

2027 USDA EXPLANATORY NOTES – OFFICE OF HEARINGS AND APPEALS

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PREFACE

This publication summarizes the fiscal year (FY) 2027 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the "Budget" is in regard to the 2027 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2024 and 2025, Working Families Tax Cut Act, Agriculture, Rural Development, Food and Drug Administration, and Related Agency Appropriations Act, 2026, and the President's Budget request for 2027. Amounts for 2026 estimated levels include: non-enacted amounts such as Full-Time Equivalent levels, fleet levels, information technology investment levels, recovery levels, transfers in and out, balances available end of year, and obligation levels.

Throughout this publication, the "Working Families Tax Cut Act" is used to refer to the Public Law 119-21.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2024, 2025, 2026 and 2027.

In tables throughout this document, amounts equal to zero (0) are displayed as dashes (-). Amounts less than 0.5 and greater than zero are rounded and shown as a zero (0). This display treatment is used to prevent the masking of small non-zero amounts that do not round up to one (1). Due to rounding, some tables may not sum exactly.

AGENCY-WIDE

PURPOSE STATEMENT

The Office of Hearings and Appeals (OHA) consolidated the three previously separate entities of the National Appeals Division (NAD), the Office of the Administrative Law Judges (OALJ), and the Office of the Judicial Officer (OJO). Previously, OALJ and OJO were offices under Departmental Administration, and NAD was an independent agency that reported to the USDA Secretary.

The mission of OHA is to plan, coordinate, and provide administrative support for NAD, OALJ, and OJO. OHA promotes fairness, transparency, and consistency in NAD, OALJ, and OJO proceedings by planning, coordinating, and administering office-wide activities and initiatives. OHA adjudicates first-and second-level hearings and appeals at USDA. OHA Headquarters is in Alexandria, Virginia. NAD, a division within OHA, administers its appeals system through two regional offices located in Memphis, Tennessee, and Lakewood, Colorado. The NAD Administrative Judges are in field locations throughout the United States and operate out of home offices. OALJ and OJO are in the USDA's South Building in Washington, DC.

As of September 30, 2025, there were 4 term full-time employees and 60 permanent full-time employees, comprising 24 in Virginia (HQ) and Washington, DC, and 36 in the field.

OHA activities contribute to the success of USDA's overall mission to provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management. USDA is currently developing the FY 2026 – 2030 Strategic Plan. A detailed FY 2027 performance plan, including Key Performance Indicators, can be found at <https://www.usda.gov/our-agency/about-usda/performance>.

AVAILABLE FUNDS AND FTEs

Table OHA-1. Available Funds and FTEs (thousands of dollars, FTEs)

Item	2024		2025		2026		2027	
	Actual	FTEs	Estimated	FTEs	Estimated	FTEs	Estimated	FTEs
Office of Hearings and Appeals:								
Discretionary Appropriations.....	\$16,703	72	\$16,703	67	\$14,500	52	\$12,703	52
Total Available	16,703	72	16,703	67	14,500	52	12,703	52
Lapsing Balances.....	-193	-	-406	-	-	-	-	-
Total Obligations, OHA	16,510	72	16,297	67	14,500	52	12,703	52
Total, Agriculture Available	16,703	72	16,703	67	14,500	52	12,703	52
Total Available, OHA	16,703	72	16,703	67	14,500	52	12,703	52

