

# 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

&

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

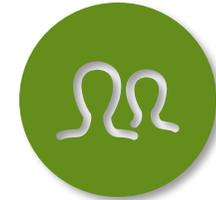
- Develop 2023 Farm Bill and other legislative proposals
- Implement Inflation Reduction Act, Section 22006, to provide payments and loan modifications to distressed borrowers
- Train employees to implement Farm Bill, IRA and other policy changes



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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