



Building Rural America
National Association of Credit Specialists
of the
USDA – Farm Service Agency

May 2013 Newsletter

Inside this Newsletter:

Meetings with National Office Staff – Pages 1-5

Other Highlights & Events – Page 5

MEETINGS WITH NATIONAL OFFICE STAFF



The NACS Board traveled to Washington, D.C. (WDC) April 22nd – 24th for a Spring Board Meeting and meetings with National Office (N/O) staff. After no success in receiving approval by the N/O to travel on government per diem, the NACS Board decided it was of utmost importance to travel to WDC for face-to-face meetings and utilized NACS funds to travel during this time of governmental budget constraint. The NACS Board also made use of this time to refresh the N/O staff of NACS's history and contributions to the Agency. The NACS Board also urged N/O staff to include NACS

members when developing task forces. The agenda included talks with Mike Schmidt, Deputy Administrator for Farm Programs; Pat Farmer, Assistant to Deputy Administrator for Management; Chris Beyerhelm, Deputy Administrator for Farm Loan Programs and his staff; Juan Garcia, Administrator; Candy Thompson, Associate Administrator; Jim Gwinn, Chief Information Officer; John Berge, Acting Deputy Administrator for Field Operations and his staff; and Bruce Ward, Chief Financial Officer and his staff. The NACS Board also got a brief moment to meet Karris Gutter, Deputy Under Secretary, as shown in the picture above. The following cover the items of concern which were discussed.

Mike Schmidt, Deputy Administrator for Farm Programs

Mike is new to his position and was accompanied by Craig Trimm, Assistant Deputy Administrator for Farm Programs during our meeting. NACS inquired of Mike about the recent changes in the Farm Storage Facility Program (FSFL) regarding the \$50,000 threshold for real estate security and the upcoming conversion from System 36 to Direct Loan System (DLS). The change back to the \$50,000 threshold was due to the need to change regulation before changing the 1-FSFL Handbook. At this time, N/O is finalizing a regulation to not require additional security unless the loan balance exceeds \$100,000. The software delivery date for FSFL being migrated to DLS is slated for late December 2013. Training will be offered to FSA employees on DLS at a later date.

MIDAS went live while the NACS Board was in WDC, and Mike noted that DAFP will be the end owner of MIDAS. Maintenance and stabilization will be part of the budget for MIDAS when programs change in the future. Discussions

were also conducted regarding environmental training and updating 1-EQ. FSA is in the final stages of hiring a new National Environmental Compliance Manager who will finish the required changes to the new FSA NEPA regulation, publish the draft, and update 1-EQ consistent with the changes to the new regulation. Training via virtual or web-based delivery will be based on budget. The N/O recognizes the need for training on environmental changes and concerns.

Concerns were raised on cuts to the DCP payments. Mike informed us that there will be a reduction in program payments. On March 19th, the USDA notified Congress of its intention to capture the required sequester savings by reducing payments made through the direct payment program account by up to 8.5%. This reduction request was still in discussion at the time of our meeting with more hearings and work expected prior to the Farm Bill. The House and Senate proposals have been made, but budget shows restriction to some programs.

Pat Farmer, Assistant to Deputy Administrator for Management

Mark Rucker, Deputy Administrator for Management, was unable to meet with us, so Pat Farmer filled in. Pat provided us an update on the Administrative Services Project (ASP). The idea is to shrink down the model of 50 states for administrative services to less. The end goal is to provide consolidated services to NRCS, RD, and FSA with improved services. FSA is committed to this project. The project is currently being piloted by FSA in the Southwest states. Regional Servicing Office (RSO) is still in the beginning stages but on a fast track; it is not intended for staff to move but rather provide cross-servicing.

Issues were brought forward regarding performance plans, but no improvements are coming for FY13 or FY14. Things will remain unchanged due to the Office of Personnel Management (OPM) requirements and across government use.

Pat is concerned about morale issues and asked NACS what we will do to help with morale. We feel Zone and National meetings are important to members for developing social networks and resources since face-to-face meetings are minimal at this time within the Agency. We reiterated face-to-face meetings with N/O staff are very important for our meetings versus VTC.

