

Testimony of Rodney M. Weinzierl

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Before the Committee on Agriculture  
United States House of Representatives  
Washington, DC 20515

“Financial Conditions in Farm Country”

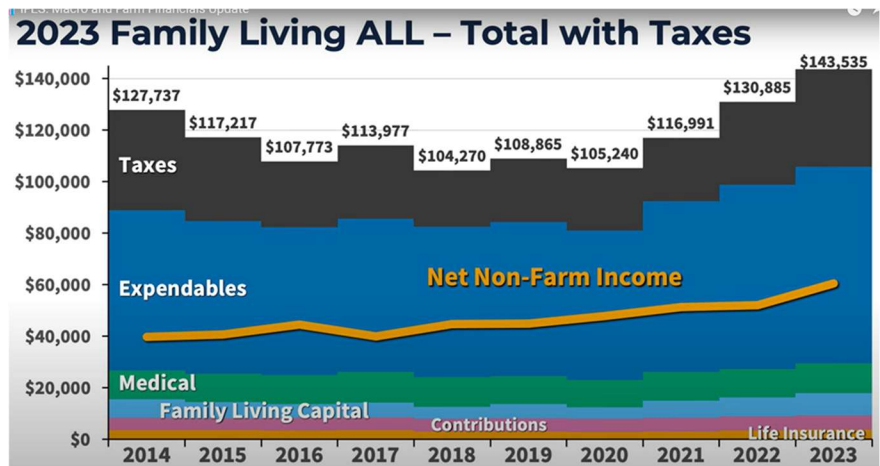
February 11, 2025

Chairman Thompson and Ranking Member Craig, thank you for the opportunity to testify today in front of the House Ag Committee.

I serve as the Executive Director of the IL Corn Growers Association and IL Corn Marketing Board. But I also grow corn and soybeans in rural Stanford, Illinois and I’m here today as a farmer. I have farmed for 26 years, following my father and my grandfather on the same plot of land, farming with the same landlord family since 1912. My wife and I have begun transitioning the farm to my oldest daughter, Gracie. This process has highlighted the challenges facing the next generation of family farmers.

The reality of the next generation of family farmer looks slightly different than the likely picture in your mind. Beginning farmers today are likely to be in their mid-30s-40s and in many cases have been working off the farm. Many of them need to continue working off the farm even when the opportunity presents itself to come back to the farm. My daughter fits this demographic exactly. USDA’s research shows that 86 percent of total farms fall into the category of “small farm” based on annual gross farm income. This research also confirms that the total income for households in that category includes off-farm contributions of nearly 50 percent.<sup>1</sup>

The same inflation problems impacting general consumer households also impact the households of farm families; costs of groceries, utilities, and expendables are all increasing. Health insurance is also often supported by off-farm employment. Though medical costs are also increasing, the data reflects an average of marketplace-procured health care and employer-provided health care, mitigating the reflection of the increase.<sup>2</sup>



Again, thinking about my daughter’s experience with traditional programs like FSA beginning farmer loan programs, she has found that they are not realistic. They do not accurately factor liquidity and the probability of cash flow to inflated land values. One proposed solution is creating a pathway for the next generation to be more competitive in securing land. While many of the next generation of farmers are working off-farm contributing to traditional retirement portfolios (401K, IRA), historically farmers invested in land as their retirement. A proposal for consideration could be to allow a farmer to make a withdrawal from her retirement account without the 10 percent penalty to use towards a land purchase if she will be the principal operator

<sup>1</sup> <https://www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=58426>