PERMANENT POSITIONS BY GRADE AND FTEs

Table OHA-2. Permanent Positions by Grade and FTEs

Item	2024			2025			2026			2027		
	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total
AD	1	1	2	1	1	2	2	-	2	2	-	2
AL	-	3	3	2	1	3	2	-	2	2	-	2
GS-15.....	2	4	6	2	3	5	2	2	4	2	2	4
GS-14.....	9	29	38	8	22	30	7	22	29	7	22	29
GS-13.....	5	-	5	5	-	5	4	-	4	4	-	4
GS-12.....	1	1	2	3	-	3	1	-	1	1	-	1
GS-11.....	-	4	4	-	5	5	-	4	4	-	4	4
GS-10.....	-	-	-	-	-	-	-	-	-	-	-	-
GS-9	2	3	5	-	2	2	-	3	3	-	3	3
GS-8	-	5	5	-	5	5	-	3	3	-	3	3
GS-7	-	2	2	-	-	-	-	-	-	-	-	-
Total Permanent	20	52	72	21	39	60	18	34	52	18	34	52
Unfilled, EOY	-	-	-	-	-	-	-	-	-	-	-	-
Total Perm. FT EOY	20	52	72	21	39	60	18	34	52	18	34	52
FTE.....	20	52	72	21	46	67	18	34	52	18	34	52

SHARED FUNDING PROJECTS

Table OHA-3. Shared Funding Projects (thousands of dollars)

Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Administrative Services:				
AskUSDA Contact Center	-	\$4	-	-
General Counsel Legal Compliance.....	-	-	\$3	\$3
Human Resources Enterprise System Management	\$2	2	5	5
Integrated Procurement Systems	5	4	6	6
Mail and Reproduction Management Division.....	66	64	56	56
Material Management Service Center	6	6	4	4
Personnel and Document Security Program	4	4	-	-
Procurement Operations Division	-	-	7	7
Subtotal	83	84	81	81
Communications:				
Creative Media & Broadcast Center	4	-	2	2
Finance and Management:				
Internal Control Support Services	13	11	1	1
Financial Shared Services.....	51	45	33	33
National Finance Center	331	209	368	368
Subtotal	395	265	402	402
Information Technology:				
Client Experience Center	291	296	238	238
Department Administration Information Technology Office	119	102	35	-
Digital Infrastructure Services Center	6	6	5	42
Enterprise Cybersecurity Services	39	40	37	37
Enterprise Data and Analytics Services	1	1	-	-
Enterprise Network Services.....	169	187	139	139
Subtotal	625	632	454	456
Correspondence Management Services:				
Office of the Executive Secretariat.....	13	6	5	5
Total, Working Capital Fund	1,120	987	944	946
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach	6	5	3	3
Diversity, Equity, Inclusion, and Accessibility	2	-	-	-
Employee Experience	3	2	-	-
Medical Services	3	-	-	-
NCR Interpreting Services.....	4	4	3	3
OCFO Shared Services Branch.....	-	-	-	1
Office of Customer Experience.....	2	1	-	-
Physical Security	4	4	2	2
Security Detail	4	6	11	11
Security Operations.....	6	5	5	5
Talent Group	3	2	-	-
TARGET Center.....	1	1	1	1
Total, Department-Wide Reimbursable Programs	38	30	25	26
Agency Total	1,158	1,017	969	972

ACCOUNT 1: OFFICE OF HEARINGS AND APPEALS

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

Office of Hearings and Appeals

For necessary expenses of the Office of Hearings and Appeals, [~~\$14,500,000~~]\$12,703,000.

LEAD-OFF TABULAR STATEMENT

Table OHA-4. Lead-Off Tabular Statement (in dollars)

Item	Amount
Estimate, 2026	\$14,500,000
Change in Appropriation	<u>-1,797,000</u>
Budget Estimate, 2027	<u>12,703,000</u>

PROJECT STATEMENTS

Table OHA-5. Project Statement on Basis of Appropriations (thousands of dollars, FTEs)

Item	2024		2025		2026		2027		FTE		
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs	Inc. or Dec.	Inc. or Dec.	Chg Key
Discretionary Appropriations:											
Office of Hearings and Appeals..	\$16,703	72	\$16,703	67	\$14,500	52	\$12,703	52	-\$1,797	-	(1)
Total Appropriation.....	<u>16,703</u>	<u>72</u>	<u>16,703</u>	<u>67</u>	<u>14,500</u>	<u>52</u>	<u>12,703</u>	<u>52</u>	<u>-1,797</u>	-	-
Total Available	16,703	72	16,703	67	14,500	52	12,703	52	-1,797	-	-
Lapsing Balances	-193	-	-406	-	-	-	-	-	-	-	-
Total Obligations	<u>16,510</u>	<u>72</u>	<u>16,297</u>	<u>67</u>	<u>14,500</u>	<u>52</u>	<u>12,703</u>	<u>52</u>	<u>-1,797</u>	-	-

