

**NOMINATION HEARING OF
MICHAEL T. SCUSE, CHESTER J. CULVER
AND BRUCE J. SHERRICK**

**HEARING
BEFORE THE
COMMITTEE ON AGRICULTURE,
NUTRITION AND FORESTRY
UNITED STATES SENATE**

**ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION**

DECEMBER 15, 2011

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**NOMINATION HEARING OF
MICHAEL T. SCUSE, CHESTER J. CULVER
AND BRUCE J. SHERRICK**

Thursday, December 15, 2011

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
Washington, DC

The Committee met, pursuant to notice, at 10:35 a.m., in room 328A, Russell Senate Office Building, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present: Stabenow, Harkin, Conrad, Roberts, Cochran, Grassley, and Thune.

**STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR
FROM THE STATE OF MICHIGAN, CHAIRWOMAN, COM-
MITTEE ON AGRICULTURE, NUTRITION AND FORESTRY**

Chairwoman STABENOW. Well, good morning and the Senate Committee on Agriculture, Nutrition and Forestry, with a lot of feedback through the microphone, is called to order. I hope we are going to get that fixed. Thank you very much. We are in our newly-refurbished, high tech Committee room, so I hope that means that all the technology is going to work well here as we are back.

Welcome. Today the Committee is meeting to consider important nominations, the nomination of Michael T. Scuse, Delaware, to be Under Secretary of Agriculture for Farm and Foreign Agricultural Services, and a member of the Board of Directors of the Commodity Credit Corporation; as well as two nominees for the Board of Directors of the Federal Agricultural Mortgage Corporation, also known as Farmer Mac. Governor Chet Culver of Iowa and Dr. Bruce Sherrick of Illinois.

Welcome to all of you and congratulations on your nominations. We extend a warm welcome to you and your family and friends. I understand that, Mr. Scuse, your wife, Patrice, is here with you and we welcome you as well. I would also like to welcome Governor Culver's stepbrother, John, who I understand is with him today. So welcome.

These positions are critically important, as we all know, for American farmers and ranchers. The Under Secretary of Agriculture for the Farm and Foreign Agriculture Services plays a key role in enforcing accountability within the Farm Service Agency, the Risk Management Agency, and the Foreign Agriculture Services Agency.

The Under Secretary is responsible for making sure that taxpayers are getting their money's worth and that we are doing everything possible to make USDA services efficient and effective for farmers, ranchers, and the families they serve.

Mr. Scuse, I would hope that you would use the perspective you have gained as both a farmer and a long-time public servant to improve the operations of the agencies you will continue to oversee, assessing how the agencies are measuring performance and efficiency, cutting down on duplication, and how customer service is being administered and improved. I would appreciate your focus in those areas.

Your nomination comes at a very important time as the Committee continues to work to write the next Farm Bill. The staff of the Department of Agriculture will be an indispensable resource for us as we move forward, and you have been already—we work very closely with the Department and appreciate the input and expertise of the Department.

All of you really are the boots on the ground implementing the programs that we have created and will create so that we are able to provide valuable feedback on performance, and I appreciate all of that work.

Governor Culver and Dr. Sherrick, you have been nominated to serve as members of the Board for Farmer Mac. Of the 15 Board members, five are elected by the Farm Credit system institutions, five are elected by other financial institutions as we know, and five are nominated by the President and confirmed by the Senate.

Those five are particularly important to preserve consumer protections for the American people. As Board members, it will be your responsibility to ensure that Farmer Mac is managed in a safe and sound manner, and with an appropriate balance between financial performance and fulfillment of its public mission. The availability of credit in rural communities is absolutely essential to growth and sustainable economic development. It is the job of Farmer Mac to make sure that credit is available in rural America.

I know I speak for all the members of the Committee when we say that we take our obligation to advice and consent very seriously. We look forward to all of your remarks and the opportunity to exercise our constitutional duties. I know that Senator Roberts will be joining us in just a bit, and at that point, I will turn to him for opening comments.

Before turning to our excellent panel and the Senator from Delaware to make an introduction as well, I do want to turn, without objection, to Senator Grassley, who I know is going to have to leave, but wants to comment on one of our nominees at this point. So, Senator Grassley?

**STATEMENT OF HON. CHARLES GRASSLEY, U.S. SENATOR
FROM THE STATE OF IOWA**

Senator GRASSLEY. Thank you for letting me go out of order, and it will take about three or four minutes. But also, before I introduce Governor Culver, I had the opportunity of meeting Michael Scuse in my office and determined he is well-qualified for that office. Coming from Delaware, you might not think he knows much about agriculture, but he sure does know a lot about agriculture

and I know agriculture is very important to the State of Delaware, even though a lot of times for a small state you do not think so.

It is my pleasure, Madam Chairman and members of the Committee, to introduce Governor Culver, and my colleague, Senator Harkin, will be coming along later to do the same. I speak very highly of him because in the years he served as Secretary of State and the years he served as Governor, I had a good working relationship with him and know well his devotion to public service. And he comes from a family that has a history of public service as well.

So I am pleased that one of the President's nominations for Farmer Mac is an Iowan and I would personally congratulate the Governor on his nomination and welcome him to this hearing today. Governor Culver has served in statewide office in Iowa for over a decade, first two terms as Secretary of State and then as Governor. So he has seen first-hand many ups and downs of the agricultural industry, as so commonly happens in any state with agriculture, but it does in Iowa as well.

The agricultural economy is going through a strong period right now, and part of the reason for that is that agricultural credit systems have allowed farmers access to the resources that they need and have otherwise had difficulty obtaining. Governor Culver, living in Iowa his life, as well as serving Iowans in those two positions, has a first-hand knowledge of how important credit is and the ability to finance farming operations, not only to the farmers, but to the prosperity of both rural Iowa, and when you look at the job that faces him, rural America as a whole.

While agriculture has had a bright spot in these tough economic times, we are still seeing a lot of volatility in commodity and import prices. We have to make sure that U.S. farmers continue to have the resources available to them as they continue to produce a safe and abundant food and fuel supply. And Farmer Mac plays a very important role in ensuring capital is available to farmers in rural communities.

So I think, and this Committee will know this after Governor Culver testifies, that he will bring a valuable perspective and a valuable understanding of rural issues to the Board of Directors of Farmer Mac. I want you to know that I enthusiastically support his nomination and I urge my colleagues to join me in confirming him, and I hope that confirmation can be done quickly before we go home for Christmas, because obviously it will linger beyond into February if we do not do that.

Again, I welcome Governor Culver and congratulate him on his nomination. Thank you, Madam Chairman.

Chairwoman STABENOW. Well, thank you very much, Senator Grassley. Governor Culver, that is high praise coming from a very distinguished member of our Committee and we take that very seriously. So thank you very much, Senator Grassley.

I am now going to turn to the Senator from Delaware to tell us about Delaware agriculture. Would you like to respond?

**STATEMENT OF HON. CHRISTOPHER A. COONS, U.S. SENATOR
FROM THE STATE OF DELAWARE**

Senator COONS. I would love to. Thank you for the opportunity. Senator Stabenow, as Senator Grassley and I have previously discussed over breakfast, ag is the biggest business in Delaware. Now, someone from a state the size of Michigan may not think that is much of a big deal, but for our state, it is a big deal.

Chairwoman STABENOW. That four farms? No, I'm sorry.

Senator COONS. We get no respect. We get no respect.

[Laughter.]

Senator COONS. Poultry is really the sort of beating heart of the Delaware agriculture sector, but there are lots of other components to it, and I just want to start by saying I am grateful, Madam Chairman, for the opportunity to introduce my friend and fellow Delawarean, Michael Scuse.

It is a rare and good day when I see good people advance here in Washington, and Michael is one of the best I have ever known. He and his wife, Patrice, have been good friends to my wife, Annie, and I for a long time. I first got to know him well in a public capacity when he was serving as Secretary of Agriculture for the State of Delaware, and we had an opportunity to get to know each other, both personally and professionally. He is passionate about agriculture. He is hard-working, he is smart, he is genuine, he is a decent man.

He and his brother continue to run a family farm in Smyrna. Like me, he commutes to and from Delaware. His wife, Patrice, is with him today and I know that he remains a connected part of the tight-knit farm families that are the backbone of rural Delaware.

I worked most closely with Michael when I was the New Castle County Executive. The day I announced my candidacy for that position, promoting farm preservation and strengthening our partnership between the county and state, was one of the things I was determined to do. And it was not easy and it required a state Secretary of Agriculture who was innovative, who was willing to find ways to adapt a program, and who was willing to partner with me.

Largely because of Michael's leadership and the Governor under whom he served, Delaware today has the highest percentage of preserved productive agriculture farmland of any state in the country.

We also worked together to promote agri-tourism and to promote on-farm income sources that were non-traditional, which in my county, which is rapidly becoming suburban, was one of the few ways we could save for the long-term productive agricultural properties.

So I just wanted to share with you, if I could, by way of introduction, that I think Michael's critical work in the State of Delaware and now here in Washington, in the United States Department of Agriculture, gives him the skills and the experience to build on his personal character and values to be a great Under Secretary of Agriculture.

I also think he will contribute significant skills and experience to the Commodity Credit Corporation. I think you could do no better than to take this great Delawarean and give him an opportunity to show everybody in the United States that Delaware does not just have a great agriculture sector, it also grows great agri-

culture community leaders and Michael Scuse is one of the best. Thank you, Madam.

Chairwoman STABENOW. Thank you very much, and again, high praise from a distinguished member of the Senate. So thank you, Senator Coons, for being here. Let me now go forward to specifically introduce our first nominee, Mr. Michael Scuse.

Prior to becoming Acting Under Secretary for Farm and Foreign Agricultural Services, Mr. Scuse served as Deputy Under Secretary for the Farm and Foreign Agricultural Services mission area from 2009 to 2011 with primary responsibility over our domestic programs at the Farm Services Agency and the Risk Management Agency. Before joining USDA, Mr. Scuse was, as Senator Coons, indicated, Delaware's Secretary of Agriculture from May 2001 until September 2008 when Governor Ruth Ann Minner named him as her Chief of Staff. He lives in—

Mr. SCUSE. Smyrna.

Chairwoman STABENOW. Smyrna—I am sorry, I was saying that wrong—Delaware with his wife, Patrice, as I indicated. And so, now I have two things that I need to do, Mr. Scuse, first administer an oath that we administer to all of our nominees. I would ask you to stand and to raise your right hand.

Do you swear that the testimony you are about to present is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCUSE. I do.

Chairwoman STABENOW. Secondly, Mr. Scuse, do you agree that if confirmed, you will appear before any duly-constituted Committee of Congress if asked to appear?

Mr. SCUSE. I will.

Chairwoman STABENOW. Thank you very much. At this point, we would like to proceed to your testimony. As you know, we have asked for five minutes of oral testimony and we are welcome to receive any other written testimony you would like to give us. So again, welcome, and please proceed.

TESTIMONY OF MICHAEL T. SCUSE, DELAWARE, NOMINATED TO BE UNDERSECRETARY OF AGRICULTURE FOR FARM AND FOREIGN AGRICULTURAL SERVICES AND TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION

Mr. SCUSE. Thank you very much. Chairwoman Stabenow and members of the Senate Committee on Agriculture, Nutrition and Forestry, I want to thank you very much for this opportunity to appear before you today. I would also like to thank Senator Coons for his very kind introduction. The Senator and I have, as he said, had the opportunity to work together for many years. I am grateful for his support in the past, as well as the Senator's support today.

Working together, we, I believe, accomplished a great deal for Delaware and especially New Castle County, and I look forward to working with members of this Committee to further agriculture and achieve a tremendous amount as well. So thank you very much, Senator Coons.

I would also like to take this opportunity to again introduce to you my wife, Patrice, and as of this past Sunday, we have been married 35 years, and much of what I have been able to accomplish

over the years is, in fact, due to her strong support and understanding. I would like to thank her for especially her patience and the sacrifices that she has made over the last 35 years. You do not get in a position, the positions that I have held unless you have someone who is very strong helping you get there, and she certainly has been my support throughout the years.

I consider it a tremendous honor to be before this Committee nominated by the President and Secretary Vilsack to serve as Under Secretary for the Farm and Foreign Agricultural Service at the Department of Agriculture. As a farmer, I am keenly aware of the responsibility and the privilege of this position, the ability to positively impact America's farmers and ranchers. Every decision I make I make with our farmers and ranchers in mind.

If confirmed, I will continue this focus and examine closely the impact of each and every decision that I make. We have the best farmers and ranchers to be found anywhere in the world. Our agricultural producers are deeply rooted in this nation's history, and they are a big part of our strength as a people.

Even as America recovers from the deepest recession since the Great Depression, we are seeing a very strong agriculture economy. Agriculture is responsible for one out of every 12 jobs in America. This year, net cash income and net farm income are record in nominal terms, and adjusting for inflation or at their highest levels since the early 1970s.

Farm credit is still tight for some, but expanding more and more in many sectors of agriculture, and total farm equity is up. U.S. agricultural exports for fiscal year 2011 reached a record \$137.4 billion. Taken as a whole, the United States is in the midst of experiencing the three best years in our history in the terms of agricultural exports.

This has also been a year of unprecedented disaster, unfortunately, from above-average snow melt and excessive rainfall, tornadoes, flooding, record drought, and finally, several major storms. America's farmers and ranchers are the best in the world and they are, without a doubt, resilient.

But at the end of the day, weather is beyond their control. These disasters only emphasize the importance of a strong and effective safety net for those farmers and ranchers who need it. This is a moment of great opportunity in agriculture, and I will not downplay the hard work that is needed, nor the long road that lies in front of us towards the next Farm Bill.

If confirmed, I will look forward to working with the members of this Committee, and your colleagues in the House, to assist to answer any questions or provide any analysis that you may need in your endeavor. I would like to recognize today those with whom I have had the great privilege to serving at USDA.

The three agencies that I have been working to oversee in my current acting role are each staffed, without a doubt, immensely capable and experienced public servants. In addition, I would like to emphasize my commitment to turning a new page on civil rights at USDA. Under Secretary Vilsack's leadership, we have made great strides in resolving outstanding civil rights claims. Discrimination in any form will not be tolerated.

I would again like to thank you for this opportunity to appear before you today, and if confirmed, it will be my greatest honor to serve the American farmer and rancher and earn his trust. Thank you, Madam Chairwoman.

[The prepared statement of Mr. Scuse can be found on page 31 in the appendix.]

Chairwoman STABENOW. Thank you very much. We have been joined by my distinguished colleague, Senator Roberts, and with his consent, we will proceed to our questions at this point.

Mr. Scuse, you have been Acting Under Secretary for nearly a year. Can you explain to us what you have learned in that role to date, and also what your plans and goals for FFAS, what they are, should you be confirmed?

Mr. SCUSE. Madam Chairwoman, thank you. I have learned that, again, we have an outstanding and dedicated workforce at USDA, and especially the three mission areas that are under me. The Farm and Foreign Agricultural Service, we have a dedicated workforce not just here, but in offices throughout the world to help us facilitate trade and solve some of the trade issues and problems that our companies face.

At the Farm Service Agency, I continue to brag on the work that our people in our county offices do, helping our farmers and ranchers sign up for programs and assist them. At the Risk Management Agency, we have a very dedicated and capable workforce there to help us offer new products. As I said earlier, the crop insurance is a very important product to help us through the very difficult times, and they continue to look at ways to make improvements as well as come up with new products.

Where I would like to see us in the future is, we need the technology, and I think members of this Committee know that we are headed in that direction with our MIDAS program. But the need to improve the technology that we have currently in our county offices is great, and I think that we need to find ways that we can help our farmers and ranchers be more efficient and save time in our county offices and save them time and money as well.

The safety net, again, if you look at what we have experienced this past year with all the disasters around the United States, it is very important that we continue to have a safety net to help our farmers and ranchers, whether or not just difficult weather conditions, but also price problems as well.

Chairwoman STABENOW. Thank you very much. Let us talk a little bit more, when you talk about risk management programs, and we all know as we have done hearings this year, field hearings, and hearings before the Committee here in Washington on important risk management tools, certainly crop insurance is at the top of the list.

When we look at the volatility of the markets, the volatility in the weather, the risks that our farmers and ranchers face every single day, we know that risk management tools are incredibly important. What is the USDA doing to improve the delivery and to expand access of these risk management tools to all farmers and ranchers?

Mr. SCUSE. Well, thank you. I welcome the opportunity to explain some of the things that we are doing. The Risk Management

Agency and the Federal Crop Insurance Corporation Board continues to look at ways that we can offer new products. Just as an example, the last—in this past couple of years, we have developed a pilot program for camelina production. We have also developed a program for sesame production as well to protect those sesame growers. And we have been able to greatly expand that acreage for that crop.

Right now we have pilot programs going that are about ready to start this next year in California for some of the nut-producing trees. We also have started a pilot program in Louisiana for sweet potato production. So we continue to look at ways to make new products available to protect those farmers who do not grow what we consider the traditional crops that are normally protected through crop insurance.

We will continue, again because it is important, that we have a very good safety net for as many producers as we possibly can.

Chairwoman STABENOW. Well, as you know and as we have talked, obviously there are a whole range of underserved crops, and certainly fruits and vegetables, specialty crops, are an area where we need to make sure that we are doing much more work around the crop insurance. We see that in certain regions, certainly in the Northeast this year as well, where there was a lot of damage and crop insurance was not available for those crops. And so, very supportive and interested in seeing you continue to move as quickly as you can to be able to expand the reach of crop insurance and the effectiveness of crop insurance.

Let me also just ask if you could give us a quick update, and I am running out of time, on your efforts to reduce paperwork, streamline processes, simplify reporting. This has been another big priority for the Committee.

Mr. SCUSE. Well, thank you. Again, I welcome the opportunity to talk about one of the initiatives that we have at the Risk Management Agency as well as the Farm Service Agency, NAS, and NRCS. We are currently working on an acreage crop reporting streamlining initiative. What this will do will allow our producers to go into a Farm Service Agency county office or to their crop insurance agent and give a single crop report.