Chris Beyerhelm, Deputy Administrator for Farm Loan Programs

Chris and his staff met with the NACS Board over several subjects brought forward by the Board and the members. Chris gave us an update on the funding situation at this time. While the funding outlook for FY13 is not good, the President's budget for FY14 includes increases for FLP funding. Concerns were raised regarding the depletion of guaranteed farm ownership funding. The depletion is due to the backlog carried into FY13 and the reduction in funding received from Congress. Chris and his staff are considering different ways to approach the farm ownership programs in the future such as not using guaranteed farm ownership loan funds to refinance a bank's own guaranteed debt, using participation direct farm ownership loans only, or prioritizing beginning farmers and socially disadvantaged farmers only.



Microloans have been a large success this year both internally and publically for the FLP. The NACS Board offered a suggestion to change the "Microloan Fact Sheet" to include eligibility requirements. The N/O wants to keep the process simplified to fit all types of operations and will monitor it for one year to see if there are any major delinquencies. As a follow up to earlier discussions with Chris, NACS's suggestion to clarify the definition of using \$1,000 of sales to be considered for 'Microloans only' was in

review at the time of our meeting. Processing time differences between Microloans and direct loans were 16.5 days to 22.8 days. The N/O estimates 55.0%-60.0% are new customers getting Microloans.

Streamlined loans seem to be utilized differently across the states, and we urged the N/O to clarify what a "change" is when determining if a loan is streamlined or not for consistency.

Farm Loan employees have recently been required to complete continuing education courses through AgLearn. We discussed the timing for completion of the courses needs be during the summer rather than during loan season, which will be taken into consideration. The N/O is trying to develop FSA specific courses for the future, and they will be made from within the division. Live Meetings and webinars may even be used for other courses, versus AgLearn, depending on costs. NACS did emphasize face-to-face training is still needed, when cost effective. Local district training needs to be emphasized by the N/O for states to utilize in the future since this would be more cost effective than a state meeting.

The N/O is working to provide an example multi-year subordination for the regulations, which is being drafted after members brought forward the inconsistency of its use or non-use across the states. Regulations are being drafted by the N/O to streamline the subordination application. Chris brought forward the importance of graduating our borrowers as we are supervised credit and workload is high.

“FSA New Employee Training” is in development with a task force. The “FSA New Employee Training” is to provide training to new employees by looking at what overlaps between all positions, who is the target audience (ex: PT, FLOT, and COT), and what is specific FSA training. The training could possibly be scheduled quarterly as a webinar. Recommendations for the training were still being gathered at the time of this meeting.

Chris and his staff are looking to streamline the District Director Oversight Report and, hopefully, implement the revisions by FY15. The goal is to educate District Directors on how to pull reports electronically from their home office and not at the County Offices. The changes are part of streamlining “all compliance” reviews in order to reduce workload.

Servicing regulations are moving through the process for approval, but could take time. Items to be addressed could include conservation contracts; subordinations; oil/gas/mineral leases; guaranteed appraisals (i.e. raising the requirement from \$50,000 to \$250,000); FSA-2040 revisions; and releasing liens with no monetary issues (i.e. a lien on all assets exist from a servicing action and the 150% security margin is met, then it may be delegated to the SED to approve the release). The changing of payment dates has been a struggle to implement because of the Office of General Counsel (OGC) and Office of Management and Budget (OMB).

Environmental inconsistencies were mentioned by the NACS Board and how overwhelming environmental regulations have become. We urged the N/O staff to look at streamlining and suggested training is greatly needed across the states.

Juan Garcia, Administrator, and Candy Thompson, Associate Administrator

Budget was one of the biggest concerns while meeting with Juan and Candy. At the time of our meeting with Juan, FSA had not officially announced there would be no furloughs. However, by the end of the day, it was made known to all employees. Budget and furloughs were discussed at great length since sequestration reductions caused a heavy hit. By the end of the day, we were notified that CCC-714 money was received to administer the CRP program.

After multiple cuts, right sizing of workload was brought forward by the NACS Board. Juan is reviewing data for workloads across the nation. The big question at this time is what is the ideal efficient office? Farm Programs will be a challenge until we know what the new Farm Bill entails. Juan is hoping for a Farm Bill by the end of August. At this time, the Administrative Services Project (ASP) is hopeful in right sizing administrative services across states. Perhaps in the future, producers will report one time to Risk Management Agency (RMA) or FSA and then, eventually from their home computer. A pilot is starting in Kansas City to share data between RMA and FSA, since several of our deadlines match together.

