THE SECRETARY OF THE INTERIOR
WASHINGTON

AUG 27 2013

The Honorable John Barrasso
United States Senate
Washington, DC 20510

Dear Senator Barrasso:

I have been asked to respond to your letter of May 16, 2013, to Office of Management and Budget (OMB) Director Sylvia Burwell regarding the treatment of Mineral Leasing Act (MLA) payments to states under sequestration. The Department of the Interior (DOI) administers and disburses these funds and is responsible for their execution under the March 1, 2013 sequestration order.

With regard to the applicability of sequestration reductions to MLA payments, exemption is determined by the terms of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended. Under BBEDCA, budgetary resources are subject to sequestration unless expressly exempted by statute. The MLA payments are not exempted in the legislation, and thus are reduced pursuant to the terms of sequestration. The OMB issued a report to Congress detailing the required reductions for each non-exempt budgetary account, which included the MLA payment account. The report can be found online at: www.whitehouse.gov/omb/legislative_reports.

You expressed the belief that based on the treatment of MLA payments in Fiscal Year 1986, the amounts sequestered in FY 2013 should become available for payment in FY 2014. As you have noted, BBEDCA has been amended since that earlier sequestration took place. Therefore, we needed to review the current statutory framework to make a determination.

I am pleased to let you know that based on a legal review of the underlying MLA statutory authority, the amounts sequestered in FY 2013 from MLA payments will become available for payment in FY 2014. Assuming no further legislative changes affecting these payments are enacted in the interim, we will work expeditiously to make the sequestered amounts available to affected states as part of our regular monthly payment process in FY 2014.

The MLA payments are only one of many revenue and resource payments made by DOI that are affected by the FY 2013 sequester. Because of the importance of the MLA payments to the states, we made a determination as to the availability of the sequestered amounts for MLA first. We are working quickly to complete the necessary legal review to determine the availability of sequestered funds in FY 2014 for the remaining trust fund, special fund, and offsetting collection accounts we administer. We will have determinations made on the other accounts soon.

Similar letters are being sent to the co-signors of your letter.

Sincerely,

Sally Jewell

Sally Jewell

cc: The Honorable Sylvia M. Burwell, Office of Management and Budget