

- “(ii) the remainder shall be available to the Secretary concerned to carry out projects in the eligible county to further the purpose described in section 202(b).”;
- (4) in section 103(d)(2), by striking “fiscal year 20 11” and inserting “each of fiscal years 2011 and 2012”;
- (5) in section 202, by adding at the end the following:
- “(c) ADMINISTRATIVE EXPENSES. —A resource advisory committee may, in accordance with section 203, propose to use not more than 10 percent of the project funds of an eligible county for any fiscal year for administrative expenses associated with operating the resource advisory committee under this title.”;
- (6) in section 204(e)(3)(B)(iii), by striking “and 2011” and inserting “through 2012’ ”;
- (7) in section 205(a)(4), by striking “2006” each place it appears and inserting “2011”;
- (8) in section 208(b), by striking “2012” and inserting “2013”;
- (9) in section 302(a)(2)(A), by inserting “and” after the semicolon; and
- (10) in section 304(b), by striking “2012” and inserting “2013”.

(b) FAILURE TO MAKE ELECTION. —For each county that failed to make an election for fiscal year 2011 in accordance with section 102(d)(3)(A) of the Secure Rural Schools and Community Self -Determination Act of 2000 (16 U.S.C. 7112(d)(3)(A)), there shall be available to the Secretary of Agriculture to carry out projects to further the purpose described in section 202(b) of that Act (16 U.S.C. 7122(b)), from amounts in the Treasury not otherwise appropriated, the amount that is equal to 15 percent of the total share of the State payment that otherwise would have been made to the county under that Act for fiscal year 2011.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art
Sent: Friday, January 18, 2013 1:00 PM
To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

Could someone send the language from MAP -21, so we can figure out which year the BA should be recorded?

From: Cahill, Kathleen
Sent: Friday, January 18, 2013 12:58 PM
To: Stigile, Art; Locke, Patrick; LaVine, Jessie
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

I put all the BA in 2013 and the ol in 2013 and 2014. However, that does not mean it is correct. CBO scored the BA in 2012 and the OL in 2013 and 2014.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art
Sent: Friday, January 18, 2013 11:42 AM

To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

How is it shown in the baseline?

Patrick/Jessie, do you know how it was scored?

From: Cahill, Kathleen
Sent: Friday, January 18, 2013 11:33 AM
To: Stigile, Art
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: Secure Rural Schools in MAP-21

Art,

We are still grappling with when the SRS BA was scored (2012 or 2013). The main documents I have are concerned with OL. I have not been able to find the OMB scoring of MAP-21. Can you have someone send it to us?

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Hoef, Jennifer E.
Sent: Tuesday, January 29, 2013 10:05 AM
To: Hurban, James C.
Subject: RE: SRS payments are sequestrable

Thanks for taking the lead on this

From: Hurban, James C.
Sent: Tuesday, January 29, 2013 9:55 AM
To: Balsarak, Paul; Hall, Tricia
Cc: Hoef, Jennifer E.; Schory, Daniel
Subject: SRS payments are sequestrable

We have confirmed with BRD that the current payments you are about to make are sequestrable if and when it happens. The payments are considered 2013 BA.

The current percent is expected to be about 5%. Forest Service will have to figure out what to do but DOI should either wait for sequester to happen or to reduce the amount as a precaution.

Let us know if you have any questions.

James

From: Balsarak, Paul [<mailto:pbalsera@blm.gov>]
Sent: Friday, January 25, 2013 1:32 PM
To: Hall, Tricia
Cc: Hoef, Jennifer E.; Schory, Daniel; Hurban, James C.
Subject: Re: Scoring of Previous SRS payments

We just finished talking, but again, I agree with Tricia's explanation.

Just for information, the FS handles the accounting for their receipts differently than BLM, and so the receipts portion of their SRS payments are reported as unobligated balances from prior year BA, but the portion of the payments that are derived from the General Fund are reported as BA in the year in which the payments are made, the same as BLM.

