

**Oral Statement by the Honorable Glen Smith  
Board Chairman and Chief Executive Officer  
Farm Credit Administration  
Before the Subcommittee on Agriculture,  
Rural Development, Food and Drug Administration,  
and Related Agencies  
U.S. House of Representatives Committee on Appropriations  
March 24, 2021**

Mr. Chairman and Members of the Subcommittee, I am Glen R. Smith, board chairman and CEO of the Farm Credit Administration, and with me virtually is my fellow board member Jeffery S. Hall, who is chairman of the Farm Credit System Insurance Corporation. I will be reporting to you today on the rural and farm economies, the condition and performance of the Farm Credit System, and the effects of the COVID-19 pandemic. I have a written statement to submit for the record.

**About the System**

FCA regulates the Farm Credit System, which provides approximately 45% of the nation's agricultural credit. FCA also regulates Farmer Mac, which was created in 1988 to provide a secondary market and liquidity to rural banks, insurance companies, and rural cooperatives.

If we look back a year ago, we found ourselves facing the challenge of the pandemic. In my previous testimony before this committee in February 2020, I warned to beware of "black swan events." From the time I became chairman in 2019, this board has strongly encouraged the System to be conservative in holding strong capital and adequate liquidity for unexpected events. This proved to be important during the early stages of this pandemic.

We are happy to report that System institutions continued to meet the needs of agriculture and rural America throughout the pandemic. The System reported solid financial results for 2020, including strong loan growth, higher earnings, and generally sound loan quality.

I believe FCA must remain fully engaged, alert, and ready to act. Credit stress is likely to continue for certain agricultural sectors and geographical regions. The effect of changes in interest rates, trade, financial markets, and general economic conditions may be of concern.

**The condition of agriculture and the rural economy**

Fortunately, the farm economy is in better shape today than it was a year ago, thanks to robust U.S. exports and strong crop prices since last fall.

I want to acknowledge this Committee and Congress for helping to sustain farmers this past year, especially earlier in the year. Farm program payments and additional support from USDA helped those who encountered serious market disruptions.

Farmers are now gearing up for spring planting season with a degree of optimism they haven't felt for years. My son will be planting our 39th crop of corn and soybeans back in Iowa, but as a lifelong farmer, I know how quickly markets can reverse course.

### **Response of FCA to pandemic**

When the national emergency was declared almost a year ago, our first concern was how to keep our employees safe while continuing to fulfill our public mission. Thanks to our earlier investment in communication technology and the services of our IT staff, we were able to do just that. We also relied heavily on data analytics to make fact-based decisions impacted by COVID.

One of our first actions in response to the pandemic was to issue a message to the institutions we regulate, urging them to work with borrowers affected by the pandemic and notifying them that we can provide some temporary regulatory relief. Since then, we have issued numerous guidance documents, including guidance on providing PPP loans to System borrowers. I am proud of how the agency responded. We will continue to focus on our mission and our critical projects, including improving credit availability for young, beginning, and small farmers.

### **Conclusion**

We believe FCA fulfilled its role in 2020 and that the System performed well. The markets and investors continue to have confidence in System debt obligations, which ultimately benefits System borrowers by providing access to competitive financing.

As a farmer, I am an optimist. I always try to find a silver lining and learn from past challenges. One thing COVID-19 demonstrated to the American people, and to us all, is that agriculture and the food supply must not be taken for granted and must be protected. FCA will do its part by helping ensure safe and sound credit for agriculture and rural America.

Thank you for the opportunity to meet with you today. I hope to meet in person next time. I will be happy to answer your questions.