



MINNESOTA ASSOCIATION OF CREDIT SPECIALISTS – FSA

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TO: John Monson, SED
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FROM: Mark E. Drewitz, MACS President

SUBJECT: Issues

You inquired regarding some issues you had and also any issues MACS might have. I previously addressed the concern on the joint meeting issue of MACS and MNASCOE. I expect that within the next 2-3 weeks this should come together in some way. Following is my response on your other concerns.

FLO relocations

It is apparent there are offices with greater needs than others that require assistance. The workload charts are one method of looking at offices that have needs and those with lesser needs. When deciding relocations the charts should be tempered with a situation assessment by the local offices themselves and the District Director. This situation assessment could include looking at options of what happens and how is the work done if a Farm Loan Officer is not assigned there. Are there options to relieve workload burden from outsourcing of work to other offices, sharing of a FLO with a neighboring office, temporary detail of employees during peak periods, contracting, etc.? You may find an office that appears to need a FLO based on the chart but because of the nature of the situation, does not think it essential for one to be based there.

Farm Loan Officer's have been asked to list their preference for location. If possible, meeting these preferences is encouraged. Communicating the reassignment as early as possible and following up with assistance in the relocation to a new duty station can also make the move go smoother. The assistance provided to the employee once the relocation decision has been made has been inconsistent in the past.

In the end, placement of FLO's must be logical and meet all office's and customer's needs as equivalently as possible.

MACS Issues

Several issues and concerns were raised at the MACS annual meeting and debated during the resolution phase. These resolutions, when placed in context, pertain to the following areas:

1. State Office Directives and Procedure
2. Personnel/FLP Structure
3. Strategic Plan

State Office Directives and Procedure

- A. Policy direction and procedure interpretations are provided verbally at meetings or in other less official forms such as DD minutes, emails, and memos. This complicates locating the applicable item and determining the validity of the item or if it is still in force. This also leads to inconsistent application of the interpretation or policy. This has been an ongoing concern of MACS' over several years; however, my perception is this problem has increased in recent years. We have seen some significant changes in policy/procedure interpretation but with little written support. The recent meetings are an example where significant deviation from long established procedure on eligibility requirements was made where there had been no underlying change in the written National instruction or a MN Notice issued. It would seem logical, to provide for consistency, that an official MN Notice be prepared and issued in such cases.
- B. FLP is operating without official instruction in several critical areas. Draft procedure for the closing of farm ownership real estate loans was prepared, training conducted on it, but the procedure was never issued. This situation also exists in liquidation of accounts. Yet, we are instructed to follow this never issued instruction. This leads to offices taking actions that are not consistent with the actual procedure still in force. This problem has been raised several times even back in 1998-99 when I was in my first term. The streamlining regulations were used as the reason they weren't being released. The work has been done in writing it and training on it, we believe it should be released as final. Whenever streamlining does come out, it can be modified then.
- C. Given the situation in B, there is concern about the situation when the streamlining regulations do come out from the National Office. This will require a re-write of all Minnesota state instruction. We already have another MN instruction, the loan restructuring section, that does not comply with State of Minnesota requirements. At the National level, our National Association has been and continues to work with the National Office on the streamlining. MACS is willing to assist the State Office FLP section in the large task of rewriting state instruction when the streamlining rules are released. Perhaps task forces for particular areas could be put together to enhance and expedite getting this process completed timely and accurately. We have already utilized this process in similar situations such as the conversion to Farm and Home Plan, FBP, Outreach, etc.

Personnel/FLP Structure

MACS is not in a position to outline which office is to remain open or which office should be closed/consolidated, etc. Instead, the review completed and provided in 2003-04 suggested "guideposts" for FLP structure. (Posted yet at the MACS web site.) MACS's concern is whether these guideposts are still being considered, whether structure decisions are being made at the earliest onset of the situation and decisions being made with input from the affected offices and District Director(s).

This area of concern is much more complex and your recent information regarding budget and staffing does not make this any easier. If possible, an actual discussion with you on this issue would be helpful at a convenient location and time.

Strategic Plan

MACS supports the making and servicing of loans and credit packages using all available tools that meet the applicant/borrowers credit needs and provide the applicant/borrower with the best possible chance for long range financial success. We support and will assist in the outreach efforts attempting to inform and educate those who may be in need of FSA programs.

Outreach that informs and locates those who are in need of our assistance will build the caseload and promote all FSA programs if we maintain program integrity and provide the customer a reasonable chance to succeed.

Our concern, however, is that the recent emphasis on loan making, caseload, processing times, state rankings, office rankings, and other goals is obscuring this purpose and intent of the FSA farm loan program. We need to ensure that we not go too far in this area through overly liberal interpretations of eligibility, repayment or security requirements that puts program integrity at risk and puts undue risk on the FSA customer.

This area also requires further discussion and exploration.

I appreciate your willingness to consider our views and look forward to further discussing these and other issues.