

2010 Explanatory Notes

Office of Budget and Program Analysis

Table of Contents

| | |
|--|-------|
| Purpose Statement | 2-29 |
| Statement of Available Funds and Staff Years | 2-30 |
| Permanent Positions by Grade and Staff Year | 2-30 |
| Salaries and Expenses: | |
| Appropriation Language | 2-31 |
| Lead-off Tabular Statement | 2-31 |
| Project Statement | 2-32 |
| Justifications | 2-32 |
| Geographic Breakdown of Obligations and Staff Years..... | 2-33 |
| Classification by Objects | 2-34 |
| Status of Program | 2g-11 |
| Summary of Budget and Performance: | |
| Statement of Goals and Objectives..... | 2-35 |
| Key Performance Outcomes and Measures | 2-36 |
| Full Cost by Strategic Objective..... | 2-37 |

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Purpose Statement

The Office of Budget and Program Analysis (OBPA) was established in June 1981. Its predecessor organization was established on July 8, 1922 (Secretary's Memorandum No. 389), under the provisions of the Budget and Accounting Act of 1921, which designated that a Budget Officer was to have charge of the preparation of estimates and other appropriations for the Department.

The mission of OBPA is to provide analyses and information to the Office of the Secretary and other policy officials to support informed decision-making regarding the Department's programs and policies, budget, legislative, and regulatory actions.

The Office of Budget and Program Analysis is located in Washington, D.C. As of September 30, 2008, there were 51 permanent full-time employees.

OBPA did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Available Funds and Staff Years
2008 Actual 2009 Estimate and 2010 Estimate

| Item | 2008 Actual | | 2009 Estimate | | 2010 Estimate | |
|--|------------------|----------------|------------------|----------------|------------------|----------------|
| | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| Direct Appropriation..... | \$8,270,000 | 56 | \$9,054,000 | 60 | \$9,436,000 | 60 |
| Rescission | -57,890 | -- | -- | -- | -- | -- |
| Transferred to WCF..... | -50,000 | -- | -- | -- | -- | -- |
| Total, Agriculture Available..... | 8,162,110 | 56 | 9,054,000 | 60 | 9,436,000 | 60 |

Permanent Positions by Grade and Staff Year Summary
2008 Actual 2009 Estimate and 2010 Estimate

| Grade | 2008 Washington, D.C. | 2009 Washington, D.C. | 2010 Washington, D.C. |
|--|--------------------------|--------------------------|--------------------------|
| ES | 6 | 6 | 6 |
| GS-15..... | 12 | 13 | 13 |
| GS-14..... | 7 | 8 | 8 |
| GS-13..... | 13 | 17 | 17 |
| GS-12..... | 5 | 1 | 1 |
| GS-11..... | 4 | 2 | 2 |
| GS-10..... | 1 | 1 | 1 |
| GS-9..... | 4 | 4 | 4 |
| GS-8..... | 3 | 4 | 4 |
| GS-7..... | 2 | 2 | 2 |
| GS-3..... | 1 | 2 | 2 |
| Total Permanent Positions..... | 58 | 60 | 60 |
| Unfilled Positions end-of-year..... | -7 | -- | -- |
| Total, Permanent Full-Time Employment, end-of-year..... | 51 | 60 | 60 |
| Staff Year Estimate | 56 | 60 | 60 |

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriation Language

For necessary expenses of the Office of Budget and Program Analysis, [\$9,054,000] \$9,436,000.

