clearly responsible public policy. Facing a growing world population, it is a moral imperative.

I would like to discuss the impacts of drought and wild fire on agriculture. Additionally, I will comment on some of the risk management strategies that have helped us move forward successfully.

The impact of drought and fire has hit our farming operation and those of our neighbors. Of most immediate concern to our dairy operation is the area of feed supply and costs. Hay is in very short supply for both dairy and beef producers. The price of high quality dairy hay has gone up 50%; lower quality hay, suitable for beef cattle has more than doubled.

While we appreciated last year's release of Conservation Reserve Program acres, efforts should be made to allow for an earlier release of CRP acres for emergency haying and grazing under the conditions experienced in 2012. The goal of providing livestock producers with access to a source of forage is negated by the terrible quality brought about by the extended delay prior to release. A release 30 days earlier would make a

dramatic improvement in feed quality. As a consequence of the feed shortage and higher costs, herds have been liquidated and consumers will feel the damage in higher prices in the coming years as our nation's cattle herd is at a sixty-one year low.

In the crop production arena, we can all say with pride that the Federal Crop Insurance program has performed well. Crop Insurance has helped to mitigate huge losses farmers suffered in 2012. I have seen that in my own operation as well as in my community, where I sit on the Board of Directors of the Richardson County Bank. Crop production contributed \$11.7 billion to Nebraska's economy in 2011. That money moves through virtually every business and community in the state.

For us, Federal Crop Insurance is not a fountain of free money. Until last year, our farming operation had an 11-year crop insurance purchasing history that showed us paying in more money in premiums than we received in indemnity payments. Last year, the insurance program appropriately covered a portion of our massive losses. We choose to participate and pay premiums every year to protect our operation from an event like the historic losses of 2012.

I would urge you to consider changes that will allow individual policies to be customized to more closely fit each farm. Maintaining this successful Federal Crop Insurance program should be our highest priority.

My neighbors in Western Nebraska have been dealt a particularly hard blow by wild fires. Nearly 400,000 acres, equal to one half the state of Rhode Island, burned in 2012. On those ranches, feed supplies were wiped out, fences were destroyed, and cattle herds have been liquidated. I would urge you to consider some tax relief to help those ranchers regain their footing.

I would also note that farm bill which passed this body addressed the reauthorization and funding of a number of important livestock disaster assistance programs which were not funded for 2012 or in the recent farm bill extension. The funding of these programs should be a top priority for this committee as we look toward passing a farm bill this year.

Risk management strategies that have contributed to our success include many tools. The idea that Federal Crop Insurance guarantees a profit is simply not true. Other tools play a major role in controlling risk and increasing the chances of success in agricultural production. Education, hard work, and determination come to mind.

As a WWII Vet, my father Richard Steffen took advantage of the G.I. Bill to finish his college education at the University of Nebraska in 1949. He and my mother Sue Steffen, also a University of Nebraska graduate, ensured that their children would have a college education as well.

My father stopped helping with the milking at age 79, but continued to feed our baby calves and contribute to management until he died this past January 18th at 85. Our parents set a high standard for education, hard work, and determination.

Another risk management strategy we employ is diversification. We include both crops and livestock in our business. This strengthens our ability to maneuver through tough economic times.

In order to manage price risk, we constantly watch the changing world market prices for the products we sell. Using futures and options contracts we try to price our products when we see favorable prices. We accept this challenge but were floored when our futures accounts at Refco were caught up in that company's bankruptcy several years

ago. Once was not enough, and we along with thousands of other farmers and processing companies were victimized by the genius of mismanagement at MF Global as our “individually segregated customer account” funds were illegally moved into European bonds and frozen in the subsequent bankruptcy of MF Global. We continue to wait for the return of a slowly rising percentage of our funds.

We work every day to find and apply best management practices and we have relied upon Land Grant University research and Extension Education to help move our business forward. This has led us to nearly 40 years of no-till farming, saving water, soil, and time. Thanks to Land Grant Research, we have dramatically improved the way we feed and care for our milk cows. This has led to higher milk production, fewer health problems, and better quality milk.

We began using cover crops years ago, but participation in the Conservation Security Program gave us a push to increase this practice. We have moved beyond the program requirements and last year planted nearly 60% of our acres with cover crops. This is a practice that holds great promise for controlling erosion, saving water, building soil quality, and sequestering carbon. We need more research in this arena as well as in many others.

I urge Congress to prioritize funding for both basic and applied Agricultural research through the land grant system of universities. This is the research and development engine for our nation’s food supply.

These are a few of the critical risk management tools we have used to ensure that the farm my parents started in 1956 continues today.

I conclude as I began. This nation has benefited from a food supply that is plentiful, inexpensive, and of the highest quality. Securing that food supply for the future is clearly responsible public policy. Facing a growing world population, it is a moral imperative.