

**Forest Service Handbook
National Headquarters (WO)
Washington, DC**

Forest Service Handbook 1909.13 – Program Development and Budgeting Handbook

Chapter 10 - Program Budget Formulation and Presentation

Amendment: 1909.13-2014-1

Effective date: December 22, 2014

Duration: This amendment is effective until superseded or removed.

Superseded Directive: 1909.13,10 Contents, Amendment 1909.13-94-1, September 30, 1994; 1909.13_10, Amendment 1909.13-94-1, September 30, 1994

Approved by: Thelma J. Strong, Chief Financial Officer (CFO)

Date approved: December 19, 2014

Responsible Staff:

Explanation of changes: Following is an explanation of the changes throughout the directive by section.

Posting Instructions: Amendments are numbered consecutively by handbook number and calendar year. Post by document; remove the entire document and replace it with this amendment. Retain this transmittal as the first page(s) of this document. The last amendment to this handbook was 1909.13-2013-3 to 1909.13_40.

10: Changes the chapter caption from “Program Budget Formulation” to “Program Budget Formulation and Presentation”. Also incorporates direction from chapter 20, Budget Presentation, and revises the chapter in its entirety.

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10.1 - Authority

See FSM 1930.1.

10.2 - Objective

See FSM 1930.1.

10.3 - Policy

See FSM 1930.3.

10.4 - Responsibility

In addition to the responsibilities below, see FSM 1930.4.

10.41 - Washington Office

10.41a - Director of Strategic Planning, Budget and Accountability

It is the responsibility of the Director of Strategic Planning, Budget and Accountability (SPBA) to:

1. Establish national processes and procedures for developing program budget information that supports the information needs of the Chief.
2. Facilitate the development of the agency-wide program budget for a given year.
3. Coordinate with the Washington Office, Deputy Area Budget Coordinators (DABCs) to ensure that written instructions for budget formulation and presentation are clear, concise, and complete, and that sound budget proposals are formulated.
4. Manage the budget formulation and presentation process by responding to questions, resolving process problems, and facilitating meetings.
5. Prepare the out-year budget formulation process, which includes the Agency Request, the Department Estimate, and the preparation of the Budget Justification (the President's Budget) for transmittal to the Department of Agriculture, and the Office of Management and Budget (OMB).
6. Facilitate the development of the Hearing Preparation which includes the witness statement, briefing papers, testimony, and presentation materials for committee hearings.
7. Coordinate the preparation of Questions for the Record, Capability and Effect Statements, responses to the Department of Agriculture, OMB, and responses to Congressional committee members and their staffs.

8. Facilitate and oversee program budget data.
9. Incorporate the previous year's direction and critique into the pending year to provide program continuity, eliminate confusion, and strengthen the budget formulation and presentation process.

10.41b - Deputy Area Budget Coordinators

It is the responsibility of Deputy Area Budget Coordinators (DABCs) to:

1. Assist in the development of the program budget formulation and presentation process.
2. Provide direction and assistance to Washington Office, Deputy Chiefs throughout the program budget formulation and presentation process.
3. Review and validate Region/Station/Area program budget proposals.
4. Prepare program and offer narratives for the Agency Request (to the Department of Agriculture) and for the Department Estimate to OMB.
5. Develop program plans and narrative justifications for the Budget Justification, which support full-time equivalence and funding allowances set by the President.
6. Provide information for responses to requests received from the Department of Agriculture, OMB, members of Congress, and congressional committees and their staffs.

10.42 - Field Units

10.42a - Regional Foresters, Station Directors, Institute Director, Forest Products Laboratory Director, and the Area Director

It is the responsibility of the Regional Foresters, Station Directors, Institute Director, Forest Products Laboratory Director and Area Director to provide support to the budget formulation and presentation process by responding to requests from the DABCs as needed, including information for budget hearings.

10.5 - Definitions

Actions on the Budget. A budget table that displays the status of Forest Service budget at various stages in the current year congressional budget process, including prior year appropriations; President's budget; House Action; Senate Action; and Appropriations Bill, as well as a written summary of congressional direction quoted from the congressional reports and the appropriations bill.

Annual Performance Report. The Annual Performance Report provides information on the Agency's progress achieving the goals and objectives described in the Agency's Strategic Plan,

including the progress on strategic objectives, performance goals and Agency Priority Goals, when applicable.

Appropriation Process. The annual appropriations process provides funding for discretionary spending programs through 13 regular appropriations bills. Congress must enact these measures prior to the beginning of each fiscal year (October 1) or provide interim funding for the affected programs through a continuing resolution. Appropriations bills originate in the House, but may be amended by the Senate as other legislation.

