



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

## June 2010

**REMINDER:  
NATIONAL CONVENTION WILL BE  
HELD JUNE 21-23, 2010**

- Submit any resolutions you have online or to the committee member
- Consider serving on a NACS committee – survey on web site
- Contact your state delegates with comments/concerns that you may have
- Contact your state delegates with your thoughts on the proposed changes to the Constitution posted on the NACS web site

**THE 2010 ANNUAL REPORT IS POSTED  
TO THE NACS WEB SITE AND  
CONTAINS:**

- Final Committee reports with National Office responses and NACS discussion
- Minutes of the NACS Board Meetings
- Lists of Past Presidents, Blood Sweat and Tears winners and Honorary members
- NACS Constitution and Consultative agreement

**NACS BOARD MEMBERS TRAVEL TO  
WASHINGTON DC**

The NACS board (officers and Zone Reps) traveled to Washington DC May 2 -6, 2010.

On Monday May 2, 2010, the Spring Board Meeting was held. The emphasis of this Board meeting was to plan for the upcoming National Convention in June. The minutes of this meeting can be found in the 2010 Annual Report which is now posted on the NACS Website; [www.nacsfsa.net](http://www.nacsfsa.net). The Board did propose 2 Constitutional Amendments which will be voted on at the Convention and these can also be found on the NACS website. Make sure and look these over and get your comments to your State Delegates.

After the Board Meeting was completed, Board members met with Andy Quinn to discuss legislative issues. Items discussed included funding, limiting the impact of the Pigford case to the field employees, term limits, and attrition planning for FLP.

On May 3<sup>rd</sup>, the Board met with the Rural Coalition which is an advocacy group that works closely with small and minority farmers. We discussed common concerns such as funding, proper training for farmers and adequate staffing to outreach to small and minority farmers

On May 3<sup>rd</sup>, the Board began the meetings with the following National Office staff:

Jonathon Coppess, Administrator

- Mr. Coppess will begin by accepting our invitation to attend our convention in Maine

- He again emphasized that he is impressed with the talent and dedication of our employees
- Funding is being worked on
- Training – with the limited budget continued training is tough, Jonathon said they tried to get as much training funds to the field, but with the current fiscal position, it is difficult; will continue to use webinars and Aglearn to supplement but not totally replace face to face training
- Mr. Copes asked if we felt communication was improving and the Board responded that they felt progress is being made. He also emphasized that modernizing the IT systems was important and the FLP is much further along in this area.
- He has increased the number of non ceiling FLOTS on board as a start to attrition planning
- In the discussion of the civil rights cases, he reminded us that we cannot fix what happened in the past, but can only work harder to make sure it is not happening now and find a way to put this behind us. He understands the concerns of the employees, but does not have a good solution right now.
- The FLPRA review process was discussed; Chris said it should give more flexibility; also discussed publishing National FLPRA reviews. Explained that the National FLPRA is to gauge the management of the STO staff and the State FLPRA is to look at the County offices. Credit Quality reviews are where the files are looked at. Chris agreed that there could be better coordination between STO and WDC regarding reviews
- Training – again is a budget issue
- Communication – Chris and Brandon are participating with the DAFO in doing State of the State calls with the SED and all GS 13's in the state. The calls are going well
- Chris reminded us of the opportunities to work in the National Office: Veldon Hall's job in Loan Servicing, the Asst Deputy Admin of Farm Loan program and also Mark Falcone's job. Some of these jobs could include teleworking.
- 1165 Study – Chris has received it, but has not completed reviewing
- They are looking at a 5 year Line of Credit for Direct Operating Loans, but not sure of the timeline for this
- Discussed the concern of the FLP EFT process taking 14 days which delays loan closings in some cases, Chris will refer to FLP Steering committee and will check into.