As the system is set up today, our farmers and ranchers have to give two reports, one to the FSA office as well as another one to their agent. We are looking at one-stop reporting, and ultimately our goal will be for the farmers and ranchers to actually do the crop report right from their home. So this is one area that we are looking at to save not just time for our county office staff, but the time that our farmers and ranchers are having to spend in the office and providing them the service that they should have.

Chairwoman STABENOW. Thank you very much. Senator Roberts?

Senator ROBERTS. Well, thank you, Madam Chairman. Michael, thank you for coming by my office. We had a good talk at that particular time and this sort of builds on the question posed by the Chairwoman. Everywhere we went, Lansing, Wichita, and then we had a little problem with some gang that got together and decided to postpone things for a while, so that did not work out.

But I can tell you that everywhere we went, the number one issue of concern was crop insurance. And I know that you have just

talked about that. Farmers, bankers, ag input suppliers, and the overall ag economy certainly depend on the security provided by crop insurance. Let me just ask you, first off, do you agree with this assessment?

Mr. SCUSE. Crop insurance is, in my opinion, I think crop insurance is one of the most important parts of the safety net that we have, Senator.

Senator ROBERTS. Okay. I appreciate that. Now, you talk about extension to other crops, and I appreciate that. Several farm bills back, I think I was the person, after being boxed in by several proponents of those specialty crops and other crops, that finally yielded and said, Well, we have that for program crops, but, you know, the producer that produces program crops has to have an approved conservation plan, et cetera, et cetera, et cetera, before they are eligible for title 1 programs.

I wondered if that shoe might fit on the other side. That shoe did not fit, but at least I think if we are extending to crops that we should and I am for that and I applaud you for that effort. But if, in fact, we go back or we have a different kind of farm program, whether it is counter cyclical, whether it is revenue, whether it is target prices, whatever kind of payment that we are talking about when farmers go through a tough time—when they do not have a crop it does not apply—and that is the key, that when farmers lose a crop, you have got to have a good crop insurance program. And \$14 billion was taken from that program over the two previous farm bills.

I want to make sure that we strengthen and preserve crop insurance. That is my number one goal in whatever farm bill that we are able to put together. And we have worked pretty hard on that. I just wanted to make very clear that if we extend the crop insurance program to underserved crops, I want to make sure that it does work for the program crops, which combined, really make up the food and fiber that we use to feed this country and a troubled and hungry world.

By that, I do not mean to underscore anything less than importance in terms of extending crop insurance to underserved crops. It should not be either/or. It should be a whole program. Do you agree?

Mr. SCUSE. Senator, I agree with the fact that we need to continue to work with and strengthen the program, and if confirmed, you have my commitment to work with you and members of this Committee to continue to do what we can to strengthen crop insurance for our farmers and ranchers.

Senator ROBERTS. All right. Thank you, sir. Back when we were voting to ratify the trade agreements with Colombia, Panama, and South Korea, there was a discussion about a need for the Administration to re-engage with China and Japan on beef market access. Can you give us a status report on where these efforts stand?

Mr. SCUSE. Well, currently, Senator, the Japanese government is posing a question to their Food Security Council regarding the beef issue, both domestic and foreign. We look forward to working with them to resolve the issue on beef trade and the age restrictions currently they have in place.

Ambassador Siddiqui and I were in China in October. We engaged the Chinese, at that time, on the various issues that are facing our beef producers, not just the age restriction, but the offal situation as well, and the numbers that are available. But we continue to engage these markets and we will continue, Senator, especially if I am confirmed in this capacity as the Under Secretary for Farm and Foreign Agricultural Service, we will continue to engage these markets and do what we can to open them for our farmers and ranchers.

Senator ROBERTS. Well, I think the situation is right. We just had a delegation from Japan in my office and with the exception of one Kobe beef producer who was a little worried about tariffs, everybody there said it is time to act. And the Ambassador here in Washington wants to go out to Kansas and see 10,000, 20,000 herd of cattle out there right next to Dodge City. So we said we could certainly arrange that for him. But I think the time is right and I hope we can seize the moment.

We do have some unresolved issues with the beef market access in Mexico, in Taiwan as well. Do you have any status report on those issues?

Mr. SCUSE. I had the opportunity, Senator, to visit with some Mexican officials at the Trinational Accord in Texas last month. That is a forum where the secretaries and commissioners from the states of the United States meet with their counterparts from Mexico and Canada. We have had those discussions about the issue and we will continue to have those discussions to resolve the issues with the Mexicans on beef trade.

Senator ROBERTS. I thank you for your testimony. Thank you so much.

Chairwoman STABENOW. Thank you. Senator Conrad?

Senator CONRAD. Mr. Scuse, first of all, thank you so much for coming to North Dakota frequently and listening to the concerns of producers in my state. I certainly appreciate that. Is it not the case that you would be replacing Mr. Jim Miller as Under Secretary?

Mr. SCUSE. Yes, Senator, that would be the case. I would be former Under Secretary Jim Miller's replacement.

Senator CONRAD. And Jim Miller, of course, is my lead agricultural advisor. Do you see him here in the room?

Mr. SCUSE. Yes, sir. He has got different glasses on, but I still recognize him.

Senator CONRAD. He has had an upgrade. Let me just say this. I want to publicly acknowledge the dramatic improvement in operations—

[Laughter.]

Senator CONRAD. —that you have brought to that agency.

[Laughter.]

Mr. SCUSE. Thank you very much, Senator.

Senator ROBERTS. I thought you were going to talk about the dramatic improvement of operations in your office.

Senator CONRAD. Well, that, too.

[Laughter.]

Senator CONRAD. You know, Jim Miller is, I think, somebody highly regarded on both sides and I am so delighted that he came back to help us with the Farm Bill. But I am also delighted in your

candidacy for this position, your nomination, because you have demonstrated to me repeatedly that you deeply, sincerely care about producers.

Of course, you come from a family that is in this business and you have got soybeans and you have got wheat, you have got corn in your family operation, and it has just been a delight to have you out talking to our producers because you have got so much in common. So I just want to say how strongly I support this nomination. I just do not think the Administration could have done better and we look forward to working with you very much.

If I could just also say that I understand you are an avid hunter.

Mr. SCUSE. Yes, Senator.

Senator CONRAD. But the word around FSA is that you do not actually kill anything. Is this because you are a poor shot or is this—

Mr. SCUSE. Well, Senator, if I may, I am a true conservationist and I practice shoot and release.

Senator CONRAD. Well, my understanding is you shoot at and do not hit.

Mr. SCUSE. That is my version of shoot and release.

[Laughter.]

Senator CONRAD. Let me just talk seriously for a moment about something that is very much on the mind of my producers and that is disaster assistance. As you know, this year in North Dakota, and across much of the country, we had one disaster after another. We had record prevent plant in the State of North Dakota. You fly over North Dakota today there is water everywhere. We joke that it is like Lake Agassiz is reforming.

You know, we used to be a lake bed in North Dakota thousands of years ago. And you fly over North Dakota today, it is like Lake Agassiz is reforming. There is just water everywhere, setting us up for another very, very tough year if weather conditions continue. We had record flooding last year and records that so far exceeded anything that had happened before. It has raised questions in people's mind, What is going on here? Because on the Souris River, we had record flood levels, and not just a little bit above previous, but way above anything previously seen.

On the Missouri, we had record releases from the dams, and again, not just a little bit over the line, as Senator Roberts knows, but dramatic records. And so, with respect to the disaster program, the SURE program, what would happen, in your judgment, if that was not available in this next year?

Mr. SCUSE. Well, Senator, those five programs that we no longer have as of the last of September were very important programs to our farmers and ranchers. The SURE program supplemented the crop insurance that most of our producers are now today carrying. So it has been, in the last few years, a very important part of the safety net.

As our livestock indemnity program, the emergency livestock assistance program, these programs have been very important to our producers across the United States for various crops. Especially for the livestock producers who traditionally, through past farm bills, have not had any assistance, this was a major step forward.

So I think that is one of the reasons, when you looked at what the President said that he would like to have, that he said, you know, we would like to have these five programs or something similar because of what they have done for our farmers and ranchers across the United States.

Senator CONRAD. Well, I appreciate that. My time has expired, but, Madam Chairwoman, if I just might, on the next panel, Governor Culver is here. He is a dear friend, somebody I have high regard for, and I hope that we can report these nominations quickly and get these people confirmed. We are lucky to have people of this quality and character make themselves available for public service.

Chairwoman STABENOW. Thank you very much. Senator Cochran?

Senator COCHRAN. Madam Chairman, thank you for convening this hearing. I am pleased to join you and the other members in welcoming our witnesses this morning. In hearing the witness mention the seriousness of the challenge that we face with flooding, and the Senator from North Dakota eloquently describing the practice consequences of that in that part of our country, we have had serious problems down in the Southeast, too.

The Mississippi River has been backed up to cover record flooded areas and we still have a lot of producers worried about the long-term consequences of this. And I am glad to hear the sympathetic and interested response that you gave to the fact that we do have serious responsibilities at the Federal level to try to help manage the challenges that this brings to production agriculture and the producers themselves.

Do you have any suggestions at this point about changes in commodity programs or any disaster assistance programs that might be considered by this Committee as we propose improvements or changes in agriculture disaster benefit programs?

Mr. SCUSE. Senator, as this Committee moves forward with the crafting of the next Farm Bill, I and the staff under me would be more than glad and willing to assist you in providing you with information and any help that we can in the creation of the next Farm Bill. So I, if confirmed, look forward to working with you and members of this

Committee on that next Farm Bill and providing you with the assistance that you need.

Senator COCHRAN. Well, thank you. I think your experience and the contacts that you have in the agriculture communities nationwide will be a big help in explaining what our challenges are.

Mr. SCUSE. Thank you, Senator.

Senator COCHRAN. So best wishes to you in this new responsibility.

Mr. SCUSE. Thank you.

Chairwoman STABENOW. Well, thank you very much. I understand that Senator Harkin does not have questions at this time, and so we will thank you for your presence and excuse you and look forward to having the opportunity to vote and, I feel confident, bring your nomination forward. So we look forward to continuing to work with you, and I appreciate all of your efforts. So thank you.

Mr. SCUSE. Madam Chairwoman, I thank you again for the opportunity to be here today and answer the questions posed by the

Committee. And, Senator Roberts, when I left your office the other day, you said I should think of two things when I wake up in the morning. This morning I woke up thinking of beef and crop insurance. Thank you.

Chairwoman STABENOW. Well, I could give you a couple others, too.

Mr. SCUSE. I will be more than glad.

Chairwoman STABENOW. All right. Well, thank you very, very much.

We would like to ask our second panel, two distinguished nominees, to come forward at this time.

Good morning. It is our pleasure to have both of you, and I am going to turn now to Senator Harkin to introduce Governor Chet Culver.

Senator HARKIN. Thank you very much, Madam Chair and Ranking Member Roberts, members of the Committee. It is indeed my honor this morning to introduce and highly commend to the Committee someone I have known since he was a little boy. I like to always comment that some people do not realize that Chet Culver actually was little at one time. So that is my way of saying I have known him all his life.

I strongly support his nomination to serve as a member of the Board of Directors of the Federal Agricultural Mortgage Corporation, commonly known as Farmer Mac. Chet Culver has served Iowans as our 40th Governor from 2007 to 2011; prior to that served eight years as our Secretary of State and served with distinction and strong accomplishments in both positions.

During his tenure as Governor, Iowa was recognized as one of the best run states in the nation. During a time of great fiscal and economic challenges, he managed a \$6 billion annual state budget, improved our state's bond rating so that the three major bond rating agencies awarded Iowa their highest rating. That made Iowa one of only nine states to earn the highest rating from all three agencies.

Thanks to Governor Culver's leadership, Forbes Magazine ranked Iowa the number one place in America for business and careers. CNBC rated Iowa one of the top states for business. And again, this is during the height of recession.

So while balancing four budgets, Governor Culver increased the minimum wage, increased teacher salaries to the national average, expanded health care for uninsured Iowa children, and, I think again, one of his signature accomplishments is expanding early learning statewide. So we have statewide pre-school in the State of Iowa.

In addition, he invested millions in new jobs, new roads, bridges, renewable energy, flood prevention at a time when also protecting our cash reserves. He successfully dealt with the severe flooding in 2008, the worst natural disaster in Iowa's history. I mentioned some of his achievements.

I would also mention the creation of the Iowa Office of Energy Independence, the Iowa Power Fund, which has invested more than \$65 million in 40 Iowa renewable energy research and development and early stage commercialization projects. I mention this because this state investment leveraged over \$200 million in private invest-

ment into Iowa's renewable energy sector. Under Governor Culver's leadership, Iowa moved to first in the world, not in the nation, but first in the world in per capita use of renewable energy and now produces nearly 20 percent of all of our energy needs from renewable resources.

I go through all that because obviously with this background and this experience, Governor Culver knows agriculture, he knows rural communities, he knows business, how to manage budgets and finances, and will be an outstanding member of the Board of Directors of Farmer Mac.

Again, I know his wife could not be here with him, Mari, and his kids are in school and could not be here, but I would note in passing his great devotion to a great family he has in his wife, Mari, and his two kids, Claire and John. And so, I commend Governor Culver highly to this Committee for this position.

Chairwoman STABENOW. Well, thank you very much. Very high praise coming from a very distinguished member of this Committee. So we welcome you and let me introduce our second nominee as well for Farmer Mac, Dr. Bruce Sherrick. Dr. Sherrick is currently a professor in the Department of Agricultural Economics at the University of Illinois where he teaches undergraduate and graduate courses in applied finance and financial modeling. He is also a partner in the consulting firm, Integrated Financial Analytics and Research.

Now I have two things that I need to ask both of you to do and if you both stand and first let me administer the oath that we have for all nominees, and if you would rise and raise your right hand?

Do you swear that the testimony you are about to present is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CULVER. I do.

Mr. SHERRICK. I do.

Chairwoman STABENOW. Thank you. And secondly, do you agree that if confirmed, you will appear before any duly constituted Committee of Congress if asked to appear?

Mr. CULVER. I will.

Mr. SHERRICK. I will.

Chairwoman STABENOW. Thank you very much. Governor Culver, we will ask you to proceed, and as you know, we ask for five minutes of testimony. Anything else in writing you would like to give us we would welcome.

TESTIMONY OF HON. CHESTER JOHN CULVER, IOWA, NOMINATED TO BE MEMBER OF THE BOARD OF DIRECTORS FOR THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION

Mr. CULVER. Well, first of all, Madam Chairwoman, thank you very much, and Ranking Member Roberts, thank you as well for holding this hearing today. I also want to acknowledge and thank Senator Harkin for his kind words, and Senator Grassley as well who made comments earlier.

All the distinguished members of this Committee, thank you as well for having this hearing this morning. It is truly an honor to be here with you. It is also an honor to be nominated to serve as a member of the Board of Directors of the Federal Agricultural Mortgage Corporation, and I want to thank President Obama for

the confidence he has shown in me by nominating me to this Board.

As the former Governor of Iowa, I know the tremendous responsibilities of Farmer Mac and the pivotal role that it plays on a daily basis to increase the availability of long-term credit at stable interest rates to segments of rural America. As an Iowan, I have maintained a life-long love for rural America, its rich and vibrant landscape, culture, history, and its people.

I believe I understand the needs of rural citizens and the particular economic development and infrastructure challenges of the Midwest. Throughout my career, I have been fortunate to work on behalf of all Iowans as a consumer and environmental advocate, as an educator, as Secretary of State, and as Governor, and now as a small business owner, to make Iowa and this nation a better place to live, work, and raise a family.

I understand the needs and challenges that confront our farmers, ranchers, small businesses, energy suppliers, rural communities, and rural schools in this country. I am also aware of the inter-relationship between agribusiness, urban communities, manufacturers, and the financial sector. As we like to say in Iowa, from silos to smokestacks.

If confirmed as a member of the Farmer Mac Board, I want to assure you, the Congress, employees of Farmer Mac, and the citizens of this great diverse country that I will do my utmost to ensure that the Agency upholds its mandate effectively to provide a secondary market for qualified agricultural mortgage loans, rural utility loans, and the guaranteed portions of the agricultural and rural development loans guaranteed by the U.S. Department of Agriculture.

I am also motivated and committed to helping to provide a stable and reliable financial backbone in rural America. In the face of these difficult challenges, I remain optimistic about the limitless potential rural America has to both feed the world and help secure this country's energy future.

Chairwoman STABENOW and Ranking Member Roberts, I welcome the opportunity to tackle the challenges that lie ahead at Farmer Mac and I sincerely thank you for this confirmation hearing and for affording me the opportunity to offer this brief statement today.

In closing, I want to thank the Committee staff for its time and attention it has given to my nomination. If confirmed, I intend to work closely with you, Madam Chairwoman, Senator Roberts, members of this Committee, and your staffs to preserve our shared objectives. I am committed to maintaining the very productive and close working relationship that exists between this Committee and Farmer Mac. I am happy and pleased to respond to any questions that you may now have.

[The prepared statement of Mr. Culver can be found on page 28 in the appendix.]

Chairwoman STABENOW. Thank you very much. Dr. Sherrick, welcome.

TESTIMONY OF BRUCE J. SHERRICK, Ph.D., ILLINOIS, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION

Mr. SHERRICK. Good morning. Thank you. Chairwoman Stabenow, Ranking Member Roberts, and other distinguished members of the Committee, I am very honored to have been nominated for service on the Board of Directors of the Federal Agricultural Mortgage Corporation. Thank you for your time and opportunity to appear here today.

I want to provide a very brief background statement to give a little bit of sense of who I am and some experiences that may have some relevance for my service in that role. Like many people in the agricultural community today, I was born and raised on a small, very diversified farm in central Ohio, and I was brought up with parents who view that as a teaching laboratory, and I was expected to have as many agricultural experiences as possible, each with the intent to do two things, learn something new and earn money for college.

Eventually I did go to college and, at the Ohio State University, completed all of my degrees with only a brief stint in the middle working for a very large agribusiness firm in St. Louis who produces a lot of chemicals, and I decided I really did need to go back and finish a Ph.D., given that experience.

