

Statement on the Drought
Jill Long Thompson, Board Member
Farm Credit Administration Board Meeting
July 12, 2012

U.S. farmers are facing the worst drought and crop conditions in a quarter of a century. The last year in which conditions were as serious and widespread was 1988. Compounding our concerns is the National Oceanic and Atmospheric Administration's forecast of a worsening situation for the remainder of the crop year.

Legislative changes in the federal crop insurance program have resulted in better risk management tools and a much higher participation rate. Additionally, by implementing a number of prudential changes since the 1980s, the System has become much stronger. These changes are reassuring. Even so, given the seriousness of the drought, as a Board Member, I have the responsibility to do all I can to ensure continued safety and soundness of the Farm Credit System. Earlier this week I met with our Chief Economist and Chief Operating Officer, and am pleased with the work that is already being done to assess the potential for losses. I have also asked for additional analysis and a more comprehensive briefing in the future, and thank Bill Hoffman, our COO, for his expedience in addressing these concerns.