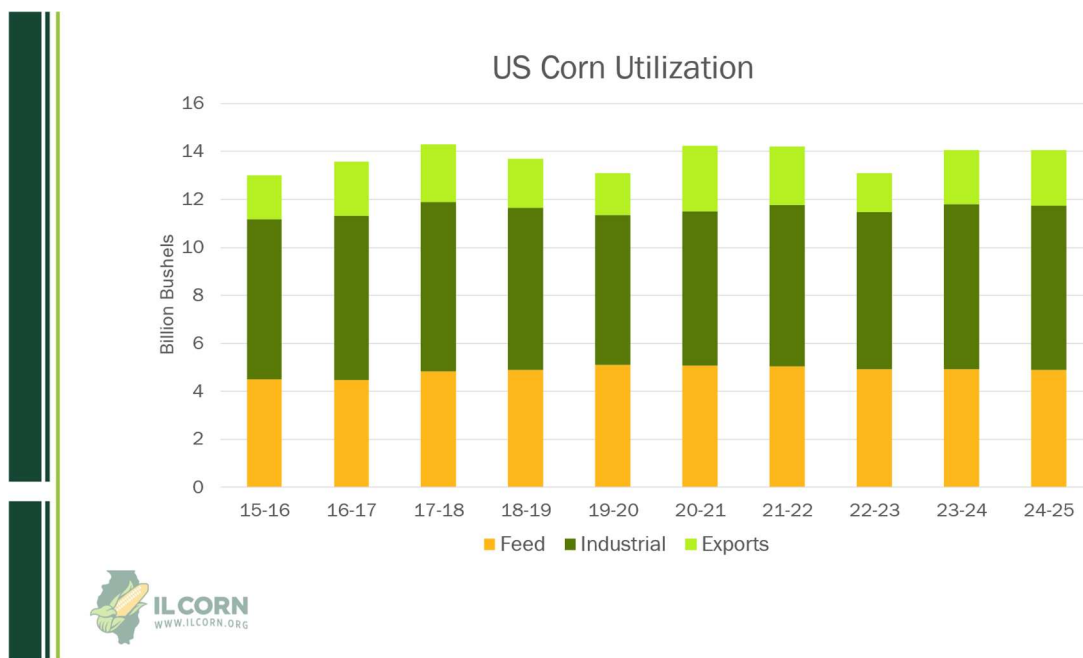
<sup>2</sup> <https://farmdocdaily.illinois.edu/2024/11/when-creating-2025-crop-budgets-keep-in-mind-family-living-costs.html>

of that land. This would give young farmers more buying power and access to capital for a down payment.

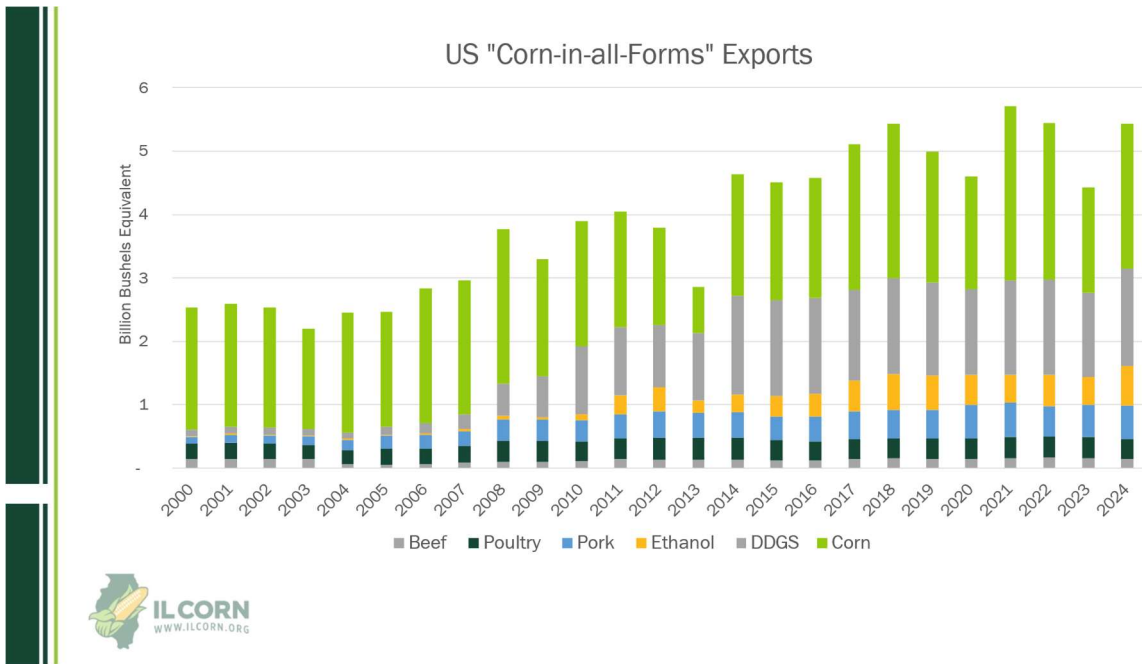
Creating opportunities for the next generation will take innovative solutions like this one, but the foundational problem is that we cannot offer a financially stable ag economy for them to return to. Young people want to come back to the family farm when the farm economy is vibrant, and the opportunity is clear. Today, the farm economy is struggling, and I believe two fundamental issues are driving the downturn: lack of demand and rising input costs.

