



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 22, 2013

The Honorable Anna G. Eshoo
U.S. House of Representatives
Washington, DC 20515

Dear Representative Eshoo:

Thank you for your letter of August 1, 2013, regarding the implications of the sequestration order issued on March 1, 2013, for user fees at the Food and Drug Administration (FDA). I am responding on behalf of Director Burwell and Secretary Lew.

When Congress did not reach an agreement on a balanced deficit reduction plan to replace sequestration, on March 1, 2013, the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, required the President to issue a sequestration order canceling budgetary resources across the Federal Government for the remainder of fiscal year 2013. The Office of Management and Budget issued a report to Congress detailing the required reductions for each non-exempt budget account; the reductions are required by statute to be applied equally to each program, project, and activity within an account. The report can be found online at: www.whitehouse.gov/omb/legislative_reports.

BBEDCA does not provide an exemption for the FDA's authority to spend user fees. As a result of sequestration, the budget authority for FDA user fees was reduced by \$85 million in FY 2013. Pursuant to section 256(k)(6) of BBEDCA, the sequestered offsetting collections will remain in the FDA Salaries and Expenses account, but will be unavailable unless they are subsequently appropriated by Congress. Any sequestered FDA user fees remain as an unavailable balance in FDA's Salaries and Expenses account and are not diverted to other uses.

Unless specific authority exists for the investment of balances in appropriations accounts, the balance does not earn interest. No such authority exists for the FDA Salaries and Expenses account; therefore the sequestered fees do not accrue interest. The sequestered fees would remain in the account as unavailable in subsequent years, although they could be appropriated or otherwise made available by subsequent legislation. Any such appropriation would score as new budget authority that counts against the discretionary cap in the year in which the funds are made available.

The Administration believes the reductions required by sequestration will be deeply destructive to national security, domestic investments, and core Government functions. The President has been clear that he is willing to make tough choices to reach an agreement on further deficit reduction. The Administration continues to stand ready to work with the Congress to enact balanced deficit reduction legislation that replaces sequestration and puts the Nation on a sound long-term fiscal path.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kristen J. Sarri', written in a cursive style.

Kristen J. Sarri
Associate Director for Legislative Affairs

cc: The Honorable Jacob J. Lew
Secretary of the Treasury

Identical Letter Sent to:

**The Honorable Anna G. Eshoo
The Honorable Doris Matsui
The Honorable Henry Waxman
The Honorable Jim Matheson
The Honorable Jared Huffman
The Honorable Tony Cardenas
The Honorable Eric Swalwell
The Honorable Leonard Lance
The Honorable Mike Rogers
The Honorable Sam Farr
The Honorable Joe L. Barton
The Honorable Bradley Schneider
The Honorable John Sarbanes**