Lead-off Tabular Statement

| | |
|---------------------------------|------------------|
| Appropriations Act, 2009..... | \$9,054,000 |
| Budget Estimate, 2010..... | <u>9,436,000</u> |
| Increase in Appropriation | <u>+382,000</u> |

Summary of Increases and Decreases

(On basis of appropriation)

| <u>Item of Change</u> | <u>2009 Estimate</u> | <u>Pay Costs</u> | <u>Program Changes</u> | <u>2010 Estimate</u> |
|--|--------------------------|------------------|----------------------------|--------------------------|
| Office of Budget and Program Analysis | \$9,054,000 | +\$182,000 | +\$200,000 | \$9,436,000 |

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Project Statement
(On basis of appropriation)

| | <u>2008 Actual</u> | | <u>2009 Estimate</u> | | Increase or Decrease | <u>2010 Estimate</u> | |
|--|--------------------|------------------------|----------------------|------------------------|----------------------------|----------------------|------------------------|
| | <u>Amount</u> | <u>Staff Years</u> | <u>Amount</u> | <u>Staff Years</u> | | <u>Amount</u> | <u>Staff Years</u> |
| Office of Budget and Program Analysis | \$7,957,949 | 56 | \$9,054,000 | 60 | +\$382,000 | \$9,436,000 | 60 |
| Unobligated Balance..... | 204,161 | -- | -- | -- | -- | -- | -- |
| Total Available or Estimate..... | 8,162,110 | 56 | 9,054,000 | 60 | +382,000 | 9,436,000 | 60 |
| Rescission..... | 57,890 | -- | -- | -- | | | |
| Transfer to Working Capital Fund.... | 50,000 | -- | -- | -- | | | |
| Total, Appropriation... | 8,270,000 | 56 | 9,054,000 | 60 | | | |

Justification of Increases and Decreases

(1) An increase of \$382,000 for the Office of Budget and Program Analysis (OBPA) consisting of:

(a) An increase of \$182,000 to fund increased pay costs.

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available to coordinate the preparation and submission to Congress of a performance-based budget, and to provide analyses and information to support decision-making regarding budgetary, legislative, and regulatory proposals. About 90 percent of OBPA funds are needed to cover salary and benefit costs.

(b) An increase of \$200,000 to achieve efficiencies during the budget formulation and execution processes.

Funding is needed to pursue development of a Department-wide, Web-based budget formulation and execution system. Presently, the development of USDA's annual budget request is done using limited information technology based on word processing software and the use of spreadsheets. This limited technology usage leads to duplication of efforts from year-to-year in the creation of USDA's Budget Summary and Annual Performance Plan and in the development of budget justification materials. In addition, communication of draft budget materials is either transmitted via email between OBPA, USDA agencies, and the Office of Management and Budget (OMB), or else it is done in hard copy. These outdated communications processes result in inefficiencies throughout the budget development process. With regard to budget execution, the lack of a modern budget system leads to challenges in interfacing with the Department's financial management systems; the Department of Treasury's fund control systems, and OMB. The creation of a Web-based system supporting budget execution at USDA would result in system efficiencies. In addition, such a system would allow OBPA to keep policy officials better informed of the status of funds and any issues that arise during the execution process. A modern, Web-based execution system would allow for real-time updates and reports on the status of execution materials.

Geographic Breakdown of Obligations and Staff Years
2008 Actual 2009 Estimate and 2010 Estimate

| | 2008 | | 2009 | | 2010 | |
|---------------------------------------|-------------|-------|-------------|-------|-------------|-------|
| | Staff | | Staff | | | |
| | Amount | Years | Amount | Years | Amount | Years |
| Staff | | | | | | |
| District of Columbia | \$7,957,949 | 56 | \$9,054,000 | 60 | \$9,436,000 | 60 |
| Unobligated balance | 204,161 | -- | -- | -- | -- | -- |
| Total, Available or Estimate | 8,162,110 | 56 | 9,054,000 | 60 | 9,436,000 | 60 |

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Classification By Objects
2008 Actual 2009 Estimate and 2010 Estimate