Paul

On Fri, Jan 25, 2013 at 1:08 PM, Hall, Tricia <tricia_hall@ios.doi.gov> wrote:
Jennifer,

If I understand my conversations with Paul correctly, for purposes of MAX, BLM enters the BA under the years in which the payments were made. That is in part due to the fact that the actual payments for a fiscal year are derived from the receipts collected during that year and thus the actual payments are made in the subsequent year. Due to not knowing what the actual amounts will be, BLM has been

showing the BA for a given year in the subsequent year in which they make the payment. (ie. if they collected the receipts in 2012 and the payment is for 2012, BLM will show the BA in 2013 because that is the first time they will know what will actually be paid.).

I will let Paul weigh in if I have somehow misinterpreted what I have heard.

If there are questions, please let me know.

Thanks!

TRICIA HALL

Office of Budget
Office of the Secretary
Department of the Interior
Latricia_A_Hall@ios.doi.gov
202-208-2511

On Fri, Jan 25, 2013 at 12:13 PM, Hoef, Jennifer E. <Jennifer_E_Hoef@omb.eop.gov> wrote:

Thanks.

What did we show in MAX for the BA related to PL 110 -343?

(I sent Paul an email, but have not heard back yet).

From: Hall, Tricia [mailto:tricia_hall@ios.doi.gov]
Sent: Friday, January 25, 2013 12:09 PM
To: Schory, Daniel; Hurban, James C.; Hoef, Jennifer E.
Subject: Scoring of Previous SRS payments

Good morning!

In coordination with BLM, below is what we found for SRS for the 2008 extension.

The bill identified as the basis for P.L. 110-343 is H.R. 1424. We were not able to find a CBO report on H.R. 1424 that discusses Secure Rural Schools payments. H.R. 1424 became the Emergency

Stabilization Act of 2008, and the CBO report focused on the larger amounts being appropriated under that bill.

BLM identified a CBO report on H.R. 3058 which was dated Dec. 3, 2007 and may have been the basis for the version that was enacted in P.L. 110-343 which extended the SRS payments for 2008 through 2011. The provisions of H.L. 3058 were different than what was enacted in P.L. 110 -343. H.R. 3058 proposed a continuation of transition payments through 2012 and a permanent extension of the payments calculated through a complex formula used for the Forest Service for most of their payments. P.L. 110-343 extended transition payments only through 2010, and extended the non -transition payments only through 2011.

Attached is the report and the picture below shows the scoring.

	<u>By Fiscal Year. in Mill</u>						
	2008	2009	2010	2011	2012	2013	20
DIRECT SPENDING							
Spending Under Current Law							
Forest Service and BLM Payments to States and Counties							
Estimated Budget Authority	101	98	101	103	105	106	1
Estimated Outlays	101	98	101	103	105	106	1
Proposed Changes							
Transition Payments to States and Counties							
Estimated Budget Authority	0	585	514	450	393	0	
Estimated Outlays	0	585	514	450	393	0	

TRICIA HALL

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202-208-2511

**TABLE 1. ESTIMATE OF THE EFFECTS ON DIRECT SPENDING AND RE-
PORT FOR H.R. 4348, MAP-21, AS POSTED ON THE WEB SITE
ON RULES ON JUNE 28, 2012**

	By Fiscal Year, in Millic							
	2012	2013	2014	2015	2016	2017	2018	2019
CHANGES IN DIRECT SPENDING								
Transportation Contract Authority								
Budget Authority ^a	0	388	1,082	1,082	1,082	1,082	1,082	1,082
Estimated Outlays ^b	0	0	0	0	0	0	0	0
Gulf Coast Restoration								
Estimated Budget Authority	0	0	45	127	184	339	366	
Estimated Outlays	0	0	2	14	47	105	175	
Pension Provisions								
Estimated Budget Authority	0	0	0	0	0	0	0	0
Estimated Outlays	0	-220	-350	-1,065	-1,885	-1,685	-1,555	-1,555
Secure Rural Schools								
Estimated Budget Authority	288	0	0	0	0	0	0	0
Estimated Outlays	0	253	35	0	0	0	0	0

From: Cooper, Barbara -FS </O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=COOPER, BARBARA41C583D5-9C02-4D06-AD51-4E2D67B084E2>
Sent: Wednesday, January 30, 2013 12:47 PM
To: Cahill, Kathleen
Cc: Spear, Susan J -FS; Graham, Kathleen - OBPA; Lynn, Kathryn -FS; Barrack, Leslie D. - OBPA
Subject: RE: Sequestration issues