After that, I joined one of the top finance programs in the country at the University of Illinois where I have been ever since. I am currently a professor in agricultural and consumer economics with responsibilities in teaching, research, and outreach. I was glancing at the clock earlier because at this moment, I am actually scheduled to be on a panel in western Illinois near Iowa presenting some materials on crop insurance reform, in fact, to a large group of farmers with some of my colleagues. So this is a better venue, I assure you.

I have the privilege to be associated with a very dedicated group of faculty colleagues at the University of Illinois, who approach with sincere interest, promote every aspect of agriculture that we can, and that group is known as the farmdoc group. We are active in evaluating farm bill prospects at the moment, have been active in developing crop insurance products and programs, both from the producer level as assistants to RMA with independent companies and even private market add-ons to the existing insurance products as well.

I mention these experiences because they have some direct relevance in representing poolable risks that also are a key cornerstone in risk management activities that producers use to manage the extreme agricultural production risk, much like the activities of Farmer Mac.

With Farmer Mac, I have had a different set of professional experiences. I was one of the original researchers who built the original guarantee pricing model Farmer Mac had before they even expanded their authorities to pool mortgages outside their initial pools. Since that time, I have been involved with both the regulator, their customers, independent research, examining the role of securitization in providing conduits from the farm through the cap-

ital markets in providing stable and reliable access to credit in rural America.

From those experiences, I have had a great deal of a chance to observe what they do and understand their role in the access to that provision of capital. My current position, as I said, it has given me access to an incredibly interesting and very diverse set of experiences, but my personal interest has allowed me to focus those in the arena of ag-finance, and that is a really unique experience and I find myself very privileged, both at the university level, with my consulting organization, and now to have been considered for membership on the Board of Directors to continue that set of interests, and if confirmed, would again serve to the best of my abilities.

Again, I want to thank this group for the opportunity to be here today and to be considered for nomination for the Board of Directors of Federal Agriculture Mortgage Corporation. Be pleased to answer any questions as well.

[The prepared statement of Mr. Sherrick can be found on page 33 in the appendix.]

Chairwoman STABENOW. Well, thank you very much to both of you, and I do want to say, Dr. Sherrick, as a Michigan State University graduate, you can tell I am very open-minded that I would let an Ohio State graduate appear before the Committee as a nominee and not to attempt to block your nomination. We are glad to have both of you.

Let me first start and ask both of you, I am sure you have thought about goals and plans for your time on the Board if you are confirmed. I wonder if you might talk more specifically about what you would like to accomplish in your tenure and what you see your role as being in helping to shape the work of Farmer Mac? Governor Culver?

Mr. CULVER. Well, thank you, Madam Chair. I really look forward to working with Chairman Lowell Junkins and the Board to continue to work every day to ensure that there is reliable and capital available in rural America. I think they have done a good job, last year in particular, during some tough times, making sure that credit was available.

As Senator Conrad noted, rural America, and certainly in Iowa and North Dakota and Illinois, we have been hit with real disasters, natural disasters, which have caused new challenges in many smaller communities. And so, we need to help those main street businesses continue to offer services. I think that could be a little tricky because some of them were under water in communities like Oakville and Columbus Junction, for example. The main streets were, and certainly residential and businesses were impacted severely, in our case in 2008, with historic flooding.

So I think we might see a new round of challenges, again as Senator Conrad noted, due to the natural disasters throughout the Midwest and we just have to continue to make sure that credit is available to those farmers in those rural communities and those businesses that we are counting on to keep our economy strong.

Chairwoman STABENOW. Thank you. Dr. Sherrick?

Mr. SHERRICK. Thank you. For purely coincidental reasons, I happened to be at Lehman Brothers the day they declared bankruptcy in September of 2008 and witnessed the complete destruc-

tion, if you will, of the securitization system in traditional mortgages and so on. And I have been watching with great interest to see if there is any potential for similar forces to present themselves in agricultural conduits.

I do not think there are, but I think it is critical to preserve that possibility and the ability for those well-functioning capital markets to taking full risks, divide them up into sensibly-priced possible securities, and have a matching of the demands for—and the liquidity services, of course, in the sector right now are—you know, there is this big bubble of liquidity at the moment. And so, there have been some change in the role that Farmer Mac might play.

I think it is important, even more important in agriculture because we have not had the same disruption that the other economic—the other financial markets seem to have had. I have tried to keep an informal count and I think since Sheila Bair, the Chairwoman of the FDIC, made her comments last fall about the possible land price bubble, I think I have been asked over 30 times now to comment on the possibility of an agricultural land value bubble.

I think the lending side response in the '80s was profoundly important in understanding how we got to that and got out of it. I see that as a role to provide at Farmer Mac some careful analysis of the same sort of activities, and to be able to move forward through those periods is critical.

The second area, as Basel 2 becomes more completely implemented, some more rational sort of capitalization schemes, and that applies both in traditional financial markets and in agricultural financial markets, and have been watching, and in fact, helping to some degree with FCA's efforts to design slightly more rational capital guidelines. And Farmer Mac is the natural experiment and the natural place for which these pooling activities should and could take place.

So those are two areas that I think are critical. They may sound very macro, in a sense nebulous, from direct questions about specific activities, but I think they are really important, sort of overarching issues related to the function of Farmer Mac as a secondary market for agricultural mortgages.

Chairwoman STABENOW. Well, I think that is very important because folks do not think about that. We talk about rural infrastructure a lot and they do not think about the important role in the secondary market that Farmer Mac plays. And so, in the 2008 Farm Bill, we, as you know, authorized Farmer Mac to purchase and to guarantee securities backed by loans made by cooperatives and electric and telecommunications infrastructure and so on. So I think it is important to recognize the significance of those activities. Thank you very much. Senator Roberts?

Senator ROBERTS. Well, thank you, Madam Chairwoman. Governor Culver, just off the subject a little bit, but I sure want to thank you for your hands of friendship extended to our State of Kansas, allowing some of your five-star basketball athletes to come down to KU and K State and play. That is darn right neighborly of you and we appreciate it.

[Laughter.]

Mr. CULVER. We have helped North Carolina a little bit, too, lately.

Senator ROBERTS. Right. Hope you do not put any tariffs or have any trade—we do have a tariff, by the way, in terms of our athletes. Not that many. And then also, I think that is where Coach Snyder started out, at Kansas State, three times coach of the year and just made it again with a team that was not expected to do very well. Pardon me for—

Chairwoman STABENOW. Go right ahead.

Senator ROBERTS. —getting off on that. I will behave myself doing that.

Chairwoman STABENOW. I have got leftover purple from my visit to Kansas.

Senator ROBERTS. Well, Governor and Dr. Sherrick, as you have stated, we must ensure—you must ensure the integrity of our financial institutions through appropriate oversight. The Chairwoman and I get that question every time we are on TV now with regard to MF Global and the unexpected demise of that trading company. Two hundred years of experience they had and now we are witnessing a devastating impact all throughout farm country, farmers, ranchers, investors, and businesses, and you have all talked about the importance of capital in that very important national enterprise.

So we must do everything possible to prevent any unexpected collapses or calamities and these are the days where we have unexpected collapses or calamities. One thing happens and then another thing happens, something we do not expect, including Farmer Mac.

The Board of Directors, it seems to me, must provide oversight and ensure operations are conducted strictly, and I would try to emphasize, within existing statutory authority. We had four farmers testify and put a human face on what is going on out there in farm country with MF Global. Every one of them said existing laws were broken and that they are not screaming for more regulation. They are screaming for less, so within existing statutory authority.

What will each of you do to contribute to the Board of Directors to ensure that Farmer Mac is managed in a safe and sound manner according to the authority given by Congress? And I know both of you have an extensive background and have the ability to do that job and to do it well.

Mr. CULVER. Well, Senator, as a former Governor, I am familiar with those responsibilities and obligations, in my case, with every state agency, and I think it starts with having the best possible staff that are there every single day helping to run the operation. I think it is important to have a good working relationship with all of the Board members so that we keep the lines of communication open and that we have opportunities to voice any concern, if we have any, whether it is within the organization or outside in terms of some of the economic concerns that you raised or the potential related to problems down the road.

But perhaps most importantly, it is keeping the lines of communication open with this Committee and with your staff so that as you see concerns or if you have questions, that we can have that constant dialogue to together kind of stay in front of some of these potential problems down the road.

Senator ROBERTS. Dr. Sherrick, would you like to say something?

Mr. SHERRICK. Thank you. In addition to echoing—

Senator ROBERTS. Let me preface it by saying I appreciate your talk about the farmland bubble. There is an article in today's Wall Street Journal about that same subject right on the front page of the business section. I do not know how many speculative pieces have been written about it, and I just told the Chairwoman, We are going to talk our way into this if we are not careful. But please feel free to—

Mr. SHERRICK. Thank you. Had a very interesting set of opportunities to respond to that issue as well, most recently at a conference the Chicago Fed hosted. And again, there are some very dramatic differences from the '80s, of course, when there was much more of a lender contribution to the cause, in a sense. And in this case, I think if we were to see a capitalization change or a rate change that would lead to land value changes, it would economy-wide, not agricultural specific. So I think it is a very different circumstance.

It is partly the institutions, to come back to the other question, the institutions are different, and one of the things that is profoundly different is the environment, legal and otherwise, in which they operate. And I have been very impressed with Farmer Mac in the past decade or so with the extreme attention to detail on simple things like FAS 133 happens or maintaining not just compliance with the letter, but the intent of the law and the regulations while looking for authority, perhaps expansion that allows them to provide more liquidity services, more important services for agriculture in rural communities.

In direct response to how, when I have specific activities related to maintaining the provision of these services within existing authorities or within a regulatory environment that is meant to promote safe and sound operations, I think there are two slightly overlooked, at this point, possible future avenues of activity.

One is, as Basel 2-like things are becoming more and more promulgated through the economy, there are banks and farm credit institutions-like who find it more complicated to operate in agricultural markets. I think you need a Farmer Mac so that the community bank that cannot make an ag loan anymore because it is more complicated, or a Met Life who does not quite know how to deal with regulations when they decide whether they are a bank or not a bank and has a large portfolio of agricultural mortgages, it make sense to have a GSE.

Importantly, the GSE status, as affiliated with Farmer Mac, provides the ability to do something that is part of the confidence gain. The recent meltdown, in many ways, is very much a battle for confidence. And I think it is very important to be able to demonstrate that from a position like Farmer Mac to the agricultural lending community.

There are two major, of course, potential sets of clientele for Farmer Mac or farm credit institutions and banks, commercial banks lending to agriculture, and they both will be faced with increasing difficulty in a sense of maintaining good and fair lending practices in agriculture as they go forward and as other banking regulations evolve. So I think Farmer Mac being able to hold that

position and provide those services is, in fact, critical to others also maintaining their behavior within authorities.

Chairwoman STABENOW. Thanks very much. Senator Cochran.

Senator COCHRAN. Thank you very much for being responsive to the questions that our Committee has had of you, and let me join with others in congratulating you on your selection as members of this Board. We appreciate your undertaking that responsibility for us.

I wonder, in your experience, whether you have come to recommend or have this Committee recommend changes in our farm credit system that would help improve access to credit and the effectiveness of our credit system as it relates to production agriculture?

Mr. CULVER. Well, thank you, Senator. I think overall and generally speaking that Farmer Mac has worked. I mean, it has really been a critically important institution in response to the farm crisis in the '80s to try to avoid some serious financial strains in rural America. So I do not have any particular recommendations. I am anxious, as a new member of the Board, to listen and learn and try to better understand things that we can do to improve Farmer Mac. I would be prepared, perhaps in the future, to come back to this Committee with more specific recommendations.

But I think we need to continue to focus on some of the positive things that Farmer Mac has been able to do to help rural communities and farmers across this country. I think it is my understanding that one of the things that they have done well is they have always strived to reform themselves and make improvements, which has enabled them, I think, to do a good job over these years.

Senator COCHRAN. Dr. Sherrick?

Mr. SHERRICK. Thank you for the question. I think it is critical these days. If this were 1983, I would have had a much more profound and interesting response. Farm credit finds itself in incredibly healthy conditions right now with a very large amount of both unrealized and unallocated earnings in both forms, and prospects for future earnings look pretty good as well.

I do not want to overstate, though, that the producers face unprecedented levels of risk, high prices recently, high incomes we have heard about, but very volatile margins. High input costs as well. And that could change. Farm credit has done a very good job, I think, in preparing for that.

I happen to have had again another just remarkably fortunate experience to help FCA develop a stress test for their associations and we have run the first one last fall to look at the health of all the associations in the system and to see what things would stress them. And they are preparing differently than they used to.

Specific changes, I do not have any to promote. I think, again, coming to grips with somewhat older capital regulations right now, there may be some chances to improve those and to become more consistent with other financial markets. But I think it is a highly capitalized, fairly well-run system at the moment and does not face potential big problems.

Again, Farmer Mac provides a natural place to warehouse some of the risk, especially recognizing seasoning of risks within the system, and their capital standards are, in a sense, different by design

and intent than Farmer Mac's, and the secondary market does serve a good role for allocating those risks appropriately. Beyond that, I do not have specific suggestions.

Senator COCHRAN. Well, I am pleased to have an opportunity to visit with both of you and to congratulate you on your nomination, wish you all the best as you undertake these responsibilities that are very important.

Mr. SHERRICK. Thank you, Senator.

Chairwoman STABENOW. Thank you very much. Senator Thune?

Senator THUNE. Thank you, Madam Chairwoman, and thank our panel today for your willingness to serve, and welcome. It is great to have you here. I wanted to just ask a question about a trend that I see in my State of South Dakota and, Governor, you probably see it in your State of Iowa, too.

According to Iowa State University, the value of Iowa farmland jumped 32.5 percent in 2011, and crop land in the northern plains in Minnesota was up 26 percent. I have read about farmland sales, which are hard to believe, but as high as \$20,000 an acre. As you are going to be members of the Board of Directors at Farmer Mac, my question has to do with what the ag real estate lending community can do to keep itself stabilized if and when agricultural real estate prices, land values take a downturn.

I am really concerned about sort of a bubble out there. I think that sometimes farm bill programs get capitalized in the land prices. There are lots of things that are leading to this right now and, of course, good strong commodity prices is another good reason. But it seems that it is very hard to make, at those types of land prices, an operation pencil out.

Now, the good news, I think, relative to previous times is that producers are not as heavily leveraged as they were. A lot of people have a lot of equity. They are paying cash for land, you know, averaging it out with land they purchased earlier. So there are some mitigating factors in that, but it still seems like just these land values are completely out of whack with what you would think would be normal given what inputs cost today and what commodity prices are.

So how do the lenders—how do you work with the lenders to make sure that if and when that happens that we do not have a huge problem in the lending community like we saw in years past when a similar-type circumstance occurred?

Mr. CULVER. Well, thank you, Senator, for that question. If Farmer Mac is not already having a special focus on just the land values issues, as you have articulated, I think we need to. I mean, within one of our six committees, perhaps we could make an effort, on a regular basis, just to have an update on the studies, the information out there on land values in rural America, and to maybe take a little more time than we have in the past to really focus on how real those values are.

When you asked the question, I remembered I vividly can see in my mind a picture in the Des Moines Register of a land sale where someone was—they were bidding and the price had gotten up to \$10,000, \$15,000 an acre and it was something that they had never seen in that part of the state. So we have to stay on top of this and make sure that we are not getting carried away in the hype,

but we are really being more conservative in focusing on the true value of property.

Mr. SHERRICK. Thank you. Very important, very good question. I have about a 30-page Power Point prepared on this as well that I have been running around the country presenting. The last two charts are particularly interesting. If you capitalize the cash rent that we are observing by the extremely low current interest rates we also are observing, you get numbers that look somewhat irrational relative to history.

But it is different than the bubble. And again, I think this is the fourth time I have heard the characterization of it as a bubble with the question mark following. Is it a bubble is an important thing to first determine. And the fundamentals appeared to support current land values if you, again, just simply capitalize cash rent in many parts of the country at very high levels.

Now, there are still remarkable things that happen at auctions when two neighbors bid for a farm in between that is going to sell once in their lifetime.

Senator THUNE. Yeah.

Mr. SHERRICK. Or in my local community, we have a large investor, large developer, and a heart surgeon who both want to be the first to own a ring of land around all of Champaign. So I do not think of those as being the rational question. Those are the consumptive questions.

Senator THUNE. Right.

Mr. SHERRICK. But what can lenders do, I think, was part of the question. And some of these factors are already happening. At the origination level, rational and responsible lenders are doing things like stress testing or applying limits on the amount of dollars they will lend in per acre regardless of the sale price. So farm credit institutions have largely limited their LTV ratios more over the past couple of years that effectively limit the total amount into a parcel of land on a per-acre basis regardless of the sale price. So that is a good rational, safe response.

There are other responses, and in your part of the world, kind of the upper Mississippi, the whole section has had higher land values that look even more profound because the starting values were somewhat lower. In central Illinois, a \$10,000 an acre sale would be viewed as a bargain today. So I think getting some relationship between the production capacity and the cash flows associated with that are very important.

George Morrow in 1886, commented, for the first time that I can find in the written record, that land does not cash flow, that you should expect that some form of the return should accumulate in the form of capital gains. And so, that is a rational response that investors use to evaluate it. So it is not just the cash flow. It is the long-term prospects for change in value as well.

I think lenders, again in the '80s, if I could point back, contributed, in a sense, to the problem rather than solved it. And I think this time around, they are aware of that, in general and in the large, in helping to prepare for that.

In the specific case of Farmer Mac, their own capital stress test, people have very different views of it depending on whether they like the number it presents or not, but it is compliant with the par-

ticular definition of stress Congress wrote 14, 15 years ago that looks at the worst case historic land value decline ever experienced, and they continually stress their model with the 23 percent land value decline.

I think that is a very responsible approach to dealing with this. Twenty-three percent off of \$15,000 an acre is, of course, a different number than it was when it was 23 percent off of \$4,000 an acre. So continuing to keep these current and modeling up and reflecting the current realities is the important task.

