



**MINNESOTA ASSOCIATION OF CREDIT SPECIALISTS –
FSA**

1485 Industrial Drive NW
Rochester, MN 55901
507-289-7843 ext. 104 Fax: 507-536-0176



June 7, 2006

TO: John Monson, SED
Dan Hockert, EO
Farm Service Agency
375 Jackson Street, Suite 400
St. Paul, MN 55101

FROM: Mark E. Drewitz, MACS President

SUBJECT: Minnesota FSA Office Restructure Concerns

I appreciate the opportunities through the Review Team and the one on one contact that has occurred for MACS to be a part of the discussion as an office restructure plan is developed. It is understood the process is still ongoing but is nearing a completion time when the ideas will become a plan.

MACS developed last fall a document titled “MACS Perspective – FSA Tomorrow Principles” which was previously provided and is also available at the MACS web site. While FSA Tomorrow was canceled this document is still valid for this current process. In addition, our participation on the Review Team resulted in a document issued by the State Office. These two documents form the basis for an analysis of the current MN Restructure Planning ideas and the concerns where the planning ideas do not appear to match recommendations.

MACS Perspective – FSA Tomorrow Principles

- Office Selection

Workload

Several issues were listed for office selection for consolidations/closures or realignment of FLP counties. Workload was suggested to be the foremost consideration and was suggested to be evaluated by examining trends, including county by county analysis, and analyze data for direct and guaranteed borrower numbers, applications, and loans made as well as new borrowers coming to an office.

The concern is that this basic data analysis of FLP workload is not being adequately considered and is instead being supplanted by workload counts

such as reported on the staffing charts. FLP workload stems from borrowers, applicants and loans made and there appear to be disparities between workload as determined from analyzing loan and borrower data, and that coming from the workload system.

There are several issues with the workload system as it relates to FLP.

1. Offices with similar borrower, applicant and loan data have considerable differences in their workload reports. We discussed this in person at length and again today by phone. The attached sheet shows a comparison of workload to weighted data for 2004-06 for borrowers, applications and loans made. Within the list there are bands of offices that appear to be similar as to caseload data. Within the first blue band there is a difference in workload days of 300 from highest to lowest, within the second purple band a difference of 70 and within the third pink band a difference of 106. These are substantial differences for offices where caseload numbers appear to be similar.
2. Offices better staffed will have an increased opportunity to record in the S/36 the data that counts towards workload and an increased opportunity to complete all the work items required.
3. Combining two FLP offices does not necessarily mean that the workload of the two offices should be combined. Workload allots a certain amount of credit for an office just existing, even if no work is completed. As discussed, the Douglas workload figure is being adjusted.
4. Workload counts the work that is done, not the work that is not getting done. When an office is short staffed it is necessary to prioritize what work is most important to be accomplished and what is less important.
5. Workload relies solely on 2005 actual and 2006 projected data. This limits the ability to capture any trends in analyzing FLP workload. It also provides equal weight to FY projection estimates and the last FY data. A review of the estimated workload indicates offices are not consistent with their estimates of workload changes.

It was for these reasons that the MACS Perspectives document suggested that caseload data for borrowers, applicants and loans be foremost with a trend examined. This should be used in determining office selection for consolidation, closure or realignment of counties. From the ideas/plans so far, and possible movement of counties, this has not appeared to be the case.

The National Office FLP is aware of the issues with workload data and an explanation of the use of the data should suffice.

1165 Issue

It was suggested that offices and FLP territories be restructured in order that all FLP offices be of sufficient size and staff to qualify for supervisory status under the 1165 classification requirements. This is still a concern as re-verified over the past week with our members but does not appear to be a part of the current planning ideas. The last plan that was provided did not

eliminate any 1165 non supervisory offices and perhaps downsized one office to be in danger of falling out of supervisory. While this does not have an impact on the FLM because of grade and pay retention it can have an adverse impact on the balance of the FLP staff and FSA customers should the FLM position become vacant.

This issue is of primary concern to the FLP PT's now working in a non-supervisory office. If their FLM were to leave that position the position cannot be filled as an FLM which results in a need to restructure/realign because of the vacancy - not because of the needs of the agency or our customers. This has resulted in the loss of FLP PT's in the past. FLP borrowers, applicants and participating lenders are served best by the most stable structure that can be developed. While it is not possible to put together any plan that will address all contingencies, it should be possible to reduce this issue that would cause the need to restructure in the future.

The tools exist to address this issue and have previously been used. It should be possible to put together an office restructure plan that addresses the 1165 issue, serves customer needs, and maximizes the number of office locations using these tools. This will prevent or reduce the need to once again restructure those offices again simply because of an FLM vacancy.

