

MACS NEWS

March 2010

Minnesota Association of Credit Specialists - FSA

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MACS/MNASCOE ANNUAL CONSULTATIVE MEETING

The consultative meeting was held with MNASCOE and the State Office Staff on February 25th. We had a very good discussion with Linda Hennen - SED , Glenn Schafer and various members of the State Office staff. Notes from the meeting are attached. Thank you Linda and Glenn.

FLP OFFICE RESTRUCTURE

The plan has now been officially approved. Details of the various questions and our discussion are included in the notes from the consultative meeting. (Please note that the plan was not approved yet at the time of the consultative meeting) A detailed memo regarding the restructure plan and implementation was issued today. Please be sure to review the memo in detail. If you have any questions or comments, feel free to contact Linda, Glenn or myself. If you have any ideas for implementation of the plan, please forward them also.

ANNUAL STATE MEETING

The tentative dates for the annual State Meeting are July 22nd and 23rd. Preliminary plans are to host the meeting in the Alexandria area again this year. The central location seems to work well for most members across the State. If you are interested in helping with the meeting, please contact me.

FLP TRAINING

FLP training will be held later this year. If there are issues, questions, or topics that you wish to be included in the training, please let the FLP staff know. We also have made a request to add applicable MN forms and requirements to the DLM checklist. What forms should be added? We need to provide a list of specific forms or items that we wish to be added. Please send your ideas to me. I will compile the list and forward it to the STO.

NACS INFORMATION

Are you receiving the NACS updates? NACS information is being emailed directly to members that are registered on the NACS website. If you are not receiving the emails, you need to update your registration and information.

NACS NATIONAL CONVENTION

The National Convention will be held in Portland, Maine this year on June 19th - June 23rd. Several members have expressed an interest in attending. Information can be found on the NACS website or

the convention website at: www.2010northeastconvention.com. If you are interested in attending, let me know so that we can coordinate travel information and attendance numbers.

2009-10 MACS Board

President – Jerry Hurre
Vice President - Paula Lund
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District 5 Representative - Jennifer Robinson
District 6 Representative - Kevin Hagan
District 7 Representative - Mark Baumann
District 8 & STO Representative - Kelly Klingsporn

**MACS/MNASCOE Consultative Meeting
February 25, 2010**

ISSUES

1. FLP Restructure Plan:

– **Is the plan approved?**

STO Response: Not officially

Discussion: Unofficially, DAFO has had contact with the State Office indicating the plan will be approved as proposed, however they want to have the Administrators ok prior to issuing the official approval.

– **Any Changes required?**

STO Response: No

– **If not approved, what are the issues?**

STO Response: Initially KC required district realignment as part of the plan, which was timely addressed. When budget was received in D.C. , things basically stopped for 3 weeks to fully assess the impacts prior to any decisions and there was a week long snow storm that caused further delay.

– **Why has there not been any communication or updates provided?**

STO Response: There was no National Office communication or update to provide.

–Why does the revised plan allow for 3 non-compliant offices?

STO Response: There was no simple solution for the NW corner of MN. There are not available FTE's to staff 4 individuals in each of the three offices, however there is too much work load to close a team out of one vs. another. Based on DD predictions workload is growing in that area of the state as well. As part of the plan, those 3 offices will have grandfather status. It is temporary and will be monitored for workload in 2010 and 2011. Upon reevaluation at that time, if workload grows as predicted there is commitment to staff 4 individuals in those offices. National Office did not argue with the grandfather status. Any follow up to the grandfather status will be the responsibility of the SED.

–What is the implementation plan?

STO Response: Currently a sequence is established, with no final time-frames, however it is anticipated that most will be done this year. Critical offices will be addressed within a month to six weeks of plan approval, the majority will begin June 1, with the last group October 1. FLM competitions will take place prior to October 1, hopefully within the coming 3 months. It is recognized that there could be cramped conditions for a period of time.

Discussion: Jerry Hurrle asked that the open offices be kept in mind, to allow for better working conditions through the transition. SED receptive to that idea.

–What timeframe is planned?

STO Response: The approved plan will not be released before individuals have been notified by a State Office representative.

Discussion: Jerry Hurrle noted that it's important to get the details out and inquired if an upgraded memo could be issued to clarify concerns. SED noted that the intent is to issue a memo addressing concerns upon approval of the plan and individual case addresses.

–Can we avoid shifting caseload during loan making season?

STO Response: Yes, where ever possible.