Senator THUNE. And I hope that as you work with the lending community, keep this on your radar screen because I think you are right. I think that the lenders are in a much better position. They are not getting carried away like they did back in the '80s, for example, when we went through that huge period where we just lost a lot of farms because the farmers got over-extended and the banks helped them. And the interest rate situation is very different today.

But these land values really are. I mean, in my part of the country where I come from, in the middle of South Dakota, we are seeing land going for—and part of that, too, is that people are bidding it up for pheasant hunting—we have got good pheasant cover out there—that you have got some outside interests that do that.

But just for a working farming operation and what use of the land for production agriculture would support, it seems like these land values are really out of whack. But I know that farmers and ranchers themselves are much better capitalized than they were before. I think banks are better capitalized and sort of better prepared for this. But I just would put it on your radar screen as something to keep an eye on. I see my time has expired. Thank you, Madam Chairwoman.

Chairwoman STABENOW. Thank you very much. Good questions today and we thank both of you. We are, I can speak for myself, very impressed with both of you, your thoughtfulness and competence. We are very pleased that both of you are willing to come forward and to be involved in public service in this way.

As you know, we will not be voting today on your nomination, but we are working to find a time for a business meeting to be able to come together as soon as possible to be able to vote. And to that end, I would ask any additional questions for the record to be submitted by 5:00 p.m. today so we might process those and have the opportunity to vote on your nominations. Thank you very much.

Mr. CULVER. Thank you, Madam Chair, and thank you, members of the Committee.

Mr. SHERRICK. Thank you as well.

Chairwoman STABENOW. We are adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

A P P E N D I X

DECEMBER 15, 2011

**Senator Saxby Chambliss
Opening Statement
Nomination Hearing
December 15, 2011**

Madame Chairwoman, Ranking Member Roberts, thank you for holding this hearing to consider Mr. Michael Scuse's nomination to be Under Secretary of Agriculture for the Farm and Foreign Agricultural Services, as well as the nominations of Governor Culver and Dr. Bruce Sherrick to be on the Board of Directors of the Federal Agricultural Mortgage Corporation, Farmer Mac.

Mr. Scuse, the Under Secretary of Agriculture for the Farm and Foreign Agriculture Services is charged with overseeing the Farm Service Agency, the Risk Management Agency, and the Foreign Agricultural Service. As third-highest ranking official at USDA, it is important that you are willing to work closely with the members of this Committee – especially as we move to reauthorize the farm bill in the coming months.

Through these uncertain times, we must support the American farmer and rancher: they supply this nation and many others a safe, abundant, and affordable food and fiber supply. The Congress and the U.S. Department of Agriculture must stand by our agricultural producers and provide them an environment in which they can prosper. Decisions related to the budget, commodity policy, risk management, trade, and conservation policy all play a role in creating such an environment.

Governor Culver and Dr. Sherrick, Farmer Mac plays a unique role in financing agriculture and rural America. As you well know, it provides a secondary market for agricultural real estate, rural home mortgages and some rural utility loans. The secondary market increases the availability of long-term credit at reasonable rates to producers and rural America. Farmer Mac also helps to ensure liquidity and lending capacity for agricultural lenders.

By comparison with the other government-sponsored enterprises, Farmer Mac is small. However, by statute and the expectation of this committee, Farmer Mac is required to fulfill its congressionally mandated purpose in a safe and sound manner. If you are confirmed, I hope and expect that you will learn from the lessons of the credit crisis and work to ensure a successful and sound future for Farmer Mac and those producers, utilities, banks and rural residents that use its programs.

I would like to welcome these nominees to the committee. I appreciate your willingness to serve our country in these important positions and look forward to hearing your testimony.

Opening Statement of Governor Chester J. Culver (Iowa 2007-2011)
Nominee for Member of the Board of Directors
For the Federal Agricultural Mortgage Corporation, commonly known as Farmer Mac
United States Senate Committee on Agriculture, Nutrition and Forestry
December 15, 2011

Remarks as Prepared for Delivery

Chairwoman Stabenow, Ranking Member Roberts, and distinguished Members of this Committee: Thank you for the opportunity to appear before you today. It is an honor to be nominated to serve as a Member of the Board of Directors of the Federal Agricultural Mortgage Corporation, also known as Farmer Mac. I want to thank President Obama for the confidence he has shown in me by nominating me.

I would like to introduce the members of my family who are with me here today, my father, Former Iowa Senator John C. Culver, my step mother, Mary Jane Cheechi, and my stepbrother, John Vincent Culver. I thank them for their support of all of my endeavors.

As the former Governor of the great State of Iowa, I know of the tremendous responsibilities of Farmer Mac and the pivotal role that it plays on a daily basis to increase the availability of long-term credit at stable interest rates to segments of rural America.

As an Iowan, I have maintained a life-long love for rural America, its rich and vibrant landscape, culture, history and its people. I believe that I understand the needs of rural citizens and the particular economic development and infrastructure challenges of the Midwest. Throughout my career, I have been fortunate to work on behalf of all Iowans as a consumer and environmental advocate, as an educator, as the Iowa Secretary of State and as Governor of Iowa and, now, as a small business owner dedicated to the advancement of renewable energy, to make

Iowa and this nation a better place to live, work, and raise a family. I understand the needs and challenges that confront our farmers, ranchers, energy suppliers, rural communities, and rural schools in this country. I am also aware of the interrelationship between agribusiness, urban communities, manufacturers and the financial sector – as we like to say in Iowa - “from silos to smokestacks.”

If confirmed as a Member of the Board of Directors of Farmer Mac, I want to assure you, the Congress, employees of Farmer Mac, and citizens of our great, diverse country, that I will do my utmost to ensure that the agency upholds its mandate effectively to provide a secondary market for qualified agricultural mortgage loans, rural utilities loans, and the guaranteed portions of agricultural and rural development loans guaranteed by the United States Department of Agriculture.

I am also motivated and committed to helping provide a stable and reliable financial backbone to rural America. In the face of difficult challenges, I remain optimistic about the limitless potential rural America still has to both feed the world and help secure this country’s energy future.

Chairwoman Stabenow and Ranking Member Roberts, I welcome the opportunity to tackle the challenges that lie ahead at Farmer Mac, and I thank you for affording me the opportunity to offer this brief statement today.

In closing, I want to thank the Committee for the attention it has given to my nomination. If confirmed, I intend to work closely with you, Madame Chairwoman, the other Members of this Committee and your staffs to pursue our shared objectives. I am committed to maintaining the very productive and close relationship that exists between this Committee and Farmer Mac.

Madame Chairwoman, I would be pleased to respond to any questions that you or Members of the Committee may now have.

TESTIMONY OF MICHAEL T. SCUSE
SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Thursday, December 15, 2011

Chairwoman Stabenow, Ranking Member Roberts, and members of the Senate Committee on Agriculture, Nutrition, and Forestry, thank you for the opportunity to appear before you today. I would also like to thank Senator Coons for his kind introduction. The Senator and I have had the pleasure of working together for many years, and I am grateful for his support here today.

I would like to take this opportunity to introduce my wife Patrice. As of this past Sunday, we have been married 35 years. Much of what I have been able to accomplish over the years is due to her strong support and understanding. I would like to thank her for her patience and the sacrifices she has made.

I consider it a tremendous honor to be before this Committee, nominated by the President and Secretary Vilsack to serve as Under Secretary for the Farm and Foreign Agricultural Service at the Department of Agriculture.

As a farmer, I am keenly aware of the responsibility and the privilege of this position: the ability to positively impact America's farmers and ranchers' ability to do business, to produce the food, fiber, and fuel that our nation runs on, and their lives. Every decision I make, in my last job as Secretary of Agriculture for the State of Delaware and in my current job at USDA, I make with farmers and ranchers in mind. If confirmed, I will continue this focus and examine closely the impact of each decision.

We have the best farmers and ranchers in the world today. Our agricultural producers are deeply rooted in this nation's history, and they are a big part of our strength as a people. They define our rural communities and bring particular economic strengths to the rural parts of our country.

Even as America recovers from the deepest recession since the Great Depression, we are seeing a strong agricultural economy. Agriculture is responsible for one out of every twelve jobs in America. This year, net cash income and net farm income are record in nominal terms and, adjusting for inflation, are at their highest levels since the early 1970s. Farm credit is still tight for some, but expanding more and more in many sectors of agriculture, and total farm equity is up.

U.S. agricultural exports for fiscal year 2011 reached \$137 billion, \$22 billion higher than the previous record set in 2008 and \$28 billion above 2010. Further, it is expected that exports for 2012 will remain equally strong and help to support over one million American jobs. In fact, taken as a whole, the United States is in the midst of experiencing the three best years in our history in terms of agricultural exports.

This has also been a year of unprecedented disaster. This past spring, above average snowmelt and excessive rainfall delayed and, in many cases, prevented planting of major crops. Tornadoes hit parts of the Southeast, flooding spread across the Missouri, Mississippi and Ohio river basins, record drought affected the Southwest, and finally, Hurricane Irene and Tropical Storm Lee devastated parts of New England and the mid Atlantic.

America's farmers and ranchers are the best in the world and they are resilient. But at the end of the day, the weather is beyond their control. These disasters only emphasize the importance of a strong and effective safety net for those who need it. One bad year should not have to mean the end of a farmer's business. I am a strong supporter of a robust and innovative crop insurance industry. As a farmer, I carry crop insurance on all of my crops. With the high cost of production today, we need to provide our

producers with the best tools available to deal with the risk associated with farming and crop insurance is one of the best tools we have to offer.

This is a moment of great opportunity in agriculture. I will not downplay the hard work that is needed on the long road that lies in front of us to the next farm bill. If confirmed, I will look forward to working with the members of this Committee and your colleagues in the House to assist, answer any questions, or provide any analysis that you might need.

I would like to recognize today those with whom I have had the great privilege of serving at USDA. The three Agencies that I have been working to oversee in my current acting role, the Farm Service Agency, the Foreign Agricultural Service, and the Risk Management Agency, are each staffed with immensely capable and experienced public servants who are committed to the highest level of service to their customers and stakeholders.

In addition, I would like to emphasize my commitment to turning a new page in civil rights at USDA. Under Secretary Vilsack's leadership, we have made great strides in resolving outstanding civil rights claims. Discrimination in any form will not be tolerated in the Agencies over which I have responsibility.

Thank you again for the opportunity to appear before you today. I am grateful for the opportunity and the faith my President and Secretary Vilsack have placed in me. If confirmed, it will be my greatest honor to serve the American farmer and rancher in this trust.

Opening Statement of Bruce J. Sherrick
Nominee for Director of the Federal Agricultural Mortgage Corporation
December 15, 2011

Chairwoman Stabenow, Ranking Member Roberts, and distinguished members of the Committee: I am honored to have been nominated for service on the Board of the Federal Agricultural Mortgage Corporation, and appreciate the opportunity to appear here today. I would like to provide a brief statement describing my background and experiences that may have relevance to potential service in that role.

I was born and raised on a small, yet highly diversified farm in central Ohio. My parents viewed this setting as the ultimate teaching laboratory, and my siblings and I were brought up with the expectation that we would have as many ag-related experiences as possible, each with the intent to learn something new, and to earn money to eventually go to college. From this intentional agricultural learning experience, I went on to my next at The Ohio State University where I completed all my degrees with a brief intervening stint in a large agribusiness firm prior to starting my Ph.D. After completing a Ph.D. in Ag-Finance, I joined one of the top agricultural economics programs at the University of Illinois where I have been since.

I am currently a professor of agricultural and applied finance in the Dept. of Agricultural and Consumer Economics (ACE), with responsibilities related to teaching, research, and outreach education. I have the privilege to be associated with a group of outstanding faculty colleagues known as the “*farmdoc*” group that conducts a broad set of research and decision support activities addressing needs of agricultural decision makers in areas including policy analysis, marketing, crop insurance, agricultural law, finance, and farm management. Additionally, I am the managing partner in a small research-based consulting firm known as integrated Financial Analytics and Research (*iFAR*) that provides modeling support services to financial firms serving agriculture, to the crop insurance industry, and to others involved in agriculture.

A few specific professional experiences may help understand my interest and preparation to serve on the Board of Farmer Mac. I began teaching agricultural finance in 1989, and have continued to this day. My courses now mainly involve computerized applications and decision tool development, but still emphasize agriculture and institutions unique to agriculture including the Farm Credit System and FAMC. I was one of the original researchers that built the first guarantee pricing model that Farmer Mac had to evaluate its guarantee exposure on loans held in pools under their original authorities. As they evolved and received expanded authorities, I became involved in modeling their overall business and have supported their regulator through the development of their Risk-Based Capital Stress Test; and have even worked with their customers in evaluating their loan programs. Additionally, I have had the opportunity to work with a

broad set of Farm Credit System entities in diverse projects including evaluation of credit risk, land values and collateral positions, economic capital models, underwriting practices, and many other activities related to portfolios of agricultural loans and securities underlying their funding.

I have also been deeply involved in evaluating crop insurance programs from the farmer level, from a ratings perspective, in the development of private products, and most recently as a developer of a new feature of the products offered by RMA for corn and soybeans known as the Trend-Adjusted APH. I mention these particular experiences as they also involved pooling and pricing of agricultural risk management services, and also represent crucial tools for producers to use to manage agricultural production activities.

My current position has given me access to tremendously interesting set of experiences and activities related to teaching, research, consulting, and decision making. My interests have allowed me to focus those in the relatively specific arena I refer to as agricultural finance and policy. I view a potential appointment to the Board of Farmer Mac as a great fit of my interest and aptitudes, and if confirmed, will serve to the best of my abilities.

I want to thank you again for the opportunity to be considered for the Board of Directors of the Federal Agricultural Mortgage Corporation. I would be pleased to respond to any questions.

DOCUMENTS SUBMITTED FOR THE RECORD

DECEMBER 15, 2011

December 14, 2011

Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture, Nutrition, and Forestry
Washington, DC 20510-6000

Dear Senator Stabenow,

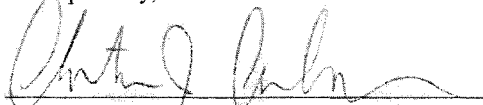
In accordance with 5 C.F.R. § 2634.606, please accept this letter as notice within five days of the commencement of my confirmation hearing of any amendments to my disclosures previously submitted to this Committee pursuant to 5 C.F.R. § 2634.201(c).

I have the following amendments to 'outside earned income': From August 19, 2011 to December 14, 2011 I have received approximately \$50,000 in income from the Chet Culver Group.

I have the following amendments to 'honoraria' received: None.

Please advise if you have any questions or concerns.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Chester J. Culver', is written over a horizontal line.

Chester J. Culver
Governor (2007-2011)

December 14, 2011

Honorable Debbie Stabenow
Chairwoman
Honorable Pat Roberts
Ranking Republican Member
Committee on Agriculture, Nutrition, and Forestry
Washington, DC 20510-6000

Dear Senators Stabenow and Roberts:

Thank you for requesting updated information to my Questionnaire and financial documents related to my nomination to the Board of Directors of the Federal Agricultural Mortgage Corporation, or Farmer Mac. This letter fulfills your request by listing:

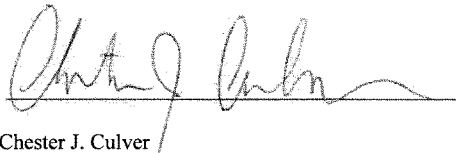
1. Clarification to any issues raised during the Committee's review of the nomination; and,
2. Updates to financial information and any changes to my finances or holdings and additional honoraria.

As instructed, public information and confidential information is kept separate in a fashion similar to the Committee Questionnaire. Please note that the revised Questionnaire and financial documents accompany this letter.

Please let me know if you have additional questions or need anything more from me regarding this or any other matter.

Again, thank you for your request. I look forward to my time with you and Members of the Committee on Agriculture, Nutrition and Forestry.

Sincerely,

A handwritten signature in dark ink, appearing to read "Chester J. Culver", written over a horizontal line.

Chester J. Culver
Governor (2007-2011)

Attachments

PUBLIC

- A) 2. List sources, amounts and dates of all expected receipts from deferred income arrangements, stock options, uncompleted contracts, and other future benefits that you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

Iowa Public Employees Retirement System -- \$150,000

RBC Wealth Management deferred compensation fund 457 Plan -- \$227,000

RBC IRA -- \$10,000

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used):
Chester John Culver
2. Date and place of birth:
1/25/1966, Washington, D.C.
3. Marital Status: If married, list spouse's name (include any former names used), occupation, employer's name, and business address(es).
Married, Mariclaire Thinnies Culver (maiden name: Mariclaire Thinnies)
4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.
Drake University (January 1993 – December 1995)
Masters of Arts in Teaching, 1995
Virginia Polytechnic Institute and State University (September 1984 – July 1988)
Bachelor of Arts in Political Science, 1988
5. Employment and Self-Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms or ranches, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college. Please include a title and brief job description for each.

Self-Employed, Chet Culver Group, LLC	2011- Present
Governor of Iowa	2007-2011
Iowa Secretary of State	1999 -2007
Teacher & Coach, DSM Hoover High School	1996-1998
Teacher, Roosevelt High School	1995-1996
Iowa Consumer & Environmental Advocate,	
Office of the Iowa Attorney General	1991-1995
Campaign Staffer, Iowa Democratic Party	1988-1990
6. Military Service: Have you served in the military? If so, please give particulars, including the dates, branch of service, rank or rate, and type of discharge received.
No

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service, grade levels, and whether such positions were elected or appointed.

Elected Governor of Iowa	2006
Served	2007-2011
Elected Iowa Secretary of State	1998
Served	1999-2007
Office of the Iowa Attorney General	1991-1995

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

Fullbright Teachers Scholarship, Japan, Fall of 1996

9. Other Memberships: If not covered above, list all organizations in which during the past 10 years you held a position as official, board member, or other leadership position and describe the position. Exclude religious organizations.

Chairman, National Governor's Association, Wind Energy 2009 - 2010
Chairman National Governor's Association, Biofuels Coalition 2010
Chairman, Iowa Executive Council 2007 - 2011
National Board Member, Jobs for American Graduates 2011
Executive Board Member, Democratic Governor's Association 2009 - 2010

10. Political Affiliation: The statute creating the Board of the Federal Agricultural Mortgage Corporation requires that no more than three public members of the Board be from the same political party. Please list your current political party registration or affiliation.

