

Prepared Statement of Jeffery S. Hall
Nominee for Board Member of the Farm Credit Administration

Chairman Roberts, Senator Stabenow and distinguished members of this Committee, I am honored to appear before you today. I am humbled to be nominated by President Obama for the position of Board Member for the Farm Credit Administration.

I want to offer a special thank you to Leader McConnell for his recommendation to this position, for his continued support for many years, and most of all for giving me an opportunity to come to Washington and work for him nearly 27 years ago. Sitting in this room today brings back memories of the many hearings and meetings that I attended and reminds me of what an honor it is for me to sit before you today.

I would like to recognize my wife, Elaine who is with me here today and stands beside me every day. Our two children, Kathryn and William, who are missing school to be here today.

I was raised on a family farm in southern Indiana that has been in our family since it was homesteaded in 1818. What I learned growing up on that farm has shaped my life and my career. It gave me the inspiration to attend Purdue University, studying agriculture and becoming the first person in my family to graduate from college. It was that opportunity that allowed me to experience more and gain a much deeper appreciation for agriculture.

In addition to my time working in the United States Senate, my professional career has included working for the Kentucky Farm Bureau, the University of Kentucky, College of Agriculture, the United State Department of Agriculture, and most recently a small consulting business that primarily managed small trade associations. Each and every step of my career path has broadened my base of knowledge and increased my appreciation of the vital role that agriculture plays in our nation's prosperity.

The productivity of America's farmers over the past century is unparalleled and the thousands of businesses that provide inputs and the thousand more that process, market and deliver the finished goods are at the very core of our nation's wealth and abundance. The productivity of our farmers has fundamentally transformed our nation's economy. The Farm Credit System has played a crucial role for nearly one hundred years by providing a reliable source of credit to farmers, ranchers, agricultural business, and families who live and work in rural America.

As a former system borrower I believe in the important mission of the Farm Credit System. As a farmer and former State Executive Director of the Farm Service Agency, I know the very real consequences that regulations have on farmers and ranchers. I do believe regulations are important, but I also do believe that overregulation can become a burden to individuals and businesses, which limits their productivity. I believe all regulatory agencies, especially those that have a focused mission like the Farm Credit Administration, need to balance the interests of the regulated community with clear and enforceable boundaries. It is vital to have a strong independent regulator. If confirmed as a board member, I will make it my primary responsibility to support common sense rules that protect the safety and soundness of this system.

While the farm economy has been very good over the past couple of years and the overall economy is improving, there are some challenges we will soon face. With interest rates near historical lows, rising rates are inevitable. Rising interest rates will increase loan repayments and this is already having an impact on farmland values.

Commodity prices are always a concern and increasing volatility in those prices will place added pressure on marketing decisions by borrowers and ultimately their profitability. With the current outlook for grain prices, the changing value of the dollar, and volatility in the global economy, the need for the System to provide a stable source of credit to agricultural producers and rural America remains as important as ever. Additionally, access and availability of water, particularly for producers in western states, will add pressure to their ability to produce many crops and may force changes in production practices and add to the costs of production.

In my lifetime, one of the most dramatic changes in agriculture has involved the infrastructure that provides products and services to farmers and the accessibility to markets to sell their products. Our rural communities were once the hubs of rural commerce with feed mills, equipment dealers, farm supply stores and livestock markets. While it is a bit nostalgic to look back at how things used to be, I think we should recognize the importance of investing in the infrastructure that supports our farmers and provides much needed economic development activity to our rural communities. I am excited about the System's partnership with USDA's Rural Infrastructure Opportunity Fund.

In conclusion, the business of farming has changed dramatically since 1916, but the mission of the Farm Credit System and the role of the Farm Credit Administration is just as important as ever. I believe that the farmer-owned cooperative Farm Credit System is essential to providing sound, adequate and constructive credit to American farmers and ranchers. I believe the Farm Credit System, commercial banks, community banks, and USDA loan programs all have an important role to play in maintaining a competitive

marketplace for credit. Farmers and agriculturally related businesses benefit by having multiple, competitive sources of credit. If rural America is going to continue to prosper, we must all work together.

Mr. Chairman and members of this committee, I am honored to be considered for a position on the Farm Credit Administration Board. If I am confirmed and appointed, I will pledge to fulfill my responsibilities to the best of my abilities. I will work with the other Board members to ensure the System remains safe and sound and I will promise to keep an open line of communications with members of this Committee and your staff. I want to thank you for allowing me to appear before this committee today and I would welcome any comments or questions.