



Zone B Newsletter

2016 Zone B Meeting Recap

By Joseph Grier, Texas; Zone Rep

The NACS Zone B Meeting was held on February 4-6, 2016 at the Double Tree Hotel in Bloomington, MN. There were 52 NACS-FSA members in attendance, which was an increase from the previous year. Attendants were given a warm welcome from Dave Frederickson, Minnesota Commissioner of Agriculture and Jane Ray, FSA Acting Minnesota State Executive Director. Following introductions, NACS-FSA and NASE had the privilege to hear from Mr. Greg Diephouse, DAFO and Mr. Jim Radintz, DAFLP, and Sharon Sachs and Cindy Haas, from NFAOC via net meeting.

INSIDE THIS ISSUE

- 1 2016 Zone B Meeting Recap
- 10 Committee Report Updates
- 11 Additional Items

The South Dakota Association put in a bid to host the 2017 Zone B Meeting.

Lisa Liska, NACS President Updates

There have been changes to the NACS board since convention; Tom Shelton, Treasurer accepted a position outside FSA and the board elected Ryan Lukassen as interim Treasurer. Ryan Lukassen was the Zone B representative and after moving to a specialist position in New Mexico (Zone A), Joseph Grier was appointed Zone B Representative and Kay McCoy Zone B Alternate.

Communications with the National Office and amongst the board will continue in the future mostly through conference calls. The NACS board will be going to Washington DC in late March early April to discuss topics one on one. Lisa also encouraged members to provide feedback on what we want our legislative role to be and how to go about it in the future.

Lisa continued to encourage new members to sign up for emails on the website as all newsletters and correspondence go by email now. Please emphasize the Resolution process and encourage members to submit resolutions on the website: www.nacs-fsa.org

We are “Re-branding” NACS-FSA, members will begin to see these changes on the website, in emails, Facebook, etc. Remember – 1st time members who join between now and May 31 can join for \$52.00 for the first year.

The Communications Committee currently includes: Mark Drewitz, Joseph Grier, Ryan Lukassen, and Becky Minter. **NACS needs a few more members who are not on the Board to help with the website and other duties.** Plus Mark Drewitz’s last day with FSA is April 29, 2016.

The 2016 NACS Convention will be held in Washington DC, July 10-14th at Patriot Plaza with rooms next door at the Residence Inn and near a Metro stop. Monday night will be the “Night Tour”, Wednesday evening the Banquet at an offsite location and Thursday morning will be a “Day on the Hill” for those that are interested in participating.

Jim Radintz,
DAFLP



FY15 was a great year!

- Highest number of FO loans ever
- Highest number of BF loans ever
- Highest number of Traditionally Underserved loans ever
- Over 6000 microloan OL's made
- \$1.365 Billion in Guaranteed OL Loans approved
- \$2.041 Billion in Guaranteed FO Loans approved
- \$1.25 Billion in Direct OL Loans approved
- \$1.007 Billion in Direct FO Loans approved

FSA FLP is USDA's single largest investment in Beginning Farmers at \$2-3 billion per year – no other agency comes close. There has been a huge shift in direct borrowers who are beginning farmers from 21% in 2005 to 54% in 2015.

Nationwide FSA's loan portfolio is as follows:

- Guaranteed Operating \$2.83 Billion
- Guaranteed FO \$9.77 Billion
- Direct OL \$3.50 Billion
- Direct FO \$5.20 Billion
- EM \$0.40 Billion
- Total \$21.7 Billion

This represents a 30% increase in loan portfolio from 2012 to 2015 while resources declined during that time. (In 2012 we had 1247 FLP Staff and in 2015 – 1068 FLP staff.) In FY16 we will have the same amount of OL, FO and Guaranteed Loan Funding as last year and we can ask for increase up to 25% because our programs are at zero cost. We are still waiting on Apportionment from OMB.