Authorization Process. Congress first passes an authorization bill that establishes or continues an agency or program and provides it with the legal authority to operate. Authorizations may be for one or more years, and such legislation may recommend funding levels for programs and agencies. Authorizations make possible later consideration of appropriations.

Budget Formulation. Budget formulation consists of all steps, actions, and documentation in the budget process that are required or that should be taken in advance of the enactment by Congress of an appropriation bill.

Budget Justification. Documents detailing the President's budget request to Congress. This includes the budget estimate, full-time equivalent employment data, and narrative materials describing the programs, projects, and activities included in the request. Strategic Plan goals and objectives and program performance information are integrated into the justification.

Capability and Effect Statements. A Capability and Effects Statement is the vehicle used to respond to requests by the House and Senate Interior, Environment, and Related Agencies Appropriations Subcommittees for proposed budget adjustments (increases or decreases) from the President's Budget.

Concurrent Budget Resolution. Congress' annual budget process centers around the adoption of concurrent budget resolutions. This resolution is formulated by the Budget committees and is composed of two basic parts. The first deals with total Federal spending (budget authority and outlays), total Federal revenue, and the public debt for the upcoming fiscal year. The second part subdivides the spending aggregates into 21 functional categories, such as national defense, energy, and agriculture. This fiscal blueprint establishes the context of congressional budgeting; guides the budgetary action of the authorizing, appropriating, and taxing committees; and represents Congress's spending priorities. This allocation procedure, called a "budget crosswalk," involves two steps. First, section 302 of the Balanced Budget and Emergency Deficit Control Act of 1985, requires the conference report to allocate the congressionally agreed-upon spending levels for all 21 functional categories. In the second step of the crosswalk, the committees subdivide their spending allocations among the appropriate subcommittees or programs. Until Congress adopts its budget resolution for a fiscal year, it may not take up any spending, revenue, entitlement, or debt legislation affecting that year unless this prohibition is waived by the House and Senate.

Congressional Direction. Congressional direction is a provision within a Committee report or in an Appropriations bill that directs the Forest Service to provide certain information or to conduct certain activities.

Constraints. Limitations of any kind to be considered in planning, scheduling, implementing, or evaluating programs or projects.

Fund Code. Fund codes identify the main funding appropriations and primary subsets to facilitate internal Forest Service communication.

Lead-off Tabular Statements. A budget table that displays a budget line item at the appropriations level of funding at various stages during the budget process. It is included in the Agency Request and the Department Estimate.

OMB Circular A-11. Office of Management and Budget's annual guide and direction for the preparation, submission, and execution of the Federal Budget.

President's Budget. The President is required to submit to Congress a proposed budget by the first Monday in February. The submission comes in volumes of information that are useful to Congress in developing its own budget. Each Administrative agency submits its own set of budget documents and justifications at the same time.

Questions for the Record. The Forest Service responds to any questions that were received during a Congressional hearing related to our agency. The Questions for the Record are a formal, agency response and incorporated into the final Congressional Record. The Congressional Record is a record of the proceedings of Congress.

USDA Forest Service Strategic Plan. The Forest Service Strategic Plan identifies long-term strategic priorities and is the basis for integrated delivery of the Agency's mission, following the criteria of the Government Performance and Results Modernization Act (5 U.S.C. 306). The Forest Service strategic plan provides more detailed Agency support of the USDA Strategic Plan.

11 - Program Budget Formulation

11.1 - Formulation Process

Budget formulation is an annual process.

1. The Strategic Planning, Budget and Accountability (SPBA) staff coordinates with Deputy Area Budget Coordinators (DABCs) to review the previous year's budget instructions, timelines, constraints, and national priority areas.
2. The DABCs work with their Deputy Chiefs to construct a range of alternative program budgets based upon the Chief's guidance. Proposals highlight top priority areas and tier to the USDA Forest Service Strategic Plan.

3. The SPBA staff schedules sessions to develop and complete the national budget alternative.
4. The proposed program budget alternatives are presented to the Chief and Executive Leadership Team.

12 - Budget (Presentation)

The formulation of the President's Budget begins one calendar year before the fiscal year under consideration. The Washington Office, Director of Strategic Planning, Budget and Accountability provides the Agency, Department of Agriculture, OMB, and Congress with budgetary information throughout the process. Based on the Chief's decisions and guidance from the Department, the SPBA staff prepares program budget data for submission to the Secretary of Agriculture.

Exhibits 01 and exhibit 02 detail the time tables of the Executive and Legislative budget presentation process.