Hi Kathleen – the funding to cover the reduction could come from the Title II funds, however that would take a decision by the Chief. As you know these funds are intended to be used for work in the field or could directly affects payments already received by the counties. We are working on the impacts of sequestration by FS account now that is due to OBPA on Monday for Chief review. I am sure we will address this in our response. Also, in your first statement I want to make sure you referring the Sandy Supplement...correct? If so, should that be a part of our response? So far this has not been included in any tables we have received. Thanks Barbara

From: Cahill, Kathleen [mailto:Kathleen_Cahill@omb.eop.gov]
Sent: Wednesday, January 30, 2013 2:23 PM
To: Cooper, Barbara -FS
Cc: Spear, Susan J -FS; Graham, Kathleen - OBPA; Lynn, Kathryn -FS; Barrack, Leslie D. - OBPA
Subject: Sequestration issues

Barbara,

Two things on sequestration. First, the funding provided in the emergency sup is sequesterable.

Second. As previously discussed, SRS is sequesterable. Based on a lot of discussions and research over here, the payments being made in 2013 for 2012 are sequesterable. If sequestration occurs, how will the FS cover the apx 5% reduction within this line item? Is there enough in the other titles of SRS?

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Haze, Pam <pam_haze@ios.doi.gov>
Sent: Friday, February 01, 2013 2:23 PM
To: Crutchfield, Craig
Subject: Re: Secure Rural Schools and Sequestration Question

thank you that's what we told them.

On Fri, Feb 1, 2013 at 2:22 PM, Crutchfield, Craig <Craig_Crutchfield@omb.eop.gov> wrote:

Our Comms folks are very nervous about any discussion of sequester impacts, so we need to run this by them, as well as the Ag Branch, which has the lead on Secure Rural Schools.

Please ask BLM to hold off responding for now.

From: Hall, Tricia [mailto:tricia_hall@ios.doi.gov]
Sent: Friday, February 01, 2013 2:17 PM
To: Crutchfield, Craig; Schory, Daniel; Hurban, James C.
Cc: Pam Haze; Adrienne Moss
Subject: Secure Rural Schools and Sequestration Question

Craig and Dan,

BLM is getting questions from the Oregon Congressional Delegation regarding Secure Rural Schools and sequestration. They would like to reach out to the delegation on the issue. Below are the bullets they would propose to use. Can you give us direction on whether this would be okay. BLM would like to head off any misinformation on this issue.

I'd be happy to answer any questions.

Thanks!

Secure Rural Schools Payments

Talking Points

February 1, 2012

- The Office of Management and Budget has identified the Secure Rural Schools account as subject to the provisions of the Budget Control Act.
- In compliance with the requirements of the Act, the BLM is holding back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM is preparing to distribute the majority of the Secure Rural Schools payments, totaling approximately \$36 million, in the very near future.

TRICIA HALL

Office of Budget

Office of the Secretary

Department of the Interior

Latricia_A_Hall@ios.doi.gov

202-208-2511

From: Irwin, Janet
Sent: Friday, February 01, 2013 4:30 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

Do you have a table listing each USDA and DOI account from which SRS payments are made? I am a little bit confused by this.

From: Schory, Daniel
Sent: Friday, February 01, 2013 4:12 PM
To: Irwin, Janet
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

It is my understanding that DOI would not be able to take the Forest Service's approach (covering sequestered amounts with undistributed funds) even if they wanted to because the SRS payments are spread across multiple treasury accounts which are each hit by sequester reductions.

From: Cahill, Kathleen
Sent: Friday, February 01, 2013 3:30 PM
To: Irwin, Janet; Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

Forest Service was fully aware that the account was sequesterable but they took our guidance to act as normal and ran with it. They did not seek my guidance prior to issuing the payments. They say how they will handle it will be covered in the operating plan and that the money can come out of the title they have not distributed.

However, I have extreme misgivings about this.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Irwin, Janet
Sent: Friday, February 01, 2013 3:25 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Cahill, Kathleen; Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

I'm troubled by this. I am well aware that I signed off on the USDA SRS apportionment (albeit with considerable misgivings) but I did not think they would obligate it this soon. What is USDA's plan in the event that the sequester order is issued?

I would prefer the BLM approach if USDA hadn't already obligated the lion's share of the funds already. I don't think it makes sense to use two different approaches though.

