UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-98

For: State and County Offices

Acceptable Scores for Credit and Financial Analysis and FLP Training

Approved by: Acting Deputy Administrator, Farm Loan Programs

1 Overview

A Background

The Consolidated Farm and Rural Development Act, Section 361 requires the Secretary to ensure proper supervision of FLP loans and adequate training of FSA credit employees in credit and financial analysis and farm management.

State Offices need further guidance to uniformly handle individual situations if the minimum acceptable score of 80 percent is not achieved on any exam for employees who have FLP loan making and loan servicing in their specific position descriptions or who are training to obtain those responsibilities and duties.

The testing requirements in Notice FLP-52 were established to assist in identifying the employee's strengths and weaknesses. In addition to the testing process, actual knowledge shall be demonstrated through hands-on performance in developing and processing loan making and servicing files.

To ensure that an acceptable level of understanding of credit and financial analysis and program regulations and implementation is met, and that the required dockets meet the established level of compliance, a minimum acceptable score of 80 percent is required on:

- credit and financial analysis training (CFAT) exam
- each of the 4 program area exams
- each of the 5 program areas covered on the comprehensive exam.

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Disposal Date	Distribution
November 1, 2000	State Offices; State Offices relay to County Offices

1 Overview (Continued)

B
Purpose

This notice establishes:

- a minimum acceptable score of 80 percent on:
  - the CFAT exam
  - each of the 4 program area exams
  - each of the 5 program areas covered on the comprehensive exam
- procedures for employees who do not achieve the minimum acceptable score.

2 Action

A
Developing IDP's

Individual Development Plans (IDP's) that clearly establish the criteria for demonstration of a working knowledge and understanding in credit and financial analysis, as well as program regulations and implementation, shall be developed. This plan shall include all training required to achieve delegation of loan approval authority.

IDP's shall be established for:

- employees **with** loan approval and servicing responsibilities according to Notice FLP-52 who have not met the requirements for maintaining loan approval delegated between October 1, 1995, and September 23, 1997
- all employees, including DD's, **without** loan approval authority, but whose position description includes loan approval and servicing responsibilities, who have not met the requirements of Notice FLP-52 or demonstrated a working knowledge and understanding of credit principles and loan program instructions by achieving the minimum acceptable score on required exams.

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2 Action (Continued)

B
Implementing the Performance Rating System

In State Offices with recognized unions, appropriate bargaining must take place before implementing the new pass or fail performance management system. If the new performance management system cannot be implemented until bargaining has been completed, then the **current** performance management system will remain.

AO's shall review the elements and standards to determine whether the employee's responsibilities for FLP loan making and servicing are adequately addressed.

All other actions, including timeframes, monitoring, additional training, and the completion of Test 2 and Test 3, if necessary, shall apply whether or not a State Office is operating under the current performance management plan or the new performance management plan.

3 Retaking Exams

A
Testing

When the minimum acceptable score of 80 percent on the required exams is **not** achieved, the following action shall be taken.

- AO shall review performance elements for accuracy, ensuring that requirements for delegation and maintenance of loan approval authority are reflected.
- Trainer will review existing IDP and develop a specific IDP to address the areas of weakness in consultation with AO and HRD.
- Trainer will assign specific hands-on work in the areas of weakness from actual dockets.
- Trainee will acquire additional training by reviewing training modules in the areas of weakness or CFAT training manual and/or acquire additional understanding by a review of procedure in the program area.
- Trainee will complete the identified hands-on work in the area of weakness.
- Trainee will take Test 2 CFAT exam or Test 2 program area exam for the program area on the comprehensive exam for which the trainee did not receive an acceptable score.

Note: The results of examinations may be used only as a basis for the determination of training needs or the need for a supervisory review and discussion of performance with the employee.

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3 Retaking Exams (Continued)

B
Developing Opportunity to Improve (OTI) or Performance Improvement Plan (PIP)

If any employee who has or is required to have FLP loan making and servicing authorities is failing in 1 or more critical performance elements and the performance elements are determined adequate by the supervisor, OTI or PIP shall be developed by the supervisor with the guidance of the trainer and AO.

OTI or PIP will:

- address the employee's specific weaknesses demonstrated through failure to achieve acceptable work performance
- require new training, retraining, or a thorough review of training already accomplished to identify and overcome impediments to acceptable work performance
- require a review of work processes to demonstrate knowledge, skills, and abilities essential for acceptable work performance

  Note: Written tests may be used to determine the extent to which employees need additional training or coaching to achieve acceptable work performance.

- include assigned specific hands-on casework in areas of weakness with established specific timeframes for completing these assignments on a weekly basis.
- include a review and further study of the specific modules and procedure as they relate to the areas of weakness in order to reinforce the specific hands-on casework.

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Trainer and supervisor shall:

- meet with the employee on a weekly basis until acceptable work performance is demonstrated
- monitor OTI or PIP on a weekly basis
  - for compliance with OTI or PIP requirements
  - to measure progress made.

OTI or PIP can extend from 60 to 120 calendar days.

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3 Retaking Exams (Continued)

C
Personnel Action

At the end of OTI or PIP, if the supervisor determines that the employee is still failing a critical performance element because of inability to perform loan making and loan servicing work, the supervisor, in conjunction with AO and KCMO, PD, will propose appropriate personnel action.

D
Timeframe for Completing Training and Receiving FLP Authorities

Employees who were in the position of DD or Farm Loan Manager (FLM) **before** June 25, 1998, were required to successfully complete the established training and receive delegated FLP authorities by June 25, 1999, according to Notice AO-1202. If action was not completed by that date, the employee shall be placed on OTI or PIP because of inability to perform a critical performance element. No critical performance element may be established requiring an employee to pass a test.

However, specific assignments will be identified for completion, giving the individual ample hands-on experience in the areas where weaknesses are identified by the person's inability to pass all categories of the exam.

Employees who became DD's or FLM's **after** June 25, 1998, have 1 calendar year from assuming the position of DD or FLM to complete the required training and receive delegated FLP loan making and servicing authorities. Those employees unable to successfully complete the actions identified in subparagraph A will be permitted to complete Test 3 provided they do so within the 1-year anniversary of their assuming the position.

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3 Retaking Exams (Continued)

D Timeframe for Completing Training and Receiving FLP Authorities (Continued)

Farm Loan Officers must complete the required training program according to Notice FLP-52. Employees in Farm Loan Officer Trainee (FLOT) positions have 1 year from attending orientation to complete the required Farm Loan Training Program. FLOT's may be permitted to complete Test 3, if needed, provided it is taken before the expiration of 1 year and the actions identified in subparagraph A are taken. FLOT's may or may not receive delegated FLP loan approval authorities during the training period. They will not be considered performing at the fully successful level until they can independently complete loan approval and servicing within their delegated authority.

E Contact

Employees shall use the following table to obtain the appropriate contact.

IF questions about...	THEN contact...
testing	Chris Greenwalt at 202-690-0431.
personnel actions	• Anita Fisher at 202-720-3594 • Chuck Berge at 202-720-6942 • Star Bryant at 202-720-0183.