Table OHA-6. Project Statement on Basis of Obligations (thousands of dollars, FTEs)

Item	2024		2025		2026		2027		FTE		
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs	Inc. or Dec.	Inc. or Dec.	
Discretionary Obligations:											
Office of Hearings and Appeals	\$16,510	72	\$16,297	67	\$14,500	52	\$12,703	52	-\$1,797	-	-
Subtotal Disc Obligations	<u>16,510</u>	<u>72</u>	<u>16,297</u>	<u>67</u>	<u>14,500</u>	<u>52</u>	<u>12,703</u>	<u>52</u>	<u>-1,797</u>	-	-
Total Obligations	16,510	72	16,297	67	14,500	52	12,703	52	-1,797	-	-
Add back:											
Lapsing Balances	193	-	406	-	-	-	-	-	-	-	-
Total Available	<u>16,703</u>	<u>72</u>	<u>16,703</u>	<u>67</u>	<u>14,500</u>	<u>52</u>	<u>12,703</u>	<u>52</u>	<u>-1,797</u>	-	-
Total Appropriation.....	<u>16,703</u>	<u>72</u>	<u>16,703</u>	<u>67</u>	<u>14,500</u>	<u>52</u>	<u>12,703</u>	<u>52</u>	<u>-1,797</u>	-	-

JUSTIFICATION OF CHANGES

Office of Hearings and Appeals

OHA provides a critical and statutorily mandated administrative appeal process for farmers, ranchers, and producers who have received adverse decisions from USDA. OHA's base budget primarily supports the salaries and benefits of its geographically dispersed Administrative Judges, Appeals Officers, and support staff, who perform essential mission activities such as conducting hearings in the States where USDA participants reside, as required by law. As an independent office, OHA also utilizes its budget for non-salary obligations necessary to maintain its operations and fulfill its statutory requirement to not receive administrative support except on a reimbursable basis. These resources ensure OHA can continue to provide fair and timely adjudication of adverse USDA Agency decisions and conduct rulemaking proceedings nationwide. In accordance with administration policy announced in the Budget, OHA will follow new government-wide grants guidance prohibiting the use of Federal funds to pay for subscriptions to academic journals, as well as for the publication of research results that are not specifically required by Federal statute or approved in advance by a Federal agency. This

policy preserves funds to support actual research by ensuring that the American taxpayer does not pay for the research, publication, and access to that research, essentially triple-charging the public for the same product.

- (1) A decrease of \$1,797,000 and 0 FTEs (\$14,500,000 and 52 FTEs available in 2026).

Despite this adjustment, OHA is demonstrating a strong commitment to fiscal stewardship and government efficiency through proactive and strategic operational restructuring. These efforts include a substantial reduction in staff from 67 FTEs in FY 2025 to 46 FTEs currently on board, achieved in part by not filling many attrited positions over the past two years. OHA has also strategically closed a regional office, yielding significant cost savings, and is consolidating administrative functions to optimize resource allocation and enhance efficiencies. Recognizing that approximately 85 percent of its budget is allocated to salaries, OHA will continue to prioritize its workforce management to ensure the continuity of its vital mission to promote fairness, transparency, and consistency across NAD, OALJ, and OJO proceedings. OHA is committed to strategically managing its resources and prioritizing the filling of mission-critical vacancies, such as the OHA Director and NAD Administrative Judges, to uphold statutory requirements and deliver timely adjudications for USDA customers.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTEs

Table OHA-7. Geographic Breakdown of Obligations and FTEs for OHA (thousands of dollars, FTEs)

