

# FARM LOAN PROGRAMS

FY2023 – FY2025 Priorities:

*Modernizing to better support our evolving customer and employee needs*



# Background

Farm Loan Programs, within USDA's Farm Service Agency, has a mission to effectively, efficiently, and equitably serve U.S. farmers, ranchers, and producers seeking support for their operations. FLP has a **\$33 billion** direct and guaranteed loan portfolio and serves more than **115,000 farmers and ranchers** across the U.S. and in its territories.

## FY22 Obligations

**FLP provided credit totaling \$5.7B:** Direct credit of \$2.7B and guaranteed credit of \$3.1B.

## FY22 Portfolio Unpaid Debt & Borrowers

Loan Portfolio - As of September 30, 2022		
Program	Amount	Borrowers
Direct Loans ( <i>principal + interest owed</i> )	\$ 15,507,736,146	87,268
Guaranteed Loans ( <i>principal owed</i> )	\$ 17,506,789,007	37,790
<b>Total*</b>	<b>\$ 33,014,525,153</b>	<b>125,058</b>

\*This total includes duplicated borrowers, which are borrowers with both Direct and Guaranteed loans.

# Impact

For all borrowers, their families, and the communities in which they live and operate, Farm Loan Programs (FLP) is **expanding economic development**. For example, in FY20201:



For **every job that Farm Loans supported** through a borrower's spending, **another 0.65 jobs in other community businesses** was supported.



For **every \$1 this same spending added to GDP** through the borrower's direct spending on goods and services, **other nearby businesses added \$1.29 to GDP**.



Finally, for **every \$1 in sales** from a borrower's spending on goods and services, **another \$1.32 in sales was made by other businesses in the region**.

\*Source: FPAC/EPAD analysis of IMPLAN's FY2021 USDA data.

# Strategic Priorities

## FY2023-FY2025

FLP's six strategic priorities represent a **focus on the future by** building on existing capabilities to **strengthen the quality and reach** of loan services in midst of **rapidly evolving realities** for all stakeholders within the sector. Activities supporting these areas must **work in concert with one another**, acknowledging the **interdependence** of these priorities to achieve **holistic and sustained** outcomes.

### 1. Access to Capital

*Equitably serve and empower all borrowers to start and grow a successful operation through improved customer experience*

### 2. Modernized Customer Experience

*Support modernized and flexible operations to enable superior customer service, allowing borrowers to reliably transact how they want, when they want*

### 3. Valuing Employees

*Support hiring, retention, diversity training and engagement, provide resources to perform effectively and partner with customers, and take satisfaction in delivering programs that help customers fulfill their dream to be a farmer, support the farm economy, and feed the world*



### 4. Land, Air, and Water Stewardship

*Support conscientious stewardship of our lands to protect families and communities*

### 5. Mission Policy Accelerators

*Develop and implement enabling policies and tools to strengthen borrower assistance and foster more successful farmers and economic development*

### 6. Data-Driven Decision Making

*Effectively harness FLP's vast data to improve data-driven decision-making for efficient program delivery and continuous risk management*

## Underserved Community Impact

*\$3.5B in loans made or guaranteed in FY22 to underserved producers*



FLP is using training, technology and analytics improvements to **equitably serve and empower all borrowers**, providing improved **customer experience** through **accessible** and **easy-to-use** services.



### **Increase support to underserved communities**

Prioritizing resources for Diversity, Equity, Inclusion & Access (DEIA) to better support loan applicants and borrowers



### **Foster wealth building**

Developing policy papers for decisionmakers intended to promote borrowers' expansion and improved management of their financial capital; using current loan making and servicing flexibilities where administratively possible to achieve this



### **Leverage tools and technical assistance**

Creating access to information, tools and networks for customer to have increased opportunities for success, including loan application automation, risk management tools, and technical assistance NGO resources



### **Workforce training**

Empowering our employees to interact with customers in a more effective problem-solving manner and create opportunities for community building; giving them training and educational toolkits to standardize program delivery and knowledge resources to customize solutions



# Modernized Customer Experience

## Community Impact

*Simplified Direct Loan Application  
projected to save customers avg.  
2 hours 40 minutes (50% reduction)*



FLP is investing in its **tools and technology** to support **improved access, efficiency, ease of use, and functionality** of its services for **customers and staff**



### Enable a technology-driven customer experience

Deploying process automations that return time to staff to focus on customer service and improved outcomes



### Develop a resilient infrastructure for future preparedness

Supporting staff through a remote working task force and COVID-19 field office guide



### Provide technical assistance

Empowering borrowers to improve outcomes through 3rd party vendors



### Improve customer satisfaction

Surveying customers and non-customers quarterly beginning in Q4FY22 to measure their experience with FLP employees, communication, processes and technology

# Valuing Employees

## Workforce

50% of Loan Officers and Supervisors (1165 series) are eligible for retirement in FY2027

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23% of FLOTs separate with an average 1- year length of service with FSA



**Employees are FLP's most important asset**, with support for their wellbeing, training and development being essential to implementing complex programs and providing superior customer experiences

1

### **Demonstrate a commitment to Diversity, Equity, Inclusion, and Accessibility in the workplace**

Provide data, transparency, and action to further Diversity, Equity, Inclusion, and Accessibility within Farm Loan Programs

2

### **Effectively plan and project current and future workforce needs**

Determining how FLP's workload and work environment will change and what impacts that will have upon its workforce, including roles, skills, competencies, and organizational structure.