### CORN DEMAND CONCERNS

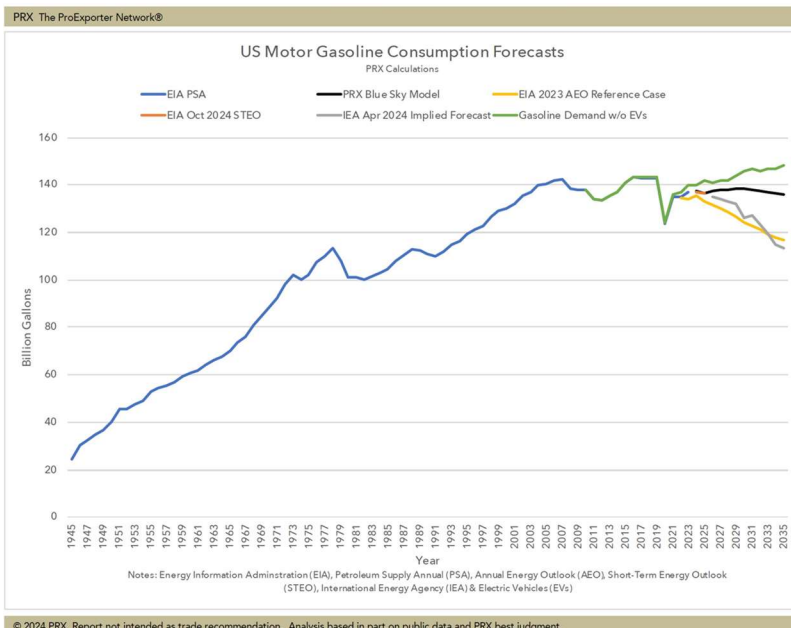
Regarding demand, an Illinois corn farmer’s first priority is to derive profit from the market, not from the government. To that end, we consistently invest in and advocate that the U.S. government invest in the development of three major markets: livestock, ethanol, and exports. Farmers are concerned that these three markets over time reflect a flat demand proposition. In this environment, the only opportunity for a corn farmer to boost his or her corn price is to experience a widespread crop failure that significantly impacts supply.



Last year’s House committee Farm Bill included an increase in funding for Foreign Market Development and Market Access Programs, targeting demand growth from international buyers. Investment here could be very impactful to the ag economy, as we face the fifth consecutive annual trade deficit in seven years and a 2025 ag trade deficit forecasted to reach a record \$42.5 billion. Export markets generate demand and profitability. This graph demonstrates that significant opportunities exist for exports of corn "in all forms;" grain exports are one opportunity, but also high-quality processed products like ethanol and corn-fed meats and poultry produced in the U.S.

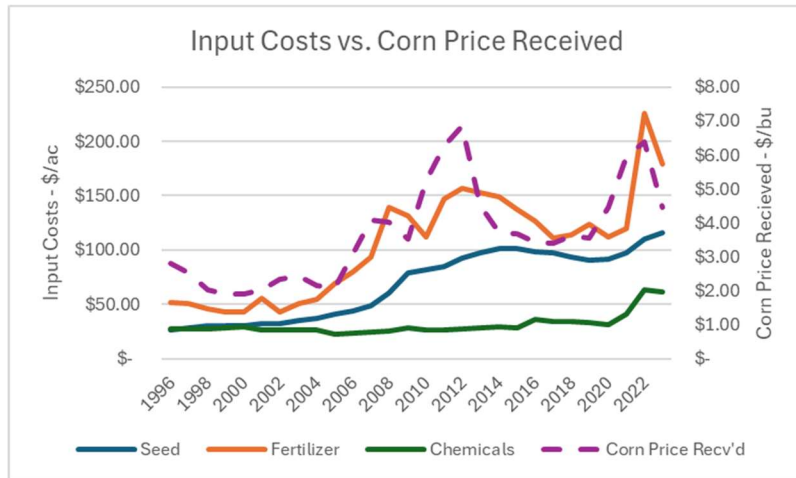


The future of U.S. corn ethanol demand is uncertain at best. Domestic ethanol consumption peaked in 2019, and the current fuel policy will contribute to further erosion of the market. Congress could pass legislation to adopt a high-octane, clean-burning fuel standard that will ensure the longevity of internal combustion engines and the future of U.S. ethanol demand, but to date, this has not happened. Growing demand for ethanol would drastically impact the profitability proposition of U.S. corn farmers. Due to competition for the acres, it could potentially benefit all row crop farmers. Currently, the proposition for ethanol demand is bleak based on regulatory barriers placed on growth in this market and regulations that push electric vehicles over internal combustion engine vehicles.