Mr. Radintz reviewed National Office's Goals for FSA- FLP:

1. Provide timely access to capital with emphasis on Beginning Farmers, Traditionally Underserved Applicants and Veteran Farmers.
 - a. Monitor performance in timeframes and assist underperforming states.
 - b. Manage loan funds effectively
 - c. Identify, remove and mitigate bottlenecks in our delivery system
 - d. Timely, technical assistance and support to Field Staff from the National Office
 - e. Achieve program performance goals.
2. Support engaged, motivated and expert workforce for effective program delivery
 - a. Develop and implement a succession plan for FLP headquarters. There are opportunities available for anyone who would like to go to National Office
 - b. Provide training resources to the field: FLOT, CFAT, FBP, FLC and PT Training
 - c. Workforce Engagement and Employee Viewpoint Survey initiative, HQ and Field
 - i. CFAT Contract has been signed will be computer based with interactive group exercises through a Chat Room. To begin enrolling FLOTs by the end of the month with 15 lessons over 4 weeks.
 - ii. FBP Training was launched within the last couple of months.
 - iii. The Update to the PT guide has a March 31st projected Release Date.
 - iv. Continuing Education for Loan Officers and Managers

3. Maintain Fiscal soundness to assure program sustainability
 - a. Conduct FLPRA
 - b. Appraisal Center of Excellence
 - c. Informal loan reviews – FBP assists with that initiative
 - d. Increase analytical capacity in support of proactive management
 - e. Emphasize loan servicing to assist borrowers in repayment
4. Innovate to enhance Program Delivery and increase participation in FLP Programs
 - a. Implement Microloan expansion by April
 - b. Online loan application system
 - c. Launch at least 2 pilot projects – moved to back burner
 - d. Use cooperative agreements
 - e. Collaborate with FP on NAP, FSFL, TIP and look for additional opportunities
 - f. Other special initiatives – land tenure.
5. Support producers experiencing financial challenges
 - a. Loan servicing refresher training for the field
 - b. Maximum use of flexibilities in loan servicing
 - c. Issue plain language borrower guide – tool to assist. It is being updated
 - d. Directives on priorities and business planning under current economic conditions
 - e. Promote mediation
 - f. Collaboration/cooperation with other lenders.



Key Thoughts from Vintage Leaders

Be customer-centric:

Never forget that applicants and borrowers are not number and files, they're people with feelings, hopes, emotions and dreams.

- Don't be fearful
- Plan for decisions. The plan should be the borrower's plan, not FSA's
- If we can't agree, make sure borrower understands why you think the plan won't work.
- Help people understand options and facts
- Try to avoid helping people "farm away" their remaining equity.
- Strive for win-win solutions
- Provide a graceful exit when necessary with dignity and respect

Employee Support: Remember the needs of the FSA Staff

- Training
- Mentoring
- Leadership
- Emotional Maintenance – listen reassure, remind coworkers they aren't alone, encourage

Use all tools and authorities

Remember – we provide Supervised Credit.

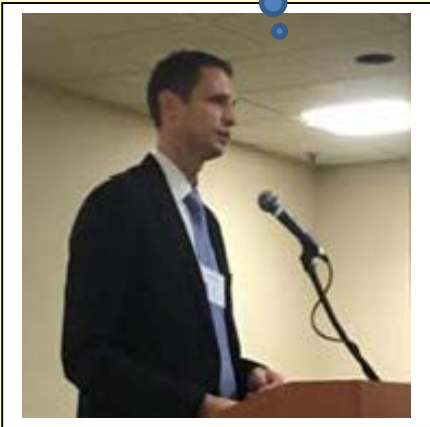
Mr. Radintz wanted everyone to remember to keep DLS – Loan making up to date with application status as they are monitoring applications on hand, especially any in excessive of 90 days from receipt without a decision.

Question and Answer session with Jim Radintz:

- Q. With regard to the treasury outlay, how sustainable are our zero cost programs currently?
- A. *Direct FO is in good shape. There is not much margin in the Guaranteed OL. The Tenure Working Group proposed waiving the guaranteed fee for Beginning Farmers, but the concern is this would put us below zero cost if we did this.*
- Q. With regard to bottlenecks, the concern is that FLOs presently stationed where they are not needed and getting them to go where they are needed – are there incentives that could assist with this available?
- A. *SED's have some flexibility – relocation bonus, relocation benefits. SED has a budget and has to make decisions on how to utilize the funds available.*
- Q. Is there a fact sheet concerning ECOA issues?
- A. *There isn't presently but he will take the suggestion back. Maybe need to emphasize it more in the PT Training, etc. They will discuss how to provide.*
- Q. Hot Topics Training to continue?
- A. *Yes – goal is every quarter. Next will probably be servicing.*
- Q. Can we put a reason for the delay in the remarks on DLS?
- A. *Yes, that is why they need the application section of DLS to be updated, because a lot of times the reason for the application on hand for that long is due to forgetting to input information into DLS.*
- Q. Is there going to be clarification on eligibility on the Online Apps?
- A. *Yes, there will be screening – hopefully, specific enough to tell a person that it appears you may not be eligible and you should talk to the County Office regarding specifics.*
- Q. Will there be National Microloan Credit Presentation Training?
- A. *Possibly. Any training would be on Hot Topics Training.*
- Q. What is the status of the main FSA Lawsuits?
- A. *Some class action suits still open but all claims processed. Pigford I – Closed; Pigford II – final stages; Keepseagle – not nearly as many claimants as projected; HWFCRA – out of litigation. CR Complaints are the fewest in the USDA – mostly communications issues and half are resolved through ADR.*
- Q. What about sending records to FRS?
- A. *Up to administrator, National Office Staff and our attorneys.*
- Q. Are FLOTs hired ceiling or non-ceiling?
- A. *Right now hiring ceiling. Did hire before non-ceiling so we could hire them and they did not take up an FTE slot. When an FLO position became available, then they moved into that position and the FTE went back.*

2015-2016 NACS-FSA Committee Members have been posted to the NACS website.
Start thinking about your new resolutions now...it is never too early to start!
Submit your resolutions online at www.nacs-fsa.org or contact any committee member.
They will be glad to hear from you!

Greg Diephouse,
DAFO



Mr. Diephouse expressed his thanks to the leadership of NACS and NASE and commended the organizations for the work that they do to improve FSA programs. Priorities for Fiscal Year 2016 as discussed with SEDs:

1. Serving Existing Customers
 - a. Farm Bill implementation – administering ARC-CO, ARC-IC, PLC, CRP, Disaster Programs, NAP, FSFL and Loans
 - b. He congratulated Farm Loans on a record year accomplished with short staff. He stated hopefully this work was reflected in the Performance Awards that were made available.
2. Reach new customers
 - a. Farm Loan Staff is the “Tip of the Spear” with their outreach into new communities and bringing new customers in.
 - b. When we think of “New Customers” we think of Farm Loans
- c. Encouraged Farm Loan Staff to “sell” FSA products
 - i. NAP – increase signup by 10%
 - ii. FSFL – more commodities now covered with increased opportunities
 - iii. Streamline FSFL Program & Offer mobile storage (FSFL)
 - iv. “Package” services USDA wide
 - v. Every state needs a plan for translation, etc.
 - vi. Cooperative Agreements - \$2.5 million to partner with Non-Profits to provide technical assistance and provide service in cooperation with FSA
3. Innovation in Service Delivery
 - a. Bridges to Opportunity – add 15 additional states to the current 5 pilot states for a total of 200 offices in 20 states piloting this program
 - b. The idea is to treat the customer “holistic” and serve as a point of contact for information on our programs and link customers to other USDA programs. An example would be Avian Influenza – FSA needs to provide fact sheets, links to Aphis, and Extension for programs for recovery – and provide a “Customer Summary”
 - c. Customer Summary would serve as the customers Receipt for Service.
4. Developing and Investing in Our Workforce
 - a. Each state is required to have a Workforce Engagement Plan to
 - i. ensure employees have the information they need
 - ii. Leaders are responsive to employees’ needs
 - iii. Provide performance feedback
 - iv. Recognize high achieving employees
 - v. Deal with marginal and unacceptable performance
 - b. National Leadership Training Initiative for FLM’s – approximately half have completed this training, which represents an investment in our workforce.