–Will caseload and staffing be shifted simultaneously to avoid workload shift with no help?

STO Response: Yes, as much as possible.

–Will detailed options be provided in advance to all employees adversely affected by the restructure to allow adequate time to review options?

STO Response: Yes, there will be face to face meetings or conference calls with a review of options.

–Will written detailed options be provided?

STO Response: Following the discussions of those adversely affected, there will be a memo with written details issued.

–How will the competition for positions be handled? Interviews, applications, etc.?

STO Response: Informal interviews will be held with only those employees affected.

–Who will conduce the interviews?

STO Response: Glenn, Linda & Mary will conduct the interviews.

–Who will make the decisions?

STO Response: Linda will make the final decision

–How is it determined who completes for the positions?

STO Response: For those adversely affected offices, only those employees directly involved for the specific position being interviewed will compete for the position. For those offices with vacant positions in which there are more than one employee interested, interviews will be held for interested employees.

–Will FLO's, FLOT's, and PT's have the same process as FLM's?

STO Response: Yes, it will be the same process with the exception of the FLM being involved in the process rather than the DD.

–What are the rules for relocation?

STO Response: Relocation costs will have to come entirely from the MN budget, per the SED meeting in D.C. 118 FI is the procedure that addresses relocation. Partial relocation is not an option it is either all or nothing. Voluntary reassignment does not include relocation. Directed reassignment, over 50 miles from existing duty station to reassigned duty station will include relocation. It is uncertain what level of relocation is to be expected, however the goal to keep in mind to get employees where they want to be. Input is welcome on developing a plan to address this. MACS executive board members were asked to request ideas from FLP staff regarding how to fairly and effectively get employees where they want to be while keeping budget constraints in mind.

Discussion: It is important employees are made aware of the options. It was suggested that first there be a call for voluntary reassignments followed by necessary directed reassignments. It is important for employees to review the procedure, to be fully aware of their options. Ultimately, if location is important they will need to decide to either volunteer for reassignment or gamble that another employee may volunteer for that particular office or it not being the office they would be directed to.

–If two FLOT’s or FLO’s request the same location, how is this determined?

STO Response: The same interview process described for the competing positions will be executed.

–How will relocation rules be conveyed to the employees?

STO Response: Employees will be encouraged to review 118 FI and options can be addressed in the plan memo that will be released.

–What exceptions are available for relocation of less than 50 miles?

STO Response: None

–Will the relocation service be available for buying and selling houses?

STO Response: None since 2007

–Where can the detailed information be located to review options?

STO Response: A memo will be forthcoming after face to face meetings with those adversely affected are concluded.

–How will the office days in the satellite offices be established?

STO Response: It will be left to the FLM’s discretion, along with DD concurrence.

–Will the FLM’s have discretion to decide, based on workload?

STO Response: Yes, with DD concurrence.

2. FLP work load and goals:

–Due to short staffing, increased workload, and economic stress over the past year and continuing, many goals will not be met. Will this be taken into account with office and performance reviews?

STO Response: Yes, the STO and DD's are aware of the conditions in the county offices and will take them into account.

3. FLP Contracting:

–Update with progress and options

STO Response: There are currently contractors on the ground in Olmsted, Fillmore, Redwood and Lyon counties. Contracts will be awarded soon for those bids (all data entry requested) that were received for Todd, Morrison, Douglas & Kanabec. There are requests in for McLeod and Aitkin, with Aitkin requesting data entry as well.

Discussion: The timeframe for contractors to be on the ground from when the request is submitted is a minimum of 21 days (for bids over \$1,000), as they need to post the contract for that period of time and solicit at least three individuals. The 21 days creates a window for the DUNNs # to be received, so is not creating down time. The process starts with the FLM completing the request, DD signing off, Jeff Johnson reviewing and verifying the contractors and sending it on to the STO. Jeff relayed the importance of a good preconference to lay out expectations to the contractors and communicate all performance issues to the STO for future solicitation. If there are individuals interested in contracting, they can be directed to Jeff.

4. Wind Easements and Wind Towers:

–Numerous projects and proposals are being considered in MN with no clear policy in place.

STO Response: National Office is still working on policy, with no time frame on completion. Continue to follow the MN procedure, with OGC reviewing cases and consulting National Office on all exceptions

5. Environmental Training

–Updated training is needed

STO Response: Jeff Johnson is receptive to conducting training on district or bi-district level – 4 or 5 sessions. Budget will need to be reviewed to determine if funds will be available.

