Amendment to Montana FSA County Office Reorganization Plan

Montana FSA has proposed the closure of seven county offices (six shared management offices and one extremely small office): Ravalli, Sanders, Lewis and Clark, Meagher, Park, Sweet Grass, and Treasure. Response to that plan from some Montana farmers and ranchers and the Montana Congressional Delegation has caused the agency to take a second look at the plan. The result is an amended plan that takes into account the major objections.

The amended plan focuses on two major changes: First, FSA will hold office days in those offices that are closed. Second, FSA will postpone action on the Ravalli/Missoula office closure for up to one year to further study the potential impact on producers in Ravalli, Missoula, Mineral, and possibly parts of Sanders County.

The objections to FSA's plan have come from five primary concerns: 1) Producers need face-to-face contact with FSA officials; 2) FSA did not use adequate data in determining office efficiency; 3) FSA did not consider other less drastic measures before deciding to close offices; 4) Public meetings were not held; and 5) In the Ravalli/Missoula consolidation FSA is closing the larger office in favor of keeping the smaller office open. This amendment addresses these concerns.

Producers need face-to-face contact with FSA officials.

To meet this objection, FSA is proposing to hold office hours in consolidated offices. While we expect that one or two days per week of office presence will be sufficient in most locations to handle the producer traffic, the duration and frequency of FSA presence in Sanders, Lewis and Clark, Meagher, Park, Sweet Grass and Treasure counties will be determined with input from the local FSA officials and FSA participants in the closed offices.

These six offices will still be consolidated with their neighboring offices and providing a presence in these offices will be considered a transitional effort. The county committees will be combined forming 5 member area committees and both offices will be administered as one county office. Producer files and handbooks will only be maintained in the main office. Office hours will be evaluated every six months to determine their effectiveness and need.

If we can utilize office space of sister agencies, county government or city government during these offsite office hours, we believe we can still realize dollar and workload savings similar to those proposed in the original plan. In some cases we may have to pay a reduced rent for this space and there will be some travel costs involved.

We also understand the agency must continue to make efforts to reduce the number of visits our clients make to our offices. We must, and will, encourage the use of mail, phone, fax and the internet by our producers when applying for our programs. We must also utilize remote informational meetings and signups for special programs.

Our hope would be that eventually producers would begin using these tools more and will see the benefit of traveling to larger, more efficient offices. Should that happen, we would discontinue providing an FSA presence in these closed locations.

FSA only utilized one year's data in determining office efficiency.

This is true. We originally utilized 2005 1099 data in determining office efficiency and which offices should be considered for consolidation. While we believed this was the most reliable and accurate information we had, we have since acquired 1099 data for our clients that includes the most recent 12-year data of 1995 through 2006. We have recalculated all of our efficiency models using an average of this 12-year data for both numbers of producers served and payment amounts. While this expanded data base does level out some of the changes in our agency over the past years, it did nothing to change the outcome of our analysis. The seven counties that ranked lowest in terms of the numbers of producers served and efficiency of operations, continue to have the same ranking. The seven offices proposed for consolidation are the smallest and least efficient offices. The new analysis using 12 years of data is attached.

We have also analyzed more recent 2006 data – this data points to an even greater need to consolidate these offices. While any office consolidation means some level of change for our producers, the six offices we are proposing for consolidation in 2007 represent only 596 clients in total—2.6% of our 22,335 clients in 2006. The trend in these offices is clear. Notice the summary data on both payments and numbers of clients for FY2005 and 2006 at the end of this amendment.

FSA did not consider other less drastic measures before deciding to close offices.

Our first options were to reduce expenses and increase efficiencies. That has already happened over the past five years as FSA has absorbed reduced allocations as Congress failed to pass the President's already conservative requests for the agency. FSA has seen a shortfall in our national appropriations level of over $300 million from 2003 to 2007. Our non-personnel allocations (discretionary spending) have been cut by 40.1% over the past 5 years. Those cuts have been achieved in our travel, supplies, equipment and other non-personnel expenses. Travel has been cut to the point, in fact, that we do very little training of our field staff in person any more. Almost all program training is done via net meetings and conference calls.

Our IT funding has been cut by 11.4%. This has happened at a time when we are trying to modernize our systems and achieve efficiencies in our program delivery. At this point we have a computer system that is on the verge of collapse because we have not been able to achieve a level of funding needed to improve the system.

In Montana, our permanent staffing allocation has been reduced by 11% over the same period of time. Our current staff ceiling for County Office staff is at 188 down from 211 in 2003. We have lost 23 permanent staff members over that time. More importantly, our temporary staff allocation has gone from 46 down to 15. In total, over the past 5 years we have lost 54 staff years in temporary and permanent staffing. The cost of funding those lost positions at today's value would be approximately $1,962,754. In essence you can say that is an annual savings we involuntarily incurred. Considering the fact that our average office size is 4 employees, we have lost the equivalent of 13 offices. However, since we haven't closed any offices we must spread the shortfall over all of our offices. Currently all of our offices are understaffed to the point that we are unable to meet program and payment deadlines. Montana's producers are being placed in a very precarious position.