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|-------------|-------------|-------------|
| Personnel Compensation: | | | |
| Washington, D.C. | \$6,085,771 | \$6,557,000 | \$6,776,000 |
| 11 Total personnel compensation..... | 6,085,771 | 6,557,000 | 6,776,000 |
| 12 Personnel benefits | 1,324,915 | 1,707,000 | 1,778,000 |
| | <hr/> | | |
| Total pers. comp. & benefits | 7,410,686 | 8,264,000 | 8,554,000 |
| Other Objects: | | | |
| 21 Travel..... | 44,400 | 50,000 | 52,000 |
| 23.3 Communications, utilities, and misc. charges | 78,695 | 95,000 | 97,000 |
| 24 Printing and reproduction..... | 103,000 | 151,000 | 152,000 |
| 25.2 Other services | 58,531 | 162,000 | 241,000 |
| 25.3 Purchases of goods and services from Government Accounts..... | 108,730 | 146,000 | 147,000 |
| 26 Supplies and materials | 99,485 | 111,000 | 113,000 |
| 31 Equipment..... | 29,422 | 35,000 | 38,000 |
| 42 Litigation Fees and Awards | 25,000 | 40,000 | 42,000 |
| | <hr/> | | |
| Total other objects | 547,263 | 790,000 | 882,000 |
| | <hr/> | | |
| Total direct obligations | 7,957,949 | 9,054,000 | 9,436,000 |
| | <hr/> <hr/> | | |
| <u>Position Data:</u> | | | |
| Average Salary, ES positions..... | \$153,715 | \$156,874 | \$161,147 |
| Average Salary, GS positions | \$102,715 | \$107,944 | \$110,703 |
| Average Grade, GS positions..... | 13.8 | 13.7 | 14.3 |

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

STATUS OF PROGRAM

The Office of Budget and Program Analysis (OBPA) coordinates the preparation of Departmental budget estimates, regulations, and legislative reports; administers systems for the allotment and apportionment of funds; provides analysis of U.S. Department of Agriculture (USDA) policy issues, draft regulations, and budget proposals; and provides assistance to USDA policy makers to inform decisions and in development and execution of desired policies and programs. The Director serves as the Department's Budget Officer, Performance Improvement Officer, and is one of the principal coordinators of the 2008 Farm Bill implementation activities.

OBPA supports the USDA mission by contributing guidance, sound analysis, and objective information regarding the Department's budget, programs, and legislative and regulatory actions.

Current Activities:

- Develop and maintain instructions and guidance for budget formulation, presentation and execution;
- Improve program delivery and effectiveness, by assisting the Secretary in ensuring agencies: continually improve performance; implement program improvement plans; regularly assess progress; and are held accountable for results.
- Prepare materials, including the USDA Budget Summary and Annual Performance Plan, and Explanatory Notes, for presentation and justification of the budget to the Congress, news media, interest groups, and the public;
- Coordinate Departmental response to Congressional questions for the record regarding Secretarial and agency Appropriations hearings;
- Develop alternatives and supporting data for use by policy officials in making budget decisions, including reprogramming and reallocation of funding;
- Serve as liaison with the Executive Office of the President and Appropriations Committees of the Congress to explain, justify and defend USDA's budget request;
- Conduct reviews of current programs, proposed programs, organizational plans, and reorganization proposals, including reviews of problem areas perceived to affect management efficiency, program outcomes, and implementation of Administration policy;
- Ensure agency-developed material requiring action by the Office of the Secretary is analytically-sound, consistent with Administration policy and budget requirements, and consistent with statutory authorities;
- Develop and maintain the Departmental Manual (DM 1260-1) governing the preparation, review, and clearance of the annual legislative program and legislative reports and ensure consistency in agency development of legislative information;
- Provide comprehensive analyses of the potential costs and programmatic implications of proposed legislation to assist in the formulation of the Department's views;

- Coordinate the clearance of legislative proposals and reports, and regulations through USDA policy officials and the Office of Management and Budget (OMB), including responding to inquiries, maintaining transmittal and clearance records, and notifying agencies of policy decisions and OMB action;
- Develop and maintain Departmental Regulations (DR 1512-1) governing the preparation, review and clearance of regulatory actions and ensure consistency with Departmental standards in agency regulatory development;
- Review regulatory actions for consistency with regulatory requirements, Executive Orders, and authorizing statutes and prepare analytical and explanatory information for policy officials to facilitate clearance of documents; and,
- Coordinate and provide appropriate assistance in the preparation of the USDA portion of OMB's Regulatory Plan and the Semi-Annual Regulatory Agenda.

