

**FINANCIAL
PARTNER**
BUSINESS INSIGHTS FOR HIGHER YIELDS



FARM CREDIT EAST

The **Big Picture**

*Economists' Perspectives
on the Ag Economy in the
Northeast and Beyond*

FALL 2022
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Important Dates!

Farm Credit East offices, including online banking and payroll processing, will be closed on the following dates:

- ✗ Monday, December 26, 2022
- ✗ Monday, January 2, 2023
- ✗ Monday, January 16, 2023
- ✗ Monday, February 20, 2023

Additionally, Farm Credit East’s annual meeting will take place on Monday, March 20, 2023. This year’s meeting will include a virtual option. Be on the lookout for more details in February.



Farm Credit East Director Elections

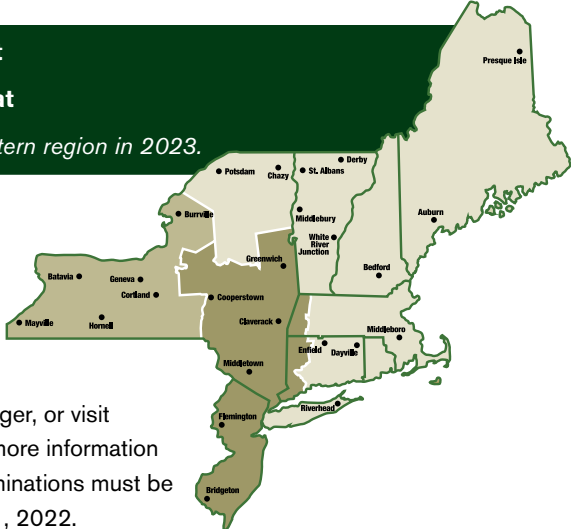
While Farm Credit East holds its director elections each spring, the process of identifying and recommending potential director candidates is an ongoing process, and the nominating committee plays an important role in identifying and selecting the candidates who run for the board each year. In 2023, the following two seats are up for election:

Central Region: One 4-year seat

Western Region: One 4-year seat

There are no open seats in the Eastern region in 2023.

Interested in being considered as a director candidate or serving on the association nominating committee? Contact a member of your customer service council, a nominating committee member or alternate, your local branch manager, or visit FarmCreditEast.com/Elections for more information and an online submission form. Nominations must be received no later than December 31, 2022.



Lipinski Rural Initiatives Award

In honor of former CEO Bill Lipinski’s service to Farm Credit customers and Northeast rural communities, the Lipinski Rural Initiatives Award aims to recognize and reward programs, projects, individuals, businesses, organizations and/or institutions that create jobs in rural Northeast areas; contribute to the quality of life in rural communities; or enhance rural infrastructure.

For 2023, Farm Credit East and its strategic partner CoBank have committed a combined \$50,000 to individuals, organizations or institutions that are undertaking innovative and transformational efforts to revitalize Northeast rural communities.



Submit a nomination: FarmCreditEast.com/Rural
Nomination deadline: January 31, 2023

Mike Reynolds, CEO, Farm Credit East



“We want to ensure our organization fits evolving customer needs into the future.”

EVOLVING FOR THE FUTURE

In the wise words of Winston Churchill, *“To improve is to change; to be perfect is to change often.”* Here at Farm Credit East, we are continually evaluating our strategy to provide the best possible customer experience and to grow our business so we remain a valued partner to the region’s agriculture into the future. I’m not sure we’ll ever achieve perfection, but that’s what we’re striving for as we continue to evolve.

Constant progression is necessary in today’s business environment. As you’ll hear from the economists in this issue’s roundtable, the COVID-19 pandemic forced every sector of our economy to rethink how it does business. As we come out of the pandemic, there continues to be uncertainty in the business environment — from fluctuating markets, to rising input costs and interest rates.

Farm Credit East is not immune. It is our priority to remain a strong organization positioned to serve our customers into the future. To do this, we need to continue to evolve our business.

You’ve already seen some changes. This fall, we launched a new website coupled with an enhanced customer portal called Farm Credit Connect. Through these digital tools, we aim to provide customers access to their information

when and where they want it.

In the months ahead, we’ll modify our organizational structure to advance our strategy. Some changes, such as improvements to our credit delivery process, aim to streamline operations for efficiency, compliance and security. As the leading lender to Northeast agriculture, our goal is to get money to customers faster.


We also realize that financial services, such as tax, payroll, appraisal and business consulting, are key to our strategic advantage. As such, we will be adding a Chief Financial Services Officer to our executive team to provide dedicated leadership in this area. Having both the credit and financial services functions represented on the executive team will provide the focus on execution to better serve specific customer segments. As part of these organizational changes, we are realigning our credit delivery to better match our resources and expertise with customer needs.

Our customers are the driver of this evolution. We want to ensure our organization fits evolving customer needs into the future. This isn’t a new strategy. It’s a continuation of our ongoing commitment to our customers.

That direction starts with our board of directors. Each August, they have

a strategic planning meeting that sets the priorities for the upcoming year. These priorities build on previous years’ efforts, adjusting course as needed. As a cooperative, grassroots involvement is imperative to operate in our members’ best interests. In addition to the board, we have various avenues for customers to get involved in our cooperative, including local customer service councils and the nominating committee. Learn more about these roles, including the annual director elections, on the inside front cover of this issue.