In short, consolidation of these offices is our last ditch effort to maintain a strong viable FSA system in Montana. We have already taken all of the less drastic measures of reducing costs and gaining efficiencies. While it would appear that our projected savings of nearly $200,000 per year in rent, utilities and other expenses as a result of these consolidations is small, when added to the $1.9 million per year in salary savings we have already cut, the savings is substantial. In addition, this plan allows us to reallocate 4 Full Time Positions to our larger, higher workload counties in either permanent positions or temporary positions—while we will continue to utilize those FTE's, closing these offices will allow us to reassign approximately $191,600 in salaries to other offices that need the help. In total, with the savings in non-salary expenses of almost $200,000 and the salary savings of $191,000, consolidations will save the agency nearly $400,000 per year.

Public meetings were not held

We have not held public meetings. Montana is adhering to the procedure set out by Congress. Once our plan has been approved by the Deputy Administrator of Field Operations (DAFO) and Congress has been notified of our intentions, we will hold meetings in every affected county.

This is not to say we have not had public input to our proposal. In addition to creating a task force made up of producers and employees, we have sought input from others. We have met with all FSA employees, all County Committee members and many of Montana's ag organizations. We have been very open in our process and have listened to all comments.

Our plan will not be finalized until these meetings are held and we receive input from producers in each of the counties where consolidation is being proposed.

In the Ravalli/Missoula consolidation FSA is closing the larger office in favor of keeping the smaller office open.

This is true. In all of the other consolidations, we are planning on consolidating the smaller office into a larger office. In the Ravalli/Missoula situation we believed the proposed closure of Ravalli into Missoula resulted in the most central office and impacted the least number of producers. We also believed that Missoula was a natural trade center and most producers would have reason to go to Missoula while that would not be the case for an office in Ravalli. There would be very limited business or social reasons where producers from Missoula, Mineral or Sanders would go to Hamilton

This office consolidation drew by far the most reaction by both clients and the public. Because of this overwhelming reaction, we are proposing that we take more time to study this situation and wait to consolidate these two offices until we have gathered more data. We are proposing to spend 9 to 12 months determining exactly how many and who visits both the Missoula and Ravalli offices. We will determine the exact location of every farm that utilizes these two offices. And, we will poll each of these clients as to their preference. If the preponderance of evidence shows we would affect fewer producers by closing the Missoula office, we will close that office and hold office hours there rather than in Ravalli.

Office closures will result in producers traveling too great a distance to their FSA office

This objection should be handled by holding office hours in consolidated counties.

While it is true, that if we were not maintaining an office presence in consolidated counties, producers would have to travel further to get to their office, it is hard to argue they will have to travel excessively. The greatest resulting distance between offices after these closures will be the 121 miles between Great Falls and Townsend (many of the producers in the northern part of Lewis and Clark will most likely go to the Teton or Cascade office which will be much closer for them). Currently, our Malta and Lewistown offices are 134 miles apart. It is 129 miles from Jordan to Lewistown. It is 135 miles between our Cut Bank and Kalispell offices. Many of our clients currently are 60 to 70 miles from their FSA office.

The other factor that should be considered is that our clients should never have to go to our offices more than 3 or 4 times per year. And, if at a minimum our offices are mailing applications, maps and items for signature to their producer clients, the number of visits can be reduced even more.

Montana Summary

56 Counties
49 County Offices with 7 shared management offices
2005 Payments - $332,452,244 to 24,188 producers
2006 Payments - $281,477,793 to 22,335 producers

Proposed consolidations:

Lewis and Clark into Broadwater
2005 Payments - $1,316,141 to 155 producers
2006 Payments - $645,638 to 128 producers

Meagher into Broadwater
2005 Payments - $1,429,151 to 81 producers
2006 Payments - $722,662 to 57 producers

Park into Gallatin
2005 Payments - $923,393 to 151 producers
2006 Payments - $740,242 to 139 producers

Sanders into Lake
2005 Payments - $444,252 to 130 producers
2006 Payments - $93, 504 to 66 producers

Sweet Grass into Stillwater
2005 Payments - $797,004 to 149 producers
2006 Payments - $198,453 to 124 producers

Treasure into Rosebud
2005 Payments - $1,372,462 to 101 producers
2006 Payments - $673,486 to 82 producers

Missoula/Mineral into Ravalli/ Ravalli into Missoula/Mineral in 2008

Missoula/Mineral
2005 Payments - $187,546 to 82 producers
2006 Payments - $147,366 to 64 producers
Ravalli
2005 Payments - $165,120 to 182 producers
2006 Payments - $230,000 to 155 producers