Selected Examples of Recent Progress:

Performance Improvement Initiative. In response to the Executive Order signed by the President on November 13, 2007, USDA appointed the Director of OBPA to serve as USDA's Performance Improvement Officer (PIO). The PIO is charged with supervising the performance management activities of the Department and reporting to the Secretary on the implementation of the Executive Order.

OBPA led Performance Improvement efforts throughout FY and OBPA and agency staff completed 7 FY 2010 program assessments. OBPA also produces and contributes to reports for policy officials on Department-wide financial and performance information.

Further information on USDA's performance can be found at:

http://www.usda.gov/wps/portal/!ut/p/.s.7.0.A/7.0.1OB?navid=PERFORMANCE_IMP&parentnav=HOME&natype=RS.

Budget Summary and Related Information. OBPA revised the annual Budget Summary to include program results and other performance information for key measures that support the Department's Strategic Objectives. The Budget Summary and Annual Performance Plan 2009 provides an overview of the Department's programs, budgets and performance, and provides funding highlights. In addition, the document provides historical information and performance targets for key performance measures. The Budget Summary and Annual Performance Plan was released to the public on February 4, 2008 and is available at <http://www.obpa.usda.gov/budsum/fy09budsum.pdf>.

Review of Regulatory Actions. During fiscal year 2008, OBPA was actively involved in the review and clearance of 265 regulatory workplans which included numerous high priority Farm Bill related workplans. In addition, OBPA was actively involved in the review and clearance of 260 regulations including regulations involving: Farm Bill programs, genetically engineered organisms, management of donated food, the designation of biobased items for Federal procurement, country of origin labeling, and the Idaho roadless rule.

Review of Legislative Actions. During fiscal year 2008, OBPA assisted in the preparation and review of 416 legislative reports. These reports were reviewed to ensure consistency with the program, policy and budgetary objectives of the Administration; based on adequate analysis, and programmatic soundness. In addition, OBPA assisted in the analysis, clearance and transmittal to Congress of the Department's budget-related legislative proposals for fiscal year 2009. These proposals included a stockyard licensing user fee, a grain standards user fee, and a mandatory country of origin labeling enforcement activities user fee. OBPA also closely followed the development of the 2008 Farm Bill and provided review and analysis throughout the Congressional deliberations of the Bill. OBPA provided insight into the economic and programmatic impact of proposals being discussed during the development process.

Farm Bill Implementation. OBPA provided leadership to assist with implementation of the newly enacted Farm Bill. Implementation efforts for the 2008 Farm Bill include development of regulations, administrative procedures, program guidelines, and computer software. Agencies must also train staff, provide information to program participants, and conduct numerous activities to make changes to existing programs or implement new programs. Recognizing these challenges, a Farm Bill Working Group (FBWG) was created to coordinate implementation of the Farm Bill across the Department. The FBWG implementation to ensure that: (1) major decisions are identified; (2) decisions are made on a timely basis; (3) actions are coordinated across mission areas; and (4) tracking progress and reporting to policy officials and Congress. The Director of OBPA serves as convener of the FBWG. Membership includes career employees designated by Subcabinet officials.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Summary of Budget and Performance
Statement of Goals and Objectives

OBPA has one goal and three objectives that contribute to the strategic goals of the Department.

| Agency Strategic Goal | Agency Objectives | Programs that Contribute | Key Outcome |
|--|--|--------------------------|---|
| <p>Agency Goal 1: Support the USDA mission of providing “leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management” by contributing guidance, sound analysis, and objective information regarding the Department’s budget, programs, and legislative and regulatory actions.</p> | <p><u>Objective 1.1:</u> Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department’s programs and policies.</p> | <p>N/A</p> | <p><u>Key Outcome 1:</u> The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.</p> |
| | <p><u>Objective 1.2:</u> Ensure the Department’s budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities and is presented with associated performance information and linkages to the USDA Strategic Plan, and applicable laws.</p> | <p>N/A</p> | <p><u>Key Outcome 2:</u> The final Departmental budget is consistent with policy decisions and allocates resources to agencies according to priorities and is presented with associated performance information and linkages to the USDA Strategic Plan, and applicable laws.</p> |
| | <p><u>Objective 1.3:</u> Ensure the Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.</p> | <p>N/A</p> | <p><u>Key Outcome 3:</u> The Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.</p> |

