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# Farm Credit Administration and Its Board Members

## Overview

Congress oversees the Farm Credit Administration (FCA), which is the federal financial regulator responsible for ensuring the safety and soundness of Farm Credit System (FCS) institutions and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA is directed by a three-member board of directors nominated by the President and confirmed by the Senate (12 U.S.C. §2242). One board member position is vacant, one member is serving in an expired term, and one member's term will expire soon.

Congressional oversight is provided by the House and Senate Agriculture Committees. The most recent authorizing committee hearings on FCS were in the Senate on May 19, 2016, and in the House on November 19, 2019 (with FCA witnesses). The Senate Agriculture Committee most recently held a nomination hearing for a board member in November 2017.

This In Focus summarizes FCA and FCS and provides context for current and past terms of FCA board members.

## Farm Credit Administration

FCA sets the policies, regulations, charters, and examinations of FCS and Farmer Mac. This includes compliance with statutes to serve eligible borrowers. FCA also protects the rights of borrowers and reports to Congress on the financial condition of FCS. FCA is an independent agency that has about 300 full- and part-time employees. It is located in McLean, VA, and conducts examinations from several field offices.

FCA's operating expenses are paid through assessments on FCS banks and associations. Even though FCA does not receive an appropriation from Congress, the annual Agriculture appropriations act places a limit on FCA's administrative expenses (\$84 million in FY2022).

Statutory authority for FCA is in Title 12, Section 2241, of the *United States Code*, with regulations in Title 12, Section 600, of the *Code of Federal Regulations*.

## Farm Credit System

FCS is a privately owned, federally chartered, nationwide financial cooperative that lends to full- and part-time farmers, farming-related businesses, rural homeowners, farmer-owned cooperatives, and certain rural utilities. Borrowers must meet creditworthiness requirements. FCS is not a lender of last resort.

Established in 1916 as a government-sponsored enterprise (GSE), FCS has a statutory mandate—and limitation—to serve agriculture. FCS is the only direct lender among the GSEs. It receives tax benefits, but FCS operates without any direct federal appropriations.

FCS associations are owned by their borrowers, who are required to purchase stock as part of their loans. FCS banks and associations do not take deposits like commercial banks. Instead, FCS uses capital markets to sell bonds that become the joint and several liabilities of all FCS banks, meaning they collectively stand behind the obligations to repay those bonds. FCS is composed of four regional banks that provide funds and support services to 67 smaller credit associations that in turn provide loans to eligible borrowers.

As of December 31, 2021, FCS had \$344 billion in total loans outstanding to agriculture, agribusiness, rural utility, and other borrowers. Agriculture loans are the largest portion of the FCS portfolio and provided 44% of loans on the sector-wide farm balance sheet at the end of 2020, according to the U.S. Department of Agriculture.

Statutory authority for FCS is in the Farm Credit Act of 1971 (12 U.S.C. §§2001 et seq.), as amended, notably by the Agricultural Credit Act of 1987.

## Farmer Mac

Farmer Mac is a secondary market for agricultural mortgages. It purchases loans from originating lenders and provides other risk management tools. Farmer Mac was created by Congress in 1987 as a privately funded GSE and is an investor-owned corporation that is financially and corporately separate from FCS.

As of December 31, 2021, Farmer Mac's total business volume (similar to assets) was nearly \$24 billion.

Statutory authority for Farmer Mac is in the Farm Credit Act of 1971 (12 U.S.C. §2279aa et seq.).

## Board Members

As a regulator, FCA is directed by a three-member board of directors nominated by the President and confirmed by the Senate (12 U.S.C. §2242).

Terms for board members are six years in length, fixed when they begin and staggered so that one term begins every two years regardless of whether a new member has been confirmed. Board members may not be reappointed after serving a full term or more than three years of an unexpired term. A board member may continue to serve beyond the end of his/her term until a replacement has been confirmed. This helps maintain an effective board if successors are delayed. Not more than two members of the board may be from the same political party.

The President designates one member as chairman—not subject to further confirmation—who has historically held that role until the end of his/her term. The chairman is also the chief executive officer of FCA (12 U.S.C. §2244).

**Table 1. Farm Credit Administration Board Members**

Name	Description	Term ends
Jeffery S. Hall	Confirmed in 2015. Serving until a successor is confirmed. Term for a successor: 10/13/2024.	10/13/2018
Glen R. Smith	Confirmed in 2017. Designated as Chairman and CEO on July 17, 2019. Term for a successor: 5/21/2028.	5/21/2022
—	Vacant after the death of Dallas P. Tonsager on May 21, 2019.	5/21/2026

**Source:** CRS, using data at FCA.gov, “About FCA.”

### Current Board Members

The current FCA board has two members and one vacancy (**Table 1**). Glen Smith was confirmed in 2017 for a term that expires in May 2022; he was named chairman in July 2019. Jeffrey Hall was confirmed in 2015 for a term that expired in October 2018. Both Smith and Hall are Republicans and may continue to serve until their successors are confirmed. The vacancy was created when Dallas Tonsager, a Democrat, died in office in May 2019.