From: Schory, Daniel
Sent: Friday, February 01, 2013 3:15 PM
To: Irwin, Janet
Cc: Crutchfield, Craig; Hurban, James C.; Cahill, Kathleen
Subject: FW: Secure Rural Schools and Sequestration Question

Janet,

DOI has been getting questions from the Oregon Congressional Delegation regarding the Secure Rural School payments being sequestrable. We were thinking we might need to clear the bullets below through Comms.

BRD clarified that the payments ARE sequestrable, so DOI is planning to take a similar approach to what they did with the UMWA Health Plans (holding back a percentage, but making the majority of the payments). Forest Service has already made their SRS payments in full.

-Dan

- The Office of Management and Budget has identified the Secure Rural Schools account as subject to the provisions of the Budget Control Act.
- In compliance with the requirements of the Act, the BLM is holding back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM is preparing to distribute the majority of the Secure Rural Schools payments, totaling approximately \$36 million, in the very near future.

From: Hall, Tricia [mailto:tricia_hall@ios.doi.gov]
Sent: Friday, February 01, 2013 2:17 PM
To: Crutchfield, Craig; Schory, Daniel; Hurban, James C.
Cc: Pam Haze; Adrienne Moss
Subject: Secure Rural Schools and Sequestration Question

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I'd be happy to answer any questions.

Thanks!

Secure Rural Schools Payments

Talking Points

February 1, 2012

- The Office of Management and Budget has identified the Secure Rural Schools account as subject to the provisions of the Budget Control Act.
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TRICIA HALL

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[Latricia A Hall@ios.doi.gov](mailto:Latricia_A_Hall@ios.doi.gov)
202-208-2511

From: Lucas, Adrienne C.
Sent: Friday, February 01, 2013 5:17 PM
To: Cahill, Kathleen
Subject: Re: Secure Rural Schools and Sequestration Question

Let's raise it because as soon as I think things are super limited, BRD gives me a different ruling.

From: Cahill, Kathleen
Sent: Friday, February 01, 2013 05:15 PM
To: Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

I think we might need to. The newest is that DOI says the PPA is based on treasury accounts and they have multiple that cover pieces so they cannot make up from different titles.

I did not think ppa was at that level. But every time I think I underst and PPA, someone says something that blows that out of the water. I thought SRS was a PPA, not the treasury account.

I was wrong in the number of accounts the FS uses. There are 2 main accounts that reflect funding, then title I and III have an account and title II is in a separate account.

Aarrgghh!!

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Lucas, Adrienne C.
Sent: Friday, February 01, 2013 4:44 PM
To: Cahill, Kathleen
Subject: Re: Secure Rural Schools and Sequestration Question

Aargh.

We are scheduling a meeting with BRD and OGC to go over a number of USDA sequester issues. Would it be useful to bring this up?

From: Cahill, Kathleen
Sent: Friday, February 01, 2013 03:30 PM
To: Irwin, Janet; Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

Forest Service was fully aware that the account was sequesterable but they took our guidance to act a s normal and ran with it. They did not seek my guidance prior to issuing the payments. They say how they will handle it will be covered in the operating plan and that the money can come out of the title they have not distributed.

However, I have extreme misgivings about this.

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From: Irwin, Janet
Sent: Friday, February 01, 2013 3:25 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Cahill, Kathleen; Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

I'm troubled by this. I am well aware that I signed off on the USDA SRS apportionment (albeit with considerable misgivings) but I did not think they would obligate it this soon. What is USDA's plan in the event that the sequester order is issued?

I would prefer the BLM approach if USDA hadn't already obligated the lion's share of the funds already. I don't think it makes sense to use two different approaches though.

From: Schory, Daniel
Sent: Friday, February 01, 2013 3:15 PM
To: Irwin, Janet
Cc: Crutchfield, Craig; Hurban, James C.; Cahill, Kathleen
Subject: FW: Secure Rural Schools and Sequestration Question

Janet,

DOI has been getting questions from the Oregon Congressional Delegation regarding the Secure Rural School payments being sequestrable. We were thinking we might need to clear the bullets below through Comms.