Selected Accomplishments Expected at the FY 2010 Proposed Resource Level:

- Assist policy makers in decision-making and policy implementation.
- Make significant contributions to the relevance and accuracy of controlled correspondence.
- Meet Circular A-11 requirements and submit budget materials to OMB and Congress on time.
- Complete 98 percent of regulatory reviews on time.
- Review and clear 80 percent of legislative reports within 3 days.

Key Performance Outcomes and Measures

Goal 1: Support the USDA mission of providing “leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management” by contributing guidance, sound analysis, and objective information regarding the Department’s budget, programs, and legislative and regulatory actions.

Key Outcome 1: The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.

Key Performance Measures:

- Yearly effectiveness rating in assisting policymakers in decision-making and policy implementation, as evidenced by annual informal assessment.
- Significant contribution made to the relevance and accuracy of controlled correspondence.

Key Performance Target: Effective in assisting policymakers in decision-making and policy implementation.

Key Outcome 2: The final Departmental budget is consistent with policy decisions and allocates resources to agencies according to priorities, performance and applicable laws.

Key Performance Measures:

- Relevant, accurate, and timely materials produced to present and support the budget.

Key Performance Target: Meet Circular A-11 requirements and the budget will be submitted to OMB and Congress on time.

Key Outcome 3: The Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

Key Performance Measure:

- USDA legislative and regulatory proposals are reviewed and cleared within the assigned OBPA timeframe.

Key Performance Target:

| Performance Measure | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Actual | 2009 Target | 2010 Target |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Percent of legislative reports are reviewed and cleared in 3 days or less. | 80% | 80% | 80% | 80% | 80% | 80% |
| Percent of regulatory reviews are completed within established timeframes. | 98% | 98% | 98% | 98% | 98% | 98% |

Full Cost by Agency Strategic Objective

Dollars in thousands

FY 2008 FY 2009 FY 2010

Strategic Objective 1.1: Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department's programs and policies.

| | | | |
|-------------------------------|---------|---------|---------|
| Administrative Costs (Direct) | \$2,612 | \$2,972 | \$3,032 |
| FTE | 18 | 19 | 19 |
| Performance Measure: | | | |

| | | | |
|---|-----|-----|-----|
| Percent of legislative reports reviewed and cleared in 3 days or less | 80% | 80% | 80% |
| Percent of Regulatory reviews completed within established timeframes | 98% | 98% | 98% |

Strategic Objective 1.2: Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities, performance, and applicable laws.

| | | | |
|-------------------------------|---------|---------|---------|
| Administrative Costs (Direct) | \$2,857 | \$3,250 | \$3,515 |
| FTE | 20 | 23 | 23 |
| Performance Measure: | | | |

| | | | |
|---|-----|-----|-----|
| Percent of legislative reports reviewed and cleared in 3 days or less | 80% | 80% | 80% |
| Percent of Regulatory reviews completed within established timeframes | 98% | 98% | 98% |

Strategic Objective 1.3: Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

| | | | |
|-------------------------------|-------|-------|-------|
| Administrative Costs (Direct) | 2,489 | 2,832 | 2,889 |
| FTE | 18 | 18 | 18 |
| Performance Measure: | | | |

| | | | |
|---|-----|-----|-----|
| Percent of legislative reports reviewed and cleared in 3 days or less | 80% | 80% | 80% |
| Percent of Regulatory reviews completed within established timeframes | 98% | 98% | 98% |

| | | | |
|-------------------------------------|---------|---------|---------|
| Total Cost all Strategic Objectives | \$7,958 | \$9,054 | \$9,436 |
| Total FTEs | 56 | 60 | 60 |