Chris Beyerhelm, Deputy Administrator for Farm Loan Programs

- Non Beginning Farmer loan funds will be short even after pooling, appears we will also run out of Guaranteed funds, but should be able to fund all FO's before October 1<sup>st</sup>; not sure if there will be additional funding
- Loan making has been up 50% this year and servicing up 40% and appears this level will continue for 2011
- Have 90 non ceiling FLOTS hired now, working with HR to be able to fill positions before vacated to help with training
- Discussed the FLP Field office structure, Chris knows that in the future will need to redistribute FTE's on a National basis and asked what we think should be considered; geography, number of counties, kinds of loans, complexity of programs?
- Discussed Loan Approval levels and that NACS supports increasing them, Chris will consider
- Discussed FLP workload and our suggestion that if a loan is performing for 3 years that there could be reduced credit analysis and servicing required. He stressed that we need to continue to

monitor security and that if there is not staff, travel funds or time to conduct inspections, then this should be documented in the file

- Discussed the new payment system, Chris feels that this should be fixed and in the future FLP should have input on issues like this
- Discussed the difficulty to get easements for wind turbines, Chris plans to work with National OGC to make it a priority for the Regional OGC offices and continue providing the 2 week turn around In the National Office, if it goes to the field, will require more appraisals and environmental assessments, so not a good option
- Chris also brought up his proposed changes to the 2040, will send Mark a copy of the proposed forms.

#### Phil Short, Deputy Administrator of Management

- HRD Transformation – FSA is working on, Jackie Whitaker is now head of HRD and has been working with both the WDC and KCMO staff. One of the goals is to have GS employees on duty 80 days from the advertisement closing.
- Also, jobs can be advertised when someone has committed to retiring, do not have to wait for them to retire
- Policy will be posted on the DAM site in the future instead of issuing notices, hope to have a policy on the use of GOV 's posted by June

#### Karis Gutter, Deputy Administrator of Field Operations

- Discussed what is the best way for NACS to get their resolutions through to the correct WDC staff to answer, Karis stated that Rick Pinkston and the DAFO staff could do this
- FLP field office structure- have allowed states to work within their own budgets

and encouraged SED 's to work with the FLP chiefs; since do not have workload information, can only look at numbers and rely on the states suggestions. When asked if 1165 should be driving these decisions, he said no, it should be business decisions and how to best serve the customer

- 14 States have completed the State of the State calls, they are being completed in the order that the National office received the questionnaire that the SED's completed
- Discussed attrition planning, in FY 10, added 22 non ceiling FLOTs and 26 non ceiling COTs and will continue to support this. Another added challenge to that may be that we may be capped on FTE's for the next 2 years, but Karis wants to maintain 96 non ceiling FLOTs and 112 non ceiling COTS even if this happens
- Discussed some states not allowing relocation for employees; it does come from the State budget, but he will be looking at this.
- Also looking at a National level Share point as a way to disseminate policy without issuing notices

#### Nancy New, Pixie Greer, Galen Van Fleet, Teresa Martin, Bruce Peters and Gail Wargo, PDEED Division of FLP

- Discussed Classification concerns – it is a loan making issue and Nancy suggested NACS submit a resolution
- Discussed problems with FLP customers being deleted out of SCIMS; FP is in charge of SCIMS, Kathleen is the FLP contact; 1 CM states that customers cannot be deactivated without talking to FLP, but it is not working.
- Payment problems – Tammy Wilson is the FLP contact
- DDOORS is being updated based on recommendations from NADD

- FLOT manuals were updated to include DLS and other changes
- New appraisal software has been purchased (AgWare), had been tested in 3 pilot states with no problems, is laptop based, not web based
- Updating EM Training Manual
- GLS user guide being developed
- Developing AgLearn courses on how to write rejection letters, Administrative reviews of appraisals, and continuing education for loan officers
- The DLS training using Net Meeting was successful
- Will be updating PT Training Guide soon
- 12 National FLPRA's have been completed; biggest issue is that YEA's and security inspections are not getting done
- FBP changes out soon, but NACS resolution to let personal debt flow to I and E will not be out until next fiscal year due to budget

Veldon Hall, Mike Compton, Craig Nehls and Sheila Oellrich, Loan Servicing Division of FLP

- DLS – there have been a number of enhancements requested, will need to prioritize; has developed a future reminder report which should be out soon
- Changes will be coming on the Customer profile and some type of training will be provided
- Discussed the limited resources to get all the work done and if there is relief that could be given in some areas; Veldon did not feel they can give any relief on servicing with the current ag economy environment especially with any tasks that could affect potential losses. This FY, we have run out of Loss money for Guaranteed loans, already used \$30 million. Veldon did state he would be interested in what we

consider “busy work items” that they could look at.

