USDA
South Dakota Farm Service Agency

South Dakota Farm Service Agency
SED and STC Plan

Final Plan (September 7, 2007)

In January of 2006, Administrator Teresa Lassiter asked all State Directors to analyze the effectiveness of the FSA delivery system in their individual states. Since that time the State Executive Director and the State Committee have sought input and information from all available sources. Discussions have been held with employees, producer groups, community groups, private citizens, County FSA Committees, other USDA agencies, congressional staffers, and all other groups or individuals who asked to be part of this public process. Objective research was done comparing the statistics and efficiency of all county offices in South Dakota. Official public meetings were held in the four communities previously announced for consolidation. They included:

1. Campbell County-Mound City-August 7, 2007-1:00 p.m., CST
2. Hyde County-Highmore-August 8, 2007-1:00 p.m., CST
3. Sanborn County-Woonsocket-August 9, 2007-1:00 p.m., CST
4. Jackson County-Kadoka-August 13-1:00 p.m., MST

Information presented by the public at these four meetings as well as the 7 previous public meetings was extensively reviewed. The results of this two year study confirm that South Dakota needs additional employees to adequately serve producers in the present system of 59 county offices and 1 state office. The present allowed work force of 399 permanent FSA personnel does not allow adequate staffing for 59 county offices. Therefore, the SED and STC believe that with 59 county offices and the large geographic distances in South Dakota, in order to provide the best professional service to the producers, additional permanent staffing is required. If additional resources are not provided, then best management practices dictate that the present human capital be more efficiently allocated which will require that some FSA offices be consolidated. It is the best judgment of the SED and STC that under these difficult circumstances, the following offices be candidates for consolidation.

1. Campbell County to be consolidated with Walworth County.
2. Hyde County to be consolidated with Hand County.
3. Jackson County to be consolidated with Haakon County.

In addition to consolidation, the SED and STC are recommending the following counties for shared management to allow the management positions to be used for additional program technicians.

1. Aurora County and Douglas County
2. Ziebach County and Dewey County
3. Mellette/Todd Counties and Jones County
4. Sanborn County and Jerauld County

This final plan will save South Dakota 5 County Executive Director management positions, 3 Farm Loan Officer management positions, 1 District Director management position and 1 County Office Reviewer management position and some modest savings on rent and utilities.

The SED previously participated in public meetings in the affected communities as shown below:

1. Dewey County - Timber Lake - March 27, 2007 - 1:00 p.m., MST
2. Ziebach County - Dupree - March 27, 2007 - 11:00 p.m., MST
3. Mellette County - Rosebud Reservation - March 30, 2007 - 1:00 p.m., MST
4. Jackson County - Kadoka - April 2, 2007 - 7:00 p.m., MST
5. Campbell County - Mound City - April 3, 2007 - 7:00 p.m., CST
6. Sanborn County - Woonsocket - April 12, 2007 - 1:00 p.m., CST
7. Hyde County - Highmore - April 12, 2007 - 6:30 p.m., CST

At all of these public meetings, the SED gave a short presentation on the research and planning that occurred prior to the development of the SED/STC State Plan. Following the presentation, the SED received many written and verbal comments regarding the State Plan, listened to suggestions on possible future action, and answered questions regarding the Plan and its implementation.

All written documents, comments, concerns, and suggestions received via email, regular mail and phone were provided to the SED and State Committee (STC) at the June 19-20, 2007 STC meeting in Huron, South Dakota and at the September 5-6, 2007 STC meeting in Huron, South Dakota.

Cost savings from sources other than rent/utilities/telephone have been included in this final plan. While there are considerable cost savings of $798,771 per year documented in this final plan, county office consolidation is much more a customer service/employee resource issue than a budgetary issue. The quality and quantity of service that can be offered to producers in all counties is very important. The following issues support the concept of fewer offices with more program technicians per office:

(1) Complexity of programs requires more employee preparation
(2) Adequate technician time is needed to service walk-in customers
(3) Too many managers and not enough technicians
(4) Some employees are presently required to handle too many programs
(5) County Offices must have employees available to serve the public when employees take annual leave and sick leave
(6) In 5 years, ¼ of South Dakota FSA employees are eligible to retire, creating another employee drain. With every retirement FSA loses expertise and enough personnel in each office to adequately serve the public.

Therefore, considering all available information and public input, the SED and STC submit this final plan for consideration.