1. Exhibit 01 - USDA, Program and Budget Development Schedule. Exhibit 01 displays the Department of Agriculture key events and target dates related to the formulation and development of the Agency Request and Department Estimate.
2. Exhibit 02 - Executive and Congressional Budget Formulation Process. Exhibit 02 displays the key events and target dates relating to the formulation and development of the budget at the Executive (Office of Management and Budget) and Legislative (Congress) levels. The time table highlights significant dates culminating in transmittal of the President's budget to Congress and enactment of the Appropriations bills for each fiscal year.

12 - Exhibit 01

USDA, Program and Budget Development Schedule

ACTION	TARGET DATE	RESPONSIBILITY
Under/Assistant Secretaries provide program and policy guidance	April-May	USDA
Submit Agency request budget estimates and legislative program proposals	July	Forest Service
Secretary meets with Under/Assistant Secretaries and Agency heads to discuss budget and legislative proposals	July - August	USDA & Forest Service
Agencies advised of Secretary's decisions on the Department Budget Estimate	August	USDA
Prepare and submit to USDA final materials for Department Estimate	Late August	Forest Service

12 - Exhibit 02

Executive and Congressional Budget Formulation Process

ACTION	TARGET DATE	RESPONSIBILITY
Passback	November	USDA & FS
President transmits the budget to Congress Agency transmits Explanatory Notes to Congress	Not later than first Monday in February	OMB & FS
Committees submit views and estimates to Budget Committees	Within 6 weeks of PB transmittal	Congress
Senate Budget Committee reports concurrent resolution on the budget	April 1	Senate
Congress completes action on concurrent budget resolution	April 15	Congress
House may consider appropriations bills in the absence of a concurrent resolution on the budget	May 15	Congress
House Appropriations Committee reports all appropriations bills to full House	June 10	House
Senate takes up action on appropriations bills passed by the House	June 10	Senate
Conference Committees resolve differences in appropriations bills	July - September	Congress
Congressional Budget Office (CBO) provides estimates of the impact of legislation	As Needed	CBO
OMB and agencies discuss budget issues and options in management and budget reviews	June - August	OMB
CBO issues its sequestration update	August 15	CBO
OMB issues its sequestration update	August 20	OMB
President signs appropriations bills into law	October 1	President

12.1 - Forest Service Agency Request

The Washington Office, Strategic Planning, Budget and Accountability staff:

1. Coordinate with the DABCs on the program budget proposals approved by the Chief used to develop the Agency Request, Department Estimate and Budget Justification.
2. Ensures the budget proposals meet the following criteria:
 - a. Estimates and justification statements conform with Department instructions and administration policy.
 - b. Legislative proposals language is accurate as legal authority.
 - c. Funding data is consistent with current and prior year's request.
 - d. Proposals can be administratively implemented and are financially accountable.

Based upon the review of the Agency Request, the Secretary of Agriculture determines the program level of funding for the Agency, which becomes the basis for the Department Estimate.

12.2 - Department Estimate

The USDA Office of Budget Planning and Analysis (OBPA) reviews the Department Estimate request for items, such as:

1. The need for new programs or program emphasis.
2. Strong justifications and rationale.
3. Efficiency, economy, and feasibility of Agency proposals.
4. Adherence to USDA and OMB directions.

The Department Estimate provides funding, staffing, outputs, and justification of increase and decrease narratives for the budget year. The Department Estimate is submitted by the Department of Agriculture to OMB as the recommended level of funding that is presented in the President's Budget.

12.3 - President's Budget

The Office of Management and Budget (OMB) reviews the Department Estimate and determines the funding level to be included in the President's Budget. More specifically, OMB:

1. Reviews proposed program changes and/or new programs in terms of anticipated measurable benefits.
2. Assesses the relationships between Forest Service proposals and the condition of the economy in terms of revenue projections, the aggregate range of outlays, and changes in Administration policy.
3. Review and assess current economic conditions, as well as the future outlook.
4. Review projected future year revenues and outlays.

The Office of Management and Budget provides funding information, staffing, outputs, and narrative direction to the Department of Agriculture (OMB Passback). The OMB passback received by the Agency from the Department of Agriculture becomes the President's Budget.

12.4 - Congress

The President's Budget, accompanied by the Explanatory Notes, is normally sent to Congress in February.

12.41 - Appropriation Hearings

The House and Senate appropriations committees schedule hearings before the Department of the Interior, Environment, and Related Agencies Subcommittee after review of the President's budget and the Explanatory Notes. These hearings are primarily fact-finding instruments. Through oral and written testimony, the Department and the Forest Service provide the members of the Appropriations Subcommittees with information on Forest Service programs.