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-Dan

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From: Hall, Tricia [mailto:tricia_hall@ios.doi.gov]
Sent: Friday, February 01, 2013 2:17 PM
To: Crutchfield, Craig; Schory, Daniel; Hurban, James C.

Cc: Pam Haze; Adrienne Moss

Subject: Secure Rural Schools and Sequestration Question

Craig and Dan,

BLM is getting questions from the Oregon Congressional Delegation regarding Secure Rural Schools and sequestration. They would like to reach out to the delegation on the issue. Below are the bullets they would propose to use. Can you give us direction on whether this would be okay. BLM would like to head off any misinformation on this issue.

I'd be happy to answer any questions.

Thanks!

Secure Rural Schools Payments

Talking Points

February 1, 2012

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202-208-2511

From: Schory, Daniel
Sent: Friday, February 01, 2013 6:43 PM
To: Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

Can we chat early Monday on this? Recognizing that FS may have made the payment in error, I am not entirely sure how we want to approach this.

From: Irwin, Janet
Sent: Friday, February 01, 2013 6:14 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

Ok, thanks Dan.

Let's discuss this issue on Monday. Once we see our agencies' draft operating plans then we can scrutinize this particular item and work out an approach.

With regard to the bullets, before sharing them with Comms I think we need to have something that addresses why USDA and DOI are treating these payments differently.

From: Schory, Daniel
Sent: Friday, February 01, 2013 5:24 PM
To: Irwin, Janet
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

I think the difference stems from how DOI and USDA are each interpreting "PPA". There is no government-wide direction on the definition of PPA. For the Sequestration Transparency Act Report exercise, OMB defined PPA as statutory PPA, but the agencies are responsible for further interpreting PPA for implementation unless OMB puts out further guidance (as we did in FY1990 and FY1991 for sequester implementation). It appears that the Forest Service and DOI currently have different interpretations, which may be affecting how they view the flexibility they have to shift funds around.

DOI doesn't have a table on hand because the payments are made from 10 different accounts (most less than 1 million dollars); I have asked them to pull one together.

From: Irwin, Janet
Sent: Friday, February 01, 2013 4:30 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

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Craig and Dan,

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Thanks!

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February 1, 2012

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[Latricia A Hall@ios.doi.gov](mailto:Latricia_A_Hall@ios.doi.gov)
202-208-2511

From: Schory, Daniel
Sent: Monday, February 04, 2013 11:23 AM
To: Cahill, Kathleen; Hurban, James C.
Subject: RE: Secure Rural Schools and Sequestration Question

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Sent: Monday, February 04, 2013 11:14 AM
To: Schory, Daniel
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Do you have a copy of OMBs guidance to the agencies for potential sequestration?

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Schory, Daniel
Sent: Friday, February 01, 2013 6:43 PM
To: Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

Can we chat early Monday on this? Recognizing that FS may have made the payment in error, I am not entirely sure how we want to approach this.

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Sent: Friday, February 01, 2013 6:14 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen; Hoef, Jennifer E.
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Ok, thanks Dan.

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propose to use. Can you give us direction on whether this would be okay. BLM would like to head of any misinformation on this issue.

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Secure Rural Schools Payments

Talking Points

February 1, 2012

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TRICIA HALL

Office of Budget
Office of the Secretary
Department of the Interior
Latricia_A_Hall@ios.doi.gov
202-208-2511

From: Schory, Daniel
Sent: Monday, February 04, 2013 11:40 AM
To: Cahill, Kathleen; Hurban, James C.
Subject: RE: Secure Rural Schools and Sequestration Question

My recollection was that we were issued written guidance to apportion funds as normally as possible. I don't remember seeing anything on agency spending (but I could be forgetting it in the whirlwind of my first few weeks here). Frankly, OMB did not do great job issuing guidance on situations where 100% of a program was paid out at the beginning of the FY, but we didn't direct them to spend out the funds.

There were a couple of situations where agencies spent 100% in December under informal agreements that they would get the money back if the sequester happened, but I doubt that would work with the counties. Is there no way that FS can withdraw some of the available funds at this point? They would have egg on their face, but I imagine they would prefer that to an ADA violation.

From: Cahill, Kathleen
Sent: Monday, February 04, 2013 11:27 AM
To: Hurban, James C.; Schory, Daniel
Subject: RE: Secure Rural Schools and Sequestration Question

USDA is saying, and I do remember this, that OMB's guidance was to continue operations as normal as possible. However, I cannot find any guidance to the agencies on actually how they should or should not control their spending.