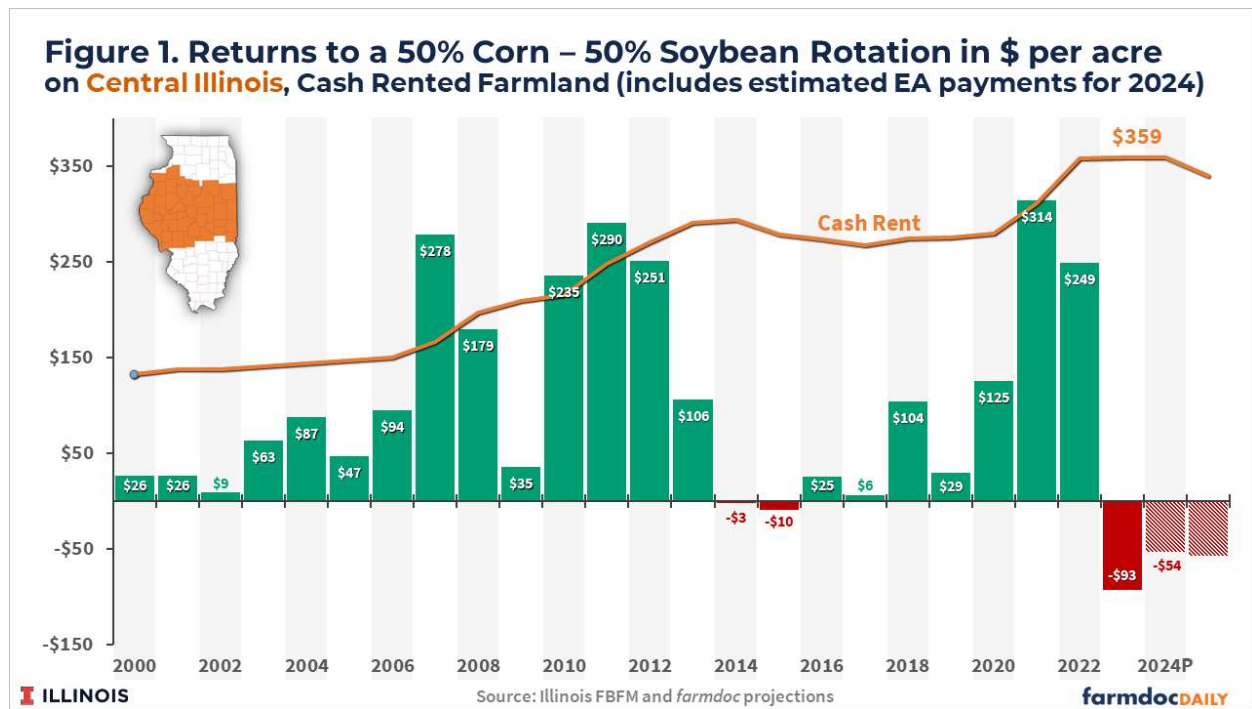


### INPUT COST CONCERNS

Input costs rose during a period of higher commodity prices and have not returned to levels that allow family farmers to be profitable. Input costs can be classified as seed costs, fertilizer costs, machinery and labor costs, and cash rent. This chart demonstrates how fertilizer costs in particular are tied to corn prices (and how much manufacturers can



extract from the farmer) and are not associated with the cost of producing fertilizers. From Ag Economists at farmdoc, the problem will not be solved by passing additional dollars out to farmers to keep them afloat; additional dollars only prolong the problem and do not place any downward pressure on the exorbitant input costs that are half of the problem.



According to the farmdoc team at the University of Illinois, 2025 will be the third year of negative returns for Illinois corn and soybean farms. The magnitude of the downturn is yet to be determined but has the potential to be on par with the 80’s farm financial crisis. Please consider the following two tables, prepared by farmdoc, that detail each cost an average farmer will incur to plant a crop in 2025, as well as the return and break-even commodity prices. The losses are significant for both corn and soybeans with no projected upturn in the market ahead.