The following South Dakota County FSA Offices are proposed for consolidation:

(1) Campbell County to be consolidated with Walworth County

(2) Hyde County to be consolidated with Hand County

(3) Jackson County to be consolidated with Haakon County

The following counties are proposed for shared management:

(1) Aurora County and Douglas County

(2) Dewey County and Ziebach County

(3) Jones County and Mellette/Todd Counties (Todd is consolidated with Mellette)

(4) Sanborn County and Jerauld County

The following counties are proposed for farm loan program (FLP) file consolidation:

(1) Grant County FLP files to Codington County

(2) Turner County FLP files to McCook County

(3) Campbell County and Walworth County FLP files to Edmunds County

Continuing changes in the farm loan portfolio could result in future changes to the presence of farm loan program positions and files in all counties in South Dakota.

In a memo dated January 13, 2006, Farm Service Agency Administrator Teresa Lasseter asked all State Executive Directors to conduct an independent local-led review of the efficiency and effectiveness of FSA offices in their states. To seek input for this review, the State Executive Director (SED) for South Dakota and the State Committee (STC) held several meetings and established a process for the public to provide information by means of email, comments at public meetings, standard mail and use of the telephone. The SD State Committee members and SED Steve Cutler used several methods to seek input from the public as well as the employees of FSA in South Dakota. They included the following:

(1) An invitation to all SD permanent FSA employees to join the SED for a presentation on the "Future of FSA" in South Dakota. Three meetings were held with South Dakota employees to encourage their participation and comments regarding the structure of FSA. Verbal comments made by employees at these meetings were recorded and provided to the SED/STC Review Panel. **Exhibit 1**

(2) Establishment of a separate email account for the purpose of receiving comments and suggestions from employees and the public regarding the structure of FSA in South Dakota. **Exhibit 2**

(3) A press release was sent to all state media, including print, radio and TV announcing that FSA was hosting six "Future of FSA" forums across the state. The press release also included an invitation for comments and suggestions via the newly established email address. **Exhibit 3**

(4) A media alert was sent to all SD media; including print, radio and TV, inviting them to attend any of the 6 public forums scheduled to gather input for the purpose of preparing a state plan to identify the optimum network of SD FSA staffing and facilities. **Exhibit 4**

(5) An email message was sent to all SD FSA employees including the SD State Committee to provide them with the press release, media alert and poster to advertise the six forums and to invite them to submit comments to the email address set up specifically for this purpose as shown in item 2 above. **Exhibit 5 Email, Exhibit 6 Poster**

(6) A personal letter was sent to each County Committee Person and County Committee Advisor with an invitation to join the SED at one of the public Forums. **Exhibit 7**

(7) An email message was sent to all SD FSA employees including the SD State Committee notifying them that all COC members, including advisors, were sent a letter of notification for the forums and provided with the State Review email address for providing comments and suggestions. **Exhibit 8**

(8) Six public forums were held by the SED that included a power point presentation on the "Future of FSA" in South Dakota. These forums were held at the major county fairs, major agricultural expositions, and the SD State Fair. A frank discussion of possible office consolidations was included in the presentation. Verbal comments made at these meetings were recorded and provided to the SED/STC Review Panel.

(9) The major agricultural organizations in South Dakota were contacted for a personal meeting with the SED to discuss the Future of FSA. Eighteen meetings were held with organizations seeking input on consolidation issues. **Exhibit 9**

(10) A State Newsletter was sent to all South Dakota owners and operators. The newsletter included an invitation to attend any of the public forms and invited comments via email, phone calls, or letters. **Exhibit 10**

(11) The three SD FSA employee organizations were contacted and meetings were held to discuss reorganization and additional issues. Board representatives from SDASCOE, SDACS, and SDASE were all present for these meetings. Methods of providing input to the SED/STC Review Panel were discussed.

(12) Congressional staffers from all three offices (Senator Tim Johnson, Senator John Thune and Representative Stephanie Herseth) were contacted and present for a meeting with the SED. The "Future of FSA" power point was reviewed. Methods of providing input to the SED/STC Review Panel were provided.

(13) State Directors for South Dakota NRCS and Rural Development were invited to the public forums and they did attend.

Over a period of 8 months, comments and suggestions were sent to the SED/STC regarding the Future of FSA. All comments were compiled and documented for future reference by the SED/STC Review Panel.