Discussion: Will there be a MN Guide put out? One is in development, however there have been some more recent delays with other program priorities. Tom Decock mentioned the guide available to lenders in 2-FLP that could be utilized as a reference for direct lending by staff. Jerry Hurre addressed the concern of maintaining consistency with having multiple specialists involved in different aspects of the environmental regulation. STO is aware of the potential for inconsistency and Jeff requested to be contacted with any issues involving inconsistency. Jeff noted that the 851 is not currently available on the forms website and is following up to ensure it's availability. Also, the EA information that was entered for FY 2009 was lost. A portal is being created on Share Point to recreate the information – it will need to be re-entered by each credit team.

6. Clarification is needed regarding the application requirements for Individual vs. Joint operation requirements for married couples:

–Example 1: How is the application Form 2001 completed for loan servicing only applications when both husband and wife are signed on the note?

–Are both names listed on page 1 of the application or do we list both names on page two and treat it similar to a joint operation with two signatures?

STO Response: The importance is to ensure that all liable parties have signed the application, with less emphasis placed on how the names are placed on the application. Further clarification will be provided after the Specialists meeting next week.

–Example 2: One spouse signs the application as an individual. Non-applicant spouse has non-farm income and some non-farm debt. Do we verify the income and debt?

–Is the debt included on the balance sheet and cash flow?

–Do we include 100% of the family living?

STO Response: To be provided after the Specialists meeting next week.

7. Update on DLS and MAC conversion

STO Response: Pat is completing National Office training on DLS currently. The only concern exists with some offices that are behind. No other concerns noted. Brian inquired if there was a preference for a face to face or live meeting setting. Jerry expressed that the PT's have few opportunities to meet face to face and if the opportunity is available they should.

Miscellaneous Topics

7a. Training Needs: A review of the MN Procedure that came out in 2009 was suggested along with the environmental training already discussed.

STO Response: Input on necessary training is welcome and will be discussed at next weeks meeting. Budget may dictate how the training is administered.

7b. Consent for Borrowers to Cease to Operate (4 FLP Par. 99): We are getting into year 3 since the new regulation. Concerns raised included having staffing to begin accelerating current accounts, in light of the current economy is it in the Agency's best interest to begin accelerating current accounts. MACS stressed the need to be aware that it is an issue that requires policy and an answer.

STO Response: Specialists will discuss next week.

8. Resolutions from 2009 MACS State Meeting

Resolution #1

Committee: Management/Personnel

Procedure:

Concern: A strong pool of FLO needs to be ready to move into FLM positions. What are the plans for hiring any additional FLOTS?

Solution: MACS continues to support hiring of FLOTS to maintain GS FTE and obtain non-ceiling FLOT positions from the National Office

- **Resolution Passed.**

- **STO Response:** 8 positions are available with a very strong pool of candidates that were interviewed. There are no current plans in development for the next group of FLOTS.

Resolution #2

Committee: Management/Personnel

Procedure:

Concern: Each FSA County Office has a profile which is available to the District Directors. What are these profiles used for?

Solution: Allow the County Office staff to obtain a copy and provide input.

- **Resolution passed.**

- **STO Response:** The profiles are the DD's observation of each office, however a copy of the profile should be available upon request. The profiles are discussed between the districts as a means of comparison. The profiles are used for general information, to identify red flags or issues that are not already being addressed on the district level. The intent of the profile is not to identify all issues in the county offices nor to request additional staffing. Linda will talk with DD's to ensure that the profiles are made available upon request.

Resolution #3

Committee: Farm Program

Procedure: Farm Storage Facility Loans

Concern: In several cases throughout the state, the Program Technician in charge of the FSFL program is not adequately trained to decide if the proper financial information (i.e. current and complete financials, etc.) has been submitted by the applicant. This results in the PT submitting an FSFL application for feasibility review prior to having all the necessary information. As a result, the reviewing official (FLM, FLO) must return the application to the PT requesting the additional information, must meet with the applicant to explain what items are needed, or, in some cases, both.

Solution: It would be beneficial if the STO provided additional training to the FSFL PT and/or the CED regarding the FSFL program. This training should include STO FLP staff to lead the discussion regarding the financial information.

• **Moved to accept; Kevin Hagen. Second; Dave Petry. Motion passed**

UPDATE: FSFL training was completed with a new plan for completion of FSFL applications and a FSFL packet was to be provided. What is the status of the FSFL training and info.?