State/Territory/Country	2024		2025		2026		2027	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
Arkansas.....	\$192	1	\$196	1	\$201	1	\$202	1
California	446	2	469	2	474	2	476	2
Colorado	1,624	9	1,683	9	1,697	7	1,600	7
District of Columbia	1,945	9	1,394	7	1,542	7	1,500	7
Florida	407	2	197	1	201	1	203	1
Idaho	209	1	213	1	215	1	217	1
Indiana	1,195	7	927	7	399	2	401	2
Maryland	226	1	230	1	233	1	235	1
Minnesota	204	1	214	1	215	1	217	1
Mississippi.....	413	2	426	2	430	2	432	2
Missouri	382	2	401	2	406	2	408	2
North Carolina	415	2	423	2	445	2	445	2
Ohio	212	1	216	1	219	1	220	1
Pennsylvania	445	2	214	1	-	-	-	-
South Carolina.....	203	1	207	1	209	1	210	1
Tennessee	1,085	7	1,102	7	1,297	7	1,297	7
Texas	419	2	433	2	437	1	439	1
Virginia	6,488	20	7,352	19	5,880	13	4,201	13
Obligations.....	16,510	72	16,297	67	14,500	52	12,703	52
Lapsing Balances	193	-	406	-	-	-	-	-
Total, Available	16,703	72	16,703	67	14,500	52	12,703	52

OBJECT CLASSIFICATION

Table OHA-8. Classification by Objects – Discretionary Funding (thousands of dollars)

Item No.	Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Personnel Compensation:					
	Washington D.C.	\$2,994	\$4,319	\$3,232	\$3,257
	Personnel Compensation, Field	7,251	5,646	4,588	4,620
11	Total personnel compensation	10,245	9,965	7,820	7,877
12	Personal benefits	3,566	3,557	2,661	2,928
13.0	Benefits for former personnel.....	9	335	30	10
	Total, personnel comp. and benefits	13,820	13,857	10,511	10,815
Other Objects:					
21.0	Travel and transportation of persons.....	122	92	123	50
22.0	Transportation of things	11	11	5	2
23.1	Rental payments to GSA	365	420	294	294
23.3	Communications, utilities, and misc. charges	329	331	324	278
24.0	Printing and reproduction	38	26	30	25
25	Other contractual services	-	-	1,344	-
25.1	Advisory and assistance services.....	400	304	287	287
25.2	Other services from non-Federal sources	594	548	766	376
25.3	Other goods and services from Federal sources	786	663	744	545
26.0	Supplies and materials.....	44	17	26	20
31.0	Equipment.....	1	27	45	10
42.0	Insurance Claims and Indemnities.....	-	1	1	1
	Total, Other Objects.....	2,690	2,440	3,989	1,888
99.9	Total, new obligations	16,510	16,297	14,500	12,703
	DHS Bldg. Sec. Payments (included in 25.3).....	\$20	\$24	\$26	\$27
Position Data:					
	Average Salary (dollars), ES Position	\$199,100	\$204,899	\$208,997	\$213,177
	Average Salary (dollars), GS Position.....	\$134,823	\$140,373	\$143,180	\$146,044

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STATUS OF PROGRAMS

The Office of Hearings and Appeals (OHA) was established in 2017 to consolidate three previously separate entities: The National Appeals Division (NAD), the Office of the Administrative Law Judges (OALJ), and the Office of the Judicial Officer (OJO).

Previously, OALJ and OJO were offices under Departmental Administration, and NAD was an independent office that reported to the Secretary of Agriculture. The reorganization consolidated administrative support for the three USDA entities that adjudicate first and second-level hearings and appeals at USDA. After consolidation, NAD, OALJ, and OJO continue to conduct proceedings under their respective legal authorities.

The mission of OHA is to plan, coordinate, and provide administrative support for NAD, OALJ, and OJO. OHA promotes fairness, transparency, and consistency in NAD, OALJ, and OJO proceedings through the planning, coordination, and administration of office-wide activities and initiatives.