South Dakota Review Panel

The SED appointed a review panel consisting of employees from all levels of South Dakota FSA, county committee persons, and the State Committee. **(Exhibit 11)** The SED/STC Review Panel met on November 14-15, 2006 with an extensive agenda. **(Exhibit 12)** Following extensive analysis and discussion, the Review Panel recommended the following criteria be used for county office comparison:

1. FSA workload numbers per county office
2. Road miles between offices
3. Number of producers per county office
4. Administrative costs per county office
5. Number of Farm Loan borrowers per county office

The Review Panel recommended using the following management tools to maximize efficiency using present resources and staffing:

1. Use of temporary staff for emergency county office allocation
2. Temporary detailing of FSA employees from adequately staffed offices to understaffed offices
3. Directed reassignment of employees
4. Use of shared management if feasible

5. Out-sourcing of workload to neighboring counties
6. Farm Loan File consolidation
7. County Office consolidation
8. Employee incentives to relocate
9. Upper management consolidation

The Review Panel reached consensus that South Dakota FSA needed more program technicians and fewer managers to ensure efficiency within the present staffing allocation. The Review Panel acknowledged that the three ways to accomplish this goal were shared management, farm loan file consolidation, and county office consolidation. The panel recommended using a combination of these 3 options depending on the specifics of the counties involved.

The complete Review Panel minutes are included as **Exhibit 13.**

The SED and STC held a meeting on December 13, 2006 to analyze the organizational structure of FSA in South Dakota. Based upon recommendations from the SED/STC Review Panel, the SED and STC selected the following criteria to be used when comparing county offices to determine maximum efficiency of resources.

1. FSA workload numbers. Workload numbers translate into the number of county employees needed in each county to complete the FSA work related to the 2002 Farm Bill.
2. Distance in road miles to the next closest FSA office.
3. Number of producers in each county measured by the “actively engaged determination” at FSA as well as the census data collected by NASS.
4. Statistical point system assigned to each county with 2/3 of importance given to road miles and 1/3 importance given to workload.
5. Statistical point system assigned to each county with 2/3 of importance given to workload and 1/3 importance given to road miles.
6. Statistical point system assigned to each county with 1/2 of importance given to road miles and 1/2 importance given to workload.
7. Statistical point system assigned to each county with ¼ of importance given to road miles, ¼ of importance to workload, ¼ of importance given to census data and ¼ importance given to FSA “actively engaged” data.
8. County administrative costs.

A spreadsheet was developed to show all the criteria factors in one table. **(Exhibit 14)** Any county that scored in the bottom 13 counties for any of the criteria is listed in the spreadsheet. Of South Dakota’s 59 county offices, 8 offices scored in the bottom 13 list on 7 or more of the 9 criteria. Of South Dakota’s 59 county offices, 10 offices scored in the bottom 13 list on 5 or more of the 9 criteria. This spreadsheet confirms the statistical consistency of the 10 counties when using the criteria supported by the Review Panel, STC and SED.

South Dakota County Office Consolidation Recommendations

1. **Campbell County (Mound City) to Walworth County (Selby)**
    - Currently a shared management county with 3 Program Technicians
    - Met the criteria on 8 of 9 items in the referenced spreadsheet
    - Small workload county
    - Only 16 miles to Walworth County Office
    - Relatively small number of producers
    - Walworth County can absorb the workforce with no additional leasing costs
    - Savings from Campbell County is $18,687.96 per year
    - For the Campbell County producers, the new maximum mileage to their nearest remaining FSA office is 28.61 miles. The new average mileage for a Campbell County producer is 19.25 miles
    - Selby (Walworth County) is considered the larger trading center.

2. **Hyde County (Highmore) to Hand County (Miller)**
    - Currently a shared management county with 2 Program Technicians
    - Met the criteria on 7 of 9 items in the referenced spreadsheet
    - Smallest workload in the entire State
    - Only 23 miles to Hand County Office
    - Small number of producers
    - Neighboring counties will absorb the workforce with no additional leasing costs
    - Savings from Hyde County is $15,694.64 per year
    - For the Hyde County producers, the new maximum mileage to their nearest remaining FSA office is 31.23 miles. The new average mileage is 23.74 miles
    - Miller (Hand County) is considered the larger trading center.

3. **Jackson County (Kadoka) to Haakon County (Philip)**
    - Current staff is a CED with 2 Program Technicians
    - Met the criteria in all 9 items in the referenced spreadsheet
    - Small workload
    - Only 22.0 miles to Haakon County Office
    - Small number of producers
    - High administrative costs
    - Although Haakon County will need some additional space to accommodate the staff, there will still be a savings of $14,388.80 per year with the consolidation.
    - For the Jackson County producers, the new maximum mileage to their nearest remaining FSA office is 37.93 miles. The new average mileage is 24.48 miles.
    - Savings of 1 management position is $70,000 per year.

