



NACS Zone B Notes

Feb. 1-2, 2008

The Zone B meeting was held in Sioux Falls, SD Feb. 1st – 2nd. Following opening ceremonies and remarks by the SD RD State Director and SD FSA State Executive Director the National Office speakers gave their remarks. National Office speakers in attendance were Steve Connelly, Deputy Administrator for Field Operations, Terry Tanner, Chief, Farm Credit Applications Office, Chris Beyerhelm, Assistant Deputy Administrator, Farm Loan Programs, and Glen Richter, Chief, Farm Loan Operations Office.

Steve Connelly

The new Ag Secretary, former ND Governor, was sworn in as of this past Tuesday. The big issue the past two years has been how service centers are structured. An extensive look at what could be closed has been quite controversial. FY 08 appropriations bill puts this on hold until Farm Bill is passed. 231 closings submitted by all offices with 75 closed thus far. Only offices with zero permanent employees can continue to be closed under the current law. 18 of 22 of these are in process. Imperative to do something as the Agency is down 3000 FTE's. National Office had originally interpreted appropriations language to forbid movement of an office from one location to another within same town. Have now determined this is not the case and those moves will now be allowed. Agency lost CO leasing authority in the '06 appropriations. 5 people who had warrants for leasing authority have to work with some 3000 offices across country. Plan to have 15 leasing positions out to the states with a regional setup.

An independent company is doing an outside assessment with a report due in April 2008 of State and National Office structure.

FOIA (Freedom of Information Act) has become a hot topic. A new law a month ago tightens reporting requirements on requests. 2-INFO needs updating and hasn't been updated for 10 years. Plan to go to an automated system for tracking requests. Training needed in this area as it is confused or misunderstood in context of other privacy issues.

PII (Personally Identifiable Information) – A new notice is out and need to be careful and be aware. Any problems need to be reported immediately.

Farm Bill – 2002 Farm Bill has been extended to 3/15/2008. Bill is in conference committee between House and Senate. National Office staff is providing assistance/info on farm bill. Major differences are on payment limitations, adjusted gross income, debt farmers.

Terry Tanner

Staff consists of 36 people in St. Louis and 11 in Kansas City. Her section manages the contract for software licenses such as the appraisal software. They have a goal to be off the S/36 for all FLP actions in a year. Now expects guaranteed loans (MAC) off by April or May. Plan has been for one point one time data entry but there are blocking points between applications (SCIMS, PLAS, GLS, FBP, etc.). Slowdowns or other issues are caused if one of these systems is not working properly.

The goal with systems is 95% availability however; it has been 75% available. She monitors which system is failing and overall system availability.

E-DALR\$ will be out after all training is done via training a trainer for each state. Regular PC DALR\$ will exist for a time after.

New version and upgrade of FBP is coming – version 6.0.

OMB is mandating a thin client (this means no data on a laptop that could be compromised if lost). May also result in a smartpass/linkcard to access. Slide it into computer to authenticate – fingerprints, etc. This change is expected by October.

12 character password for PC's has just been implemented. New 12 character password will be required next time your existing password expires.

Meeting with the Automation committee was on the 23rd (January).

Chris Beyerhelm

Administrator is always conscious of how decisions will affect the field. Currently there are two big issues going on – Streamlining and the Farm Bill.

6 or 7 states have increased their loan portfolios in the last two years. Delinquency in FLP is low.

Congress is working out differences in the farm bill between the two versions, however, there is agreement between the two versions on the following:

- Increased targeting of funds for targeted groups.
- Down payment program overhauled. Interest rate to be 4% less than regular rate of interest but not lower than 2%. \$250,000 limit would be raised to \$500,000. 10% down requirement reduced to 5%. 15 year amortization increased to 20 years.
- Increased loan limit to \$300,000 OL, \$300,000 FO with total limit of \$600,000. Loan limits raised but no additional funds planned.
- Proposal to re-open and allow more claims in Pigford case. 23,000 claims processed in 8 years. 73,000 claims were filed too late. Now would be allowed to re-file suite and potentially another class action suit. Legislation allows \$100 million cost. Agency would have to respond within 60 days with detailed information much of which the Agency does not have.