We have a lot of wheels turning here at Farm Credit East to evolve our business for the future. However, the one thing that will remain unchanged is our commitment to customer relationships. As a customer-owned cooperative, our customers and our employees are at the root of every decision.

As we close out the year, I pause to reflect on all we have accomplished this year, and I’m excited about what lies ahead. I’m grateful to work with a strong team committed to supporting the business needs of Northeast agriculture, commercial fishing and forest products. The future of Northeast agriculture is bright, and your cooperative is equipped to grow with it. 



TR1 The Big P

A hand is shown using a calculator on the left side of the page. The background is a textured, wood-grain surface. On the far left edge, a portion of the US Capitol building is visible.

icture

Economists' Perspectives on the Ag Economy in the Northeast and Beyond

It's safe to say we're finally as close to the "other side" of the COVID-19 pandemic as we'll ever be. The past two years have been something like we've never experienced before. Producers have managed and adapted through a challenging period and we're officially operating in our "new normal."

And on the other side of the pandemic are new factors impacting our economy, including inflation, the war in Ukraine and ongoing supply issues. Not to mention continued labor challenges and a new farm bill on the horizon.

As we close out 2022, we convened several leading ag economists to understand what's on the top of their minds and solicit advice for producers as they plan for the year ahead.

Inflation

Inflation is on everyone's mind – what's driving it? Do you think it will subside in the coming months? How have producers reacted?

Daniel Munch: There are two separate pathways driving inflation. First, back in early COVID, you had a massive switch in the supply chain where people started buying online rather than in-store, they weren't going out to restaurants, etc. There was an influx of demand on foreign supplies that created a massive bottleneck in our transportation sector, leading to price increases.

However, the larger inflation driver was the Fed lowering interest rates back in March 2020 to react to COVID. The Federal Funds Rate went from a percentage and a half down to near zero, so that made the price of borrowed money cheap.

Then, within about 22 months, \$6.4 trillion was put into the economy in terms of federal spending — a 42% increase. When you increase the supply of money that much, it lowers its value and then everything else has to increase in value to compensate. Because of that, we've seen higher commodity prices. But that doesn't necessarily mean producers are earning a stronger check. It's basically a higher amount of money, but it's not worth as much.

The USDA recently reported the largest forecasted increase in production costs since they started tracking — 18% over last year and \$66 billion across the ag economy. That's 15% for seed costs, 52% in fertilizer costs, and some other statistics estimate 42% in manufactured inputs, like pesticides. This is causing a lot of producers to cut back on production.

Rigoberto Lopez: I agree. It's a matter of supply and demand. You have lower supply because distribution is being choked and then you have a strong demand due to economic stimuli and other things, such as low interest rates.

But we must keep in mind that this is not just a U.S. phenomenon. Inflation in Europe and the U.K. is similar. China is pursuing a zero-COVID policy, which is impacting their economy. There are also labor shortages, weather impacts, and the Ukraine-Russia war crisis. All these things exacerbated the supply chain problem and made for the perfect storm for inflation that we have not seen since the 1970s.

Energy Costs

This recent bout of inflation has had a lot to do with energy costs. What do you see happening with energy prices over the coming year?

Teri Viswanath: When looking at inflation, economists sometimes dismiss energy prices because they go up and down all the time. But there's a point at which it's not just noise, but a systemic issue.

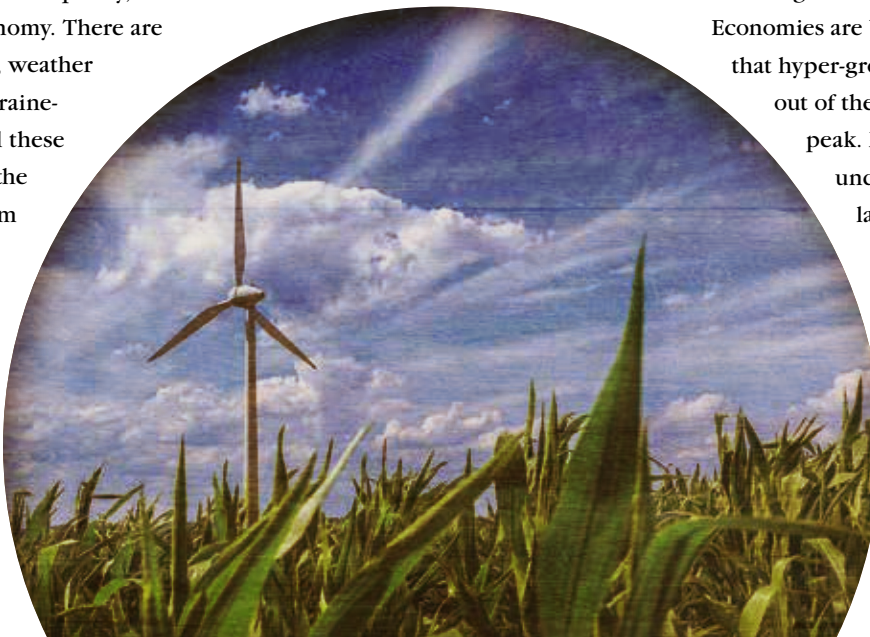
This feels a lot like the 1970s, where you had some systemic structural changes that led to a very long period of high energy prices. You're seeing that bleed through in various areas in the agricultural space.