Democrat

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include in this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you would provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues

involving agriculture, nutrition, forestry, agricultural credit, or other matters within the jurisdiction of this Committee or the Federal Agricultural Mortgage Corporation.

List of published speeches (date given = date speech was delivered, as well as the date published by Iowa Public Television (IPTV), while the Des Moines Register published the following day):

Inauguration Address; January 12, 2007

Testimony before the U.S. Senate Committee on Health, Education, Labor and Pensions subcommittee on Health and Human Services, January 21, 2010.

Condition of the State Address: January 15, 2008, January 13, 2009, January 12, 2010, January 11, 2011.

The March 12, 2011 published Op-Ed by Governor Culver is also attached in a separate word document.

Unpublished speeches potentially relevant to the jurisdiction of the Committee or the Federal Agriculture Mortgage Corporation (copies attached):

2-27-07	Iowa Renewable Fuels Association
5-30-07	Acciona Ground Breaking
6-5-07	American Wind Energy Association Breakfast
6-21-07	E-85 Kicking the Oil Addiction
8-2-07	Barnraising VI – Health Communities Conference
8-14-07	Wind Turbine Ribbon Cutting
10-3-07	Governor's Environmental Excellence Award
10-10-07	Iowa Venture Capital and Entrepreneur Conference
10-16-07	Iowa Hunger Summit/Norman Borlaug Day
10-18-07	World Food Prize
11-7-07	German-American Chamber of Commerce
12-15-07	Iowa State University Commencement
1-28-08	Iowa Business Council
3-5-08	Bottle Bill Press Conference
3-6-08	State Wellness Initiative
3-12-08	US House of Representatives Infrastructure Forum
3-28-08	Democratic Governor's Association Big Sky Montana
4-3-08	Iowa State University 150 th Anniversary
4-3-08	Water Quality
4-18-08	Chatauqua Event
4-18-08	Hoover-Wallace Dinner
4-28-08	American Wind Energy Association
5-1-08	Senate File 2405 – Wind Energy

5-13-08	Health Care Reform Signing
6-3-08	American Wind Energy Association award
6-12-08	Association of Business and Industry (ABI)
6-27-08	Rebuild Iowa Press Conference
7-17-08	Rebuild Iowa Commission Meeting
7-31-08	Community College Conference
9-9-08	Bio-Based Energy Conference
9-16-08	TPI Newton
12-4-08	American Council on Renewable Energy
12-5-08	Farm Bureau Meeting
12-9-08	Iowa Taxpayers Association
1-15-09	Cedar Rapids Post Condition of State (COS) Tour
1-15-09	Davenport Post COS Tour
1-26-09	Iowa Business Council
1-27-09	Sioux City Post COS Tour
1-27-09	Council Bluffs COS Tour
3-12-09	I-Jobs Rollout
3-17-09	I-Jobs Fort Dodge Chamber
April 09	I-Jobs Stump Speech
4-23-09	Wind Energy Tax Bills
4-25-09	Passage of I-Jobs
4-27-09	Swine Flu Press Conference
5-4-09	I-Jobs/Davenport Signing
5-5-09	American Wind Energy Association Events
5-14-09	I-Jobs/Iowa City Signing
5-22-09	Disaster Bills
5-26-09	Resource Infrastructure Investment Fund (RIIF)/I-Jobs
7-29-09	Midwest Recovery Act Roundtable
7-31-09	Resource Enhancement and Protection (REAP) Conference – Energy Fair
9-15-09	Genecor
10-15-09	World Food Prize
11-23-09	Midwest Clean Tech
12-2-09	Farm Bureau Convention
12-9-09	Iowa Taxpayers Association
1-13-10	Moving Iowa Forward – Council Bluffs
1-13-10	Moving Iowa Forward – Mason City
1-14-10	Moving Iowa Forward – Cedar Rapids
1-25-10	Renewable Energy Summit
1-25-10	Iowa Business Council
1-27-10	Budget Statement
1-29-10	NextEra Story City
3-18-10	DuPont-Pioneer Jobs Announcement
3-31-10	End of Session Statement
4-16-10	IAWIND Conference

4-23-10	Sustainability Fund Signing
4-26-10	I-Jobs/RIIF, SF 2389
4-28-10	HF 2399 Nuclear Study
6-15-10	NASCO Conference (North America's Corridor Coalition)
6-18-10	Iowa State University Research Park 10th Anniversary
6-23-10	National Biodiesel Board
8-12-10	Jacobson Center Dedication – Iowa State Fair
8-20-10	Clinton Lincolnway Railport
8-31-10	Farm Progress Show
12-13-10	Brazil Biomass Conference

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, partnerships, associations, or other organizations? (If no, provide full details.)

Yes, however the position to which I have been appointed is part-time, so severing employment is not necessary. I will my continue working at full-time occupation as President of the Chet Culver Group, which is primarily an alternative energy-sector consulting agency.

2. List sources, amounts and dates of all expected receipts from deferred income arrangements, stock options, uncompleted contracts, and other future benefits that you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

**Iowa Public Employees Retirement System -- \$150,000
The Hartford deferred compensation fund 457 Plan -- \$250,000
RBC IRA -- \$10,000**

3. Do you, or any partnership or closely held corporation or other entity in which you have an interest, own or operate a farm or ranch? (If yes, provide a brief description including location, size, and type of operation.)

No

4. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever participated in federal commodity income and price support, disaster, conservation, or related programs? (If yes, provide full details, including descriptions and amounts of payments and loans received or forfeited relating to each commodity, crop, farm, and ranch involved during the past five years.)

No

5. Have you, or any partnership or closely held corporation or other entity in which you have an interest, received payments for crop or livestock losses from the federal crop insurance program in the past five years? (If yes, provide full details and amounts.)

No

6. Have you ever received a student loan or loans? If so, has all indebtedness been fully repaid? (If no, provide full details.)

Yes & Yes

7. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever received a loan or cosigned a note involving a loan from or guaranteed by any department or agency of the federal government (other than a student loan), including, for example, through the farm or rural development lending programs of the Department of Agriculture or through the Small Business Administration? (If yes, provide the current status and details of such loan or loans, whether the indebtedness has been fully repaid, and all details of any such loan activity.)

No

8. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever received a loan or cosigned a note involving a loan from, involving, or handled by any current or previously existing institution regulated, overseen, or doing business with either the Farm Credit Administration or the Federal Agricultural Mortgage Corporation? (If yes, provide the current status and details of such loan or loans, whether the indebtedness has been fully repaid, and all details of any such loan activity.)

No

9. If confirmed, do you have any plans, commitments, or agreements to pursue or continue outside employment or engage in or continue any business or vocation, with or without compensation, during your service with the government? (If so, explain fully.)

Yes, I will continue my full-time work as President of the Chet Culver Group, which is primarily an alternative energy sector consulting agency.

10. Do you have any plans to resume employment, affiliation, or practice with any of your previous employers, business firms, partnerships, associations, or other organizations after completing government service? (If yes, provide full details.)

No

11. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, provide full details.)

No

12. Describe fully all matters and all employers, clients, organizations, or interests you represented over the past five years before the Federal Agricultural Mortgage Corporation or the Farm Credit Administration, or before Congress involving matters

within the jurisdiction of this Committee, the Department of Agriculture, the Federal Agricultural Mortgage Corporation, or the Farm Credit Administration.

None

13. Explain in detail how you will resolve and avoid any actual or potential conflicts of interest, including any that may be disclosed by your responses to the above questions. In particular, identify all investments, obligations, liabilities, or other relationships that involve actual or potential conflicts of interest relating to the position for which you have been nominated and what actions you will take to resolve and avoid these actual or potential conflicts of interest.

I do not anticipate any conflicts of interest. Should they arise, they will be discussed with the appropriate authorities and resolved.

14. Fully describe and explain all divestitures or arrangements of any nature with respect to any type of interest that you have made or will make to resolve and avoid actual or potential conflicts of interest relating to the position for which you have been nominated.

None

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used):
Michael Thomas Scuse
2. Date and place of birth:
06/26/1954 Dover, Delaware
3. Marital Status: If married, list spouse's name (include any former names used), occupation, employer's name, and business address(es).
 Spouse: Patrice Scuse
 Maiden name: Linda Patrice Clark
 Occupation: Executive Secretary
 Employer's name and business address:
 Smyrna School District
 82 Monrovia Ave, Smyrna, Delaware 19977
4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.
 September 1972 – June 1973: Salem College, Salem, WV
5. Employment and Self-Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms or ranches, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college. Please include a title and brief job description for each.

1/2011 - Present	U.S. Department of Agriculture Acting Under Secretary for Farm and Foreign Agricultural Services
2009 - present	U.S. Department of Agriculture Deputy Under Secretary for Farm and Foreign Agricultural Services The Deputy Under Secretary oversees the Farm and Foreign Agricultural Services mission area of the United States Department of Agriculture, which is made up of three agencies. Those agencies include the Farm Service Agency, the Foreign Agricultural Service and the Risk Management Agency.
1979-Present	Round Maple Farms Partner/Farmer

8/2008 – 1/2009	State of Delaware Chief of Staff to the Governor of Delaware
5/2001- 8/2008	State of Delaware Secretary of Agriculture The Secretary of Agriculture of Delaware is the head of the Department of Agriculture. The mission of the Department of Agriculture is to sustain and promote the viability of food, fiber, and agricultural industries in Delaware through quality services that protect and enhance the environment, health, and welfare of the general public.
1997-2001	Kent County Planning Commission Chairman The Regional Planning Commission serves as the recommending body to the Levy Court for Rezoning, Text Amendments, Changes to the Comprehensive Plan, and Conditional Uses.
1996-2001	U.S. Department of Agriculture – Farm Service Agency State Committee Chairman, Delaware The State Committee chairman oversees the activities of the State Committee members and the agency to include helping to keep producers informed about FSA programs and resolving appeals from the agriculture community.
1986-1994	State of Delaware – Kent County Recorder of Deeds Recorder of Deeds
1973-2001	C.T. Scuse & Sons Auctioneer

6. Military Service: Have you served in the military? If so, please give particulars, including the dates, branch of service, rank or rate, and type of discharge received.

N/A

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service, grade levels, and whether such positions were elected or appointed.

1/2011 - Present	U.S. Department of Agriculture Acting Under Secretary for Farm and Foreign Agricultural Services Appointed Position
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2009 - present	U.S. Department of Agriculture Deputy Under Secretary for Farm and Foreign Agricultural Services Appointed position
8/2008 – 1/2009	State of Delaware Chief of Staff to the Governor of Delaware Appointed Position
2001-8/2008	State of Delaware Secretary of Agriculture Appointed position
1998-2000	State of Delaware – Kent County Planning Commission Chairman Appointed position
1996-2001	U.S. Department of Agriculture – Farm Service Agency State Committee Chairman, Delaware Appointed position
1986-1994	State of Delaware – Kent County Recorder of Deeds Recorder of Deeds Elected position

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

N/A

9. Other Memberships: If not covered above, list all organizations in which during the past 10 years you held a position as official, board member, or other leadership position and describe the position. Exclude religious organizations.

2001 – present	Delaware State Fair Member, Board of Directors The 80-member Board of Directors of the Delaware State Fair, Inc. is comprised of residents from all three counties of Delaware, each making a heartfelt commitment to the Fair.
2009	National Association of State Departments of Agriculture (NASDA) Vice President
5/2000 – 5/2001	Ducks Unlimited, Inc. Northern Zone Vice Chairman
3/1998- 3/2000	Ducks Unlimited, Inc. Kent County Chairman

10. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please

include in this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you would provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry, or any other matters within the jurisdiction of this Committee or the Department of Agriculture.

I have not published any speeches. My unpublished speeches relating to agriculture or other matters within the jurisdiction of the Committee are listed below and my speaking notes for those remarks are attached.

Attachment #1

1. Ag Progress Days
Washington, DC
August 19, 2009
2. National Cattlemen's Beef Association's International Marketing Meeting
San Antonio, TX
January 29, 2010
3. Illinois Farm Bureau
Washington, DC
March 11, 2010
4. American Soybean Association Meeting
March 16, 2010
5. Pennsylvania Biofuels Development Conference
Harrisburg, PA
April 20, 2010
6. American Cotton Shippers Association
Charleston, SC
May 14, 2010
7. Florida Farm to Fuel Conference
Orlando, FL
August 13, 2010
8. National Farmers Union Fly-In
September 13, 2010
9. Arkansas Land and Farm Development Corporation
Fargo, AR

- October 22, 2010
- 10. 11th Annual Pennsylvania Crop Insurance Conference
October 26, 2010
- 11. Louisville Ag Club Luncheon
November 5, 2010
- 12. Peru Trade and Investment Mission Opening Plenary
Lima, Peru
January 31, 2011
- 13. American Chamber of Commerce of Peru Breakfast Meeting
Lima, Peru
February 1, 2011
- 14. Farm Credit Directors Meetings
Savannah, GA
February 2011
- 15. Corporate Council on Africa Agribusiness Working Group Rollout
Washington, DC
February 22, 2011
- 16. National Agriculture Week Banquet
Washington, DC
March 15, 2011
- 17. World Initiative for Soy in Human Health (WISHH) Nutrition and Development Conference
March 17, 2011
- 18. International Food Aid and Development Conference
June 28, 2011
Kansas City, MO
- 19. InfoAg Conference Plenary Session
Springfield, IL
July 12, 2011
- 20. U.S. Agricultural Export Development Council
Bethesda, MD
July 14, 2011
- 21. American Sugar Alliance
Stowe, VT

August 3, 2011

22. Flood Tours with Senators Conrad and Hoeven
Minot, ND
August 9, 2011

23. Mid-Atlantic Farm Credit Board of Directors
Winchester, VA
August 18, 2011

Attachment #2

1. National Farmer's Union Fly-in
Washington, DC
September 12, 2011
2. Iraq and Afghanistan Service Recognition Ceremony
Washington, DC
September 12, 2011
3. American Society of Farm Managers and Rural Appraisers
Washington, DC
September 12, 2011
4. Vietnam Agricultural Trade Mission
Welcome Plenary Session
Ho Chi Minh City, Vietnam
September 27, 2011
5. Vietnam Agricultural Trade Mission
Welcome Plenary Session
Ho Chi Minh City, Vietnam
September 27, 2011
6. Vietnam Agricultural Trade Mission
Media Roundtable
Ho Chi Minh City, Vietnam
September 27, 2011
7. Vietnam Agricultural Trade Mission
U.S. Consulate Reception
Ho Chi Minh City, Vietnam
September 27, 2011
8. Vietnam Agricultural Trade Mission

Ribbon Cutting Ceremony , U.S. Pavilion at the Food and Hotel Vietnam 2011 Food Show
Ho Chi Minh City, Vietnam
September 28, 2011

9. Vietnam Agricultural Trade Mission
Press Conference at the Food and Hotel Vietnam 2011 Food Show
Ho Chi Minh City, Vietnam
September 28, 2011

10. Vietnam Agricultural Trade Mission
USDA Food Showcase and Trade Reception
Ho Chi Minh City, Vietnam
September 28, 2011

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, partnerships, associations, or other organizations? (If no, provide full details.)

Yes, however in connection with the nomination process I have consulted with the Office of Government Ethics and the Department of Agriculture's designated agency ethics officials to identify potential conflicts of interest. In accordance with this agreement, if confirmed, my general partnership with Round Maple Farms will be changed to a limited partnership within 30 days of confirmation, and my membership with the Delaware State Fair Board will be terminated within 90 days of confirmation.

2. List sources, amounts and dates of all expected receipts from deferred income arrangements, stock options, uncompleted contracts, and other future benefits that you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

<i>Michael T. Scuse</i>	<i>Date of Expected Receipt</i>	<i>Amount</i>
Variable Annuity (Farm Retirement)	06/2016	\$ 19,626.01
Thrift Savings Plan	06/2016	\$ 12,345.28
Delaware State Retirement Benefits	06/2016	\$ 1,423.00 Per month
Kent County Retirement Plan	06/2016	\$ 300.00
Kraft Food Stocks market value		\$ 36.53 As of 11/1/2011
<i>Patrice Scuse</i>	<i>Date of Expected Receipt</i>	<i>Amount</i>
Metlife Whole Insurance	08/2018	\$ 22,131.97
Metlife Whole Insurance	08/2018	\$ 24,997.24

State Retirement Benefits	08/2018	\$ 2,498.00 Per month
Fidelity – Delaware State Retirement account	08/2018	\$ 2,916.09
Kraft Food Stocks market value		\$ 1,944.10 As of 11/1/2011
<i>Michael and Patrice Scuse (together)</i>		<i>Amount</i>
Variable Annuity		\$ 46,763.72
ROTH IRA American Funds		\$ 7,000.00

3. Do you, or any partnership or closely held corporation or other entity in which you have an interest, own or operate a farm or ranch? (If yes, provide a brief description including location, size, and type of operation.)

Michael & Patrice Scuse Farm, Smyrna, Delaware
Full interest
Size: 72 acres
(Soybeans, Corn and Wheat)

Round Maple Farms, Smyrna, Delaware
1/2 interest
Size: 1,700 acres of owned and leased land
(Soy, Corn and Wheat) – Equipment

Scuse - Third Farm
1/3 interest
Size: 100 acres
(Soybeans, Corn and Wheat)

4. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever participated in federal commodity income and price support, disaster, conservation, or related programs? (If yes, provide full details, including descriptions and amounts of payments and loans received or forfeited relating to each commodity, crop, farm, and ranch involved during the past five years.)

Please see attached response to Question #4

5. Have you, or any partnership or closely held corporation or other entity in which you have an interest, received payments for crop or livestock losses from the federal crop insurance program in the past five years? (If yes, provide full details and amounts.)

Please see attached response to Questions #4 and #5 for SURE and crop

insurance payments.

6. Have you ever received a student loan or loans? If so, has all indebtedness been fully repaid? (If no, provide full details.)

No.

7. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever received a loan or cosigned a note involving a loan from or guaranteed by any department or agency of the federal government (other than a student loan), including, for example, through the farm or rural development lending programs of the Department of Agriculture or through the Small Business Administration? (If yes, provide the current status and details of such loan or loans, whether the indebtedness has been fully repaid, and all details of any such loan activity.)

Yes. Please see attached response to Question #7 for Farm Storage Facility Loan payment information.

8. If confirmed, do you have any plans, commitments, or agreements to pursue or continue outside employment or engage in or continue any business or vocation, with or without compensation, during your service with the government? (If so, explain fully.)

No, however in connection with the nomination process I have consulted with the Office of Government Ethics and the Department of Agriculture's designated agency ethics officials to identify potential conflicts of interest. In accordance with this agreement, if confirmed, my general partnership with Round Maple Farms will be changed to a limited partnership.

9. Do you have any plans to resume employment, affiliation, or practice with any of your previous employers, business firms, partnerships, associations, or other organizations after completing government service? (If yes, provide full details.)

Yes. I plan to return as full partner to Round Maple Farms.

10. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, provide full details.)

No.

11. Describe fully all matters and all employers, clients, organizations, or interests you represented over the past five years before the Department of Agriculture or any of its agencies, or before Congress involving matters within the jurisdiction of this Committee or the Department of Agriculture.

As a member of the National Association of State Departments of Agriculture (NASDA), I

conducted discussions with members of Congress regarding the 2008 Farm Bill, specifically on the Specialty Crop Block Grant.

12. Explain in detail how you will resolve and avoid any actual or potential conflicts of interest, including any that may be disclosed by your responses to the above questions. In particular, identify all investments, obligations, liabilities, or other relationships that involve actual or potential conflicts of interest relating to the position for which you have been nominated and what actions you will take to resolve and avoid these actual or potential conflicts of interest.

In connection with the nomination process I have consulted with the Office of Government Ethics and the Department of Agriculture's designated agency ethics officials to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official.

13. Fully describe and explain all divestitures or arrangements of any nature with respect to any type of interest that you have made or will make to resolve and avoid actual or potential conflicts of interest relating to the position for which you have been nominated.

In connection with the nomination process I have consulted with the Office of Government Ethics and the Department of Agriculture's designated agency ethics officials to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official.

December 14, 2011

The Honorable Debbie Stabenow, Chairwoman
The Honorable Pat Roberts, Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510-6000

Dear Madam Chairwoman and Ranking Member Roberts:

On October 4, 2011, a copy of my SF-278, Executive Branch Public Financial Disclosure Report, required in connection with my nomination to serve as Under Secretary for the Farm and Foreign Agricultural Services at the United States Department of Agriculture was submitted to the U.S. Office of Government Ethics. That report contained all required financial information for calendar year 2010 and for the current calendar year through October 4, 2011.

The Ethics in Government Act of 1978, as amended, also requires that I update certain amount of the information reported on the SF-278, i.e., that required by section 102(a)(1)(A) of the Act, respecting income (other than dividends, interest, rents, and capital gains) and honoraria, to date which occurs not more than five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is scheduled for December 15, 2011. The purpose of this letter is to report that since I filed that Financial Disclosure Report, I earned no such income. Furthermore, I have received no income other than my government salary since my copy of the SF-278 was filed out on October 4, 2011.

Also, at that time I filed an ethics agreement, which needs to be updated, as follows. In the event of a disaster in Kent County, Delaware, or any other contiguous county, I will not participate in any way in a decision as to whether to designate Kent County, or any contiguous county, as entitled to disaster relief.

On pages 4 on the SF-278, lines 1-4 of the annuities are for Michael and Patrice Scuse. Lines 5-9 are for Michael Scuse.

On page 8 of the Senate questionnaire, question 2, for Patrice Scuse, it should read "Metlife Whole Life Insurance." Please see the below chart regarding my retirement account.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,



Michael T. Scuse

Nominee for Under Secretary for the Farm and Foreign Agricultural Services
U.S. Department of Agriculture

Retirement Account

Michael T. Scuse

Nominee for Under Secretary for Farm and Foreign Agricultural Services, USDA

Michael T. Scuse	Date of Expected Receipt	Amount
Variable Annuity (Farm Retirement)	06/2016	\$19,626.01
Thrift Savings Plan	06/2016	\$12,345.28
Metlife Whole Life Insurance	08/2018	\$22,131.97
Metlife Whole Life Insurance	08/2018	\$24,997.24
Fidelity – Delaware State Retirement account	08/2018	\$2,916.09
Variable Annuity		\$46,763.72
ROTH IRA American Funds		\$7,000.00



United States
Office of Government Ethics
1201 New York Avenue, NW, Suite 500
Washington, DC 20005-3917

OCT 12 2011

The Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Michael T. Scuse, who has been nominated by President Obama for the positions of Under Secretary of Agriculture for Farm and Foreign Agricultural Services and Member of the Board of Directors of the Commodity Credit Corporation, Department of Agriculture.

We have reviewed the report and have also obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Don W. Fox".

Don W. Fox
Acting Director

Enclosures

October 4, 2011

Mr. Stuart A. Bender
Designated Agency Ethics Official
U.S. Department of Agriculture
Washington, DC 20250-0122

Dear Mr. Bender:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the positions of Under Secretary for Farm and Foreign Agricultural Services, U.S. Department of Agriculture (USDA) and as a member of the Commodity Credit Corporation (CCC) Board of Directors.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Round Maple Farms is a limited partnership that I formed with a family member, who manages the partnership. I will resign from my position as general partner of Round Maple Farms, LP, and become a limited partner within 30 days of confirmation. I will continue to have a financial interest in this entity, but I will not manage it or provide any services to it during my appointment. Instead, I will receive only passive investment income from this entity. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Round Maple Farms, LP, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1).

I own 100 acres of farm land in Smyrna, Delaware together with family members. I also own 70 acres of farm land in Smyrna, Delaware together with my spouse. These properties are leased to Round Maple Farms, LP, on a fixed cash-lease basis. I will continue to have a financial interest in this land, but I will not actively engage in the farming operation. Instead, I will receive only passive rental income from it. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of Round Maple Farms, LP, to fulfill terms of the lease, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1). In the past, Round Maple Farms, LP, has participated in the Conservation Reserve Program (CRP) and commodity programs and received benefits from USDA. These programs are administered by USDA through the CCC, on which I will serve as an officer and member of the Board. I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on my interest in the value of this property or any payments received by Round Maple Farms from USDA programs unless I obtain a written waiver, pursuant to 18 U.S.C. § 208 (b)(1). Additionally, in the event of a disaster in Kent County, Delaware, I will not participate in any way in a decision as to whether to designate Kent County as entitled to disaster relief.

I will divest my interests in Kraft Foods, Inc., within 90 days of my confirmation. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I have loans from Mid Atlantic Farm Credit in Dover, Delaware. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Mid Atlantic Farm Credit, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Upon confirmation, I will resign from my position on the Board of Directors of the Delaware State Fair. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which the Delaware State Fair is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

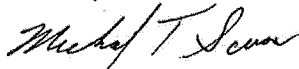
I will continue to participate in defined benefit pension plans for the State of Delaware and Kent County, Delaware. Therefore, pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the ability or willingness of these entities to provide these contractual benefits, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

My spouse is employed the Smyrna School District, Smyrna, Delaware, a position for which she receives a fixed annual salary. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my spouse's compensation or employment with the Smyrna School District. I also will not participate personally and substantially in any particular matters involving specific parties in which the Smyrna School District is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Finally, I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Sincerely,



Michael T. Scuse

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209-0001

Date of Appointment, Candidacy, Election or Nomination (Month, Day, Year)	Reporting Status (Check Appropriate Box)	Incumbent <input type="checkbox"/>	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate <input type="checkbox"/>	Termination Filer <input type="checkbox"/>	Termination Date (If Applicable) (Month, Day, Year)
Reporting Individual's Name	Last Name Scuse		First Name and Middle Initial Michael T.			
Position for Which Filing	Title of Position Under Secretary for Farm and Foreign Agricultural Services*		Department or Agency (If Applicable) United States Department of Agriculture			
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code) 1400 Independence Ave. SW, Washington DC 20250		Telephone No. (Include Area Code) 202-720-3111			
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held Acting Under Secretary for Farm and Foreign Agricultural Services: 1/2011 - Present Deputy Under Secretary for Farm and Foreign Agricultural Services: 4/2009 - Present					
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination Committee on Agriculture, Nutrition and Forestry		Do You Intend to Create a Qualified Diversified Trust? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Certification	Signature of Reporting Individual <i>Michael T. Scuse</i>		Date (Month, Day, Year) 10/4/11			
Other Review (If desired by agency)	Signature of Other Reviewer		Date (Month, Day, Year)			
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official <i>Stella O. E.</i> DAE O		Date (Month, Day, Year) 10/4/2011			
Office of Government Ethics Use Only	Signature <i>Don Fox</i>		Date (Month, Day, Year) 10/12/11			
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)						
* MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION (Check box if filing extension granted & indicate number of days _____) <input type="checkbox"/>						
(Check box if comments are continued on the reverse side) <input type="checkbox"/>						
Agency Use Only						
OGE Use Only						

Reporting Individual's Name Scuse, Michael T.		SCHEDULE A															Page Number 2 of 10							
Assets and Income BLOCK A	Valuation of Assets at close of reporting period BLOCK B										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. BLOCK C													
<p>For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period, or which generated more than \$200 in income during the reporting period, together with such income.</p> <p>For yourself, also report the source and actual amount of earned income exceeding \$200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than \$1,000 (except report the actual amount of any honoraria over \$200 of your spouse).</p> <p>None <input type="checkbox"/></p>	BLOCK B										BLOCK C													
											<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Type</p> <p>Dividends</p> <p>Rent and Royalties</p> <p>Interest</p> <p>Capital Gains</p> <p>None (or less than \$201)</p> <p>\$201 - \$1,000</p> <p>\$1,001 - \$2,500</p> <p>\$2,501 - \$5,000</p> <p>\$5,001 - \$15,000</p> <p>\$15,001 - \$50,000</p> <p>\$50,001 - \$100,000</p> <p>\$100,001 - \$1,000,000</p> <p>Over \$1,000,000*</p> <p>\$1,000,001 - \$5,000,000</p> <p>\$5,000,001 - \$25,000,000</p> <p>\$25,000,001 - \$50,000,000</p> <p>Over \$50,000,000</p> <p>Excepted Investment Fund</p> <p>Qualified Trust</p> </div> <div style="width: 50%;"> <p>Amount</p> <p>None (or less than \$201)</p> <p>\$201 - \$1,000</p> <p>\$1,001 - \$2,500</p> <p>\$2,501 - \$5,000</p> <p>\$5,001 - \$15,000</p> <p>\$15,001 - \$50,000</p> <p>\$50,001 - \$100,000</p> <p>\$100,001 - \$1,000,000</p> <p>Over \$1,000,000*</p> <p>\$1,000,001 - \$5,000,000</p> <p>Over \$5,000,000</p> <p>Other Income (Specify Type & Actual Amount)</p> <p>Date (Mo., Day, Yr.) Only if Honoraria</p> </div> </div>													
<p>Examples</p> <p>Central Airlines Common _____</p> <p>Dot Jones & Smith, Hometown, State _____</p> <p>Kempstone Equity Fund _____</p> <p>IRA: Heartland 500 Index Fund _____</p>													<p>1 Round Maple Farms LP, Smyrna DE (Soybeans, Corn and Wheat Sales) (1/2 Interest) _____</p> <p>2 Farm, Smyrna, DE (100 Acres) (1/3 Interest) (fixed cash lease to Round Maple Farms LP) _____</p> <p>3 Farm, Smyrna, DE (70 Acres) (fixed cash lease to Round Maple Farms LP) _____</p> <p>4 Mid-Atlantic Farm Credit (value not readily ascertainable) _____</p> <p>5 Kraft Food Stock _____</p> <p>6 (S) Smyrna School District (Smyrna, Delaware) _____</p>											
<p>* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.</p>																								

Reporting Individual's Name Scuse, Michael T.		SCHEDULE A continued (Use only if needed)															Page Number 3 of 10																	
Assets and Income		Valuation of Assets at close of reporting period										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																						
BLOCK A		BLOCK B										BLOCK C																						
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type	Amount										Date (Mo., Day, Yr.) Only if Honoraria						
																	Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	Over \$5,000,000	Other Income (Specify Type & Actual Amount)		
1	Altria Stock	X																		X			X											
2	Phillip Morris International Stock	X																		X				X										
3	Life Insurance (Whole Life) Met Life		X														X					X												
4	Life Insurance (Whole Life) Met Life		X														X					X												
5	Alex King, Goose Hunting Easement (Value not readily ascertainable)																X					X												
6	Delaware Public Employees' Retirement System (Defined Benefit Pension, Value not readily ascertainable)																															Wife receives approximately \$1,429 per mo at age 62		
8	Delaware Public Employees' Retirement System (Defined Benefit Pension, Value not readily ascertainable)(spouse's retirement)																															Wife receives approximately \$2,498 per mo at age 62		

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Reporting Individual's Name Scuse, Michael T.		SCHEDULE A continued (Use only if needed)												Page Number 4 of 10																			
Assets and Income		Valuation of Assets at close of reporting period										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																					
BLOCK A		BLOCK B										BLOCK C																					
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type	Amount										Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria				
																Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000			Over \$1,000,000*	\$1,000,001 - \$5,000,000	Over \$5,000,000	
1	Penn Mutual Life Variable Annuity Penn Series (assets listed below):																																
2	Independence Capital Management, Inc. Quality Bond Fund	X											X								X												
3	Independence Capital Management, Inc. Balanced Fund		X										X								X												
4	T Rowe Price Associates High Yield Bond Fund		X										X								X												
5	Penn Mutual Life Variable Annuity Penn Series (assets listed below):																																
6	Goldman Sachs Small Cap Value Fund	X											X								X												
7	Independence Capital Management, Inc. Quality Bond Fund	X											X								X												
8	T Rowe Price Associates High Yield Bond Fund	X											X								X												
9	T Rowe Price Associates Flexibly Managed Fund	X											X								X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Reporting Individual's Name Scusa, Michael T.		SCHEDULE A continued (Use only if needed)												Page Number 5 of 10																	
Assets and Income		Valuation of Assets at close of reporting period										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																			
BLOCK A		BLOCK B										BLOCK C																			
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type	Amount										Date (Mo., Day, Yr.) Only if Honoraria			
																	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	Over \$5,000,000	Other Income (Specify Type & Actual Amount)			
1	Federal Programs: Crop Disaster Program																													\$24,450	
2	Conservation Reserve Program Guaranteed Payment																													\$184	
3	M&T Bank (Checking and Savings)		X															X												\$34,202	
4	Del-One Credit Union (Checking and Savings)	X																X													
5	Kent County (DE) Employees' Retirement System (Defined Benefit Pension, Value not readily ascertainable)																													Will receive approximately \$200 per mo. beginning at age 62	
7	MettLife Financial Advisors Roth IRA (assets listed below):																														
8	American Funds EuroPacific Growth Fund-A	X											X					X													
9	American Funds The Growth Fund of America-A	X											X					X													

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Reporting Individual's Name Scuse, Michael T.		SCHEDULE A continued (Use only if needed)												Page Number 6 of 10																
Assets and Income		Valuation of Assets at close of reporting period										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																		
BLOCK A		BLOCK B										BLOCK C																		
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	Over \$25,000,000	None (or less than \$201)	Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000*	Over \$1,000,000,000	Over \$5,000,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	MetLife Financial Advisors Roth IRA (assets listed below)(continued):																													
2	American Funds Capital World Growth and Income Fund-A	X										X						X												
3	American Funds Capital World Bond Fund-A	X										X						X												
4	State of Delaware, Fidelity Retirement Savings Plan (spouse) (assets listed below):																													
5	Baron Growth Retail Fund	X										X						X												
6	Fidelity Freedom 2020 Fund	X										X						X												
7																														
8																														
9																														

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name Scuse, Michael T.		SCHEDULE B										Page Number 7 of 10	
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Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)											Certificate of Divestiture	
		Purchase	Sale	Exchange		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$2,000,000	\$2,000,001 - \$5,000,000	Over \$5,000,000			
Example	Central Airlines Common	x			2/1/99			x										
1																		
2																		
3																		
4																		
5																		

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than \$335 and (2) travel-related cash reimbursements received from one source totaling more than \$335. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$134 or less. See instructions for other exclusions.

