



United States Department of Agriculture

Office of the
Secretary

Office of Budget and
Program Analysis

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TO: Sub-Cabinet Members
Agency Heads
Office Directors

FROM: John Rapp
Budget Director
Office of Budget and Program Analysis

SUBJECT: Fiscal Year (FY) 2024 Budget Process – Agency Estimates – Chapter 11

Based on discussions with the Office of the Secretary, this memorandum outlines USDA's process for the FY 2024 Agency Request. Please submit all requested materials under the signature of a Subcabinet official or acting Subcabinet official to OBPA no later than June 30th at noon. When Mission Areas formulate their request, they should consider all the recent budgetary resources that have been made available or may become available to their agencies – the 2018 Farm Bill, the Great American Outdoors Act, Division N of the FY 2021 Consolidated Appropriations Act, the American Rescue Plan, and the Infrastructure Investment and Job Act. Agency Requests should seek funding levels necessary to properly implement Congress' intent; therefore, the Office of Budget and Program Analysis will analyze requests to ascertain whether adequate staffing levels and other fixed costs have been funded. FY 2024 planning will be focused on foundational elements necessary for sound management of our resources.

In addition to rebuilding the foundational elements of agencies, the Agency Estimates should also reflect funding levels necessary to address both the issues of today and the challenges of tomorrow. To meet this objective, Mission areas are asked to reflect on past performance, provide evidence (when available) of program effectiveness, and rank programs. All budget proposals should be consistent with Administration and Secretarial priorities and investments need to support the goals of the Department's 2022-2026 Strategic Plan. Mission Areas and Agencies are encouraged to discuss formulation strategies with the Office of Budget and Program Analysis.

Phases and timing of the Budget Process. There are three phases in the development of a Congressional Budget Justification:

- Phase 1 is the Agency Estimate Agencies will submit their Agency estimates to OBPA on June 30th. OBPA will compile the information received and works with OSEC throughout July to formulate the broader Departmental budget. OBPA “passes back” Agency and Staff Office budget and legislative information the week of July 25th, 2022.
 - During the month of July, the Office of Management and Budget (OMB) typically issues their budget formulation guidance which provides constraints on the amount of funding to formulate, as well as the formats and general

considerations for presenting other information like mandatory and legislative proposals.

- The OMB guidance will be incorporated into discussions and recommendations provided to OSEC.
- Phase 2 is the Department Estimate which is due to OMB the second Monday in September (September 12th this year). These documents will be developed by Agencies/Offices using the information that OBPA passes back in late July.
 - After delivery of the Department Estimate to OMB, OPBA will facilitate meetings between OMB and Mission Area so the budget request can be discussed.
 - OMB will use the Department Estimate as the basis for their formulation of the FY 2024 USDA budget and will “passback” their funding and legislative proposals the week after Thanksgiving (around November 28th).
- Phase 3 is the President’s Budget which will be sent to Congress by the President of the United States on February 6, 2023.

Budget Scenarios:

- *Funding Scenarios* – Agencies must formulate two scenarios: 1) at a level equal to the FY 2022 Enacted level less one-time costs such as Congressionally Directed Spending, and 2) an increase scenario equal to one percent above the FY 2022 Flat Scenario plus Pay and Employee Costs, Working Capital Fund and Shared Cost Program increases.
 - Both scenarios should budget for the full salaries and expenses of on-board staff projected for the end of FY 2022. Next, a pay cost increase of 4.6 percent should be incorporated into the budget for both scenarios.
- *Legislative proposals* – The budgetary impacts of an Agency’s legislative proposal must be balanced within the Mission Area. Also, agencies should evaluate the need for renewing expiring authorities as well as whether new legislative language changes would significantly improve program performance and implementation. Farm Bill legislative proposals should not be included in the Agency Estimates as the Department will be handling Farm Bill legislative process separately in anticipation of the upcoming Farm Bill deliberations.
- *Mandatory funding* – The Agency Request is not requesting mandatory proposals as part of the Agency Request as this will be handled through the Department as part of the Farm Bill legislative process.

Attached is the Chapter 11 guidance which provides formats and instructions for constructing each agency's FY 2024 budget request. The dates included are subject to change as the process moves forward. New and additional guidance may be issued, and other budgetary and programmatic materials may be required as guidance from the Office of Management and Budget or the Office of the Secretary is received. Office of Budget and Program Analysis staff will be in contact with your staff to coordinate these changes, if necessary, and are available to assist and provide insights throughout the process.

Formulation Strategy:

In addition to the guidance above, the overall approach for agencies in FY 2024 should be to budget for fixed costs first. This approach supports fundamental Secretarial priorities such as

improving employee morale and building back our staffing capacity and scientific expertise. Funding levels must demonstrate support for at least one of the Department Strategic Plan goals or the Equity Action Plan:

- Goal 1: Combat Climate Change to Support America's Working Lands, Natural Resources and Communities
- Goal 2: Ensure America's Agricultural System is Equitable, Resilient, and Prosperous
- Goal 3: Foster an Equitable and Competitive Marketplace for All Agricultural Producers
- Goal 4: Provide All Americans Safe, Nutritious Food
- Goal 5: Expand Opportunities for Economic Development and Improve Quality of Life in Rural and Tribal Communities
- Goal 6: Attract, Inspire, and Retain an Engaged and Motivated Workforce that's Proud to Represent USDA

Each proposed increase or decrease to program funding levels (compared to the FY 2022 Enacted levels) in the Agency Estimate needs to be accompanied by a justification. Key components of the justification will be 1) the influence of the funding change on Agency/Office performance, 2) evidence that supports a change in program funding levels, and 3) an explanation of why funding changes are a strategy to reaching Departmental goals.

Attachments

cc: Katherine Ferguson
Anne Knapke
Maribel Duran
Eyang Garrison

Mission Area Chiefs of Staff
Agency Budget Officers
Agency Chief Information Officers
Agency Performance Improvement Officers