- c. Working on an “Aspiring Leaders Program” for Program Technicians – it would be a voluntary and possibly competitive opportunity for PT’s to build leadership skills
 - d. Customer Service Training for PT’s – this would be similar to the “Counter Skills” Training presented in the 70’s-80’s.
 - e. District Director Mentoring Program
 - f. Succession Planning – 450 vacancies in GS last year at this time – now 242 vacancies – most of the new positions are FLOT’s. Need to find a way to bridge the Succession Gap – and get new staff trained.
 - g. Biggest challenge in FLP is staffing resources. We hired 366 GS staff in FY15, but lost 209 GS Staff in FY15. National Office is looking at jump teams, Overtime for areas where processing times are high.
 - h. Key PT’s – 14 GS Key PT’s were hired nationwide. 84 CO Key PT’s nationwide.
5. Improving Operations – Streamline
- a. Printers – MPS is here to stay – Version 1 didn’t work well. Version 2 we hope will work better – scheduled to arrive late Summer 2016.
 - b. IT – Explained Issues as follows:
 - i. Many of our applications are hosted on the Government-owned and –operated Server called NITC – National Information Technical Center. When NITC goes down our apps go down. Question is: move? Or improve?
 - ii. Applications are either COTS (Commercial off the shelf) packages or homegrown programs written by FSA staff – both get errors and bugs.
 - iii. “Last Mile” of Bandwidth – don’t have %- 1 lines sufficient to support our apps. NO is optimistic here because we spend money upgrading these each year – might be able to resolve
 - iv. CIO, Larry Grose, who was just hired last spring has left for another position. NO is working to hire a new CIO hopefully within the month.
 - c. Opportunity For Input – NO is developing a Steering Committee, which will be a way to make sure we have a mechanism for input from the field and that programs fit what we need.
6. FY 16 will begin the winding down for appointees and different ones will take their places in FY17. It is Mr. Diephouse’s sincere hope that they will leave FSA better for the time they’ve been working in the agency.



Question and Answer session with Greg Diephouse:

Q. What about budget allocations?

A. *Approved a memo previewing each state's budget and it is out to states. Budget allotments are forthcoming, but the Agency's apportionment has not yet been received. All in all Mr. Diephouse feels good about funding for the states – travel, training and outreach as well as standard funds for COC, equipment, supplies. He also feels good about the President's FY17 budget.*

Q. What is the status of the Furniture Refresh Project?

A. *Mr. Diephouse stated they had \$10 million to invest at the end of FY14. It took a while to get funds out to the field, but gradually they are being disbursed and NO has a reserve. If you need furniture under the furniture refresh program – Request it.*

Q. What is the timeframe for equipment out to the field?

A. *Printers are covered under MPS, plus NO has a Blanket Purchase Agreement for interim printers.*

Q. Can you explain the leasing process associated with office space?

A. *Secretary Vilsack placed a big priority on resolving "Holdover Leases". 99% of holdover leases have been resolved. The idea is to divvy up leases among NRCS, RD and FSA field offices. NRCS will do more leasing. More RPLO's are needed and this issue is being worked on.*

Q. Can you comment on the hiring process and why we have so many Agricultural College Graduates falling through the cracks and not making the register? Plus, by the time we can off them a position, we've lost them.

A. *Mr. Diephouse acknowledged that we hired a lot of FLOT's, and the time between advertising and onboarding is improving. The problem is the quality of the Certifications.*

Q. Have you seen improvement in the hiring interval?

A. *Close to 80 days and still improving. This has been HR's biggest focal point.*

Q. Can you expand on how to apply for a government job?

A. *Applicants need to provide longer resumes – one page doesn't suffice.*

Q. What is your strategy for retaining FLOTS?

A. *Mr. Diephouse would appreciate hearing from the field regarding ideas for Retention Policy. This is a critical issue for farm loan staff. One strategy is to work to make FSA the best place to work. Employee Awards and Performance-based Awards are also part of the strategy.*

Q. Does each state have an Overtime Allotment?

A. *No, not yet. NO is hoping to work through each state's salaries budget, etc. But Overtime is available where needed.*

Q. Where are we at on Environmental Training for National Environment Coordinators?

A. *Later in the summer.*

Q. Applicants for FLOT positions – the questions require that they need to complete their degree before applying, so we lose them to other positions – Problem?

A. *Mr. Diephouse suggested utilizing the Pathways Program, consider more internships; in "hard to fill locations" work to hire from that area and adjust the requirements to the need.*