- Discussed the reg that requires that borrowers who cease operating a farm for 3 years are in non monetary default and should refinance and with the current ag lending environment, this is difficult Veldon said they would be willing to grant exceptions and have not rejected any requests for this.
- Discussed the Wind Easement problems and he restated that there are issues since we do not know exactly where they will place them, we need to appraise the whole tract and also do an environmental impact on the whole tract

Mike Hinton and Bob Bonnet, Loan Servicing Division of FLP

- Funding is going to be a problem for the rest of the year, but it does look like we will get all FO's funded by October 1<sup>st</sup>
- Looking at expanding LoDoc loans to include people who have paid 3 years. NACS expressed to Mike that we would also like to see a “LoDoc Credit Presentation” to help expedite processing of these type of loans.
- Also working on the Direct LOC for 3 years – if pay back the OL, then do a cash flow and YEA and advance for next 2 years – not sure if will be out by 2011 year though
- Brought up increasing Loan approval authority levels and they will look at it
- Discussed Loan processing goals – States should not be using the same goals for each office

Jim Gwinn, Chief Information Officer

- Jim introduced himself, came from the private sector (retired from Verizon) and been here almost 1 year, his main

goal is to get FSA technology brought into the 21<sup>st</sup> century

- Would like input from NACS of what the top 5-6 things to replace/upgrade
- Looking at rolling out Enterprise Messaging Services
- Would like to replace phone systems (most phones 1995-1999), will cost 9.2 million and the budget only allows \$200,000
- Plans are to upgrade all STO T-1 lines to a bonded T-1 line which will double capacity
- Discussed video conferencing, he is concerned it was not deployed correctly with little or no training
- Is working with the Department and it had funding to purchase 650 servers, sent them out, but most are not ready to be installed
- Brought up the concern of the slow laptops – Office 2007 does make it slow, need more memory for it to run, will work on
- Again wanted to know what we consider our basic needs, for example the life of a computer is 5-7 years, we need to be ready to replace

Ricky Valentine, Budget Director and Heidi Ware, Bob McGrath and Vicki Larson

- Ricky is new to the Agency; he spent 26 years in the Air Force and retired as a Colonel. He had been comptroller for the Air National Guard and is used to do dealing with the states.
- Discussed training budget – in 2010, funds were given to the States for training with only a small portion in the National Office (NO budget was cut in 1/2). May not do this in 2011, may control a little more in the National office
- Discussed States not wanting to pay to relocate employees, allotments for relocations went to state so if don't use

for relocation the state would be able to use for other things. This is something that they will look at also. Agreed that paying relocation is important

- ARS should be out Pay Period 12, will not come out over the 4<sup>th</sup> of July, so if delayed, will be Pay Period 14; training will be on the BPMS web site, Ag Learn, Webinar and FAQ's. There will also be a development site for people to try.
- The ARS data will begin to have validity after 1 full fiscal year and then should continue to improve. They are hoping to have good data for the 2012 Farm Bill.

Brandon Willis, Deputy Administrator for Farm Programs, Craig Trimm and DeAnn Allen

- Discussed that the reports available for the FSFL loans do not allow for continuation of UCC's at the 10 year mark now that we have 12 year loans – that is correct and will not be fixed until FSFL software goes to the web which is part of the Midas project
- Discussed the FSFL handbook and the FSFL checklist, Brandon agreed that it should not take 2 years to get the revisions out and after discussion, DeAnn Allen said that the checklist could be posted in a couple of days (which it was) and that if Brandon supported, the revised Handbook could be issued sooner than July. The revised handbook was issued May 12, 2010. NACS is appreciative to DeAnn and Brandon for expediting this process.
- Brandon and Craig updated us that by the end of summer, all the 2008 Farm Bill programs which are funded will be out for implementation.