Items only in the Senate Bill:

- Could use Direct Farm Ownership to refinance a guaranteed farm ownership but guaranteed farm ownership would have had to been used for eligible direct farm ownership purposes.

- Allow interest assistance on restructure guaranteed operating loans.
- Individual Development Accounts – Agency would match 3:1 funds put in by a beginning farmer up to \$9,000. Funds could be used for any authorized loan purpose.

Streamlining – This was a long time coming. Over-all pleased with but need to bear with as many changes/clarifications will be needed and can expect amendments. Questions and Answers will be posted on “Ask FSA”.

Funding – Agency is now on a full years funding. Have 25 million dollars less direct operating loan funds than was used last fiscal year. Need to consider using G-OL-IA in place of D-OL since OL-IA is going further under new rules. Other funds are about the same as was in FY 07. FY 09 about same proposed as now.

DD Oversight Report – Being changed and also will be automated in February. DD conference will be held end of March.

Goals – 26 states met all goals in FY 07 so some are questioning whether goals were set high enough. Goals are related to Agency’s performance and relationship to funding from Congress. Goals are a part of strategic plan for Agency and we must work with on an ongoing basis.

PII – Issue is highly elevated. Customers may have to get a DUNS number. USDA has mandated that no SSN is to be part of case number by end of year. Treat PII as if it were your own information.

Appraiser Issues – Training 3/17/08 – 50% or more of appraisers are eligible to retire already. A Senior Appraiser in Washington DC has now been hired – Sam Snyder.

1165 Issue – This is the biggest issue of program delivery. Asking “Is the right series for the job to be classified in?”. National Office continuing to work on it, however; nothing new at this point.

Misc. – Has been working on a revision of 1962-1 form (2040 now). Form would have just an actual side since the FBP is the plan. Record books should again be available early spring-summer. Looking to revise and update the PT training manual. Need to market our programs and tell what we really do as part of outreach efforts. (Example: We help farmers feed the world.)

Glenn Richter

Advise them of any problems with the annual statement of accounts and the mailing of them.

Delinquent debt is down. In 2000 there was 45,489 delinquent loans for 1.74 billion and in 2007 17,914 delinquent loans for 593 million.

New technology in the Finance Office –

Electronic imaging – scan paper documents to digital to enable these to be worked with electronically. Problem cases will be faxed into computer directly and eliminate lost paper documents. Can then track it and anyone in Finance Office can check on status of case. This is expected to expedite processing time, be more secure and provide ability to track work by employee.

Working on getting SSN out of case number. Expecting a random generation of account numbers.

Should be no email to Finance Office with SSN (encrypt instead but have to call in password).

Paper check conversion (payment is deducted electronically via scanning) is being worked on but there are still security issues.

Q & A

Zone B Questions – February 1, 2008

- The Farm Business Plan is very slow. Will this be improved soon or with the next version of the Farm Business Plan?

The problems with the speed may not have anything to do with the FBP as it could be a number of non-related reasons from other areas. Common denominator may be that we are using sequel server database. 1.5 minutes to save and stay is deemed unacceptable performance. DLS has own server and FBP has own. Servers are not made work at 100%. A level of 80% causes concern. It is ok to email Terry Tanner with these problems.

- FSA is currently restricted from closing offices with 1 or more employees. Can FSA close these types of offices if this is in process but not yet finalized?

Omnibus spending bill for this fiscal year is very clear that office closings not allowed unless zero permanent employees in that office.

- Can you comment on the status of the Garcia lawsuit? Several requests were sent to the National Office for clearance to liquidate in December 2007; however, no response yet. Do we think clearance to liquidate will be granted?

Government is close to total victory. The judge has denied the class action status. The Government has also won the last two hearings. Keepseagle keeps going. Discovery phase has been extensive with 16 semi's worth of material provided by Agency. Guaranteed loans have now been removed from the case. Government is vigorously defending.