None ☐

	Source (Name and Address)	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	\$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	\$150
1			
2			
3			
4			
5			

Reporting Individual's Name Scuse, Michael T.		SCHEDULE C			Page Number 8 of 10	
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Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude

a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

Creditors (Name and Address)		Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)										
						\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.				x							
	John Jones	Promissory note	1999	10%	on demand					x						
1	Mid Atlantic Farm Credit, Dover, DE	Promissory Note	2004	5.55%	8					x						
2	Mid Atlantic Farm Credit, Dover, DE	Promissory Note	2005	5.65%	18					x						
3	Mid Atlantic Farm Credit, Dover, DE	Promissory Note	2005	6.65%	13			x								
4	Mid Atlantic Farm Credit, Dover, DE	Promissory Note	2007	7.35%	5	x										
5	Mid Atlantic Farm Credit, Dover, DE	Mortgage to Secure Line of Credit	2008	5.50%	6					x						

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves

of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

Status and Terms of any Agreement or Arrangement		Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Delaware Public Employees' Retirement System (defined benefit pension, will receive approximately \$1,423 per/month at age 62)	State of Delaware	04/09
2	Kent County (DE) Employees' Retirement System (defined benefit pension, will receive approximately \$200 per/month at age 62)	Kent County, Delaware	1/01
3			
4			
5			
6			

Reporting Individual's Name Souse, Michael T.		SCHEDULE C				Page Number 9 of 10											
Part I: Liabilities Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.						None <input type="checkbox"/>											
Creditors (Name and Address)		Type of Liability		Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)										
Examples		First District Bank, Washington, DC		1991	8%	25 yrs.	\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000
John Jones		Mortgage on rental property, Delaware		1999	10%	on demand			x								
1	Mid Atlantic Farm Credit, Dover, DE		Promissory Note	2008	5.85%	10			x								
2	Mid Atlantic Farm Credit, Dover, DE		Mortgage to secure a line of credit	2008	3%	8		x									
3	Mid Atlantic Farm Credit, Dover, DE		Promissory Note	2009	5.5%	7		x									
4	Mid Atlantic Farm Credit, Dover, DE		Promissory Note	2011	5.7%	4			x								
5	USDA Farm Service Agency		Mortgage to secure a line of credit	2008	5%	8		x									
*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.																	
Part II: Agreements or Arrangements Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.																	
None <input type="checkbox"/>																	
Status and Terms of any Agreement or Arrangement				Parties				Date									
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.			Doe Jones & Smith, Hometown, State				7/85									
1																	
2																	
3																	
4																	
5																	
6																	

Reporting Individual's Name Scuse, Michael T.	SCHEDULE D	Page Number 10 of 10
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit

organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Delaware State Fair, Harrington, DE	Non-Profit Organization	Member, Board of Directors	06/2004	present
2	Round Maple Farms, Smyrna, DE	Farm Partnership	General Partner	01/1979	present
3	State of Delaware	State Government	Chief of Staff to the Governor of Delaware	09/2008	1/2009
4					
5					
6					

Part II: Compensation in Excess of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other

non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legalservices
	Micro University (client of Doe Jones & Smith), Hometown, State	Legal services in connection with university construction
1	State of Delaware	Service as Chief of Staff to the Governor of Delaware
2		
3		
4		
5		
6		



Bruce J. Sherrick, Ph.D.
 Professor, Ag and Applied Finance
 306 Mumford Hall, MC 710
 1301 W. Gregory Drive
 Urbana, IL 61801

December 13, 2011

To: Chairwoman Debbie Stabenow,
 Ranking Member Pat Roberts,
 U.S. Senate Committee on Agriculture, Nutrition and Forestry
 328A Russell Senate Office Building
 Washington, DC 20510

From: Bruce J. Sherrick, Ph.D.

Re: Updated information for Senate Questionnaire for the Board of the
 Federal Agricultural Mortgage Corporation

The following materials are provided to validate, update and/or revise information provided in response to the previously completed "Questionnaire for the Board of the Federal Agricultural Mortgage Corporation Nominees".

In the section delineated as "Financial Data and Conflict of Interest (Public)", question 9 asks about plans for continued engagement between *iFAR* and FCA, the Office of Secondary Market Oversight, and Farmer Mac. To revise and clarify my answer, if confirmed, *iFAR* would not pursue any contracts or engage in any consulting activities with FCA, the Office of Secondary Market Oversight, or the Federal Agricultural Mortgage Corporation during the time of my service on the Board.

My response to question 12 identifies an existing engagement between *iFAR* and the Office of Secondary Market Oversight involving an ongoing modeling effort. If confirmed, I would terminate my participation in the active modeling activities immediately, and would be available for a period of up to 45 days to provide knowledge transfer assistance on an as needed and as requested basis to insure that the models remain accessible and operational for FCA. In anticipation of a possible confirmation, I have worked to substantially complete that process already and do not anticipate a need for anything beyond perhaps routine operational inquiries.

Question 13 involves an explanation of the avoidance of future potential conflicts of interest. To extend that response, I would add that if confirmed, there will be no engagement between *iFAR* and FCA, its Office of Secondary Market Oversight, or Farmer Mac in consulting roles or other contractual engagements during any period of service on the Board. My previous answer was ambiguous in allowing others in *iFAR* the possibility of future engagement, and the intent of this addition is to clarify that no such activities will occur.

BIOGRAPHICAL INFORMATION (PUBLIC)

1. **Full name (include any former names used):** Bruce John Sherrick
2. **Date and place of birth:** April 23, 1963, Ashland, Ohio.
3. **Marital Status:** If married, list spouse's name (include any former names used), occupation, employer's name, and business address(es).
Married to Kristine L. Sherrick, High School Teacher at Urbana High School, 1002 S. Race St., Urbana IL 61801.
4. **Education:** List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

Ph.D., August 1989, The Ohio State University 1985-89.
B.S., Summa Cum Laude with Distinction, March 1985, The Ohio State University 1981-85.
5. **Employment and Self-Employment Record:** List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms or ranches, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college. Please include a title and brief job description for each.
Assistant Professor, 1989-96; Dept. of Agricultural Economics, UIUC.
(Faculty member with Teaching and Research responsibilities in Agricultural Finance)
Associate Professor, 1996-2004; Dept. of Ag. and Consumer Economics, UIUC
(Faculty member with Teaching and Research responsibilities in Agricultural Finance)
Professor 2004-present; Dept. of Ag. and Consumer Economics, UIUC, and
Director, National Center for Farm and Rural Business Finance, Univ. of Illinois, 2005-present.
(The Center conducts a comprehensive program of research on issues concerning availability and use of capital in the growth and development of farm and rural businesses)
iFAR (Integrated Financial Analytics and Research LLP) consulting firm, Partner 2004-present.
(Partner with responsibilities for modeling financial firms and insurance characteristics, *iFAR* is a successor firm of Barry and Associates which conducted similar activities and in which similar responsibilities were maintained)
6. **Military Service:** Have you served in the military? If so, please give particulars, including the dates, branch of service, rank or rate, and type of discharge received.
No, Not Applicable
7. **Government Service:** State (chronologically) your government service or public offices you have held, including the terms of service, grade levels, and whether such positions were elected or appointed. Not Applicable

8. **Honors and Awards:** List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

College of Agricultural, Consumer, and Environmental Sciences Team Award for Excellence - FAST Group, 2010.
 NACTA Fellow Award, 2007.
 College of Agriculture Funk Awards; Team Award for Excellence, 2004
 CFAR Donald A. Holt Research and Outreach Team Achievement Award, 2004
 Campus Cool Website Award – Content Category 2004 (*farmdoc* website)
 American Agricultural Economics Association, Group Award for Professional Excellence Distinguished Extension Program, 2002.
 Illinois Farmland Market Advisory Committee of the USDA-FSA, Academic Member 1998-present.
 Fellow, Kellogg National Leadership Program, 1994-97.
 Outstanding Young Alumni Award, The Ohio State University, 1995.
 Fellow, Center for Advanced Study, UIUC, 1994-95.
 Earl M. Hughes Teaching Enhancement Award, 1994
 Young Faculty Award for Excellence, College of Agriculture, 1995.
 Thesis Advisor Dept. Outstanding Thesis Award, MS (1993, 2003) and Ph.D. (1999, 2008).
 Incomplete List of Teachers Ranked Excellent (recognizes student-selected top teachers): 1989, 1990, 1991, 1992, 1993, 1995, 2000, 2001, 2002, 2004, 2005, 2007, 2009.
 College of Agriculture - AZ Outstanding Teacher Award, 1993.
 National Outstanding NAMA Student Chapter Advisor Award, 1992.
 Agricultural Economics/NAMA Teaching Award 1990-91 (Student selected).
 Outstanding Dissertation Award, *The Ohio State University*, 1989.
 National Needs Fellowship, The Ohio State University, 1985-1989.
 Summa cum Laude with Distinction, The Ohio State University, 1985.
 GAMMA SIGMA DELTA (2000-present), and ALPHA ZETA (1989-present) Honoraries.

9. **Other Memberships:** If not covered above, list all organizations in which during the past 10 years you held a position as official, board member, or other leadership position and describe the position. Exclude religious organizations.

NC-1014 (previous NC-207, and successor committees) Regional Committee on Agricultural Finance, 1989- present, (held all offices, past writing committee chair, numerous other committees).
 Associate Editor, *Agricultural Finance Review*, 1998- present).
 American Agricultural Economics Association.
 Eastern, Southern, Midwestern Finance Associations.
 IL Farmland Market Advisory and FSA Land Valuation Committee

10. **Political Affiliation:** The statute creating the Board of the Federal Agricultural Mortgage Corporation requires that no more than three public members of the Board be from the same political party. Please list your current political party registration or affiliation.
Republican
11. **Published Writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include in this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you would provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry, agricultural credit, or other matters within the jurisdiction of this Committee or the Federal Agricultural Mortgage Corporation.
Please See Attached.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, partnerships, associations, or other organizations? (If no, provide full details.) No. I plan to retain my faculty appointment at University of Illinois and partnership in iFAR. I have terminated all consulting relationships with the Farm Credit Administration and others that involve FAMC related issues.
2. List sources, amounts and dates of all expected receipts from deferred income arrangements, stock options, uncompleted contracts, and other future benefits that you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers. None.
3. Do you, or any partnership or closely held corporation or other entity in which you have an interest, own or operate a farm or ranch? (If yes, provide a brief description including location, size, and type of operation.) No. I was raised on a family farm and held only indirect family interest until 2004 when the family farm was sold.
4. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever participated in federal commodity income and price support, disaster, conservation, or related programs? (If yes, provide full details, including descriptions and amounts of payments and loans received or forfeited relating to each commodity, crop, farm, and ranch involved during the past five years.) No.
5. Have you, or any partnership or closely held corporation or other entity in which you have an interest, received payments for crop or livestock losses from the federal crop insurance program in the past five years? (If yes, provide full details and amounts.) No.

6. Have you ever received a student loan or loans? If so, has all indebtedness been fully repaid? (If no, provide full details.) My student loan associated with my degrees was fully repaid upon graduation from my Ph.D. program.
7. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever received a loan or cosigned a note involving a loan from or guaranteed by any department or agency of the federal government (other than a student loan), including, for example, through the farm or rural development lending programs of the Department of Agriculture or through the Small Business Administration? (If yes, provide the current status and details of such loan or loans, whether the indebtedness has been fully repaid, and all details of any such loan activity.) No.
8. Have you, or any partnership or closely held corporation or other entity in which you have an interest, ever received a loan or cosigned a note involving a loan from, involving, or handled by any current or previously existing institution regulated, overseen, or doing business with either the Farm Credit Administration or the Federal Agricultural Mortgage Corporation? (If yes, provide the current status and details of such loan or loans, whether the indebtedness has been fully repaid, and all details of any such loan activity.) No.
9. If confirmed, do you have any plans, commitments, or agreements to pursue or continue outside employment or engage in or continue any business or vocation, with or without compensation, during your service with the government? (If so, explain fully.) Yes. I would retain my appointment on the faculty of the University of Illinois and continue participation with iFAR. If confirmed, I would fully recuse myself from any future iFAR activities associated with either the Farm Credit Administration Office of Secondary Market Oversight, or the Federal Agricultural Mortgage Corporation.
10. Do you have any plans to resume employment, affiliation, or practice with any of your previous employers, business firms, partnerships, associations, or other organizations after completing government service? (If yes, provide full details.) I plan to remain a faculty member at the University of Illinois during any appointment to the Board of Directors of Farmer Mac, and continue employment after completing government service.
11. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, provide full details.) I am a tenured faculty member and thus anticipate continued service with the University of Illinois during and potentially after any appointment with Farmer Mac.
12. Describe fully all matters and all employers, clients, organizations, or interests you represented over the past five years before the Federal Agricultural Mortgage Corporation or the Farm Credit Administration, or before Congress involving matters within the jurisdiction of this Committee, the Department of Agriculture, the Federal

Agricultural Mortgage Corporation, or the Farm Credit Administration. FCA has contracted with iFAR to help develop, maintain and support the Risk-Based Capital Stress test applied to FAMC. Through work with iFAR, I have been involved in the development of those models and the associated supporting activities. In those roles, I have regular contact with both FCA and Farmer Mac to assist in interpretation and ongoing implementation of these models.

In addition, I have taught numerous Basel-II Capital workshops including sessions to several parties within the Farm Credit System including FCA, and to commercial banks (both those with access to FAMC, and to interests as varied as those at the Bank of China). I have also been a participant in the evaluation of competing software vendors who provide capital management services to various parties within and outside the Farm Credit System including the providers to both FAMC and several of the System Banks. Finally, my academic research includes many activities associated with "valuation" of risk and the appropriate mechanisms for measuring and controlling risk through time. My teaching and graduate student advising activities also frequently use case materials from the Farm Credit System, FAMC, other secondary markets, and FDIC Call Report materials.

Additionally, I have been a participant in a past 508(h) submission to the FCIC, and have responsibilities for evaluation of federal crop insurance programs within the *farmdoc* research team -- roles which lead to frequent interactions with RMA and RME representatives of USDA.

13. **Explain in detail how you will resolve and avoid any actual or potential conflicts of interest, including any that may be disclosed by your responses to the above questions. In particular, identify all investments, obligations, liabilities, or other relationships that involve actual or potential conflicts of interest relating to the position for which you have been nominated and what actions you will take to resolve and avoid these actual or potential conflicts of interest.** If confirmed, I would also fully recuse myself from any activities in iFAR that involve work for FAMC or FCA's Office of Secondary Market Oversight, or that provide any other potential appearance of conflict of interest with the activities of the Board or mission of FAMC during any period of service including activities related to FAMC vendors, contractors or suppliers of consulting services. Any remaining research and consulting activities will be fully disclosed and discussed with appropriate parties to insure the avoidance and/or resolution of any conflicts of interest.
14. **Fully describe and explain all divestitures or arrangements of any nature with respect to any type of interest that you have made or will make to resolve and avoid actual or potential conflicts of interest relating to the position for which you have been nominated.** I am not aware that any of my current investments present any conflicts of interest. Any such noted items would be converted to alternatives that are not related in any fashion to Board service. If any matters of potential concern arise, these would be fully disclosed and discussed with appropriate parties to resolve.

QUESTIONS AND ANSWERS

DECEMBER 15, 2011

Senate Committee on Agriculture, Nutrition & Forestry
Nomination Hearing
December 15, 2011
Questions for the Record
Hon. Chester Culver

Senator Pat Roberts

- 1.) Can you identify any potential conflicts of interest between your role as a Presidentially-appointed Farmer Mac director and the financial interests of Farmer Mac shareholders? How will you handle such conflicts?

I do not have, nor do I anticipate, any conflicts of interest. However, should they arise; they will be disclosed and resolved appropriately.

- 2.) In 2008, Farmer Mac's financial condition deteriorated to the point it required a major capital infusion from its shareholders to avoid falling below minimum regulatory capital levels. If you are confirmed, what steps will you take to avoid this circumstance recurring

It is my understanding that in the 2008 the problem was investment, not credit. Several major investments failed. So, Farmer Mac must diversify its investment portfolio to minimize the chance of that happening again. As a member I will insist upon strong policies so that the Finance committee of the Board continues to provide strong oversight of investment and the Credit committee of the Board provides strong oversight of credit.

- 3.) Farmer Mac's hybrid government-sponsored enterprise (GSE) model combines publicly-traded stock with a legislatively-mandated mission in the same way Freddie Mac and Fannie Mae did prior to being taken over by the government. What steps can you take as a board member to ensure the constant pressure to increase profits that results from Reliance on publicly-traded stock will not push Farmer Mac to take on more risk in the way Fannie and Freddie did?

I will insist that the Mission is central to Farmer Mac's activities and the Mission not be compromised by undue pressure for significant profits.

- 4.) Similarly, Government Accountability Office (GAO) studies have demonstrated the public stock model at Fannie Mae and Freddie Mac resulted in maximizing benefits to shareholders while transferring the ultimate risk to taxpayers. How can you as a Farmer Mac board member ensure this does not occur at Farmer Mac?

Again, the Mission must be central to Farmer Mac's work. This means that I will work to ensure that the policy about risk-to-reward strikes the right balance with strong credit underwriting and diversified investments.

Senator Saxby Chambliss

1. What are your views about the benefits of a secondary market for agriculture mortgages and rural utility loans?

The benefit of the secondary market is to provide capital to primary lending institutions with liquidity to provide loans. Farmer Mac is an additional source of capital for lending institutions in rural America.

I believe that it is critical to have capital flow to rural America. Farmer Mac ensures that credit is available for agricultural mortgages and rural utilities. That is Farmer Mac's mission, and as a Board Member I will be committed to following it.

2. The board of Farmer Mac is composed of directors elected by class A and class B stockholders along with presidentially appointed directors. Please describe the advantages and disadvantages of this board composition.

The advantages of the three separate classes are 1) to bring some breadth of understanding of lending institutions; 2) bring agricultural lending experience into the board room; and, 3) and having the presidential appointees to represent the people of the United States and the Congress, Administration and the interests of Farmer and Rancher to ensure that the Mission of Farmer Mac is central to its operations.

Disadvantages are that owners of Class A and B lenders may want to leverage Farmer Mac for economic or political advantages. It also raises the possibility of conflicts of interest with lenders on the board who also want to do business with Farmer Mac. As a Presidential appointee I will insist that the Mission is a central part of what the Board does.

3. Farmer Mac was created to provide liquidity to lenders and a secondary market for agricultural mortgage loans, rural utility, rural housing and certain USDA-guaranteed loans. Do you believe Farmer Mac is accomplishing what it was set out to do by Congress?

Yes, Farmer Mac has indeed accomplished what it has set out to do. As a Board member I will ensure that the Mission to provide capital to rural America continues.

Senator John Thune

1. According to Iowa State University and others the value of Iowa farmland jumped 32.5 percent in 2011 and cropland in the Northern Plains and Minnesota was up 26 percent. I've read about farmland sales as high as \$20,000 per acre.

As a Member of the Board of Directors at Farmer Mac, what can the agriculture real estate lending community do to keep itself stabilized if and when agriculture real estate prices take a downturn?

We do need to ensure that the production value of land relates in a rational way to the long-term prospect of land prices. We need to make sure that the loan-to-value ratios policies are strong to allow for fluctuations to occur in land prices so there's enough to absorb potential losses. This includes a strong stress-test model. We need good strong underwriting criteria.

Fortunately, farmers and ranchers, and the lending community, are much better capitalized than they were before to address rising land values, but the situation does warrant vigilant monitoring.

2. What is your opinion of the current operating policies of Farmer Mac?

My view is that the operating policies are strong. As a board member I will insist upon continued strong policies and strong oversight to see that management carries these policies out.