- FLP Personnel Issues

Selection of employees in the restructured office

MACS recommended a competitive process among employees of equal classification and position. This was not limited to the FLM position. At this point, it appears to impacted employees, a voluntary relocation offer is being made to some employees as to the location of their new position but not to all. This is not in line with our recommendation.

If there are positions open and available in the state and several persons that could possibly fill those, a voluntary and, if necessary, competitive selection process would be in line with this previous recommendation.

Employee Rights

MACS recommended that the rights of the employees affected be clearly defined upfront as to severance pay, reemployment rights, retirements, etc. We understand this is still being researched; however, it is important this information be made available as soon as possible for all potentially impacted employees.

- Communication

The communication on most of these issues has been very good throughout the process and note is taken here of the efforts of the State Office to keep MACS informed to the extent possible.

Minnesota FSA Structural Review Action Plan

The Review Team identified that credit teams should be staffed with 3-4 persons at each location. The most recent planning ideas did not appear to eliminate any 2 person situations and instead created at least one more. This also affects the previously discussed 1165 issue as noted.

Summary

The complexities of putting together any restructure plan are understood along with the competing interests of customers, employees, and Agency resources. No one plan can meet everyone's expectation or meet everyone's satisfaction. Our Association will not put forth a plan of office realignment/consolidation etc. Our concern is instead in the process by which these decisions and plans are made in order that a logical plan will be put forward that can be understood by all concerned, even if it is not their particular plan.

Please let me know if you wish to discuss any further specifics.

FLP Offices (Largest to Smallest) sorted by Borrowers

| | Office | Workload | Borrowers | Applications | Loans Made | |
|----|------------------|-----------------|------------------|---------------------|-------------------|------------------|
| 1 | Swift | 991.2 | 256.58 | 71.20 | 55.20 | |
| 2 | Nobles | 981.4 | 218.00 | 84.60 | 69.00 | |
| 3 | Marshall | 863.64 | 183.50 | 80.20 | 69.80 | |
| 4 | Redwood | 748.99 | 174.42 | 59.20 | 46.80 | |
| 5 | McLeod | 874.88 | 163.67 | 97.00 | 73.00 | |
| 6 | Polk, West | 850.57 | 156.50 | 63.40 | 51.20 | |
| 7 | Stearns | 881.78 | 149.75 | 79.80 | 57.00 | } Variance – 300 |
| 8 | Olmsted | 826.82 | 149.42 | 102.80 | 79.60 | |
| 9 | Lyon | 658.66 | 142.00 | 58.40 | 38.20 | |
| 10 | Douglas | 955.42 | 138.75 | 75.00 | 53.60 | } Variance – 70 |
| 11 | Fillmore | 655.87 | 138.75 | 59.40 | 44.00 | |
| 12 | Blue Earth | 655.33 | 136.58 | 45.50 | 40.40 | |
| 13 | Norman | 629.19 | 134.33 | 38.60 | 29.60 | } Variance – 106 |
| 14 | Martin | 699.07 | 129.33 | 59.00 | 48.20 | |
| 15 | Otter Tail, West | 672.5 | 129.25 | 59.60 | 47.20 | |
| 16 | Kittson | 594.55 | 123.67 | 51.60 | 45.80 | |
| 17 | Wadena | 661.44 | 123.17 | 55.40 | 38.20 | |
| 18 | Clearwater | 586.7 | 119.92 | 40.40 | 32.00 | |
| 19 | Pennington | 632.07 | 119.42 | 29.80 | 24.80 | |
| 20 | Freeborn | 692.96 | 116.42 | 55.40 | 49.20 | |
| 21 | Morrison | 871.42 | 114.92 | 108.00 | 59.60 | |
| 22 | Polk, East | 513.95 | 107.25 | 28.20 | 24.00 | |
| 23 | Roseau | 539.26 | 103.67 | 22.00 | 16.40 | |
| 24 | Clay | 570.36 | 98.58 | 27.40 | 19.60 | |
| 25 | Becker | 539.71 | 98.17 | 37.20 | 25.60 | |
| 26 | Meeker | 525.71 | 83.92 | 31.00 | 29.20 | |
| 27 | Aitkin | 514 | 81.75 | 36.80 | 25.80 | |
| 28 | Renville | 380.74 | 69.00 | 23.00 | 15.40 | |
| 29 | Kanabec | 428.45 | 64.83 | 26.40 | 15.00 | |
| 30 | Kandiyohi | 353.65 | 53.17 | 14.80 | 10.80 | |

Notes: Workload numbers are from the 5/12/2006 Minnesota FSA GS Staffing spreadsheet. Borrowers, Applications and Loans are weighted numbers (1 direct = 2 guaranteed) and are an average of 2004-06. Color bands indicate offices of similar caseload data.