So, certainly, higher fertilizer costs. The number one issue there is higher natural gas prices. This has to do with loose policy that has impacted consumers. But there's also geopolitical tensions. The Russian invasion of Ukraine has cut Europe's natural gas supplies. Because of Europe's growing dependency on Russian energy over the last 20 years, that vacuum has to be filled and it's being filled by the U.S. As of July, the U.S. is now the world's largest shipper of liquefied natural gas (LNG). That's added about a dollar to natural gas cost in our long-term 30-year price outlook. That's impacting global fertilizer supply and will, in turn, impact food costs.

As for petroleum fuels, we've benefitted recently from lower prices. We've seen the price at the pump decline through the summer. This was intentional because we had larger sales out of the strategic petroleum reserve than we've ever had before. But once the coffers are empty, they're empty.

So while prices have come off, we're also seeing a global slowing. Following this wave of open policy, it's hard to right the ship. In attempting to right the ship, we've seen a slowdown in Asia. We're seeing repercussions in Europe. The challenge is in the global open market. We've had a huge Russian supply come into the market and now we have this economic environment signaling the world is slowing down.

Economies are beginning to slow down from that hyper-growth pace we witnessed coming out of the pandemic and are starting to peak. Markets are having a hard time understanding whether this is a crash landing — and the dust hasn't settled. You have a combination of energy supplies hitting the market over the summer, with pricing at the pump down, and then you have this global phenomenon that looks to be a hard landing. Indicators in the energy



markets are signaling an economic slowdown. On the other hand, Organization of the Petroleum Exporting Countries (OPEC) recently announced production cuts, which could cause energy costs to shoot back up.

As we plan for 2023, we're going to have to sharpen our pencils. Funding costs, input costs, fertilizer costs, etc., are moving higher, and consumers may or may not be willing to pay those costs. We have to be really tactical in how we manage the environment ahead.

Interest Rates

The Federal Reserve has acted aggressively to curb inflation by raising interest rates. Do you think it will work? Will it push us into a recession?

Rigoberto: The Fed is acting like the Terminator! They want to stomp until the demand has slowed and inflation is tamed. Unfortunately, to attain that goal, the side effect may be a recession. That is one way to lower demand. The Federal Reserve has lagged in their response— they're more reactive than proactive. I'm not sure about a crash landing, but I do not think inflation is going to be as low as pre-COVID — maybe somewhere below 4%. We have not seen anything like that since the '70s and early '80s — when 10% was normal — but the "Terminator" won't stop until we see something below 4%.

Teri: This is a game of catch up. We just had a very large 75 basis point increase and they've signaled more to come. But it's a far cry from the environment we witnessed in the '70s. The Federal Funds Rate could be around 5% next year, which is the highest since 2007. It is not the precision you need to address the issues we're seeing, but this is a challenging environment. We are looking at a funding environment with increased costs that will likely head higher still next year.

Dairy Markets

Dairy prices have been quite high this year and look to continue at these levels for at least the near term. What do you think 2023 will bring?

Daniel: In March, we hit the highest all-milk price on record — \$25.90 per hundredweight — which was above the 2014 peak. That was due to an influx in demand with restaurants reopening, schools opening, etc., but it wasn't paralleled by an increase in

production. Much of that is because of high production costs. Farmers aren't expanding. Additionally, a lot of the large co-ops have base-excess programs to limit supply. So, although our herd has increased slightly over the past few months, it's still below last year's numbers when we hit a record herd size.

Bottom line, prices are going to remain fairly strong until milk production ticks back up. We're in football season and entering the holiday season, so demand for butter and cheese is going to be insane. A recent USDA cold storage report showed that butter cold stores are down 22% from last year — and there's a very high demand for it — so that class four milk price is going to go up.

Last year, the Economic Research Service (ERS) released their milk cost study and found that farmers, on average, were still losing close to \$6 per hundredweight across the U.S. when all costs are accounted for. I'm not sure how much the price increases are going to counter that this year.



It looks like we're going to go from the mid-\$20s this year in terms of the dollars per hundredweight to the low \$20s next year, but \$20/21 milk is not as great as it would have been a few years ago before input costs went up. Assuming that \$20 to \$21 milk for next year is on track, what do you think earnings will look like?

Daniel: Low \$20 prices are not really feasible for dairy farms. They need to be beyond \$25 to break even. From a global perspective, places like New Zealand and Europe continue to see a decline in production, which should be supportive of higher prices.

Rigoberto: \$25 milk sounds great, but adjusting for inflation, it's more like \$18 or \$19 a few years back. You also have to remember that fluid milk price consumption per capita is declining in the U.S. and Europe. Cheese now uses more milk than fluid milk. But China has one of the most dynamic milk markets because their per-capita consumption is increasing. Multiply that by 1.6 billion consumers and it creates opportunities on the global market.

Teri: Higher input costs are challenging, especially if they're not passed on to consumers. So, you're certainly feeling the squeeze, but they become more systemic if those input costs are not going to be lowered anytime soon.