3. Do you anticipate that any changes need to be made to reflect the dramatic changes that have occurred in agriculture the past few years?

I anticipate that Farmer Mac needs to be dynamic. I think that as a matter of mission, as rural America changes, Farmer Mac needs work with Congress to consider appropriate way to adapt to those changes.

Senate Committee on Agriculture, Nutrition & Forestry
Nomination Hearing: Scuse, Culver, and Sherrick
December 15, 2011
Questions for the Record
Mr. Michael T. Scuse

Senator Pat Roberts

1) You've talked before about the importance of addressing commodity and regional differences in farm policy. You've also talked about the importance of the WTO and free and open trade to the success of rural America. I wholeheartedly agree with you on both counts. Do you believe the Administration's farm policy suggestions put forward in the September 2011 deficit reduction proposal met these criteria? Do you have thoughts on how to provide a safety net to all farmers in all regions while maintaining our WTO commitments?

A: The best way to achieve World Trade Organization (WTO) compliance involves a complicated and lengthy discussion. I look forward to working with you and your colleagues, if confirmed, to provide any technical assistance you might need as you chart the best path forward for the new farm bill.

2) As a producer you bring a depth of knowledge and perspective to this job that I suspect will serve you very well. I'm sure you know well the importance of local FSA offices. Given the dire budget circumstances that we find ourselves in in this country, one of the challenges you will likely face is trying to do more with a shrinking budget. How do you plan to tackle this challenge with regards to local FSA offices and the delivery of FSA services?

A: USDA is working to ensure that we can meet the challenges of reduced budgets.

This includes efforts to innovate and create efficiencies. One of the most important improvements we are working towards now is the addition of the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project to our farm program administration. MIDAS is our IT modernization project that has been designed to be flexible and efficient at incorporating new programs and structures.

We are also evaluating how we do business. This includes evaluating our service delivery and making targeted reductions in our staff by using management flexibility tools – including buy outs and early outs. During this process, we are committed to ensuring that the cuts impact the producer to the minimum amount possible, and that we continue to provide the necessary services that producers require.

If confirmed, I will look forward to working closely with you and your colleagues as we consider the best path forward in this environment.

3) As budget belts tighten, both Congress and the Administration are going to be looking for ways to work more efficiently and to streamline processes where possible. Are there areas you see in FFAS where greater efficiencies would be possible but where you might need additional authority to take advantage of these opportunities?

A: Thank you for your question. As I discussed in my answer to the previous question, USDA is working to innovate and create efficiencies across all our programs. Within the Mission area, we are working towards those ends now with the advancement of our IT capabilities and the simplification of our reporting.

The support that you and your colleagues have shown for our IT modernization project, MIDAS, has been much appreciated.

We are also working to simplify our processes. The 2002 Farm Bill required the Secretary of Agriculture to develop a Comprehensive Information Management System (CIMS) to be used by Farm Service Agency (FSA) and the Risk Management Agency (RMA) in the farm programs they administer. CIMS provides access for over 12,000 users to a single source of RMA and FSA program information. The next stage of information sharing is now underway with the Acreage/Crop Reporting Streamlining Initiative (ACRSI). The goal of this program is to establish a common USDA framework for producer commodity reporting and establish common data standards used for producer commodity reporting. These two programs will facilitate 'one stop' reporting of producer information and greater sharing of data among government agencies. These efforts should save time and money for the government, producers and companies by reducing reporting and data management burdens.

As a farmer myself, I have seen how our farm programs have grown in size and complexity over the years. If confirmed, I look forward to working with you on how we can continue to move in the direction of a better, more efficient USDA to serve all farmers and ranchers. If additional authority is required to achieve these goals, I look forward to working with you as needed.

4) Mr. Scuse, the Conservation Reserve Program has been a primary component of the Conservation title for over 25 years. I support providing producers options through the conservation title programs, for example, some need financial and technical assistance to address regulatory burdens and their go-to is EQIP, but others have land that is not appropriate for production and CRP is the best option to protect the soil health and wildlife habitat. In Kansas, we are facing an extreme drought and I am concerned about the amount of acres that will expire from CRP in Kansas and some of our neighboring "dust bowl" states. What are your thoughts on the future of CRP and the potential for a general sign-up this year (FY 2012)?

A: The Secretary has not made a final decision to conduct a general sign-up for the Conservation Reserve Program (CRP) this fiscal year. Approximately 6.5 million acres of land enrolled in CRP are set to expire at the end of this fiscal year.

CRP is a cost-effective means to protect our most highly erodible lands, protect ground and surface water, and to provide critical habitat for wildlife. CRP land has significantly contributed to the reduction of soil erosion in the Dust Bowl region.

Moving forward, we must continue targeting CRP funding to the most environmentally sensitive land to ensure the best value for the taxpayer.

5) USDA FSIS recently announced new verification requirements to ensure control of E.coli O157:H7 and six additional serotypes of E.coli called non-STECS for beef. I support the establishment of realistic food safety policies designed to protect public health to the maximum extent possible. However, I am concerned about the lack of sound science to support this new policy. We have seen in the past where similar policies have impacted our relationships with our trading partners and our ability to export when we stray from the path of sound science. One recent example of this is the legal challenge we are now facing with implementation of Country of Origin Labeling (COOL). Before any future policies or rules are imposed on our beef industry, it is incumbent upon this agency to ensure those policies or rules are justified by a sound science-based risk analysis and evidence that there is a real danger to public health from these non-STECS. This is not only important for the US economy, but also mandated by the WTO Agreement on Sanitary and Phytosanitary Measures, which requires that trade-restrictive food safety rules be based on sound science and on reasonable and transparent risk assessment.

What measure has the Department taken to ensure these goals are being achieved, specifically that WTO requirements are satisfied under this new policy?

To what extent have FAS, USTR, and our trading partners been made aware of this policy, and have had an opportunity to participate in the policy process?

A: On September 13, 2011, USDA's Food Safety and Inspection Service (FSIS) announced that six additional E. coli serotypes would be considered adulterants in non-intact raw beef. Comments are being accepted on this rule until December 21, 2011.

USDA has worked closely with USTR during this announcement process.

Further, as part of the public notification process, FSIS conducted a public teleconference in which representatives from Canada, New Zealand, and Australia participated and offered comments. We also sent a letter to those trade partners eligible to export beef products to the United States on October 24, 2011, to advise them of the FSIS policy and solicit comments.

If confirmed, I would welcome the opportunity to meet and discuss this issue with you further.

Senator Sherrod Brown

1) Mr. Scuse, during the last farm bill, I worked with my colleagues to create the Average Crop Revenue Election Program (ACRE). While the final legislative product was substantially different from what I originally proposed, many of the concerns about ACRE had to do with how the program was implemented here in D.C. and explained out in the field. As this Committee works on the next farm bill, program administration and ease-of-use are paramount. Would you please discuss some of the problems the USDA encountered in implementing ACRE and highlight some of the key issues that Congress could address in the next farm bill that would make ACRE, or any similar program, easier for producers to understand and for the FSA to administer? Along these lines, I'd like to ask for your commitment to working closely with Congress to make sure the next generation of farm programs is written with ease of use and program administration in mind. Will you work with us on this?

A: Thank you for your question, Senator.

USDA encountered several issues while implementing the Average Crop Revenue Election (ACRE) program:

- Complexity of the program: Explaining a revenue-based program to producers who had never been exposed to a Farm Service Agency (FSA) program that required revenue triggers at the State and individual levels made implementation very difficult in such a short period of time.
- Determining triggers at the farm level: Requiring a farm trigger to be met meant that producers were required to furnish production certifications to their County Office. Producers had not been required to furnish production certification to FSA for production programs since the mid-1980s. Furthermore, producers in the initial year of participation in the program were required to produce six years-worth of production certifications. For many producers, this was a significant challenge.
- Irrevocability of ACRE: The statute required that farms that elected ACRE were enrolled in the program for the life of the Farm Bill. Many producers choose not to participate in ACRE because of that requirement.
- Software: As programs become increasingly complex, it is important to note the challenge involved in designing, developing, and testing new software quickly.

If confirmed, it would be my pleasure to provide you and your colleagues any technical assistance or resources that you might need as you develop the next farm bill.

2) Mr. Scuse, in September I joined Senator Diane Feinstein and several other colleagues in sending a letter to the Secretary regarding implementation of Section 1604 of the 2008 farm bill which, in addition to setting income eligibility caps for farm programs, directed the USDA to

conduct audits to verify that producers whose income exceeds these caps do not receive federal payments. We received a response to this letter yesterday and I am in the process of reviewing it, but it is clear that we must ensure that farm program payments go only towards eligible producers is a top priority. To do so requires the full cooperation of the USDA. Will you work constructively with me and my colleagues in the coming months and in the 2012 farm bill on this issue?

A: If confirmed, it would be my pleasure to work with you and your colleagues on this important issue.

Senator Saxby Chambliss

1) Will you promise to work for all of agriculture and be responsive to all Members of Congress no matter their party affiliation?

A: If confirmed, it would be my pleasure and honor to work with and to be responsive to you and all of your colleagues in the House and Senate.

2) It brings me comfort to see someone at the end of the table who I know will be an advocate for America's farmers and ranchers. I appreciate that you have experience in production agriculture.

However, you have some rather large shoes to fill. Jim Miller's hands-on farm experience, his leadership roles in the agricultural community, and his advisory role to my good friend Kent Conrad served him very well while he was at USDA. I know Jim has experienced the effects of the Executive Branch failing to implement policies as intended by Congress, and you probably know that this does nothing to build positive working relationships between the Congress, the Administration, and farm groups.

Will you work to assist Congress on technical matters related to the drafting of the farm bill and assure this committee that you will implement the farm bill fairly, expeditiously, and consistent with Congressional intent? And if intent is unclear to you, will you seek the guidance of the authorizing committees?

A: If confirmed, I commit to provide you and your colleagues any assistance on technical matters that you may require, that I will work with you to implement the next farm bill fairly, expeditiously, and in keeping with Congressional intent, and seek instruction on that intent when it is unclear.

3) The 2002 Farm Bill established criteria for determining the USDA peanut posted price which is announced each Tuesday afternoon. This process has been controversial since the '02 bill. The language continued in the 2008 Farm Bill. During the 2012 Farm Bill process this fall, we

again differed with USDA as to how best to determine peanut prices. The Department has insisted on relying on NASS data for peanut price determinations.

Peanuts are too small for a futures market. How USDA determines peanut prices will be critical in the next farm bill. The University of Georgia's National Center for Peanut Competitiveness has determined that the Rotterdam price is a much better indication of world peanut market prices than the NASS data used by USDA. NASS data relies on early market contracts which do not reflect what is occurring in the peanut marketplace for that year. The International Trade Commission and our own U.S. trade negotiators relied on Rotterdam peanut prices during the GATT negotiations.

Will you work with me and the peanut industry to assure that USDA is using the best market data and world market prices for determining peanut prices?

A: Thank you for your question. If confirmed, I would be happy to work with you and the peanut industry on this important issue as Congress develops the next farm bill and to make any technical assistance or resources available to you and your staff.

Senator John Thune

1) Mr. Scuse, as we prepare to draft a new Farm Bill we can assume there will be changes to existing programs and possibly even some new programs. As with any Farm Bill implementation is almost as important as the Farm Bill itself. What will be the biggest challenges in implementing the 2012 Farm Bill, and what do you expect to be done differently to improve and quicken the implementation process?

A: Thank you for your question. One of the biggest challenges with implementing a new bill will be working within a new budget reality that involves reduced administrative resources. However, one of the most important improvements we are working towards now will be the addition of the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project to the farm bill implementation process. MIDAS is our IT modernization project that has been designed to be flexible and efficient at incorporating new programs and structures.

2) Can you give us a very brief update on the status of the MIDAS IT project – what is completed and what needs to be done?

A: In late 2011, the MIDAS Program completed the initial planning phase. In December 2011, we moved into the design phase of the program. The design phase will be followed by initial deployment later in 2012, with ensuing deployments in 2013.

3) I think everyone in this room on and those of us on this Committee are aware of the importance of crop insurance to agriculture in today's world, and we know that the Secretary

and the Administrator of the Risk Management Agency (RMA), have considerable administrative authority to make changes to crop insurance. What notification methodology is in place at FFAS to make Agriculture Committee members aware of potential changes to crop insurance?

And the second part of my question - regardless of what is currently in place, are you willing to commit to us now that we will be notified of any administrative changes to crop insurance that impact the agriculture producers in our states?

A: Thank you for your question, Senator. Our congressional affairs liaisons are responsible for providing notice to you and your colleagues when the Department makes announcements regarding the crop insurance program. If confirmed, I commit to you to keep an open dialogue and to work to make sure you, your colleagues, and staff receive information in a timely fashion.

Senate Committee on Agriculture, Nutrition & Forestry
 Nomination Hearing
 December 15, 2011
 Questions for the Record
 Dr. Bruce Sherrick

Senator Pat Roberts

- 1.) Can you identify any potential conflicts of interest between your role as a Presidentially-appointed Farmer Mac director and the financial interests of Farmer Mac shareholders? How will you handle such conflicts?

I do not foresee potential conflicts of interests beyond the natural tensions that will arise between programs that may have non-financial objectives and those that are more motivated by direct financial gains. I think sound lending practices have to be applied in every case, but that GSE status also provides an ability and obligation to provide constructive lending services that promote rural development that other lending systems may not have the capacity to supply. I will work to the best of my ability to represent both sound economic and lending principals while furthering the objectives of the Federal Agricultural Mortgage Corporation and its congressionally mandated mission.

- 2.) In 2008, Farmer Mac's financial condition deteriorated to the point it required a major capital infusion from its shareholders to avoid falling below minimum regulatory capital levels. If you are confirmed, what steps will you take to avoid this circumstance recurring?

Importantly, the primary causes of the large losses originated in non-program areas. I think it is especially important to develop sound guidelines on both program exposure limits, and perhaps more importantly, on the investment activities to limit this potential exposure in the future.

- 3.) Farmer Mac's hybrid government-sponsored enterprise (GSE) model combines publicly-traded stock with a legislatively-mandated mission in the same way Freddie Mac and Fannie Mae did prior to being taken over by the government. What steps can you take as a board member to ensure the constant pressure to increase profits that results from reliance on publicly-traded stock will not push Farmer Mac to take on more risk in the way Fannie and Freddie did?

The presidential appointees perhaps have a greater obligation to represent the balance between taxpayer interests and financial viability of the organization. The origination conduits have different characteristics than did the home mortgage channels that led to the recent crisis, but the potential forces are similar. As a Boardmember, I will work to insure that meaningful shared oversight of the exposure to substandard or poorly underwritten loans would be minimized.

- 4.) Similarly, Government Accountability Office (GAO) studies have demonstrated the public stock model at Fannie Mae and Freddie Mac resulted in maximizing benefits to shareholders while transferring the ultimate risk to taxpayers. How can you as a Farmer Mac board member ensure this does not occur at Farmer Mac?

It is a complicated balance that exists in the private public partnership. In the case of Farmer Mac, it appears to me that the essential ownership by those that also originate much of the loan volume will help avoid the same fate that befell Freddie and Fannie, but it remains an important feature to monitor and control. I will help insure that active pursuit of the mission remains the key driving force while a member of the Board rather than direct financial response to equity holders alone.

Senator Saxby Chambliss

1. What are your views about the benefits of a secondary market for agriculture mortgages and rural utility loans?

I believe that a well-functioning secondary market is exceedingly valuable and provides great benefits to the ultimate users of loans through accurate and efficient pooling and pricing of risks. The "bankability" of certain types of loans is improved if pooled and held in a form where there is the ability to insure the payments of the loans in order to improve the underlying funding costs. These improved costs do translate to borrower benefits.

2. The board of Farmer Mac is composed of directors elected by class A and class B stockholders along with presidentially appointed directors. Please describe the advantages and disadvantages of this board composition.

The design of the Board provides some check and balance potential, and helps provide some independence that can be valuable for the presidentially appointed directors in particular. The potential drawback that could be argued would be the potential conflict in incentives that could arise if public objectives differed from private objectives.

3. Farmer Mac was created to provide liquidity to lenders and a secondary market for agricultural mortgage loans, rural utility, rural housing and certain USDA-guaranteed loans. Do you believe Farmer Mac is accomplishing what it was set out to do by Congress?

I believe that in the large, that Farmer Mac has performed well given the economic circumstances surrounding its early and mid life experiences. The initial design I believe, was well conceived, the need for liquidity services by the Farm Credit System and Banks did not peak at the same time that Farmer Mac got its new authorities, so there remains room for continued growth and pursuit of those objectives. I intend to work toward furthering the goals set for Farmer Mac with my service on the Board.

Senator John Thune

1. According to Iowa State University and others the value of Iowa farmland jumped 32.5 percent in 2011 and cropland in the Northern Plains and Minnesota was up 26 percent. I've read about farmland sales as high as \$20,000 per acre.

As a Member of the Board of Directors at Farmer Mac, what can the agriculture real estate lending community do to keep itself stabilized if and when agriculture real estate prices take a downturn?

Among the important tasks would be to keep lending standards conservative relative to current land values. As many of the financial institutions have begun doing, underwriting standards perhaps cannot fully "follow" the land market upward. Effective capitalization is key to withstanding the potential downturns, and development of suitable stress testing is also key. Both are activities I will support with service on the Board of Directors.

2. What is your opinion of the current operating policies of Farmer Mac?
I have been able to observe Farmer Mac from the outside, and from a regulatory perspective, and I do not observe any obvious violations of good practices, and do believe they have attempted to comply with all regulations and requirements. I do think it is critical to continually review and strive to improve internal practices to conform with best management practices through time.
3. Do you anticipate that any changes need to be made to reflect the dramatic changes that have occurred in agriculture the past few years?
In addition to dramatic changes in agriculture to which Farmer Mac will have to respond, there have also been dramatic changes in financial services industries as well. I think capitalization of risk will always be key, and the development of appropriate financial products to be able to continue to offer constructive financing for agriculture and rural businesses and communities will require continuing evolution of the products and services offered by Farmer Mac.