- Currently when DLS (Direct Loan Making) is being updated, it refreshes after every button (not complete/complete/NA) is clicked on. This is very time consuming. Is there any plan to change this?

Email problem to Terry Tanner – would like to see this issue placed into resolution and brought forward by Association's. (Later correspondence indicates this change to the DLS is already in the works.)

- Are the legal size record books going to be available for use, or is it only going to be the green books that are not very useful and most borrowers do not like them?

Legal sized record books are gone. Will be a summary sheet in the "green" record books and books will be available this spring/summer.

- State supplements and amendments to the FLP handbooks were only mentioned at the training as "coming". Are there deadlines set or guidance given to when these are to be out? In particular, legal issues common only to that state?

The National Office has set no deadlines for these.

- What is management's current position on backfilling FLP PT's regarding a preference for a CO or GS position?

This circumstance depends on the vacancy. We want filled the best we can get it filled.

- It was mentioned that there are amendments and other changes that will be forthcoming, perhaps including certified mailing of some notices. When are these amendments/changes expected to be made?

Shortly. An email was issued to FLC already concerning certified mail requirement changes for certain form letters.

- At last years meetings, a software product (Frontline) was mentioned that would allow FBP data to be exported to the PC, used on the PC, and then exported back to the FBP. Can you provide an update on this? Would a product such as this not relieve the pressure on the web applications?

Software did not pass testing for security reasons related to the data on the laptop issue. USDA does not want data on the laptop. Problem may be able to be solved using whole disk encryption. If used in the office, yes, this could take pressure off the web applications.

- Do we have to continue with payment letters sent from St. Louis? This year we had a youth loan that is not fully advanced. The payment letter shows this loan as all due.

A survey was done of the FLC's and results were to continue with letters. Local letters could be sent after Finance Office generated letters.

- Awards are supposed to be based upon performance. Cash awards were to be given for FY 07 ratings. Where is this process at?

Notice is out on this now.

- How does Mr. Beyerhelm suggest that we handle the situation of no loan funds when we are marketing our loan programs?

Rather have backlog of applications than not to promote programs. Transfer of funding between categories is possible.

- Could you provide more details/explanation of the tie between caseload and employee office numbers? Our caseload has been increasing; however, our employee numbers continue to decline.

Workload should determine how employees are assigned.

- The concern about sending PII through mail has been raised lately. However, the annual statement of accounts for borrowers were sent in a regular mail package as on large group by the Finance Office. Does this follow the Notice?

Mailing of borrowers interest statements are allowed by law so regular mail is possible.

- The credit monitoring service is still available to those FLP customers whose SSN's were erroneously out on the web. However, the contact phone numbers that were made available to affected customers is no longer working. Could new information be released for us to give to our customers?

Agency hotline phone number is no longer active. The credit monitoring number is still active. Affected borrowers were notified by separate letter for each of these. They are probably trying to access the Agency number when they need the other. Email Chris Beyerhelm if an issue.

- A new 1962-1 form (2040) was mentioned as an automated system. When the system is down how will you be able to release a check?

A paper copy of the form can still be printed out and placed in the file. It would not be necessary to access the automated system.

- What is management's position as to the appropriate number of staff and the make up of the staff for a Credit Team to properly deliver FLP services?

National Office doesn't believe this should be their decision as each circumstance is different.

- With the new interpretation of DD position requirements and how many positions they supervise to qualify as a Grade 13, how is that viewed by the National Office as regards the FLM position in a similar potential situation?

This is a totally different situation. DD met 11 of 14 supervision requirements. Can maintain the grandfathered FLM 12. CO PT's working FLP can count as supervision credit for FLM.

- Typically we share PII (Financial information) with our customer's permission with Lenders and Farm Business Management. Must we require our business partners to purchase WinZip software so we can meet our data encryption requirements?

We must send the data encrypted so the recipient must be able to receive it that way otherwise send by regular mail. If recipient already has the PII part then no need to send it in email.