STO Response: Drafts of the packet containing 3 numbered MN forms were provided. STO desired association input prior to releasing them to the field. The packets include a cover sheet providing a summary of the application process and dates, a worksheet summarizing the financial data that does not need to be provided to the COC, and a recommendation request. When the forms are released to the state, the expectations of use will follow in the DD minutes. The worksheet is optional for the reviewer. A cash flow plan is not specifically required by FLFL procedure, which requires a financial review. No PT/STO training has been scheduled.

Resolution #4

Committee: Farm Program

Procedure: Farm Storage Facility Loans

Concern: There are significant differences in the amount of work performed on FSFL loans by FLP credit teams. For example, some FLP credit teams perform the courthouse records search and close the loans, where others are not involved after a review of the financial information.

Solution: FLP credit teams should review the financial information provided with the loan application, and provide a recommendation, as contained in 1-FLP Par. 101 E, and allow the Farm Program team to complete the remainder of their application.

- **Justin Phillips moved to adopt. Russell Miller second it.** Discussion: Kevin Hagen moved to amend the resolution by changing “Farm Program team” to “FSFL PT”. Amendment was seconded. The amendment passed. Someone moved to amend the resolution by changing “their” application to “the” application. The motion was seconded. The amendment passed. The resolution was amended to read as follows: FLP credit teams should review the financial information provided with the loan application, and provide a recommendation, as contained in 1-FLP Par. 101 E, and allow the FSFL PT to complete the remainder of the application.
The amended resolution passed.

STO Response: The FSFL program PT should package adequate information for the reviewer to be able to reach a recommendation. Kevin Beekman inquired if there had been changes in the process since the training. It was reported by association board members that in some counties FLP continues to do more than just the financial review, however in many there were positive change in the process, with the FSFL PT completing the balance of the application process.

Resolution #5

Committee: Farm Program

Procedure: EQ

Concern: MN Notice EQ-100 implements a statewide cultural resource electronic data system for the SHPO process for determining the need for SHPO contact on multiple FSA programs. This system is more extensive and detailed than necessary and it is not an efficient use of Agency time or resources. Solution: Only input those cases into the SHPO database in which a SHPO consultation is actually needed.

• **Mark Drewitz moved to adopt. Paula Lund second it. The resolution passed.**

STO Response: The SHPO database will no longer be required. An e-mail will be sent out from EXO Glenn Schafer to informally discontinue the entry requirement.

Resolution #6

Committee: Farm Loan Program

Procedure: 1-FLP (paragraph 252 and 1-FLP Exhibit 15)

Concern: The current method for borrower account classification utilizes the TDCLC ratio as the “repayment capacity” ratio. The calculation of this ratio includes the income from the sale of current assets carried into the plan year but does not include the repayment of open accounts and current operating debts carried into the plan. Ignoring the current debt and open account repayment in this portion of the classification artificially inflates the repayment capacity ratio. The result is an unrealistic classification that does not reflect the actual financial condition of the borrower’s FSA account.

Solution: Revise the “repayment capacity ratio” to reflect the total repayment capacity including repayment of the current debts carried into the plan year.

• **Jerry Hurrle moved to adopt. Tom Decock second it. The resolution passed.**

Introduced to STO: Jerry Hurrle noted the resolution was submitted nationally and that is will be important in a FLPR to ensure the reviewing staff is made aware of any such cases.

STO Response: STO concurred with Jerry’s observation.

Resolution #7

Committee: Farm Loan Program

Procedure: 3-FLP and DLM Checklist

Concern: All items necessary for processing a direct loan should be included in the direct loan processing checklist. The following forms are not included in the DLM checklist: CCC-10, UCC-12, and CNS-1.

Solution: Add to the DLM checklist the CCC-10, UCC-12, and CNS-1.

• **Tom Decock moved to adopt. Jerry Hurrle second it. The resolution passed.**

STO Response: Following the state meeting next week, Jeff will develop a list of requested forms to be added and will meet with Pat, who will see they are added. Jeff requested MACS board to forward a list of requested forms to him.

Resolution #8

Committee: Farm Loan Program

Procedure: 3-FLP and MN Notice EQ-100.

Concern: Entry of the data into the SHPO Tool adds to the loan processing time. In most cases, the activity does not result in the need to submit a request for SHPO review. The completion of FmHA 1940-22 already documents activities that meet the conditions for a “Categorical Exclusion”.

