# South Dakota Farm Service Agency
# SED and STC Plan

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.

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.

Based on the criteria, spreadsheet and other factors, the SED and STC are recommending the following changes to the structure of FSA in South Dakota.

**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. **Sanborn County (Woonsocket) to Jerauld County (Wessington Springs)**
   - Current staff is a CED with 3 Program Technicians
   - Met the criteria on 8 of 9 items in the referenced spreadsheet
   - Relatively small workload
   - Only 15.9 miles to Jerauld County Office
   - Small number of producers
   - High administrative costs
   - Neighboring counties will absorb the workforce with no additional building costs
   - Savings from Sanborn County is $27,661.00 per year
   - For the Sanborn County producers, the new maximum mileage to their nearest remaining FSA office is 23.55 miles. The new average mileage is 17.46 miles.

4. **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.

5. **Mellette County (White River) to Jones County (Murdo)**
   - Current staff is a CED, FLO and 4 Program Technicians
   - Met the criteria in 5 of 9 items in the referenced spreadsheet
   - Relatively small workload
   - Only 23.0 miles to Jones County Office
   - Relatively small number of producers
   - Although Jones County will need some additional space to accommodate the staff, there will still be a savings of $15,369.00 per year with the consolidation.
   - For the Mellette County producers, the new maximum mileage to their nearest remaining FSA office is 49.98 miles. The new average mileage is 32.86 miles.

6. **Todd County (No Office) to Tripp County (Winner)**
   - Currently there is no county office in Todd County. Todd County is served from Mellette County. They will be de-combined from Mellette County and then combined with Tripp County
   - Even when previously combined with Mellette County, Todd County met the criteria in 5 of 9 items in the referenced spreadsheet
   - Small workload
   - Small number of producers
   - No additional costs to absorb employees in Tripp County
   - For the Todd County producers, the new maximum mileage to their nearest remaining FSA office is 49.98 miles. The new average mileage is 32.86 miles.

**7. Dewey County (Timber Lake) and Ziebach County (Dupree) to new location at Eagle Butte**

- Dewey County current staff is a FLO and 4 Program Technicians
- Ziebach County current staff is a CED, FLO and 3 Program Technicians
- Both counties have small workload
- Distance from Dewey County office to Cheyenne Eagle Butte is 44 miles. Distance from Ziebach County office to Eagle Butte is 19 miles
- Together, Dewey and Ziebach Counties comprise the Cheyenne River Sioux Reservation
- Cheyenne Eagle Butte is centrally located for the Reservation and two-county area
- Current county office locations are not centrally located in their respective counties
- Both counties have a relatively small number of producers
- Both counties have high administrative costs
- While additional facilities would need to be rented at Eagle Butte, there would still be cost savings of $9,989.37 per year in the consolidation of both offices
- The Cheyenne River Sioux Tribe has repeatedly requested that the county office be relocated to Eagle Butte.

With the consolidation of these 7 counties, 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 $101,790.77 per year.
(2) South Dakota has potential to save 5 management positions that could be used in the future for technician positions.
(3) Existing program technician positions could potentially help staffing problems in 10 neighboring offices.
(4) 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.
(5) 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.
(6) Exhibits - maps that show:
    Current County Office Structure **(Exhibit 15)**
    Proposed Consolidations **(Exhibit 16)**
    Results after Consolidations **(Exhibit 17)**

## South Dakota Farm Loan File Consolidation Recommendations

Changes in the Farm Loan portfolio will necessitate the consolidation of farm loan files in South Dakota. After 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 structural changes to the Farm Loan program in South Dakota.

(1) Grant County files to Codington County
(2) Turner County files to McCook County
(3) Campbell and Walworth County files to Edmunds County
(4) Mellette County files to Jones County
(5) Todd County files to Tripp County
(6) Dewey and Ziebach County files to Cheyenne Eagle Butte (new office)

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

(1) Savings of 5 Farm Loan Officer (FLO) positions that could be used for Program Technician (PT) positions.
(2) A move in the direction of consolidating 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 farm loan workload for many farm loan officers in the state.
(4) Of the consolidated offices, 4 farm loan technicians could be re-assigned to do farm program work. This is entirely justified by the Farm Program workload in the counties listed above.
(5) Exhibits - maps that show:
    Current SD FLP Structure **(Exhibit 19)**
    Proposed SD FLP Consolidations **(Exhibit 20)**
    Results after Consolidations **(Exhibit 21)**

## South Dakota Shared Management

The SED and STC agree that Shared Management is not the preferred method or arrangement for several reasons. However, in isolated circumstances, it can be a valuable tool to use for a short period of time. Currently Douglas County is using shared management with Aurora County. Both counties have higher workload than we would normally consider for consolidation. In addition, Douglas County has more producers than others considered for consolidation. Also Douglas County only met the criteria for consolidation in 3 of the 9 items listed in the referenced spreadsheet. The current arrangement is working well and the recommendation is to keep shared management between Douglas and Aurora Counties for the immediate future.

**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 will occur to the benefit of the American taxpayer without sacrificing prompt and professional administration of farm programs. Indeed, prompt and professional service to South Dakota producers is most important as we move forward in FSA.