- Is National Office prepared to offer the County Office Staff training on how to better market the FSA Farm Loan Programs?

We are in the process of talking to contractors. However, this is about things in everyday life and building relationships. This is really what this is all about.

- The new guaranteed loan application form is fill-able but cannot be saved. How can the lender save the completed form?

Lender can save with right version/type of Adobe software. We can share with the lender instructions that have been given to field on the Adobe 6.0 use.

- Many states have only been given a very small amount of training on the new streamlining. Some have only used teleconferences. However, other states have utilized 2-3 day trainings. Could the National Office provide each state with a training format, etc., and require all states to provide adequate training to their employees? In my opinion this is the biggest change since 1951-S.

This has been up to the States to decide how they wanted to handle. The training in AgLearn is to be used as well. This is a high priority issue. National Office can work with the States if there is a money issue to the training.

- Is there any discussion about increasing the loan amount for youth loans from \$5,000 to \$10-15,000?

No serious discussion is occurring on raising this limit. There needs to be clear reasons why there is a need to increase the limit. Mr. Beyerhelm did not see any need to increase limit.

- Mr. Connelly, you indicated that FOIA laws/requirements have changed. At present, management is reluctant to distribute questions utilized at oral job interviews. Under FOIA would these questions be made available?

This question will have to be researched.

- Is there any consideration given if an FLO completes all the management training courses in AgLearn on their own time or other credited management courses through college? Is there any way they could be a CED w/o becoming an FLM first or applying for a COT position?

The plan is to add a management component to FLOT training. Ag Learn would not count. There may be other circumstances that would work.

- What is the status of “Term Limits” with the Farm Bill for both Guaranteed and Direct loans?

Senate bill eliminates guaranteed term limits. A number of Senators don't want our borrowers to languish in the system. Senator Chambliss of Georgia had a neighbor who abused the system.

- Will FLO's ever be able to have a shortened COT training in order to apply for a CED position? A FLO can apply for an FLM position without having management experience of other employees, so what is the reason that they cannot apply for a CED position?

This is a continuing discussion and are looking at how to get FLO's supervisory experience.

Resolutions

Reports by the various committee's were provided. Following this, break-out sessions with the committee's were held to review current and new resolutions.

State Presidents Reports

Streamlining, 1165, membership and membership involvement were key issues of the State President's reports. Streamlining training was as little as a conference call to as much as a 2 day session. Each State has 1165 non-compliant offices and some have vacancies as a result. Membership has not yet been greatly affected by the NACS dues increases although some State's have yet to implement these. Each State has concerns about obtaining both members and members active involvement in the activities of the Association.

Mike Gibbs, NACS President

Current issues are 1165 where 360 FLM's nationwide would not hold grade under present standards. Other issue was the email problem of last summer. A review of how this happened and the steps taken to guard against its repeat was provided. The OIG investigation is still ongoing. Many people have been interviewed, some more than once. No idea yet what the final result of that will be.

FMA Report

The Committee's report was provided to all members present. The FMA Committee representatives present at the meeting (Denise Lickteig, Millie Turner, and Bob Noellsch) provided the FMA Committee report. Discussion of the history of how we came to be affiliated with FMA and how the proposal to leave FMA was arrived at was provided by Eric Guenther and Betsy Senter. Questions and discussion ensued concerning the cost and benefits of FMA membership and other potential solutions.

Mike Gibbs explained the NACS Board decision to not pursue a NACS sponsored resolution at the upcoming March FMA meeting to enable a membership status in FMA as a conference. The Board did not wish to appear to have tacitly endorsed one of the options. The decision on FMA affiliation was a membership decision.

Members present were encouraged to take this discussion home to their states as further discussion and action will be taken at the National Convention.

A show of hands indicated a consensus desire to pursue an FMA resolution to determine if a conference membership status was an option along with the other options identified in the Committee report.

Sincere thanks to the South Dakota Associations for putting together a great meeting!