**Table 1. 2025 Corn and Soybean Budgets for Northern, Central, and Southern Illinois**

	Northern		Central-High		Central-Low		Southern	
	Corn	Beans	Corn	Beans	Corn	Beans	Corn	Beans
Yield per acre	228	69	236	75	223	68	195	61
Price per bu	\$4.30	\$10.20	\$4.30	\$10.20	\$4.30	\$10.20	\$4.30	\$10.20
Crop revenue	\$980	\$704	\$1,015	\$765	\$959	\$694	\$839	\$622
ARC/PLC	10	10	10	10	9	9	9	9
Ad hoc Federal payments	0	0	0	0	0	0	0	0
Crop insurance proceeds	0	0	0	0	0	0	0	0
<b>Gross revenue</b>	<b>\$990</b>	<b>\$714</b>	<b>\$1,025</b>	<b>\$775</b>	<b>\$968</b>	<b>\$703</b>	<b>\$848</b>	<b>\$631</b>
Fertilizers	165	58	165	65	160	62	160	72
Pesticides	101	65	122	74	119	75	113	75
Seed	126	78	127	81	133	71	119	79
Drying	22	0	22	0	20	1	11	0
Storage	9	4	10	5	9	3	4	3
Crop insurance	19	10	19	8	19	9	23	12
<b>Total direct costs</b>	<b>\$442</b>	<b>\$215</b>	<b>\$465</b>	<b>\$233</b>	<b>\$460</b>	<b>\$221</b>	<b>\$430</b>	<b>\$241</b>
Machine hire/lease	31	26	21	22	24	24	24	22
Utilities	8	6	6	5	8	7	8	7
Machine repair	45	36	39	37	45	43	45	40
Fuel and oil	22	16	20	17	19	17	23	23
Light vehicle	2	2	2	2	2	2	2	2
Mach. depreciation	76	65	83	73	80	81	84	81
<b>Total power costs</b>	<b>\$184</b>	<b>\$151</b>	<b>\$171</b>	<b>\$156</b>	<b>\$178</b>	<b>\$174</b>	<b>\$186</b>	<b>\$175</b>
Hired labor	34	30	27	24	28	26	27	26
Building repair and rent	14	7	10	9	8	6	6	6
Building depreciation	18	9	17	13	19	12	12	12
Insurance	13	9	15	15	17	17	17	17
Misc	13	13	12	12	13	13	13	13
Interest (non-land)	39	31	30	28	26	21	23	21
<b>Total overhead costs</b>	<b>\$131</b>	<b>\$99</b>	<b>\$111</b>	<b>\$101</b>	<b>\$111</b>	<b>\$95</b>	<b>\$98</b>	<b>\$95</b>
<b>Total non-land costs</b>	<b>\$757</b>	<b>\$465</b>	<b>\$747</b>	<b>\$490</b>	<b>\$749</b>	<b>\$490</b>	<b>\$714</b>	<b>\$511</b>
<b>Operator and land return</b>	<b>\$233</b>	<b>\$249</b>	<b>\$278</b>	<b>\$285</b>	<b>\$219</b>	<b>\$213</b>	<b>\$134</b>	<b>\$120</b>
Land costs (cash rent)	295	295	339	339	275	275	194	194
<b>Farmer return</b>	<b>-\$62</b>	<b>-\$46</b>	<b>-\$61</b>	<b>-\$54</b>	<b>-\$56</b>	<b>-\$62</b>	<b>-\$61</b>	<b>-\$74</b>
<b>Breakeven price to cover:</b>								
Non-land costs	\$3.32	\$6.74	\$3.17	\$6.53	\$3.36	\$7.21	\$3.66	\$8.38
Total costs <sup>1</sup>	\$4.61	\$11.01	\$4.60	\$11.05	\$4.59	\$11.25	\$4.66	\$11.56
Corn minus Soybean Return	-\$15		-\$7		\$6		\$13	

<sup>1</sup> Equals non-land costs plus land costs.