3

### **Attract talent in both the field and headquarters to further FLP's mission of helping borrowers and supporting the farm economy**

Creating a strategic talent acquisition plan that sources and recruits a robust and diverse workforce as FLP modernizes.

4

### **Curate, develop, retain, and engage to empower staff and optimize organizational effectiveness**

Developing talent strategies and refining the FLP workforce experience across the talent lifecycle to support FLP's and its customers evolving needs.



*FLP is acting to:*



# Land, Air and Water Stewardship

## Domestic and Global Food Security Impact

*More than 115,000 farmers and ranchers receive FLP loans to provide food to their local communities and feed the world*



FLP is providing **access to capital and resources to invest** in technologies and empower borrowers to implement climate conscious practices for **sustainable management** of lands and communities, and support domestic and global **food security**

1

**Promote conservation practices**  
Making and guaranteeing loans to help protect natural resources

2

**Finance climate and food security technologies**

Providing capital for farmers and ranchers to invest in technologies such as precision agriculture

3

**Connect borrowers to the right resources**

Creating educational toolkits to help customers access resources on climate conscious practices and to use FLP loan programs if credit is needed

4

**Metrics to track impacts**

Developing methodologies and automated capabilities to gauge participation and outcomes of lending for equipment and conservation practices

*FLP is acting to:*



# Mission Policy Accelerators

## Beginning Farmer & Rancher Community Impact

Two-thirds of Direct Loan borrowers are Beginning Farmers and Ranchers, or more than 56,000 producers



FLP is **developing and refining its policies** to align with **current and emerging mandates**, and **enable strengthened growth and sustainment** of America's farmers

1

### North Star alignment

Operating every day in support of customers because when they succeed at reaching their goals, we succeed (adapted from *Measure What Matters* by John Doerr)

2

### Technical Assistance to Congress

Identifying needed statutory technical changes and analyzing potential policy changes the Hill may request for 2023 Farm Bill or other legislation

3

### Focus teams

Using standing working groups to focus on broad and long-term mission purpose and emerging mandates, including DEI, automation, environment, policy/operational improvements

4

### Tailored customer service

For loan applicants, existing borrowers and employees, developing tools and processes more customized to a customer's business/operational, loan servicing, and technology needs

FLP is acting to:





# Data-Driven Decision Making

## Community Impact

*Analysis of Direct Loan applications' high withdrawn rates (26% in FY22) led to development of the Loan Assistance Tool*



FLP is strengthening its **application of data** to continuously **inform and adapt mission delivery** to meet the **evolving needs** of its customers and improve continuous **portfolio risk management**

1

### Metrics to achieve improvements

Measuring outcomes to identify opportunities and pain points; using process metrics to pinpoint where attention is needed, testing options, and achieving meaningful change

2

### Integrate data science with frontline needs

Pairing data science and automation technologists with field staff and customer focus groups to ensure data and technology improvements meet business needs

3

### Develop resilient operations

Using data-driven insights to improve operational effectiveness and efficiencies, hiring and training during a time of rapidly evolving realities

4

### Empower borrowers with forecasting and risk management tools

Enabling borrowers to improve farm operations by providing business analysis information and tools such as benchmarking against peers



*FLP is acting to:*

# Operational Plan Initiatives Supporting Strategic Priorities

January 2023 – June 2024



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## Access to Capital

- Develop 2023 Farm Bill and other legislative proposals
- Implement Inflation Reduction Act, Section 22006, to provide payments and loan modifications to distressed borrowers
- Train employees to implement Farm Bill, IRA and other policy changes



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## Modernized Customer Experience

- Review Quarterly CX Survey results and plan follow-up actions
- Implement Online Direct Loan Applications
- Implement Online Direct Loan Payments
- Implement pilot for 3rd party technical assistance
- Implement simplified Direct Loan Application, per E.O. 14058



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## Valuing Employees

- Conduct analysis of banking industry salaries for comparison to FLOs
- Assess/implement salary and other incentives for improved hiring and retention of employees
- Reengineer and simplify business processes, improve analytics and efficiencies
- Expand and standardize training and mentoring, mindful of succession needs

# Operational Plan Initiatives Supporting Strategic Priorities

January 2023 – June 2024



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## Land, Air & Water Stewardship

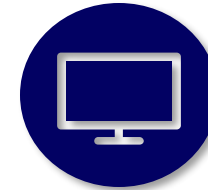
- Implement toolkit for customers and employees describing use of loan products for smart-ag practices and equipment
- Reengineer systems and processes to collect data on smart ag financed by FLP



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## Mission Policy Accelerators

- Implement FastTrack under writing pilot to expedite processing about 25% of Direct Loan applicants
- Examine/modify performance metrics to determine if they align to policy and operational goals
- Support replacing the accounting and transactions in PLAS to have a reliable and agile system for full business process reengineering, IT modernization and to implement legislative changes



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## Data-Driven Decision Making

- Complete data models using historical evidence of borrowers' restructures and financial ratios to inform policy/operational changes and predict those most likely to need technical assistance
- Assess internal control results to update regulations/handbooks and employee training
- Continue replacing static reports with interactive and widely accessible dashboard-like formats