

INFORMATIONAL MEMORANDUM



July 20, 2023

To: Chair, Board of Directors
Chief Executive Officer
Each Farm Credit System Institution

From: Vincent Logan
Board Chairman and CEO

Subject: Revisiting diversity and inclusion 10 years after implementation of the business planning rule

This informational memorandum encourages Farm Credit System (FCS) institutions to find ways to further strengthen their diversity and inclusion efforts.

Since 2023 is the 10-year anniversary of the implementation of the amended business planning rule ([FCA regulation 618.8440](#)), now is an opportune time for System institutions to reflect on their diversity and inclusion activities. The business planning rule directs each institution to incorporate the concepts of diversity and inclusion into its employment and lending strategies and actions.

In the paragraphs below, I briefly review some of the rule's requirements and strategies your institution can use to overcome barriers. For more information about the rule, see the [frequently asked questions](#) on our website.

Meeting the rule's requirements and putting your business plan to work

The business planning rule requires your institution to adopt a forward-looking operational and strategic business plan annually. Among other things, the plan must include a human capital plan, with strategies and actions to strive for diversity and inclusion within your workforce and management.

Further, the rule requires you to assess skill sets and diversity when analyzing the needs of your board of directors. A diverse workforce and board can provide a competitive advantage, allowing you to harness varying viewpoints on how to improve operations, profitability, and risk management; achieve a more inclusive culture; and attract new employees and borrowers.

In addition, if your institution has direct-lending authorities, the rule requires a marketing plan that strategically addresses how you will be responsive to the credit needs of all types of creditworthy agricultural producers in your territory. Not only will addressing all types of

customers in your marketing plan help strengthen diversity and inclusion in your customer base, it can also help you meet the statutory mandate to serve young, beginning, and small farmers and ranchers.

However, simply addressing diversity and inclusion in your human capital and marketing plans is not enough to fulfill the objectives of the business planning rule. You must turn your plans into action and incorporate them into your organizational culture. Effective outreach to potential employees and borrowers not only helps you more fully meet your public mission as a government-sponsored enterprise, it may also lead to unexpected and lucrative business opportunities.

Overcoming barriers

Now that it's been 10 years since the rule was implemented, how is your institution doing on diversity and inclusion? A lack of diversity in your institution could occur for a whole host of reasons—some of which may be beyond your control. However, I encourage you to search for possible barriers that may contribute to imbalances. You may be able to overcome barriers by taking the following steps:

- Increasing employee training on fostering inclusivity
- Expanding the loan products you offer
- Offering more flexibility in loan underwriting standards
- Reaching out to underserved populations, like LGBTQI+, veterans, and tribal communities

As your regulator, we encourage you to reach out to all the diverse groups in your territory, but we understand that they vary considerably from one territory to the next. While the board and management cannot control or guarantee short-term results, you can control the quality of your outreach and other efforts. Implementing human capital and marketing plans should lead to tangible results over time; if it doesn't, you may want to revisit your plans and formulate new strategies.

Our own efforts to strengthen diversity and inclusion

To ensure that we too uphold the principles of diversity and inclusion, FCA recently reorganized and elevated the Office of Equal Employment Opportunity and Inclusion (OEEOI) to a level equal to that of other FCA offices. On Jan. 31, 2023, the FCA board voted unanimously to approve the reorganization of the OEEOI and appointed Thais Burlew as office director. Thais has led our diversity and inclusion efforts for many years. Under her leadership, the agency has been repeatedly cited for its diversity efforts.

As part of the OEEOI reorganization, we have also allocated the office additional resources and staff to carry out its important mission. We created a new position with a special focus on outreach and employment to support internal and external efforts related to diversity, equity, inclusion, and accessibility. We appointed Tyler Fish to fill that position and serve as senior advisor and assistant to the OEEOI director. Tyler comes to FCA with extensive federal experience, including service in the White House and the U.S. Department of the Interior.

Rounding out the OEEOI leadership team is Sara Lynn Major, who was appointed FCA's chief diversity officer in 2021. Lynn has long served a dual role in the Office of Examination as a senior examiner and as the recruitment coordinator. In her new position, she serves as coordinator for our special emphasis programs. These long-standing programs promote and foster diversity, equity, inclusion, and accessibility in FCA's workforce.

Concluding thoughts

By adding diversity and inclusion to the business planning regulation, FCA took a good first step toward recognizing the role of System institutions in advancing equal employment opportunity and financial inclusion for underserved communities. I have been impressed with the measures you've taken thus far, and I encourage you to continue seeking creative and innovative ways to expand your reach in the interest of equity for all.

I know you share my commitment to fairness and inclusion, and I look forward to working with you to identify best practices and strategies. Our efforts will help the System more fully achieve its public mission—to be responsive to the credit needs of *all* types of agricultural producers with a basis for credit.