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before the

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I would like to thank you Chairwoman Stabenow, Senator Donnelly and committee members for the opportunity to comment. My husband and I began farming the family farm in 1989 just after the last big drought event in the state of Indiana. Thanks to our ability to manage financial risk, management techniques and off farm income we now farm 1500 acres of corn & soybeans as well as a small cow calf operation in the state. We find our association with various farm organizations such as the Indiana Soybean Alliance invaluable to the success of our operation. The IN Soybean Alliance is an arm of the American Soybean Association (ASA) a trade organization that represents our Nation's 600,000 soybean farmers on national and international policy issues.

Steinbarger Farm Background

It has always been our dream to farm. My husband and I both knew the only way to make our dreams reality was to save our pennies while working in agriculture related careers and to hope that one day my father would give us the opportunity to participate in his farming operation. Mike worked in the seed, tile ditching and bulk milk transport business while I worked in the fertilizer, chemical and crop insurance business. All of these endeavors were educational and instrumental preparation in achieving our goal. The drought of 1988 took a toll on my father, poor health, no crop and no crop insurance lead to our ability to buy into the family business.

We started farming 600 acres and have increased the operation to 1500 acres. Roughly one half of our acres are share rent arrangements with our landlords. We are extremely grateful for their willingness to participate in the risk of growing a crop. We continue to work off the farm as it is still not self - supporting. Mike sold the milk truck to buy a school bus and I continue to work in the crop insurance and do the farm record keeping.

Conservation Practices

To manage our thin light soil types, we started our farming operation employing conservation tillage techniques such as CRP and NRCS cost share funding. To this day we still are advocates of no till farming as a way to preserve our soil and maintain soil moisture. The NRCS and state soil programs provided education and cost sharing opportunities in the construction of waterways and filter strips. As a result of conservation efforts our average yields are 150 bushels for corn and 50 bushels for soybeans.

Farming in 2012

My father warned us that farming is very risky and that we should prepare for the worst case scenario. We did not anticipate record breaking drought and heat when we planted our 2012 crop. The crop was planted timely and we concentrated on installing an irrigation pivot on 35 acres of really sandy soil in hopes of raising 200+ bushel corn per acre under the pivot and 170 bushels per acre on our non irrigated soils. We were confident we could raise 70 bushels per acre of soybeans. The middle of June it became apparent we weren't going to realize our crop goals. The heat and drought had settled in to stay.

It is so frustrating to watch the crop wither and die. I actually used our fields as training examples for permanent wilt and drought stunted corn. I just happen to have a couple of pictures I'm attaching. The race was on to get our irrigation pivot operating. Due to a storm we didn't water the crop until July the 6th. We also bought back some of the grain we had contracted to the elevator for our landlords. We were concerned our corn crop would not even yield 40 bushels to the acre, which is the most we have ever forward contracted for corn.

Our best corn was on the farm with the pivot. Under the pivot was close to 200 bushels per acre and outside of the pivot was 10 bushels per acre. This farm averaged 100 bushels per acre that allowed us to meet our contracts. The rest of the crop was dismal. Needless to say there wasn't anything to put in the bins. Due to the drought and heat the grain quality was not good so even grain for cattle feed was shipped. All in all the year was the worst on record.

We always live on the proceeds of the crop the year after we produce it so we will feel the effects of the 2012 drought this year. Predictions are that 2013 will also be a drought year so we have our fingers crossed and are busy trying to find water for an additional irrigation pivot as 2013 unfolds.

Crop Insurance

The number one barrier to increasing our yields is lack of water. Dry weather in the months of July and August always limits our yield potential. We find crop insurance an effective tool in managing risk when we experience these weather events. We began using crop insurance is 1991 as a way to maintain our cash reserves and prevent the need to borrow operating money. In the early days crop insurance only protected yield. The addition of revenue protection now allows us the ability to protect against fluctuations in both yield and price. Our goal is not to make money off of crop insurance but to balance our yearly revenue so we will have operating money for the following crop year. I actually lost money by buying crop insurance over a 20 year time span. It wasn't until the last two years that it paid to have crop insurance.

Using crop insurance as a risk management tool is not cheap. We have Revenue Plan 2 coverage and insure 80% of our average corn yield at a cost of $38 per acre and 75% of the average soybean yield at a cost of around $20 per acre. This plan allows us to be covered for a loss of revenue due to low yields or a price fluctuation either upward or downward during the crop year.

2012 Yield Averages

The yields from the 2012 crop were the lowest on record for our farm. The average corn yield was 41 bushels/acre while the soybeans fared somewhat better at 30.4 bushels/acre. It ended up being one of our best decisions to purchase an irrigation pivot this year. Our average corn yield would be 34 bushels/acre had we not installed the irrigation pivot. We normally have a 50/50 rotation of corn and soybean acres on the farm.

Revenue Results

Our harvested yield of 41 bushels per acre of corn contracted to the elevator in the winter at a price of $5.44 gave us harvested revenue per acre of $223.04. Without crop insurance we would not be able to plant a crop in 2013 without borrowing money as our budgeted expenses for 2013 on corn is $750 per acre.

Our crop insurance guaranteed revenue 80% of $900 per acre. Are crop ended up being worth $223.04 per acre. We were paid an indemnity of $592.50 per acre. The $592.50 + our harvested revenue of $223.04 = $815.54 per acre to budget against next year's expenses.

Crop Insurance Corn Expected Revenue/Acre	$900		
Crop Insurance Corn Harvested Revenue/Acre	$307.50		
Crop Insurance Indemnity/Acre	$592.50		
Harvested Revenue without Crop Insurance		$223.04	
Total Revenue/Acre			$815.54

Our harvested yield of 30.4 bushels per acre of soybeans contracted to the elevator in the winter at a price of $12.55 gave us harvested revenue per acre of $381.52. Without crop insurance we would not be able to plant a crop in 2012 without borrowing money as our budgeted expenses for 2013 on soybeans is $542.

Our soybean crop insurance guaranteed 75% of $577 per acre. Our harvested revenue was $381.52 per acre for the 30.4 bushels at a value $15.39 per acre. We were paid an indemnity of $109 per acre. The $109.14 per acre + the harvested revenue of $381.52 = $490.66 per acre to budget toward next year's expenses.

Crop Insurance Expected Revenue/Acre	$577		
Crop insurance Harvested Revenue/Acre	$467.86		
Crop Insurance Indemnity/Acre	$109.14		
Harvested Revenue without Crop Insurance		$381.52	
Total Revenue/Acre			$490.66

As you can see we paid a substantial premium for crop insurance and that decision is keeping us in business for the 2013 crop year.

Thank you Chairwoman Stabenow for this opportunity to testify. I look forward to your questions.


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