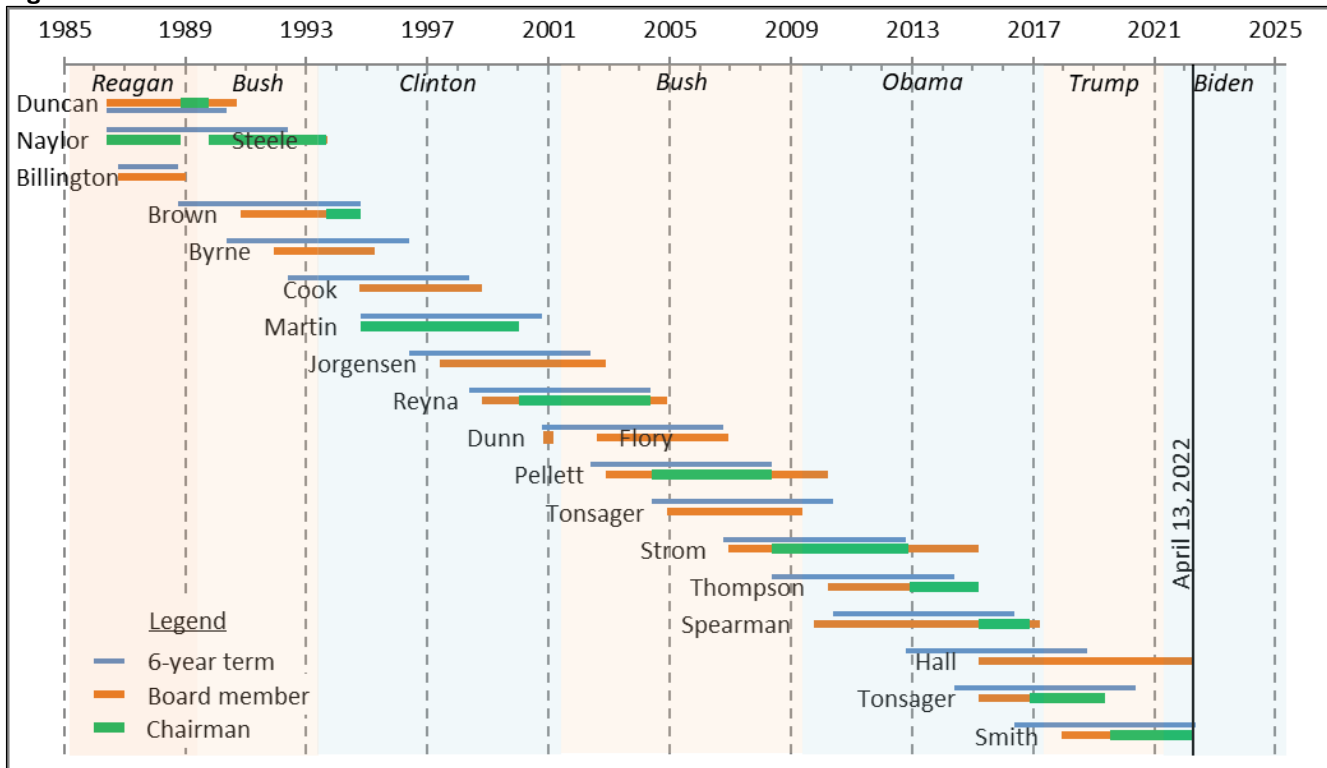
The Biden Administration has not submitted any nominees for the Farm Credit Administration Board. After Smith’s

term expires on May 21, 2022, all three board positions could be filled, including up to two from one political party. A member confirmed for the term expiring in 2024 could be reappointed; the partial term would be less than three years.

### History of Board Members

**Figure 1** is a timeline showing the service of the 20 FCA board members and 12 chairmen of the FCA over 35 years. The timeline illustrates that the terms of board members are for six years with a fixed and staggered beginning so that one term begins every two years whether or not an individual fills the vacancy (blue line). A board member’s service date depends on Senate confirmation and may extend beyond the end of a term until a successor is in place (orange line). Service as chairman depends on presidential appointment and is not subject to further Senate confirmation (green line on top of an orange line).

FCA had generally maintained a three-member board from 2002 to May 2019 (upon the death of Tonsager)—except for about eight months in 2017 (after the death of Spearman) and five months in 2009. This has been possible because board members have continued to serve until their successors are confirmed. The present 34-month vacancy is the longest on record resulting in a two-member board. In 1989, the FCA had only one board member.

**Figure 1. Farm Credit Administration Board Members and Chairmen**

**Source:** CRS, using data at FCA.gov, “About FCA.”

**Notes:** Terms (in blue) for board members are six years with a fixed and staggered beginning so that one term begins every two years whether or not an individual fills the vacancy. Service as a board member (in orange) depends on appointment and confirmation and may extend beyond the end of a term until a successor is in place. Appointments as chairman (in green) are named by the President.

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