Travel is of big concern at this time due to budget constraints, but the NACS Board emphasized now is not the time to minimize travel for Farm Loan Programs when farm visits and lender visits need to be conducted. The visits are essential to FSA in providing supervised credit to its borrowers. We encouraged Juan to reduce travel and meetings at the beginning of FY14 so funds are not minimized at a time when Farm Loan Programs needs the funds most. Juan is working to get a better handle on travel costs by restricting the number of County Office Committee meetings, travel, etc.

The NACS Board asked Juan about the reason behind “one” USDA logo. Agriculture Secretary Vilsack has decided we are “one” USDA, and “one” logo should be used to represent all Agencies within the Department. “One” logo is a branding tactic. Money will not be spent to change signs, but Agency logos should be removed from letterhead.

AgLearn courses seem to have taken up a large portion of employee time this past year, but sometimes the courses are not effective or not enough time is available to complete them due to increased workload. Juan suggested offices set aside “quiet time” in order to have time to take AgLearn courses, as well as attend staff meetings, teleconferences, etc. We encouraged Juan to be conscious of when deadlines are set for courses so they do not coincide with peak workload.

Along with increased workload, improvement of employee morale was discussed. Juan is working with the SEDs and encourages managers to provide positive reinforcement to employees. Juan plans to start having calls with DDs,

encouraging DDs to have employee meetings for networking, and PT break-out sessions. We also suggested Live Meetings and face-to-face training to bring employees together across a District.

Juan also discussed the "FSA New Employee Training." This training would be for all new employees to gain an understanding of all FSA programs with fewer resources. Juan noted development is still underway.

Jim Gwinn, Chief Information Officer

The NACS Board had the opportunity to hear from Jim regarding the status of MIDAS, its deployment, and equipment upgrades. At the time of our meeting, 5,500 employees were trained and approximately 1,000 employees were allowed access to MIDAS. National roll-out soon followed after our meetings in WDC. The N/O is aware of the server issues and has been working to upgrade the telecom system; however, budget constraints limit progress. There could be times when MIDAS is slow due to server issues.

The N/O has been able to replace outdated equipment as funding becomes available. FSA is moving away from owning printers. Management Print Services (MPS), a printing device that can be used across agencies, is in the future. The equipment is leased and an office pays per image, instead of buying and maintaining equipment. MPS would be a cost savings and, in turn, relieves some workload for the administrative PT. If errors occur with the leased equipment, the device sends a notification to the company to send a technician to the County Office to repair the equipment. Turnover of equipment to MPS will occur as maintenance agreements end. At this time, Fax2Mail which eliminates the fax machine and electronically faxes paper documents is being piloted. Electronic signatures, which are a more secure method than pen and ink because a LINCPASS Card is needed to time stamp the electronic signatures, should also be utilized to a greater extent. The Information Technology Services Division (ITSD) has ideas for more efficient equipment, but budget constraints greatly dictate how quickly we will be able to move to upgraded equipment and devices.

Karris Gutter, Acting Deputy Under Secretary

Karris was able to briefly meet with the NACS Board to give provide an update from the Secretary of Agriculture. He stated Secretary Vilsack is working hard to push for a new 5-year Farm Bill. He wanted to relay Secretary Vilsack's appreciation of everything we do and how well we continue to persevere. This time is a crossroad moment for FSA, and we cannot afford to fail. Sequestration hurt us the most. Going into the FY14 budget discussions, the Secretary has testified on how USDA has already reduced its budget two years in a row and exceeded cuts in some instances. The Department is trying to figure out how to go about business with the least effect to the field. As far as the FSA budget, specifically, it has been in a steady reduction since FY10, and we need to keep the cost of business at a reasonable level so as to not affect program delivery. The Agency has cut discretionary spending as much as possible, but budget will drive business decisions for the future.

John Berge, Acting Deputy Administrator for Field Operations

John was unable to meet with the NACS Board face-to-face, so we met with him via VTC, with his staff present in the room. John provided information regarding budget cuts. FSA has cut its budget at different moments during FY13 at rates of 5.0%, 2.50% and 2.0%. Due to budget constraints, a hard hiring freeze is in place. At this time, we have to save on salaries and expenses. The NACS Board brought forth issues concerning staffing, training, and budget. John recognizes the structural problems across the nation. The staff ceiling is not aligned across the nation, and there is a great need for right sizing. There is the potential for office closures and VERA/VSIPs in the future. At the time of our meeting, each state was putting together a remaining budget for FY13 in order to "reward" those who are saving versus those who are spending, in an attempt to right size. Going forward, a new allotment process will be used to determine what states need, and the SEDs will be involved in the budget cuts.