Q. Will there be funds for Contracting YEA's, FV's, etc. – Type 60 funds?

- A. *Ran out of funds last FY due to surge in Real Estate Appraisals. There is no change in the funding levels of Type 60 money for FY 16, but they are somewhat hopeful that with microloan authority there may be fewer appraisals. They are hopeful that there will be more funds in FY17 budget.*
- Q. Can we clarify duties and standardize and/or train the Non-profits with which we will have Cooperative Agreements? Concern is they may be out of control and not helpful.
- A. *Yes, comments regarding this issue are appreciated. NO will consider setting up the Cooperative Agreement like a contract.*
- Q. Would you consider allowing a state to hire a full-time chattel appraiser?
- A. *Presently there is no position description and generally we look to contracting to handle this function. This would ultimately need to be a discussion between the Chief and State Executive Director*
- Q. Where are you at on Leadership Training?
- A. *Halfway through.*
- Q. With USAJobs, does the grade selected limit the grade you're hired at?
- A. *Discussion regarding selecting a 5 on USA Jobs, qualified for a 7 (had been a 6 position), not on the 7 certification.*
- Q. Where can we as an Association assist with Workforce Engagement?
- A. *Provide input in programs and initiatives; bringing new ideas; States need to have Workforce Engagement Plans and you can make sure employees are involved in those plans; Feedback from the ranks is essential.*
- Q. Key PT Position – was there a suggested ratio between GS and CO?
- A. *The notice said GS Key PT's shouldn't exceed the number of CO PTs.*

McAllister & Quinn

On Saturday morning, Andy Quinn of McAllister and Quinn presented to the membership updates via Skype. Andy provided positive feedback of the meetings "Ag Lending 2015" held in Washington DC. Andy provided updates on key areas of focusing for NACS.

1. Increasing direct loan limits from \$300,000 to \$500,000
2. Work to abolish Direct Loan term limits – National Office prepared a comprehensive report. Presently 5200 producers have reached term limits with an additional 500 to lose eligibility. Producers who graduated years ago are returning as their bank will not lend funds due to this economic downturn. We are working to encourage Congress to be proactive and act now
3. USDA Reorganization – every Secretary has a reorganization plan. This administration will not implement, but the next one may and we need to be proactive.
4. Continue outreach – talk to more groups such as the Western Growers Association and the National Farmers Union.
5. Will be seeing NACS a lot more in the press – this hopefully will encourage more active membership participation.

The Board voted to move forward and allow the legislative committee to pursue the supporting increased guaranteed loan limits along with increasing direct loan limits.

NFAOC presentation via live meeting with Cindy Haas and Sharon Sachs

The mission of NFAOC is to provide expert financial and portfolio management support to FSA/RD. FSA has a Service Level Agreement with NFAOC to perform all servicing and accounting tasks. All contact information is located in the IFLP Handbook Accomplishments over past year and current activities:

- Reduced auto-EFT Validation timeframe decreased from 14 to 3 days
- Implemented multiple co-borrower project
- Microloan Project – target April 2016
- Additional projects depend upon GLS for programming software
- Conversion from ASP to JSP – old ASP had security issues, harder to maintain and eventually will not be supported by Microsoft. This will happen in multiple phases, Phase 1 – borrower screens in March

Hot Topics:

- Check Requests – 4A and 4D – don't do a check request in DLS on the same day you do a 4A or 4D in DLS. The check will not get disbursed. A 4A is a change for a specific loan. A 4D is a change for all loans.
- Withdrawal of loan applications Farm Servicing Branch cannot withdraw a loan application – see DLS Loan Making/Servicing Guide Section 4.5.3, checklist 4.15.
 - Application cannot be withdrawn if funds have been advanced.
- ECM Request – duplicate ECM Items: do not submit item again. Do not submit to technician directly. Send an email with Folder# in the Subject Line with a cc to Cindy Haas, Sharon Mull
- NRRS – NFAOC does not have access to NRRS – you must contact KCMO.
- IT Issues – contact IT support Staff

Question and Answer session with NFAOC:

Q. Can you provide an update on the Annual Statement Issue?

A. *Isolated to 463 borrowers nationwide; isolated the source of the problem and will run the report again and should be corrected by next week.*

Q. If a borrower has a payment correction, will they receive a corrected 1098?

A. *Any corrections made between 1-8-16 and 3-31-16 will be mailed in April.*

Q. How do we handle multiple transactions in one EFT? Example – local sale barn sending multiple EFT's for borrowers.

A. *They are working on a modification to get line items on the EFT.*

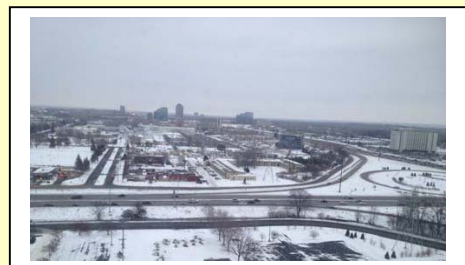
Q. EFT Trace number? Asking for a simplification to borrower's name?