After the Agency hearings, Committee staffs submit questions for the record to the Forest Service on budget matters needing further clarification. The SPBA staff works with the DABCs to respond to these questions. Responses to the questions require clearance from the Department of Agriculture and the OMB before they can be submitted to the Committees. See section 12.44, exhibit 01 for an example of a response to a Congressional question.

12.42 - Outside Witness Testimony

The Committees schedule outside witnesses to present testimony about Forest Service budget proposals and programs. Outside witnesses include witnesses from the following: public (House Subcommittee only), Congress, Executive Branch, interest groups, academic experts, and knowledgeable citizens.

12.43 - Capability and Effect Statements

A capability and effects statement is the vehicle used to respond to:

1. Requests by the House and Senate Interior, Environment and Related Agencies Appropriations Subcommittees for proposed budget adjustments (increases or decreases) from the President's Budget.
2. Written witness statements provided to the Subcommittees.
3. Proposed budget adjustments (increases or decreases) for specific programs or projects.

The Strategic Planning, Budget and Accountability staff coordinates the preparation of capability and effects statements with the DABCs. See section 12.44, exhibit 02 for an example of a capability and effects statement.

12.44 - Exhibits

1. Exhibit 01 - Sample Questions For the Record and Answers. This exhibit provides an example of responses to Congressional questions.
2. Exhibit 02 - Sample Capability and Effect Statement. This exhibit provides an example of a completed capability and effects statement.

12.44 - Exhibit 01

Sample Questions For the Record

FOREST PLANNING RULE

Question: Will the new planning rule reduce the amount of time and funding it takes to finish a forest plan? How will it do this?

Answer: The new planning rule is expected to reduce the total overall cost of revising a plan by reducing the time needed for revision. Currently, plans take about five to seven years to revise under the 1982 planning rule process. Plans revised under the new 2012 planning rule should take between three to four years, reducing the overall cost. This is achieved by removing many of the burdensome process requirements of the previous rule; streamlining the assessment phase preceding a revision by emphasizing rapidly gathering existing information, without requiring new inventories, surveys, or creating new information. The rule requires Forest Supervisors to manage planning within the fiscal capability of the unit.

BORDER SECURITY

Chief Tidwell, it is no secret that U.S. land borders remain one of the United States' most vulnerable national security weaknesses. Every day our borders are not secure is one more day that drugs, human traffickers, illegal immigrants and terrorists can gain illicit entry into this country.

Question: Does the Forest Service have sufficient resources and authorities to play its part in protecting Forest Service lands along the border? Have border protection resources been fully provided for in this year's budget? If not, what does the Forest Service need?

Answer: The Forest Service through the U.S. Department of Agriculture is statutorily charged with managing all National Forest System lands along the international border. The Forest Service shares law enforcement responsibilities over these lands (approximately 400 miles) with Federal, state and local cooperators. The volume of cross border violations is a continuing threat. While it is fully recognized that Customs and Border Protection (CBP) and CBP Border Patrol have the primary mandate of controlling and guarding the nation's borders, Forest Service Law Enforcement and Investigation's (LEI) stewardship and law enforcement responsibilities are vital to assisting in effectively defending national security, responding to terrorist threats, safeguarding human life, and stopping the degradation of the natural and cultural resources of National Forest System lands.

The Law Enforcement and Investigation's (LEI) budget line item does not separate funds specifically for border protection from other LEI activities. The FY 2013 President's budget for LEI will continue to stress the importance of coordinating the efforts of border protection with all of their Federal, state, local and tribal partners.

12.44 - Exhibit 02

Sample Capability and Effects Statement

DEPARTMENT OF AGRICULTURE
FOREST SERVICE
FY 2014
CAPABILITY AND EFFECTS STATEMENT

Appropriation: National Forest System

General Provision:

Sec. 432. Mining Access

Senate Action:

Provision requires the Secretary of Agriculture, acting through the Chief of the Forest Service, to allow reasonable access for the orderly development of mining claims in Region 10.

Senate Bill Language:

Mining Access

Sec. 432. In Region 10, the Secretary of Agriculture, acting through the Chief of the Forest Service, shall allow reasonable access for the orderly development of mining claims located inside areas subject to mineral lands use designations in the relevant Forest Plan.

Effect of Senate Action:

There are no potential effects and implications of the proposed change, because we are already operating under this capacity as described in the Senate Action.

Preferred Action:

Mining Access

SEC. 432. In Region 10, the Secretary of Agriculture, acting through the Chief of the Forest Service, shall continue to allow reasonable access for the orderly development of mining claims located inside areas subject to mineral lands use designations in the relevant Forest Plan.

(T1-002) FINAL
[H-008, H-112]