

**Statement**  
**Leland A. Strom, Board Member**  
**Farm Credit Administration Board Meeting**  
**November 14, 2013**

In many areas of our country, rural America has seen a steady decline over the past two decades. Small towns have shuttered storefronts, people of all ages have limited access to good-paying jobs, and in many instances rural residents frequently drive long distances to receive adequate health care.

Recognizing the important role of the mission of the Farm Credit System, in 2005 the FCA Board authorized the first pilot program to gather information on the effectiveness of System investments in projects that help strengthen rural America. In 2008, FCA proposed a rule that would enable Farm Credit System institutions to more effectively serve the needs of rural communities by making rural community investments in accordance with the provisions of the Farm Credit Act. The proposed rule generated more than 10,000 comment letters. These letters voiced both support for and opposition to the rule. Many of the letters provided helpful suggestions for the Agency to consider on ways to improve on the proposed rule.

During my years here at FCA, serving as both a Board member and Chairman/CEO, there has been much discussion and analysis of this program. In 2009, I traveled on two separate occasions to view firsthand a number of these investment programs in some of the poorest and hardest-hit areas of rural America. I spoke directly with local residents and officials, and heard how these projects could positively impact their local community. I also observed that when community banks and Farm Credit System institutions work together, as they have in several of these projects, they can build excellent working relationships that serve to greatly enhance rural life.

With the vote today to conclude the pilot investment programs and withdraw the proposed rule on Rural Community Investments, I am concerned that institutions that have worked so hard over these past eight years to establish working partnerships with USDA, banks, local communities and others, to make medical, nursing, and other essential rural facilities a reality, will lack the confidence of knowing what the future direction of the Agency will be going forward. In simply moving forward on a case-by-case basis, the institutions will not have the certainty, clarity, or permanent guidance a rule would have provided. This could discourage System institutions from investing in people and processes to operate these types of programs. I am disappointed that after eight years of gathering information from the pilot program, we could not find common ground in an appropriately structured rule that would address the concerns of the various interested parties, while providing the framework for System institutions to go forward with the confidence of knowing there is a regulation in place. I believe more System institutions would devote resources to this program if there were the permanency of authority. As a result, many areas of rural America may not have access to this source of funding.

I would like to affirm my belief that the System has a role in providing capital to projects that support rural infrastructure and in doing so assists in the vibrancy of those rural communities that are so important to agricultural producers and all rural residents. I am hopeful that the Agency can implement the approval process as allowed for in FCA regulation 615.5140(e) in a timely fashion so that System institutions can continue to provide needed capital to support the infrastructure of rural communities, with the goal of having a long-term solution to allow the System to continue to fulfill its mission.