Solution: Reduce the required data entry in the SHPO Tool to only those applications that will require a request for SHPO review.

• **Bonnie Ward moved to adopt. Rick Ray second it. The resolution passed.**

STO Response: SED perspective is to eliminate using the tool and move the tool information to guide format. A notice will be sent out discontinuing use of the tool when the guide is closer to being released.

Resolution #9

Committee: Farm Loan Program

Procedure: 3-FLP

Concern: 3-FLP requires a lien on all assets with a value of at least \$5,000. This will create future servicing problems and is not likely to increase the collection potential for the loan.

Solution: Increase the threshold for liens on non-essential assets to a minimum of \$20,000 per asset.

• **Jim Velde moved to adopt. Dave Petry second it. The resolution passed.**

STO Response: Per National Office response dated June 22, 2009, Absolutely not to \$20,000, which creates vulnerability bordering on abuse. The idea is to discourage investment in assets not contributing to the operation. Limit of \$5,000 is reasonable and there is no proposed increase in the limit.

Resolution #10

Committee: IT

Procedure:

Concern: Entering information into the SHPO database regarding all cases whether SHPO consultation is required or not.

Solution: Continue the use of the database system; however, limit required use to only the cases where a SHPO consultation is required. This would give STO and County Office data regarding all SHPO consultation requests and the time it took for a response to be received by the Farm Service Agency.

• **Mark Drewitz moved to adopt. Scott Norby second it. The resolution passed.**

STO Response: The SHPO database will be discontinued, with a guide format to take its place as a decision making tool. A notice will be forthcoming when the guide is closer to being released.

9. JOINT MACS/MNASCO ISSUES

–Leasing: As it relates to the FLP restructure as well as the number of leases in MN that are pending.

STO Response: Currently many leases are in a pending status, with that anticipation that all leases will be renewed within the next couple of years. Re-alignment is coming at a good time as it relates to leases so there is adequate space to fit the need. In addressing space requirements for pending leases, assume the plan is approved to ensure adequate space to accommodate staffing needs. A private FLP office will be available in each FSA office that is not the base for an FLP team. Leasing issues at this time will be handled on a case by case basis.

–District Realignment – will there be one?

STO Response: Yes, with the FLP restructure plan implementation there will be a district realignment. There is a tentative map that will be released in the future but this is on hold right now due to implementation of the restructure plan and timeline for 5 Tier performance management.

–What authority allows a CED to be granted Acting FLM status

STO Response: Only a CED with loan approval authority may be granted acting FLM status and then specifically for management of FLP work. Supervision of GS employees would fall to the DD.

–Staffing ceiling GS? CO?/Budget situation

STO Response: 135 GS and 385 CO. Workload is being reviewed, with Farm Program numbers being down and Farm Loan numbers being up, however they are hoping to hold staffing levels where they are. For 2009, the National office is taking the harder budget hit for the agency – the agency leadership on the hill cares about the customer and wants the county offices to be able to continue to provide good service. 2010 budget will be more constrictive. There will be more when the budget comes out in the coming week.

–Performance Plan Required Language – is there a notice forthcoming, National or State?

STO Response: There will be a MN notice forthcoming requiring the addition of specific language that is intended to provide supervisors with more discretion in rating employees by defining the specific standards and describing what exceeding in a particular standard is. This is being driven by the STO, however it is recognized by the NO. There is incredible inconsistency, and Carolyn Cooksie is making it a goal to have a more realistic 5-Tier system by 2011. It is important for all staff to realize that doing ones job well is “Fully Successful” and something to be proud of. Outstanding ratings are something to be reserved for something truly exceptional so the rating continues to have meaning. Revisions must be complete prior to Mid-year reviews which are fast approaching. The notice will be released promptly.

–Training Plan: Will there be budget to hold any additional training?

STO Response: The budget will be better identified next week, with trainings to be funded in priority order. Training needs will have to be identified by STO. Have County Offices been asked what is needed?

Discussion: Training identified included SURE/ACRE and FLP training. MACS board was asked to inquire what trainings are desired and submit a list to the STO.

–Memorandum of Understanding FSA/NRCS – is there one, will it be released?

STO Response: There is a signed MOU that will be forthcoming. It includes NRCS vehicle use with no county line limitation and sharing of FSA resources. If an NRCS vehicle is available FSA employees should be using them rather than POV’s. NRCS and FSA, at the state level are committed to making this work. If there are issues contact Linda. Informally, RD vehicles, when available, will also be an option.