Consumer Influence

Consumers, and the brands that serve them, seem to be making more “demands” regarding food products and how they are grown or raised. We’re seeing things like organic, regenerative, animal welfare, sustainability and ESG-related topics surface. What are your thoughts on this? Fad or long-term trend? How should producers respond?

Rigoberto: Consumer demand is evolving. A growing segment of consumers care about where their food comes from, animal welfare, organics, climate change, sustainability, etc. That doesn’t mean you have to displace conventional production methods. They can be retrofitted to meet consumer demand.

It’s also generational. Gen Z and millennials care more about this than the previous generations. This can be capitalized on because after all, the consumer is king and drives the food system.

Daniel: Consumers are very easily accessible. Companies are taking advantage of this and are thinking about how they can differentiate their products, using some of these buzzwords to capture attention. “Regenerative,” for example, is not precisely defined. “Sustainable” has been defined by USDA since about the ‘80s. “Organic” surfaced, then producers asked for a formal definition because they wanted restrictions and guidance — they needed transparency. So, there’s definitely a piece that’s a fad, as well as a piece that consumers will continue to push for in the future.

Companies with a sustainability focus are ahead of themselves. There are definitely those hyper-focused consumers who are going to buy those products, but the industry has to calibrate with who the average American is and what they look for when they purchase foods — and price is still the driving component for many consumers.

Teri: We’ve given these trends a name, but it goes back to smart business practices. It’s how businesses align with what consumers are asking for.

Farm Bill

It’s time to start thinking about the next Federal Farm Bill. Any thoughts on issues you’d like addressed?



Daniel: Producers generally like the way the risk management programs have behaved under the current farm bill, so they don’t want any massive changes to those programs. One of American Farm Bureau Federation’s main goals is to preserve those programs and their funding.

Other broad pieces include protecting spending. About 80% of farm bill funding is nutrition programs. That’s important because most congressional representatives are not representing rural areas. Having nutrition in the farm bill allows farmers to get their issues on the table and supports an urban-rural coalition.

There’s also disaster assistance. There are four permanent programs in the farm bill, but Congress has been reacting every time there’s a major disaster with additional ad hoc assistance. That’s a big focus — how can we make sure safety nets are offered to all farmers, regardless of what they grow, so they can all utilize affordable risk management tactics and we’re not always reliant on additional funding?

Teri: We haven’t seen “big government” in a while and now we are. It’s coming on the heels of some pretty big spending programs. It’ll be interesting to see how the nation addresses our farming sector. I would echo that we’re looking to see what level of relief we have with regard to insurance, the climate disasters, and some of the more recent effects of these spending programs.

Rigoberto: I think we have a tsunami coming. The next wave is sustainability and nutrition. The bigger wave behind it is climate change. And weather is going to make risk management more necessary and salient. We also have the Inflation Reduction Act that’s going to interact with climate change and probably input some money into the farm bill.

Meet our Panelists

This is the first farm bill since COVID-19 which exposed a lot of supply chain vulnerabilities. This farm bill is going to try to plug some of these vulnerabilities. In my opinion, the shorter the supply chain, the more reliable. But how to make that supply chain more resilient is going to need to be addressed.


Closer to Home

The Northeast is a unique region for agriculture. Any concluding thoughts on Northeast agriculture and the road ahead?

Rigoberto: Northeast agriculture is very diverse. It's important for the region to maintain its competitive advantage based on diversity, resilience to price fluctuations, and value-added production. Farmers can be efficient, but they can't control input costs and may not achieve some of the economies of scale. Key for the Northeast is to evolve through technology and value-added products to get higher prices from the market. Local food is one way to do it. There is also opportunity for smart agriculture. There will be opportunities for farmers to transition and adapt, but they cannot cultivate or operate business as usual if they want to thrive or succeed in the evolving marketplace.

Daniel: Northeast consumers are different. We're talking about lots of cities, lots of suburban areas and then pocketed rural areas. A lot of those consumers are wealthier, they have more expendable income, and they're not as impacted by recessions. They can afford more premium food items via direct marketing. That specialization is going to bode well for those producers that are able to take advantage, innovate and manage direct marketing.

Additionally, the Northeast hasn't been nearly as impacted by weather disasters as other parts of the country. The East Coast has been able to capitalize on some of the losses we've seen in specialty crops out west.

Teri: The consumer movement is exciting. With most northeast farms located close to consumers, they're the original farm-to-table. And as consumers continue to differentiate, the Northeast will benefit from the practices already in place. 



MODERATOR:
Chris Laughton

*Director of Knowledge Exchange
Farm Credit East*



Rigoberto Lopez

*Professor /
Department of Agriculture
& Resource Economics
University of Connecticut*



Daniel Munch

*Economist
American Farm
Bureau Federation*



Teri Viswanath

*Lead Economist /
Power Energy & Water
Knowledge Exchange Division,
CoBank*

WE APPRECIATE



Just as our customers evolve their businesses to meet changing consumer demands, Farm Credit East is continuously advancing its strategy to serve customers and provide value to your businesses. This year, our customer appreciation meetings took on a hybrid approach. More than half of our office locations held local social gatherings, which ranged from outdoor barbecues to attending a minor league baseball game.

