



**Chairman Sanford D. Bishop, Jr.**  
**Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies**  
**Budget Hearing: Farm Credit Administration**  
**Date: February 12, 2020**

The Subcommittee will come to order.

Good morning and welcome to today's hearing.

I am happy to welcome Glen Smith, Board Chairman and CEO of the Farm Credit Administration and FCA Board Member, Jeff Hall as we discuss the Agency's roles, responsibilities, and budget request for Fiscal Year 2021. Thank you both for being here today.

Last year, we held a hearing with the FCA and the System that examined the state of the rural economy and the challenges and opportunities our farmers, ranchers, producers and rural communities face.

Since then there have been some positive developments, such as the signing of Phase 1 of the China Trade Deal, in which China has tentatively promised to buy more agricultural products from the United States, and the passage of the United States-Mexico-Canada Agreement. This is good news for our producers, but the reality for many is more complicated and 2020 still holds many uncertainties.

While USDA's Economic Research Service forecasted a rise in net farm income in 2019, due in most part to direct government payments, there are alarming trends in the agricultural sector that must be examined and addressed. Last year, according to USDA, farm debt reached record levels at \$416 billion. Farm bankruptcies are at their highest levels since 2011.

These trends appear to raise significant warning signs for the year ahead and I would like to hear from our witnesses on their outlook for 2020.

Looking at the budget, the request for Fiscal Year 2021 is \$81 million, of which nearly 87 percent is for personnel costs. A third of the examination staff and half of the non-examination staff will be eligible for retirement within the next five years. This represents hundreds of years of institutional knowledge leaving the agency and mirrors the wave of retirements and vacancies we are seeing at the Farm Service Agency. I am glad to see your budget request identifies human capital initiatives and investments as priorities and that the Farm Credit Administration is focusing on knowledge management.

I am also glad to that you are focusing on improving services to young, beginning, and small farmers. A recent ERS report looking at beginning farms and farmers noted that beginning farm households have less wealth and have more debt relative to their assets than established farms. Ensuring new farmers have the resources, support, and access to credit they need to sustain their business early on should be a priority for all of us, given that our farming population is both declining and aging.

I look forward to hearing more about the Farm Credit Administration's outreach to this group of important farmers.

I again want to thank Mr. Smith and Mr. Hall for being here today, and I look forward to today's discussion.