**Table 2. Corn and Soybean Returns, Central Illinois with High-Productivity Farmland**

	Corn			Soybeans		
	2023	2024P	2025P	2023	2024P	2025P
Yield per acre	232	239	236	75	77	75
Price per bu	\$4.50	\$4.25	\$4.30	\$11.30	\$10.20	\$10.20
LDP per bu						
	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre
Crop revenue	\$1,044	\$1,016	\$1,015	\$848	\$785	\$765
ARC/PLC	0	5	10	0	5	10
Ad hoc Federal payments	0	43	0	0	30	0
Crop insurance proceeds	22	5	0	5	5	0
<b>Gross revenue</b>	<b>\$1,066</b>	<b>\$1,068</b>	<b>\$1,025</b>	<b>\$853</b>	<b>\$825</b>	<b>\$775</b>
Fertilizers	289	180	165	87	73	65
Pesticides	124	124	122	75	75	74
Seed	129	129	127	83	82	81
Drying	24	24	22	0	0	0
Storage	11	11	10	6	6	5
Crop insurance	24	20	19	10	8	8
<b>Total direct costs</b>	<b>\$601</b>	<b>\$488</b>	<b>\$465</b>	<b>\$261</b>	<b>\$244</b>	<b>\$233</b>
Machine hire/lease	19	21	21	19	21	22
Utilities	5	6	6	5	6	5
Machine repair	35	37	39	35	37	37
Fuel and oil	23	21	20	23	25	17
Light vehicle	2	2	2	2	2	2
Mach. depreciation	85	85	83	74	74	73
<b>Total power costs</b>	<b>\$169</b>	<b>\$172</b>	<b>\$171</b>	<b>\$158</b>	<b>\$165</b>	<b>\$156</b>
Hired labor	24	26	27	23	24	24
Building repair and rent	10	11	10	9	10	9
Building depreciation	15	17	17	12	13	13
Insurance	14	15	15	14	15	15
Misc	11	12	12	11	12	12
Interest (non-land)	27	31	30	27	29	28
<b>Total overhead costs</b>	<b>\$101</b>	<b>\$112</b>	<b>\$111</b>	<b>\$96</b>	<b>\$103</b>	<b>\$101</b>
<b>Total non-land costs</b>	<b>\$871</b>	<b>\$772</b>	<b>\$747</b>	<b>\$515</b>	<b>\$512</b>	<b>\$490</b>
<b>Operator and land return</b>	<b>\$195</b>	<b>\$296</b>	<b>\$278</b>	<b>\$338</b>	<b>\$313</b>	<b>\$285</b>
Land costs (cash rent)	359	359	339	359	359	339
<b>Farmer return</b>	<b>-\$164</b>	<b>-\$63</b>	<b>-\$61</b>	<b>-\$22</b>	<b>-\$46</b>	<b>-\$54</b>
<b>Break-even price to cover</b>	\$/bu	\$/bu	\$/bu	\$/bu	\$/bu	\$/bu
Non-land costs	\$3.75	\$3.23	\$3.17	\$6.87	\$6.65	\$6.53
Total costs <sup>1</sup>	\$5.30	\$4.73	\$4.60	\$11.65	\$11.31	\$11.05

<sup>1</sup> Equals non-land costs plus land costs (average cash rent for the region).

My financials over the past 26 years reflect two opportunities for the committee regarding input costs for family farmers: crop insurance and transparency in input costs, particularly fertilizer costs. I struggle to understand how nitrogen costs have risen so dramatically over the past years despite the relatively stable price of its primary feedstock, natural gas. I understand that we operate in a global market and that the Russian invasion of Ukraine has created supply challenges. However, throughout my career, the fertilizer industry has twice had the opportunity to expand production to meet market demands, yet it has not done so. Increasing market transparency and/or creating risk management tools like futures contracts on the Chicago Mercantile Exchange could help farmers manage input costs more effectively. Similarly, investigating crop insurance as detailed below could equal out the system and save hundreds of millions of dollars or more.

### CROP INSURANCE AND TITLE ONE PROGRAM CONCERNS

The current structure of farm programs creates advantages for some U.S. farmers over others. Title 1 programs were always intended to support farmers experiencing longer-term declines in the farm economy. Payments under these programs are pegged to “base acres” that were established in the early 1980’s. This was intentional – there was concern that these programs could encourage farmers to “plant for the program” rather than “planting for the market”. Therefore, payments were purposely decoupled from recent plantings. The result is that farmers today may benefit from or be hurt by planting decisions made decades ago.

Some have called for a voluntary update to base acres, but this will only further entrench the problematic aspects of the program. Depending on the value of the base acre (some crops like have higher per acre values than others), farmers will make the rational economic decision to maintain or switch to the highest value base possible – even if that farmer does not plan to grow the crop in the future. A mandatory base acre update is one way to address this systemic problem within the commodity programs.