This fall, we held two regional meetings – one in Burlington, Vermont, and the other in Syracuse, New York – to provide members with valuable business insights and networking opportunities. A virtual option of this meeting was also held. In addition, our eastern

region offices held local lunch or dinner meetings.

Following overwhelmingly positive feedback regarding some of these new meeting formats, we will continue to evolve our meeting strategy in 2023, and include a virtual option for the Annual Meeting held in March. Our goal is to keep you, our customer-owners, informed about the cooperative while also providing value to your business and an opportunity for us to thank you for your continued relationship.

Thank you to those who attended this year's meetings, and we hope to see even more of you in 2023.

FINANCIAL DASHBOARD

AS OF SEPTEMBER 30, 2022



*ROA (excluding allowance reversal) of 2.21%.

YOU.

FINANCIAL STRENGTH TO SERVE CUSTOMER BUSINESSES

The meetings kicked off with presentations from Board Chair Griffen and CEO Reynolds, or their designated representatives. The board affirmed its commitment to ensuring the association's financial strength; advancing digital priorities to enhance the customer and employee experience; as well as maintaining grassroots involvement and outlining the organization's Environmental Social Governance (ESG) strategy.

Farm Credit East leadership reported Farm Credit East's financial condition remains strong. This strength will provide the cooperative the capacity to work with members through challenging periods; and the capital to help members grow or adapt their businesses.

This financial strength also allows the cooperative to plan for the future. A number of digital initiatives are underway to provide customers access to their information when and where they want it. The cooperative is also realigning credit delivery to match resources to customer needs and developing a management structure to reflect financial services' strategic advantage. We look forward to evolving Farm Credit East into 2023 to bring more value to customer businesses.

CUSTOMERS' SHARE IN OWNERSHIP

A benefit of customer ownership is patronage dividends, and the Farm Credit East Board is committed to returning that value to members each year. For the full year 2021, current Farm Credit East customer-owners received \$100.1 million in patronage dividends.


This is equivalent to 1.25% of average eligible loan volume. Since the patronage program was first adopted, customer-owners of Farm Credit East (and predecessor cooperatives) have received \$1.2 billion in dividends.

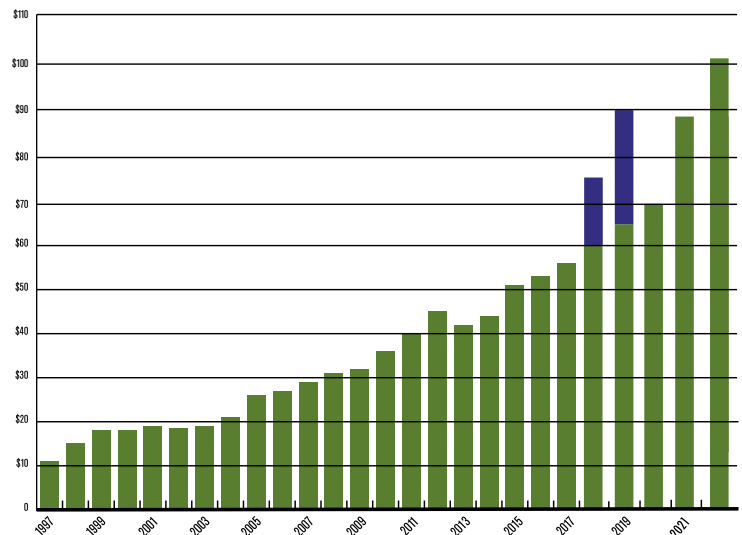
FARM CREDIT EAST DIRECTOR ELECTIONS

This year's meeting also kicked off the annual director elections. Two seats are up for election in 2023. View the inside front cover of this issue to learn more about the election process.

LIPINSKI RURAL INITIATIVES AWARD

The meeting concluded with a recap about the 2022 winners of the Lipinski Rural Initiatives Award, Cayuga Milk Ingredients/Cayuga Marketing, two affiliated dairy organizations recognized for their innovative workforce development and apprenticeship programs; and The Foundation for Rural Service, a 501(c)3 created by NCTA – The Rural Broadband Association, recognized for its efforts to support broadband access projects in the rural Northeast.

