



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

June 15, 2012

The Honorable Jeff Miller
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Miller:

Thank you for your letter of April 25, 2012 regarding the effect of sequestration on programs administered by the Department of Veterans Affairs (VA). Your letter requests the Office of Management and Budget's legal conclusion regarding "the applicability to VA of a sequester order under any provision of law," including the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBEDCA), the Statutory Pay-As-You-Go-Act of 2010 (PAYGO), and the Budget Control Act of 2011 (BCA), as well as the applicability to VA programs of the provision on "Federal Administrative Expenses" under Section 256(h) of BBEDCA.

As you know, on April 23, 2012, we responded to a letter from the Government Accountability Office (GAO) regarding the effect of sequestration on programs administered by VA. Our letter concluded that all programs administered by VA, including veterans' Medical Care, are exempt from sequestration. Our letter to GAO further stated that "we do not address other potential sequester questions under BBEDCA, the PAYGO Act, and the BCA, including the application to VA programs of the 'Federal Administrative Expenses' sequester provision at Section 256(h) of BBEDCA." More than six months remain before the sequester is scheduled to take effect, and Congress has ample time to act to avoid it.

The intention of the sequester was to drive Congress to a compromise through the threat of mutually disagreeable cuts to both defense and non-defense discretionary funding. Should it become necessary, the Administration will be ready to implement the sequester as prescribed by the BCA; however, now is the time for Congress to enact bipartisan, balanced deficit reduction legislation that the President can sign into law and avoid the sequestration scheduled to take place on January 2, 2013. Balanced deficit reduction, rather than sequestration, is the way to put the Nation on the path to fiscal stability and protect our national security. I look forward to working with you throughout the budget process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey D. Zients". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jeffrey D. Zients
Acting Director