A. *Have to ask specifically for that record.*

Q. What do we do about February 1 Payment notices being delayed?

A. *Isolated incident – if you have another incident, please let them know.*

Total ECM Items Received 5050			
Complex cases	1092	Obligations	
2321			
Bankruptcies	71	TOP Refunds	115
FSA 2429	759	Production Items	692



Committee Updates

Farm Program Committee Report

The FP Committee received responses from the National Office and the committee had a teleconference on February 9, 2016 with Raellen Erickson, Director of Price Support Division and her staff to discuss these resolutions. The National Office and committee responses will be placed on the NACS website for members to review. We encourage every NACS member to visit with their local Farm Program staff to find areas of concerns that could be presented to the National Office FP staff as a resolution.

Tiffany N Grody, Chairperson

Farm Loan Program Committee Report

The Farm Loan Program Committee has been intermittently reviewing Federal Register postings and proposed regulations since the 2015 National Convention. The National Office responses to our FLP resolutions was received and follow up was completed with the final report posted the NACS website. Please continue to submit FLP resolutions through the NACS-FSA website – your suggestions are the heart and soul of this organization. Contact me or any member of the FLP Committee with comments, suggestions, or discussion points. We look forward to seeing all of you at zone meetings and the national convention.

Denise Lickteig, Chairperson

Management/Personnel Committee Report

The committee received responses from the National Office and completed a committee call on February 4, 2016, the report will be posted to the website to finalize the 2015 resolutions. Each member is challenged to develop resolutions for this year's convention.

Jason McMillin, Chairperson

Membership Committee Report

The committee has created new promotional documents for NACS, including a summarized informational sheet, and a flyer promoting National Convention in Washington, D.C. These items should now be available on the website. The committee has held monthly conference calls with Jill Colgan of McAllister and Quinn, who has helped create these materials, provided insight on promotional giveaways, and designed supplemental NACS logos and taglines. We are currently working on the campaign to “rebrand” the association as a leadership training, geared toward the new-hires and answering the question “What does NACS do for me?” It continues to be the committee's goal to provide the tools necessary for states recruit new members, especially as the agency is heavily hiring more FLOTs.

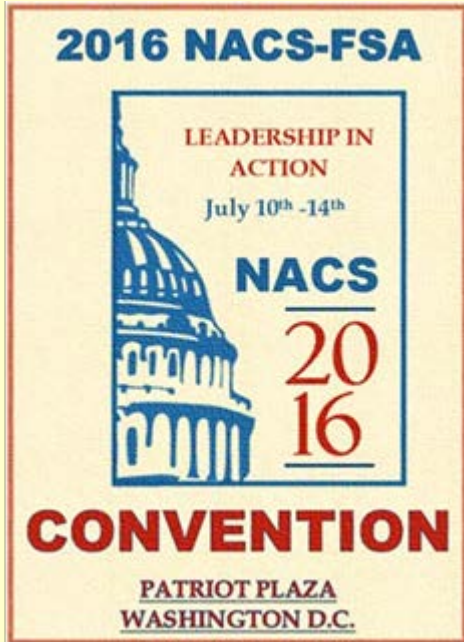
Kaiti Steckman, Chairperson

Information Committee Report

The NACS IT Committee met with National and Finance Office via teleconference on January 19, 2016. We had 15 resolutions that were discussed. A few of the concerns had already been addressed or are currently being addressed with planned updates and releases. Others were met with positive input from NO and FO. Those representing NO and FO on the call seemed very eager to hear our concerns and excited for the opportunity to hear our concerns directly. IT Resolutions with NO and Committee responses are posted on the NACS website.

Becky Minter, Chairperson

Visit www.nacs-fsa.org to review resolutions previously submitted and submit new ones.



NACS Board

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MARK YOUR CALENDARS NOW!!!

NACS-FSA/NASE /NADD
NATIONAL CONVENTION
Washington, D.C. July 10-14, 2016

Registration Form for National Convention
will soon be posted on the
NACS-FSA Website.

To wrap up the meeting, the floor was
opened up for NACS officer candidacy
Announcements.

Joseph Grier declared his candidacy for
Zone B representative.

Appreciation was shown to the Minnesota
NACS delegation for hosting an excellent
Zone B Meeting