



MINNESOTA ASSOCIATION OF CREDIT SPECIALISTS – FSA

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



October 6, 2005

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

FROM: Mark E. Drewitz, MACS President

SUBJECT: FSA Tomorrow – MACS Perspective

Enclosed is the MACS perspective on the FSA Tomorrow process. Our Association is not supporting or endorsing any specific plan; however, as the planning process moves forward, we have outlined principles and practices that we believe best serve all interests.

The document we are submitting was arrived at by careful deliberation. An early rough draft was prepared and then reviewed by the MACS Officers and District Representatives. Following their suggestions for revisions, additions, clarifications, etc., a revised draft was prepared. This revised draft was then sent to all current members with a request that it be forwarded and made available to all FLP personnel. A copy of this draft was also shared with MNASCOE. Input responses were received via email, telephone, and MACS' online survey system. These ideas were considered and the resulting final document completed, reviewed by our Executive Committee and approved for submission. I outline this process in order that you understand the extensiveness with which this document has been prepared.

I wish to reiterate an important request of our Association contained within the MACS perspective. This request is that I, or my designated representative, be present on behalf of MACS when the proposed plan is reviewed with the District Directors. The purpose of our request is to listen firsthand to the plans presentation with supporting discussion and the discussion of and logic behind the choices that were made. We recognize that the plan may be required to be confidential at that point. If requested and required to be confidential, this request will be honored by myself or our designated representative until such time as you advise otherwise.

Thank you for your consideration of our input and our requests.

MACS Perspective – FSA Tomorrow Principles

October 6, 2005

Goals

Consolidation/closing of an office or of an FLP presence in an office should meet at least one or more of the following criteria:

- Cost Savings to the Agency
- Improved Customer Service
- Improved Work Efficiency

If an office closure fails all three of these criteria there is no basis to support proceeding with that location. It is not necessary that a proposed action meet all three of these criteria, although this would be best, as it is possible there is a benefit that will have to be weighed against a detriment. For example, a proposal may result in cost savings to the agency but at expense to customer service and improved work efficiency. Each prospective circumstance will be unique and a weighted formula is not suggested.

Care must be taken to ensure that we are looking sufficiently long range in order that the Agency has offices positioned where the needs will be over the next number of years. Neither employees nor farm customers will want to go through this process again in another 3-5 years.

Office Selection

Workload as determined by application activity and caseload should be foremost in selecting office closures/consolidations. When examining this workload the following is suggested:

1. Use at least the last three fiscal years of data. This will be helpful, much the same as when we examine a loan application, in establishing a trend as well as actual count and average count. Positive trends should tend to support the office continuation vs. negative trends. Care has to be given to account for any unique events such as local disasters resulting in a one time temporary increase in activity as well as longer term history of the office's servicing areas. This should be visible on trend data.
2. Data should be analyzed on a county by county basis as well as headquarters office basis. Realignment of FLP counties may be necessary to provide a more even workload among office staff.
3. FLP Data should be analyzed using all direct applications (approved, denied or withdrawn), direct loans approved (not \$\$), and direct caseload as well as guaranteed applications (approved, denied or withdrawn), guaranteed loans approved, and guaranteed caseload.
 - a. Direct loan activities and borrowers are generally more time consuming and should weigh more heavily on caseload considerations than guaranteed.
 - b. Actual loans made (number not dollars) should weigh more heavily than applications received.
 - c. An analysis of the number of new borrowers coming to FSA should be included. This would give an indication of the present and future potential for the county/office workload. This should be able to be determined by comparing the number of borrowers at the beginning of the fiscal year and the end of the fiscal year with consideration to the number of borrowers that refinanced during the fiscal year. These numbers should be readily available to the State Office. If significant numbers of new borrowers are coming to FSA but the caseload is still declining due to substantial graduation, this should stabilize as the number able to graduate will decline as the caseload turns over.

Additional factors to consider include:

- Proximity of the office to other office locations – Can customers easily travel to the other office location?
- Proximity of the FLP office to other FLP office locations – Can the FLP customers easily travel to the other office location or can service be provided by use of office days in non headquarters locations.

- Distance from the office to present and prospective customers – How is the office situated vs. where applicants and borrowers are coming from or may be coming from in the future?
- Restructure offices and territories in order that all FLP offices are of sufficient size and staff to qualify for supervisory status under the 1165 requirements. This will reduce the possibility that any future 1165 instability will require further office restructures for that reason alone.
- Trade/travel patterns of clients/customers in the area – Do customers go to the office or proposed office location for their non farm employment, farm related purchases/sales, non farm activities, etc? What services, farm and non farm, are available at the prospective office locations?
- Minimize adverse impact on employees where possible.

FLP Personnel Issues

Once the offices to be closed/consolidated have been chosen and a plan developed, the staffing of the consolidated offices has to be addressed. MACS believes that the mission of FSA and the Farm Loan Programs is best served by staffing FSA FLP offices with at least a supervisory FLM which will require at least a full time FLO and FLP PT. When it is possible to meet Agency and customer service needs, mitigating the number of relocations, particularly of PT staff, is recommended. Past office structure changes have shown more difficulty in the relocation and retention of PT's.