South Dakota Shared Management

The SED and STC agree that Shared Management is not the preferred management arrangement for several reasons. However, in isolated circumstances, it can be a valuable tool. The SED and STC are recommending shared management for the following counties:

(1) Aurora County and Douglas County
(2) Dewey County and Ziebach County
(3) Jones County and Mellette/Todd Counties (Todd is consolidated with Mellette)
(4) Sanborn County and Jerauld County

Total savings for the 4 CED management positions is $280,000 per year.

With the consolidation of the 3 counties, and using shared management as shown above, there is considerable savings in real rental costs as well as saving several employee positions. These positions include both management positions and technician positions. The benefits of these consolidations include:

(1) Total savings in rent and utilities of $48,771.4 per year.
(2) South Dakota has potential to save 5 CED management positions for a total of $350,000 per year.
(3) Consolidating offices saves computer software costs of $20,000 per office for a total savings of $60,000 per year.
(4) Total savings for 1 DD management position of $90,000 per year.
(5) Total savings for 1 County Operations Reviews (COR) position of $70,000 per year.
(6) Additional savings are created with reduced employee travel, fewer maintenance agreements, fewer servers, fewer GSA vehicles, and reduced training costs.
(7) Existing program technician positions could potentially help staffing problems in 5 neighboring offices.
(8) The plan will equalize workload among many county office employees and enable employees to specialize in fewer programs offering improved service to producers in these counties.
(9) Administrative costs per employee per producer decreases to a large extent. Current costs, analyzed for a county employee per producer per day, range from $0.53 to $0.11. In all cases of consolidation, these costs are reduced.
(10) Exhibits - maps that show:
Current County Office Structure **(Exhibit 15)**
Final Plan Proposed Consolidations **(Exhibit 16)**
Final Plan Results after Consolidations **(Exhibit 17)**

South Dakota Farm Loan Program (FLP) File Consolidation Recommendations

Changes in the FLP portfolio will necessitate the consolidation of farm loan files in South Dakota. After public input at the seven community meetings and the SED/STC Review Panel's extensive review of the farm loan workload in each county **(Exhibit 18)**, the SED and STC are recommending the following FLP file consolidations in South Dakota.

(1) Grant County FLP files to Codington County
(2) Turner County FLP files to McCook County
(3) Campbell and Walworth County FLP files to Edmunds County

It should be noted that some of the benefits with this FLP file consolidation include:

(1) Savings of 3 Farm Loan Officer (FLO) positions that could be used for Program Technician (PT) positions of $180,000 per year.
(2) A move in the direction of consolidating FLP farm loan files so all locations have a minimum of a Farm Loan Manager (FLM), Farm Loan Officer (FLO) and a Farm Loan Technician.
(3) A more equalized FLP farm loan workload for many farm loan officers in the state.
(4) Of the consolidated offices, 3 farm loan technicians could be re-assigned to do farm program work. This is entirely justified by the FLP workload in the counties listed above.
(5) Exhibits - maps that show:
    Current SD FLP Structure **(Exhibit 19)**
    Final Plan Proposed SD FLP Consolidations **(Exhibit 20)**
    Final Plan Results after SD FLP Consolidations **(Exhibit 21)**

FLP Succession Plans involving CED's with loan approval authority delivering FLP: FLP currently relies on CED's with loan approval authority to deliver FLP in 9 separate county office locations. Consideration will be given to the continued delivery of FLP in these locations upon the departure of the CED. This will be done on a case by case basis. All factors will be reviewed to determine if the FLP caseload will continue to be serviced in that location and, if so, the necessary personnel will be assigned to effectively deliver FLP. However, priority consideration will be given to maintain a full time FLP presence in the county if all factors involved, including caseload, dictate the need for full time FLP presence.

Summary

The decisions listed above for county consolidation, farm loan file consolidation and shared management will position South Dakota for the delivery of the farm bill at the present time and in the near future. Considerable cost savings of $798,771 per year will occur to the benefit of the American taxpayer without sacrificing prompt and professional administration of farm programs. The cost savings is realized by reducing 5 CED positions, 3 FLO positions, 1 DD position and 1 COR position and modest rental savings. These 10 positions can then be utilized in the future for program technician positions in severely understaffed counties to ensure timely, accurate, professional service to all South Dakota producers.