

As Prepared

**Chairman Robert Aderholt
Farm Credit Administration Oversight Hearing
Opening Statement
February 28, 2017**

Welcome to the Agriculture Appropriations Subcommittee's second hearing of the 115th Congress with the Farm Credit Administration.

I would like to note that the last time witnesses from the Farm Credit Administration came before this Subcommittee was March 12, 1998. That's almost 19 years ago. So welcome back.

Two weeks ago at our first hearing, I detailed some themes I have laid out for this year. In summary, we will focus on 1) Evaluating and Accounting for Taxpayer Dollars to Ensure Efficiency and Accountability; 2) Investing in Rural Infrastructure as a Catalyst for Growth; 3) Ensuring Support for American Farmers, Ranchers and Producers; and 4) Protecting the Health and Safety of People, Plants, & Animals.

Today, the Subcommittee will be performing our oversight function of the Farm Credit Administration and the Farm Credit System as a whole. Unfortunately, we will not be able to discuss the fiscal year 2018 budget due to the transition with the new administration. We will focus on a few areas that are important to this Subcommittee, including the operations and budget of the Farm Credit Administration; the policies and regulations of the Farm Credit Administration; and the worsening financial situation of today's farm economy.

Many people outside of the agricultural community have never even heard of the Farm Credit System, much less know what it does. I must confess, I have had to brush up on the details myself, given the 19 year gap in hearings for this Subcommittee.

What many people don't know is that the Farm Credit System has been in existence since World War One and finances a large portion of the agriculture community in this country. With total assets of \$314 billion, the System is on-par in size with some of the world's top ten banks. The Farm Credit System was created to fill a crucial role to provide financing to farmers, ranchers, and producers that other banks may not have been able to provide. Agricultural financing is more unique than any other sector of our economy with wild, unpredictable swings possible in commodity prices and land values in our heartland.

This Subcommittee covers every aspect of USDA other than the Forest Service. While we do not provide direct funding to the Farm Credit Administration, we make funding decisions for USDA and the agriculture stakeholders that have a direct and real impact on the Farm Credit System. As Chairman Tonsager notes in his written testimony, the FCA and Congress make critical decisions related to rural infrastructure – broadband, water systems, and housing to name a few. Thus, this Subcommittee's oversight responsibilities for FCA are just as critical for the other parts of our jurisdiction as the other vital USDA roles. Without the farmer and rancher's

access to abundant and affordable credit, the less chance all of our citizens have access to the abundant supply of high quality, relatively low-cost foods.

I look forward to discussing the Farm Credit Administration's updated budget request for fiscal year 2017. The FCA is unique because it does not receive a direct appropriation. Instead, Congress places a limitation on the assessments collected from the System's institutions as its source of funding. As you mention in your testimony, the FCA has had to do some belt tightening in the in the past year. What you failed to mention is that the FCA accumulated excess funding totaling \$16 million in carryover balances as recently as 2013. The Subcommittee has kept the limitation relatively flat in order to require the FCA to spend the carryover. In addition, the FCA has a special provision that many agencies would be very envious of- the ability to increase its funding by 10 percent with a simple letter to Congress.

There has been no intention of Congress trying to limit the FCA's funding. This Subcommittee has simply been making sure responsible fiscal practices are carried out. With that said, I will be sure to examine your request for an increase in your limitation for the remainder of the year now that those excess funds have been expended.

With regards to the policies and regulations of the Farm Credit Administration, I can imagine some of my colleagues will have questions regarding complaints from the traditional banking sector. I have some general inquiries myself.

Finally, the one thing on everyone's mind in rural America, especially our constituents, is the state of the farm economy. 2017 will be the fourth year in a row that farm income will decline, according to estimates by the Department of Agriculture. I want to discuss the Farm Credit System's role in supporting farmers during this downturn, and more specifically the Farm Credit Administration's work to ensure we do not see a repeat of the 1980's farm credit system failure.

Chairman Tonsager, thank you for appearing here today. I look forward to hearing your testimony and having a productive hearing. I believe this will be your first in your new role as Chairman of the FCA. Mr. Hall, I would also like to welcome you here in your role as a past Chairman and current Chairman of the Farm Credit System Insurance Company. Your role in providing a backstop to the Farm Credit System is now more valuable than ever.

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