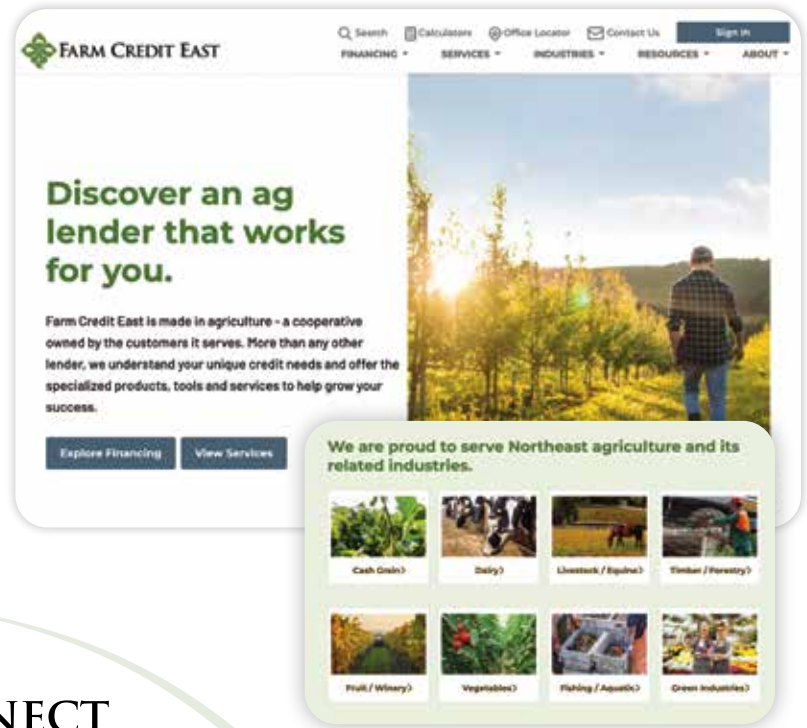
Nominations for the 2023 award are now open. Learn more about this award and the funds available on the inside front cover of this issue. Nominations are due by January 31, 2023. 



Special patronage paid in 2018 and 2019.

A NEW LOOK FOR FARMCREDITEAST.COM

A redesigned Farm Credit East website launched late August. The new site has a fresh look and feel and provides quick access to information relevant to your business and the industries we serve. For example, we now have dedicated industry pages so you can click into your industry to view the products and services we offer, as well as the latest reports, articles, webinars and other Farm Credit East updates specific to your industry.




FARM CREDIT CONNECT

The launch of the redesigned FarmCreditEast.com was the first phase of enhancing our online experience. In late 2022, we are pleased to launch a revamped customer portal, called **Farm Credit Connect**.

If you previously had a FarmCreditEast.com account, your existing login transferred to Farm Credit Connect. If you're new to FarmCreditEast.com, you can now create an account in a few simple steps.

Farm Credit Connect aims to provide customers with access to their information when and where they want it. Features include quick access to loan and crop insurance information; securely communicate and exchange documents with your Farm Credit East contacts; complete balance sheets; quickly submit payroll hours; and one-click access to make online banking transactions.

You've asked for quick access to your information and that's what we aim to provide through Farm Credit Connect. We will continue to evolve the customer portal to provide you with the real-time data you need to run your business. 

Do you want to receive statements and/or regulatorily required materials electronically?

As a cooperative, the funds we operate with are ultimately yours, and electronic delivery of materials such as billing statements, the annual report and annual meeting information statement, will provide significant savings that can be reinvested in your cooperative and will allow us to continue to pay strong patronage dividends.

To opt to receive these materials electronically, just log in to your Farm Credit Connect account and click the dropdown icon next to your name in the top right corner of your dashboard. Then select **My Profile**. From the **My Profile** screen, click **Update Preferences**. From there, you can change your preferences to receive billing statements and other regulatorily required materials electronically.



Making dreams a reality

Chris and Sarah Sokos live in a beautiful farmhouse in Southern New Jersey. When the farmland surrounding their property came up for sale, they worried they'd lose their scenic view and knew the land would be developed if they didn't purchase it themselves.

The Sokos' researched what it would take to purchase the farmland. They went to several traditional banks as well as the Farm Service Agency (FSA). Traditional banks were unwilling to finance due to the nature of the land and FSA had restrictions regarding farming experience.

"I was referred to Farm Credit and went straight to the office. They said Country Living is the way to go," said Chris. "We wouldn't have been able to do it without our specialist, Anthony Oliver."

Anthony looked at the Sokos' finances and realized they could use some of their home equity to finance the land purchase. He performed a rate conversion on their existing mortgage, which allowed them to finance the surrounding property.

"Country Living gave us an opportunity that no other bank would," continued Chris. "They made this dream possible; our lives would be totally different if this hadn't gone through."



Want to turn your dream of rural living into reality?
Contact one of our mortgage specialists today. | CountryLivingLoans.com



CELEBRATING FARM CREDIT EAST EMPLOYEE MILESTONES

One of the most impressive aspects of the Farm Credit East team is its longevity. We have employees who have been with us for 10, 15, 20 years and greater, and with that tenure comes a deep knowledge and understanding of our customers and the industries we serve. Experienced staff work diligently with team members of all tenures

to transfer that knowledge and expertise to ensure the whole team is equipped to best serve Northeast agriculture, commercial fishing and forest products.

In the pages that follow, we recognize those employees who surpassed exciting milestones in 2022. Thank you for your commitment to Farm Credit East and our members.