An issue brought forward was the redistribution of staff and how to measure workload. Criteria are being looked at for determining staff ceilings. Every state is looking at this annually, while the N/O has not looked at staffing collectively since 2003. John stated we are mostly short-staffed on the GS side. They still need to look at how offices will function with reduced or redistributed staff. Much will depend on policy changes with the new Farm Bill.

Another concern brought forth by the NACS Board was AgLearn and how it is not the best platform for training. Members have expressed they are overwhelmed with courses, and it is difficult to complete them with the existing workload. John stated it is important to the Secretary of Agriculture for all employees to be crossed trained. John understands AgLearn is cumbersome, but employees need to prioritize the courses, along with completing IDP coursework, because improving oneself should come first. The NACS Board emphasized face-to-face training is more effective and should be considered as budget allows. We suggested more localized training conducted at a regional or district level should be considered and encouraged.

The N/O is looking to re-implement the Farm Loan Chief Mentoring Program, and the District Director Mentoring Program is being reevaluated for training purposes. Also, a mentoring program for SEDs is being considered.

Travel was discussed, since the field is restricted to "mission critical travel" at a time when farm visits and lender visits are of great importance. John was not sure if travel will remain at the current level, but we have to reduce somewhere and cannot continue business as usual.

Another issue discussed was CED loan approval authority. John Berge and Chris Beyerhelm both assured the NACS Board nothing has changed from the original requirements. In order for a CED to obtain loan approval authority, there has to be a need, such as the FLP team cannot maintain the current workload. The COC has to agree to the CED working on FLP loans 30.0% of the time. The CED would need to go through the same type of training as a FLOT, including completing loan dockets. States would have to submit a plan, if there is a need for a CED to obtain loan approval authority, to DAFO and DAFLP for approval.

Bruce Ward, Chief Financial Officer, and Heidi Ware, Deputy Chief Financial Officer

Vicki Larson, Supervisory Program Analyst, first updated the NACS Board, via teleconference, about ARS reports. Vicki and her team are working to develop a cost model which would determine how much time and money is required per loan. At the time of our meeting, a production model was being compiled for State Offices in May to then be forwarded to the County Offices for analysis. Vicki and her staff are working hard to polish the reports, but she is working at half staff at this time. A new version of webTA is coming out in the future, which will, hopefully, provide some needed upgrades and changes.

At the time of our meeting with Bruce and Heidi, it was announced there would be no furloughs for FSA in FY13. Bruce emphasized we will have to continue with a tight budget in FY14 and sequestration might cause budget cuts again in FY14. Bruce noted office structure will have to be examined in the future.

2013 NACS NATIONAL CONVENTION

The 2013 National Convention in San Diego, CA is fast approaching on June 23-26, 2013 at the Town and Country Resort. Late registrations are being accepted with a \$15 late fee. Hotel room reservations must be made by June 2nd in order to receive the \$110/night rate. Go to the NACS website for full details! Hope to see you there!!

LEGISLATIVE ISSUES COMMITTEE UPDATE

The Legislative Issues Committee traveled to WDC April 22nd -24th and met with over 40 offices. The Committee was able to target House and Senate Ag Committee members. The Committee members educated them on NACS and FSA Farm Loan Programs. Items discussed by the Committee members included term limits, funding, and proposed changes to FLP in the Farm Bill. A big thank you to the Committee members who traveled to WDC using annual leave with only their flights and hotel rooms paid for by NACS.

NACS SPRING BOARD MEETING HIGHLIGHTS

The NACS Board completed the budget for FY14 (June 1, 2013 – May 31, 2014). NACS lost 85 members last year due to retirements, while NACS did gain new members; the Board had to budget for 30 less members. Due to the reduced income, the NACS Board voted to balance the budget by increasing dues to \$144 beginning June 1, 2013. The NACS Board also changed the dues structure for first time members. Currently the dues are waived for all first time members who join NACS prior to May 31, 2013. Beginning June 1, 2013 through May 31, 2014, dues to NACS will be \$20 for first time members. States meeting their goal for number of new members will receive \$100 as part of the Marketing Plan implementation last year. NACS will also provide up to \$200 to all first time members who attend National Convention from outside the host state.



Like **NACS – FSA** on Facebook! Look for updates during National Convention week and comment on our wall!

Be sure to check out the new NACS website at <http://nacs-fsa.org>