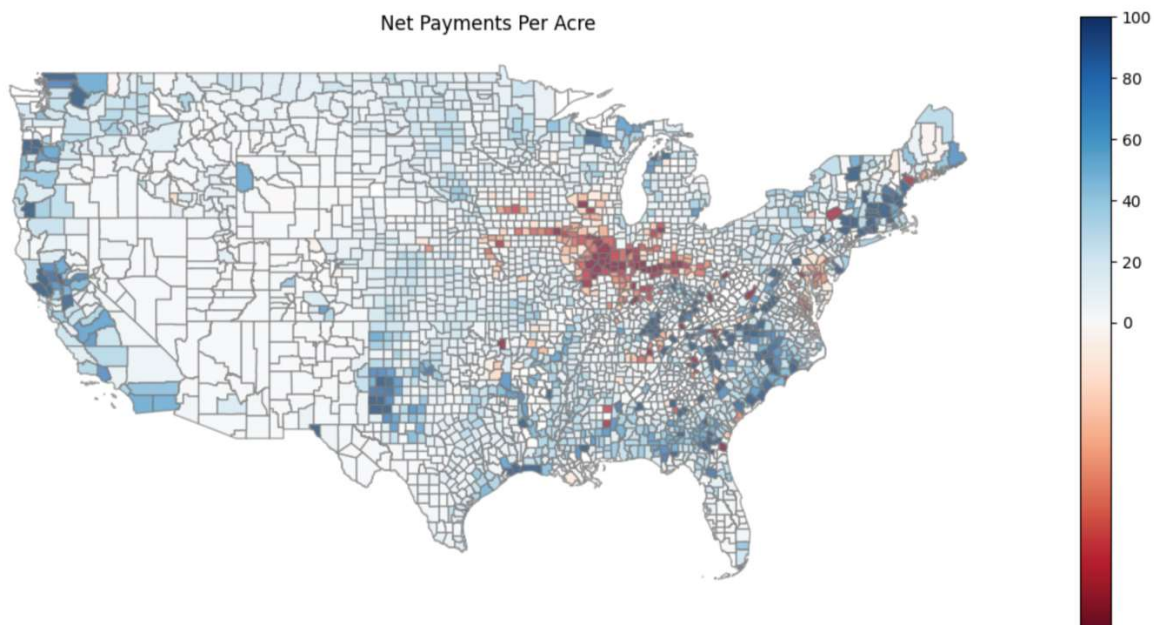
This is a particular concern for midwestern farmers like me who have traditionally grown and will continue to grow corn and soybeans. Over time, the market has driven higher demand and prices for corn (mainly via the development and expansion of the ethanol market) and soybeans (primarily increased export demand from China). This has encouraged corn and soybean planting across the nation and in regions that were traditionally not corn and soybean areas. We welcome additional production and industry engagement from non-traditional areas, but those areas may have the added benefit of holding higher-value base acres. In this scenario, a farmer can plant what the market tells her to while also receiving government payments simply for being lucky that her grandfather planted another crop with a higher-value base acre 40+ years ago.

Crop insurance is particularly unequal among regions of the United States due to the lack of actuary updates to the program. This program is supposed to operate at a loss ratio of 1.0, meaning for every \$1 paid in, \$1 is returned to the farmer on average. Over 26 years, my farm has only received 20 percent of what I should have received at a loss ratio of 1.0. Most farmers in Illinois are in similar predicaments.



Other regions of the country have very different experiences with crop insurance. Some areas receive crop insurance payments in excess of premium and subsidy contributions. This means that farmers in lower-risk regions subsidize their neighbors in higher-risk areas. If Congress does not act to reform this program, it will encourage “low-risk” farmers to exit the program and severely skew the overall risk pool.

Congress required the Risk Management Agency to investigate and potentially re-rate the crop insurance program in the 2014 Farm Bill. Based on current loss ratios the changes were either insufficient to resolve the problem or have not been kept up to date as we are experiencing the same inequities all over again. If crop insurance rates were reevaluated and reduced – particularly in the Midwest - we could generate hundreds of millions of dollars or even billions in savings. I would encourage the savings to be used to improve crop insurance and support other Farm Bill titles.



I would like to see the Committee consider more regional equity relative to the current Titles I and XI. If this is not possible due to the cost or the disruption in the farm community, then Congress must make adjustments to the Crop Insurance Title that properly rates policies for “low-risk” farmers so that they do not choose to “self-insure” affecting the entire program's future.

I've referenced four articles from the University of Illinois' farmdoc Team of Agricultural Economists:

Base Acres, Planted Acres, and Ad Hoc Payments

<https://farmdocdaily.illinois.edu/2020/09/a-farm-policy-dilemma-base-acres-planted-acres-and-ad-hoc-payments.html>

### Planted Acres and Additional Pieces of the Base Acres Puzzle

<https://farmdocdaily.illinois.edu/2023/08/farm-bill-2023-planted-acres-and-additional-pieces-of-the-base-acres-puzzle.html>

### Payment Impacts of Commodity Title for House Bill

<https://farmdocdaily.illinois.edu/2024/05/spending-impacts-of-house-proposal-for-commodity-title-changes.html>

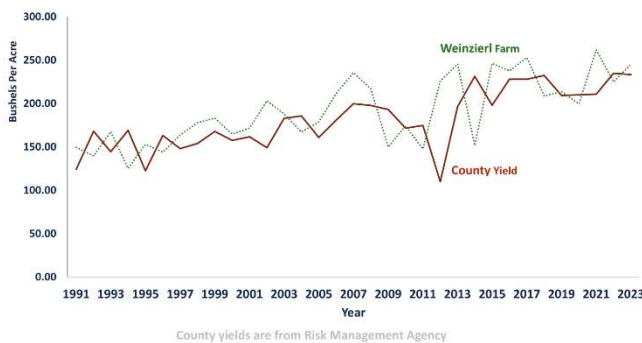
### Loss Ratios - Midwest and Other States