Office consolidations will give rise to situations where competition for positions in the new office will exist and relocation of employees is needed. This staffing selection will be a contentious issue; however, over-all principles should be:

- Clearly define and publish the process/rules of selection for competing employees for supervisory FLM, FLO and FLP PT positions among combined offices using the same process for each circumstance.

There will be situations where employees will end up competing for positions such as –

Non-supervisory FLM vs. Non-supervisory FLM
 FLP PT vs. FLP PT
 FLO vs. FLO
 Supervisory FLM vs. Supervisory FLM

MACS is inquiring about established Agency procedure/policy which may already cover these situations; however, we recommend that whatever the official Agency procedure/policy is, that this be published to all employees at the earliest appropriate time. This is applicable to the CO positions as well. At this time, the following recommendations are based on the stated premise that the SED has considerable discretion in dealing with the FLP situations.

If a competitive situation exists of employees of equal classification/position status the selection process should be based on:

Performance of the employee in their existing position

This can be determined by review of performance appraisals as well as consultation with the employee's immediate supervisor and other persons in a position to evaluate the employee's work product. This evaluation should take into consideration also the employee's working relationships with non-Agency partners such as lenders, other agriculture and financial professionals, etc.

Evaluation of the employee's plans/goals if they are selected

An informal discussion with the employee would be required to assess this. This discussion should include the employees "to be" supervisor as well as the employees current supervisor. The current supervisor is included more as an "assist" to the employee. The goal here is to get an actual evaluation of the employees potential more so than just who can make the best presentation.

Employee's experiences, knowledge and skills as based on tenure

The employee's length of service is a relevant factor in the selection process. The length of service provides some measure of the depth of knowledge and experiences which are important tools for an employee as they tackle a new situation albeit the same job.

MACS suggests that the employees existing performance level be the most dominant determining factor in selection, followed by the plans/goals for the position if selected and tenure. Selection for the competing positions does not involve a move to a new position level, (i.e. FLM applying for a DD position); therefore, the performance of the employee in their existing position would appear to be the best indicator of their expected performance in the consolidated office setting.

- Clearly define the rights upfront (prior to non-selection) of non-selected persons who will be re-located and the rights of those separated due to inability to accept relocation. These rights may include such things as priority rehire, severance pay, relocation expenses, unemployment, etc. Many employees who have been with the Agency for some time are not aware of what their options or rights are both with the Agency before relocation/separation and after if they have to leave the Agency.

This issue goes hand-in-hand with the need to publish the process to be followed in the selection of employees who may compete for positions in consolidated offices. Employees are not sure what their rights are under these situations. MACS is also inquiring through our National Associations on these issues; however, if all employees are advised, even if not affected, it will result in less acrimony or charges of favoritism. This should be provided to employees before official notifications. This issue also applies directly to CO employees as well.

- Determine and accommodate location preferences as much as possible

If an employee is to be re-assigned and there are potential options of relocation, assess these with the employee and to the extent possible, given staffing needs, etc., accommodate these preferences. This should be examined early on as it may reduce the number of competitive situations that would arise.

- Allow as much time as possible for employees that will be facing relocation to know this so as to be able to consider all other options such as other Agency positions, CO positions, etc.

Consider each personnel situation as part of the total and not as an individual event. For example, if an employee knows early on that they are to be in a consolidated office and facing relocation and/or competitive selection, they may voluntarily elect to apply for another position in the Agency, whether CO or GS that suits their personal needs better. The goal here is to increase the employee's options and give them as much control as reasonably possible over their final position. By so doing, this should contribute to a more satisfied and productive work force.

Communication

The principles MACS is outlining follow a general pattern of inform, inform, and inform. There are many avenues that can be used to accomplish this - some of which are already being used. MACS suggests that these be reduced to writing and issued by the State Office. We are seeing circumstances where there have been different interpretations of what was heard on conference calls or in person meetings. A written answer, policy/process statement, etc., is less prone to misinterpretation than a verbal statement. This is not to say these other forms of communication shouldn't be occurring. They should be supplemented with notes or memos issued afterwards to outline what was said. This would also offer the opportunity to further explain the statement or answer and provide an avenue for those who were not able to hear the issue whether in conference call or other verbal communication.

Summary

MACS believes that following these principles as outlined will result in more “buy in” and less “buy out” by employees in this process. Not all employees will be satisfied with the results as this process moves forward. However, if all employees understand the process, are given as many options and as much information to make informed choices where possible, and decisions can be perceived as logical and in the interest of one or more of the three goals stated, there may be more understanding and acceptance.

To assist in understanding and acceptance of the plan's logic, MACS requests that a MACS representative be included in the planned discussion of the plan when it is reviewed with the District Directors.