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Autumn R. Agans
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Re: RIN 3052–AD66; Proposed revisions to 12 CFR Part 607 covering the Assessment and Apportionment of Administrative Expenses

Dear Ms. Agans:

Oklahoma AgCredit appreciates the opportunity to comment on the Farm Credit Administration’s proposed revisions to 12 CFR Part 607 covering the Assessment and Apportionment of Administrative Expenses. The Association fully supports the position set forth in CoBank, ACB’s comment letter and submits this separate letter to underscore the district-wide importance of the issues raised there.

The Association supports FCA’s effort to reevaluate its assessment methodology in light of the substantial changes in System structure since 1993. At the same time, any revision should preserve the core logic of the existing approach, remain fair and equitable across the System over time.

The Association is concerned that FCA’s proposed shift away from the current weighting framework would reduce recognition of economies of scale and create unintended inequities over time. As CoBank’s letter explains, supervisory costs are not strictly proportional to institution size, and a durable assessment methodology should continue to reflect the differing ways in which institutions consume regulatory and examination resources.

The Association is also concerned that the proposal would produce uneven district-level effects and shift the assessment model toward a district-bank approach that is inconsistent with the principles underlying the current framework. Within the CoBank district, the proposal would materially increase CoBank’s share of FCA assessments which would negate the aggregate savings to the district’s smaller associations. This net negative district-wide impact would not occur in the AgFirst or Texas districts under FCA’s proposal.

For these reasons, the Association supports CoBank’s recommended alternative: retaining the current 70 percent/30 percent weighting while updating the table in Section 607(b)(2). In our view, that approach would better preserve the logic of the current rules, continue to recognize economies of scale appropriately, and reduce the likelihood of unintended consequences while still updating the framework to reflect changes in System composition since 1993.

Thank you for considering the views of the Association and our support for CoBank’s comment letter. We respectfully urge FCA to adopt a final rule that preserves the strengths of the current framework while making measured updates that reflect present-day System conditions.

Sincerely,

Bill Davis
President & CEO