40 YEARS



Jan Bitter
*Chief Financial
Services Officer*
Cortland, NY



Henry Grinbaum
Senior Loan Officer
Flemington, NJ



David VanLieshout
Senior Loan Officer
Batavia, NY

35 YEARS



Sue Albertson
Money Desk Manager
Enfield, CT



James Park
*Senior State Certified
General Appraiser*
Presque Isle, ME



Desiree Smith
*Branch Operations
Specialist*
White River Jct., VT

30 YEARS

Paul Bajgier
*Executive Vice President
of Accounting and Branch
Operations/Treasurer*
Enfield, CT

Robert Heinrich
Senior Loan Officer
Auburn, ME

Stephen Makarevich
Branch Office Manager
Flemington, NJ

Scott Milhollen
Portfolio Manager
Batavia, NY

Amy Nemitz
Tax Specialist
Geneva, NY

Rick Percoco
*Senior State Certified
General Appraiser*
Greenwich, NY

25 YEARS

Ann Aulita
*State Certified
General Appraiser*
Cooperstown, NY

Kathryn Canzonier
Branch Office Manager
Burrville, NY

Alicia Collins
Controller
Enfield, CT

Kevin Cowles
Senior Loan Officer
Geneva, NY

Kristen Kochetta
Credit Representative
Middletown, NY

Kristen Kriebel
Director of Operations
Enfield, CT

Jenifer Lewis
Loan Officer
Hornell, NY

Randy Risjan
Business Consultant
Batavia, NY

Carin Zwahlen
Tax Specialist
Cooperstown, NY

Justin Brown
Commercial Loan Officer
Enfield, CT

John Fessenden
Senior Loan Officer
Geneva, NY

Jeremy Forrett
Crop Growers Manager
Cortland, NY

Mark Mapstone
Business Consultant
Cortland, NY

Douglas Myers
Financial Services Leader
Flemington, NJ

Jo-Anne O'Brien
*Branch Operations
Specialist*
Burrville, NY

Grace Wheeler
*Senior Northeast
Marketing Agent*
Bridgeton, NJ

Catherine Blanchette
Accounting Specialist
Dayville, CT

Ann Blaney
*Branch Operations
Specialist*
Bedford, NH

Nicholas Celentano
*Senior State Certified
General Appraiser*
Enfield, CT

Karen Hickman
Credit Analyst Specialist
Cortland, NY

Mark Hughes
Accounting Specialist
Potsdam, NY

Emily Mason
Senior Loan Officer
Geneva, NY

Amanda McCarthy
Accounting Specialist
Claverack, NY

Michael McPhail
Branch Office Manager
Enfield, CT

Anne Mitchell
Accounting Specialist
Greenwich, NY

Jill Parker
Mortgage Underwriter
Cooperstown, NY

Jamie Purdy
Tax Accounting Specialist
Geneva, NY

Shirley Spencer
Senior Credit Analyst
Batavia, NY

Stephen Tudhope
Branch Office Manager
Geneva, NY

Kirk Williams
Tax Consultant
Claverack, NY

Katie Willmott
Product Owner
Flemington, NJ

10 YEARS

Dario Arezzo
Retail Financial Services Leader
Geneva, NY

Carly Clayton
Vice President of Credit Administration
St. Albans, VT

Erin Cole
Senior Credit Analyst
Cooperstown, NY

Martha Dugas
Senior Counsel
Enfield, CT

Diane Fish
Tax Associate
Burrville, NY

Jessica Getty
Mortgage Specialist
Greenwich, NY

Corey Kayhart
Program Manager
Geneva, NY

Sandra Lemon
Mortgage Specialist
Enfield, CT

Shannon Mardino
Accounting Specialist
Mayville, NY

Kimber Schaefer
Credit Analyst Specialist
Geneva, NY

Jeremy Smith
Senior Loan Officer
Geneva, NY

5 YEARS

Sarabeth Ames
Branch Operations Specialist
Hornell, NY

Kyle Bell
Knowledge Exchange Coordinator
Enfield, CT

Colby Brown
Documentation Specialist
White River Jct., VT

Walter Burnett
Senior Portfolio Risk Analyst
Geneva, NY

Kelli Clark
Express Policy Servicing Agent
Cortland, NY

Sara Hayes
Branch Operations Associate
Potsdam, NY

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FARM CREDIT EAST'S ANNUAL

Photo Calendar Contest

Thank you to all who participated in our 2023 *Agricultural Views* photo calendar contest. We were pleased to receive more than 750 entries this year, representing the beautiful views of the region's diverse agricultural industries and rural landscapes.

Congratulations to the many talented photographers whose photos fill Farm Credit East's 2023 *Agricultural Views* calendar. Each winning photo uniquely portrays an appreciation for the Northeast's agriculture, forest products and commercial fishing industries and the region's rural communities. For a copy of the 2023 *Agricultural Views* calendar, please contact your local Farm Credit East branch office. 

**WANT TO HAVE YOUR PHOTOS
FEATURED IN THE 2024 CALENDAR?**
Submit your photos as they're captured
at FarmCreditEast.com/Calendar
by July 31, 2023.



THE 2023 FARM BILL



While this column is called “Washington Update,” my goal is to provide insight into the public policy process in addition to updates from Washington.

With the mid-term elections behind us, it appears the Democrats will retain control of the Senate and the Republicans will control the House of Representatives. This column provides some insight into the issues that congressional leaders of both parties will have to take into account as they write the 2023 Farm Bill.

WHAT IS THE FARM BILL?

According to the Congressional Research Service (CRS), “The farm bill is an omnibus, multiyear law that governs an array of agricultural and food programs.” Typically considered every five years, the farm bill addresses a variety of USDA food and agriculture programs, in different ways.

Some programs are part of permanent law and don’t technically need to be reauthorized. Nonetheless, changes are considered because part of the rationale of having a farm bill is to have a comprehensive review and debate of the nation’s food and agriculture policy.