<https://farmdocdaily.illinois.edu/2024/07/crop-insurance-loss-performance-in-illinois-and-the-midwest.html>

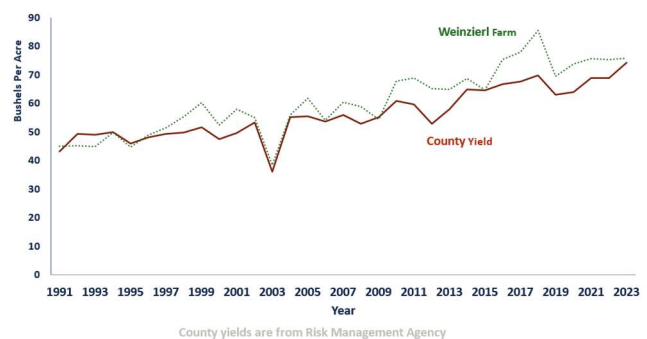
## CONSERVATION CONCERNS

Because of my on-farm experience using conservation practices on our farm, I see trends worth exploring for further crop insurance cost savings and improvement. I believe our conservation practices – no-till and cover crops primarily - have reduced risk on our farm by making our soil more resilient to both drought and excess rainfall. This, in turn, has led to fewer crop insurance indemnity payments and lower loss ratios for our policies. Additionally, implementing these conservation measures has not negatively impacted productivity gains in both corn and soybeans. We are producing more year-over-year while protecting and improving resources for the future.

Corn Yields, McLean County and Weinzierl Farm, 1991 to 2023



Soybean Yields, McLean County and Weinzierl Farm, 1991 to 2023



2019 was a historic year across the country when unprecedented heavy spring rainfalls led to a record number of acres that went unplanted (prevent plant). An analysis in 2022 investigated six key row crop states to determine the impact of two conservation practices: cover crops and no-till. When these two practices were used, the result was a 24 percent reduction in the odds ratio<sup>3</sup>. This type of research and recognition should continue and be broadly shared to not only

<sup>3</sup> <https://foodandagpolicy.org/homepage/focus-areas/agriculture-data/conservation-and-crop-insurance-research-pilot/>

positively impact the profitability and success of the farmers who employ these practices, but also reduce indemnities, reduce disaster claims, and save taxpayers money.

In another study completed in 2023, the University of Illinois farmdoc team looked at six years of fields with and without a history of cover crops. They found that in corn, “...the use of cover crops did not increase yield risk. In fact, the use of cover crops increased yields in the lowest 5% of yields. Overall, these results suggest that the use of cover crops in corn reduced downside yield risk.”<sup>4</sup>

Important to note: our conservation adoption has been implemented without the aid of traditional Natural Resources Conservation Service (NRCS) programs. This is due in part to their practice standards being too rigid, reducing my ability to innovate and often being too risky for my productivity and success. NRCS could lead farmers by providing direly needed technical support regardless of the farm family’s program sign-up status.

Historically NRCS played a key role in information dissemination and technical expertise. Recently, that role has focused more on prioritizing farmers signing up for programs than before. Many farmers are willing to make conservation investments with their own financial resources but lack technical guidance and expertise. NRCS stepped away from this role and has left a gaping hole.

Likewise, NRCS programs have state-level practice standards that can overlook the vast differences in geographic and resource concerns in certain states. Illinois for example is 390 miles long and has over 600 soil types but has one single practice standard for implementing cover crops. In addition, the successful management of cover crops ahead of corn is very different from the management ahead of soybeans and these differences aren’t reflected. I would like to see NRCS re-prioritize its role as a technical expert and aid and encourage farmer innovation, flexibility, and on-farm creativity to find conservation success and sustainable competitiveness.

As I wrap up, I would like to mention that my wife and her 4-H club run the local food pantry in our small town. I have seen firsthand the value and necessity of food assistance programs in our rural community. The nutrition program of the Farm Bill is so important to communities like mine, in food deserts, or with significant needs. Thank you very much for your time and consideration.

Thank you, Chairman Thompson and Ranking Member Craig for allowing me the honor of appearing before the Committee.

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<sup>4</sup> <https://farmdocdaily.illinois.edu/2023/10/yield-and-yield-risks-of-cover-crops-in-east-central-illinois.html>