Current Activities

NAD conducts fair and impartial administrative appeal hearings and reviews of adverse decisions by certain agencies within USDA, and issues determinations in an expeditious manner that reflect a thorough consideration of factual information that reach a proper conclusion. Adjudicative activities include:

- **Appealability Determinations:** The Director reviews hundreds of agency decisions when an agency notifies a participant that it does not believe an administrative decision is appealable.
- **Pre-Hearing Conferences:** NAD conducts pre-hearing conferences to identify and/or narrow the issues in the appeal and help parties understand the evidence they need to present at the hearing.
- **Hearings:** In the first-level appeals process, NAD Administrative Judges conduct impartial administrative hearings and issue determinations, which include decisions about attorney fees under the Equal Access to Justice Act that reflect a thorough consideration of factual and legal information.
- **Reviews:** On petition, in a second-level appeal, the NAD Director reviews Administrative Judge Appeal Determinations, renders second-level decisions about attorney fees under the Equal Access to Justice Act, and may grant equitable relief to the same extent, as such authority is provided to the Secretary.

OALJ conducts rulemaking and adjudicatory hearings nationwide under approximately 50 statutes that are subject to the Administrative Procedure Act (5 U.S.C. §§ 551 *et seq.*). Adjudicative activities include:

- **Initial Decisions:** Judges issue initial decisions and orders in disciplinary and enforcement proceedings, which become final decisions of the Secretary unless appealed to the Judicial Officer.
- **Consent Decisions:** Judges approve consent decisions entered by the parties, which resolve disputes by settlement.
- **Publication of Agricultural Decisions:** OALJ publishes *Agriculture Decisions*, the official compilation of decisions and orders issued in adjudicatory proceedings conducted for the Department.

OJO is delegated authority to act as the final deciding officer for the United States Department of Agriculture in adjudicatory proceedings listed in 7 C.F.R. § 2.35.

Adjudicatory activities include:

- **Review of ALJ Decisions:** On petition for review, the Judicial Officer reviews initial adjudicatory decisions issued by USDA's Administrative Law Judges. This second-level

review may include Administrative Law Judge decisions about attorney fees under the Equal Access to Justice Act. Reparation Decisions: The Judicial Officer issues reparation decisions under the Packers and Stockyards Act (P&S Act) and the Perishable Agricultural Commodities Act (PACA).

- Review of Decisions Subject to the APA: The Judicial Officer reviews decisions in adjudicatory proceedings that are subject to the Administrative Procedure Act, 5 U.S.C. §§ 556, 557.

In 2025, NAD:

- Processed 1,601 cases filed with NAD.
- Issued 77 appealability determinations when appellants challenged the agency's view that a decision was not appealable. The outcome was favorable to the appellants in 98 percent of cases.
- Conducted 681 in-person or telephonic hearings, videoconferences, and reviews of the record.
- Issued 1,363 determinations, of which 1,134 were issued by Administrative Judges, and 229 were issued by the NAD Director. The outcome was favorable to the appellants in 43 percent of the cases. In 74 Review Determinations, appellants were granted equitable relief.
- Increased transparency of the USDA appeals process by publishing more than 963 determinations on the NAD website in 2025; over 26,909 have been published on the NAD website <[USDA National Appeals Division | \(entellitrak.com\)](https://entellitrak.com)> since the program began.
- Accepted more than 2,254 eFile requests, which have been processed since NAD introduced the option to file requests electronically in February 2013.
- Outreach:
 - Demonstrated our commitment to outreach by making the appeals process accessible to the Spanish-speaking community and by offering publicly available information about the ombudsman position to help stakeholders understand available resources.
 - 2025 Commodity Classic in Denver – NAD participated in the Commodity Classic in February 2025 with a record attendance of 11,300, where we shared information about NAD's mission, our process, and answered producers' questions.
 - Regional staff attended the Farm and Gin Show in Memphis, TN, and the Sun Belt AgExpo in Moultrie, GA.
- Resolution of 245+ Emergency Relief Program (ERP) appeals from producers involving FSA's demand for ERP repayment from producers who failed to insure forage acreage insignificant to their operations and/or upon which they did not experience a loss. Congress seemingly affirmed NAD's decision that producers did not have to refund such payments by enacting Section 2, Division A of the American Relief Act, 2025, Pub. L 118-158 (Dec. 21, 2024), which instructed that producers who failed to insure acreage could still receive a 90 percent ERP payment so long as any uninsured losses were de minimis.
- Continue to leverage the technological development of a cloud-based file storage system known as BOX to provide an electronic platform to conduct our overall business, to simplify preparing and sharing case records with parties, and improve the speed in which the Administrative Judges and Director Review Determinations can be accessed.
- Consolidation of NAD regional offices to reduce costs and improve efficiencies.
- Continued implementing Section 508 initiatives to improve accessibility and ensure compliance with federal accessibility requirements.
- Supported continuous professional growth by permitting supervisors and employees to participate in targeted training opportunities, strengthening competencies across the organization.