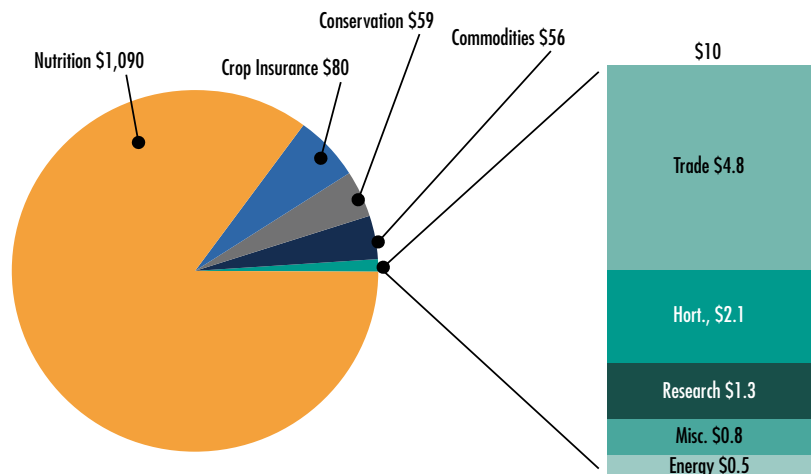
In other cases, the farm bill reauthorizes programs that would expire without congressional action. Some of these are “mandatory” spending programs, meaning farm bill authority provides funding to run the program. Others are “discretionary” programs, where the farm bill authorizes the program, but funding is subject to the annual appropriations process.

HOW BIG (OR SMALL) IS THE BUDGET?

Budget impact relates to the farm bill’s mandatory spending programs. Washington budget rules are based on comparisons to how much current law



Figure 1: Baseline for Farm Bill Programs, by Title
(billion dollars, 10-year mandatory outlays, FY2023-FY2032)



Source: CRS using the CBO Baseline (May 2022) for the five largest titles, and amounts in law for programs in other titles. **Note:** Total estimated at \$1.295 trillion.

WASHINGTON Update



Tom Cosgrove
Executive Vice President for Public Affairs

would cost over some time period, as estimated by the Congressional Budget Office (CBO), Congress' budget referee.

This CBO estimate is called the "baseline." The CBO's latest estimate for an extension of the 2018 Farm Bill is \$648 billion over five years and \$1.295 trillion over ten years, as shown in Figure 1. Note that much of the spending (84%) is on nutrition programs such as the Supplemental Nutrition Assistance Program (SNAP).

In essence, this is the amount of projected spending on farm bill programs for the bill to be considered budget neutral. If Congress wants to create a new program or make changes in policy that would increase spending compared to the baseline, it would have to make changes to or eliminate other programs to keep the overall budget neutral.

So, how much does Congress have to spend? Ultimately, that's up to Congress. Recent farm bills were estimated to be budget neutral or even provide savings compared to the baseline. Given split control of Congress, the parties will have to come to agreement on a budget target to determine if Congress is able to create new programs or must make hard choices about eliminating existing ones or reducing their projected costs.

IMPACT OF OTHER LAWS AND THE COMMODITY CREDIT CORPORATION

Especially in recent years, the farm bill has not been the only source of government support for food and agriculture.

For example, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided \$49 billion to assist farmers and consumers impacted by the pandemic. Before that, the Trump Administration used USDA's Commodity Credit Corporation (CCC) to assist agricultural producers through the \$16 billion Market Facilitation Program (MFP). MFP payments compensated agricultural producers for financial harm caused by the loss of export markets from retaliatory tariffs imposed in response to the Trump Administration's trade sanctions.



More recently, the Inflation Reduction Act provided \$40 billion for agriculture, forestry and rural development programs.



More recently, the Inflation Reduction Act provided \$40 billion for agriculture, forestry and rural development programs, including funding for conservation programs normally funded through the farm bill.

In this issue's roundtable discussion, American Farm Bureau Economist, Daniel Munch, questioned if that would impact the farm bill baseline, commenting, "The

Inflation Reduction Act provided \$18 billion in support for existing farm bill working lands conservation programs." In other words, if Congress has provided this additional funding above the amounts in the 2018 Farm Bill, should those funds be included in the 2023 Farm Bill baseline?

Both the Trump Administration's MFP payments and, more recently, the Biden Administration's \$1 billion Climate Smart Commodities partnerships, used CCC's broad authority to carry out programs not specifically authorized by Congress. CCC authority could be used by the Biden Administration to advance its agricultural policy priorities. However, now that Republicans control the House, their leaders may seek to explicitly limit CCC authority for the same reason.

SO, WHAT TO EXPECT?

With divided control of Congress, the House and Senate leaders will have to decide how much funding to make available; the impact of other recently passed laws, such as the Inflation Reduction Act; and consider whether to limit the broad authority recent administrations have used through the CCC.

As these questions get answered, Farm Credit East will continue to share our insights and keep members updated on developments in Washington.

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HOW TO REACH US: Whether you want to praise us, complain, ask our advice or just let us know what's on your mind, we'd like to hear from you.

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*Wishing you health and happiness
this holiday season and
in the new year!*



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