- Successfully reviewed and revised organizational content to ensure full compliance with applicable Executive Orders, strengthening the organization's policy alignment and regulatory adherence, and providing clearer guidance for staff and stakeholders.
- Employee engagement remains a major organizational strength, demonstrated by our highest response rate in the Federal Employee Survey. We continue to exceed government-wide and agency averages on key index measures and overall engagement.

In 2025, OALJ:

- 95 new cases opened.
- Closed 60 cases instituted under various statutes, including the Agricultural Marketing Agreement Act; Animal Health Protection Act; Animal Welfare Act; Federal Meat Inspection Act; Food and Nutrition Act; Horse Protection Act; Organic Foods Production Act; Packers and Stockyards Act; Perishable Agricultural Commodities Act; Plant Protection Act; and Poultry Products Inspection Act.
 - These cases related to USDA agencies and programs such as the Agricultural Marketing Service (Fair Trade Practices Program, National Organic Program, and Specialty Crops Program); Animal and Plant Health Inspection Service; Food and Nutrition Service (Supplemental Nutrition Assistance Program and appeals, filed by state agencies, of quality-control claims); Food Safety and Inspection Service; and Office of Human Resources Management (Federal Salary Offset/Administrative Offset).
- Conducted formal adjudicative proceedings:
 - Held numerous pre-hearing conferences to prepare parties and participants for virtual hearings, which assisted the parties in settling cases.
 - The Judges signed and entered consent decisions, which have the same force and effect as a decision issued after a full hearing. 7 C.F.R. § 1.138, resolving 27 cases.
 - Presided over six virtual on-the-record hearings via Microsoft Teams and Zoom.
 - Issued decisions and orders in 30 cases (not including consent decisions).
 - The Judges issued seven decisions after on-the-record hearings; nine decisions on the written record, including summary judgment and 2 partial summary judgments; and 14 decisions by reason of default or admissions, upon motion by the government (based on the party's failure to file a timely answer and/or respond to allegations of complaint per 7 C.F.R. § 1.139).

In 2025, OJO:

- Continued to manage its cases pending in both the appellate docket (i.e., on appeal from decisions of ALJs) and reparation docket (i.e., claims for damages between private parties in USDA's dispute resolution program) by achieving timely resolution of proceedings. As a result, OJO had no significant backlog of cases at the end of 2025.
- Issued 332 written decisions, including matters adjudicated in the appellate docket and orders in reparation cases. This number represents a significant increase over the total orders issued in the prior fiscal year. Matters before OJO in 2025 arose under multiple statutes administered by USDA.
- Exercised sound stewardship of resources. During the entirety of 2025, OJO operated with one FTE (i.e., the Judicial Officer), and the Attorney-Advisor FTE vacancy remained unfilled.