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I'd be happy to answer any questions.

Thanks!

Secure Rural Schools Payments

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February 1, 2012

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[Latricia A Hall@ios.doi.gov](mailto:Latricia_A_Hall@ios.doi.gov)
202-208-2511

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The Forest Service did not make an error. That is not the appropriate word. They opted to pay in full, knowing that sequestration could happen. That is not an error.

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From: Schory, Daniel
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Cc: Hurban, James C.
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Unfortunately, this still doesn't get at Janet's question of why we have two different interpretations. Ultimately what it comes down to is that we probably don't and FS made an error. I am fine instructing DOI to simply not comment on the difference between FS and DOI and state that they are simply following the guidelines of the law and OMB's guidance, but I think Janet would like a better understanding of why there is a difference.

Can you respond to Janet's e-mail saying the bit about FS - I don't want to speak on yours or their behalf.

From: Cahill, Kathleen
Sent: Monday, February 04, 2013 2:10 PM
To: Schory, Daniel
Cc: Hurban, James C.
Subject: RE: Secure Rural Schools and Sequestration Question

I am not sure this is accurate. It is not the budget structures that led to the decision of the FS to issue the payments in full.

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From: Schory, Daniel
Sent: Monday, February 04, 2013 12:38 PM
To: Cahill, Kathleen
Cc: Hurban, James C.
Subject: RE: Secure Rural Schools and Sequestration Question

I am not entirely comfortable with that because it makes it seem as if BLM has chosen to simply not make the payments. However, I understand not wanting to simply state the FS may have made payments in error.

How about....

- It is the responsibility of each Agency to prudently plan for the impacts of sequestration, unless otherwise directed by Congress. ~~Given the unique budget account structures of each agencies,~~ Sequestration can impact similar programs in a variety of manne rs.

From: Cahill, Kathleen
Sent: Monday, February 04, 2013 11:51 AM
To: Hurban, James C.; Schory, Daniel
Subject: RE: Secure Rural Schools and Sequestration Question

Thanks.

What I was thinking for a bullet would be something vague that indicated tha t agencies had leeway to operate their programs prudently. This leads to the potential for different agencies to implement similar programs in a variety of manners. Blah, blah, blah.

No real finger pointing and leaving it up to the FS/USDA to answer why they did not coordinate with DOI considering that this year is different.

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From: Hurban, James C.
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This was the latest memo from Jeff that ha what we are looking for.

<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-03.pdf>

While agency plans should reflect intensified efforts to prepare for operations under a potential sequestration, actions that would implement reductions specifically designed a s a response to sequestration should generally not be taken at this time. In some cases, however, the overall budgetary uncertainty and operational constraints may require that certain actions be taken in the immediate- or near-term. Agencies presented with these circumstances should continue to act in a prudent manner to ensure that operational risks are avoided and adequate funding is available for the remainder ofthe fiscal year to meet the agency's core requirements and mission. Should circumstances require an agency to take actions that would constitute a change from normal practice and result in a reduction of normal spending and operations in the

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This is fine for DOI, but I think it will lead to further questions to USFS and to OMB about the different approaches and we need to have some background for Sally and others on the second floor telling them what the situation is with the Forest Service. Please add that to the bullets and then send them to Sally, Kris, Posner, Courtney, Danny.

From: Crutchfield, Craig
Sent: Monday, February 04, 2013 2:59 PM
To: Cahill, Kathleen; Irwin, Janet; Schory, Daniel
Cc: Hurban, James C.; Lucas, Adrienne C.; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

Thanks Kathleen.

That still leaves us with the question about what BLM can say to Sen. Wyden and the Oregon delegation. I assume we need to run this by Steve Posner and Kris Sarri, but my recommendation would be to tell DOI they should not feel obligated to comment on what the Forest Service did. Here's what I would recommend sending forward for review:

- The Office of Management and Budget has identified DOI's Secure Rural Schools account as subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM is holding back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM is preparing to distribute the majority of the Secure Rural Schools payments, totaling approximately \$36 million, in the very near future.
- [If asked why this is a different approach than what Forest Service took.] The impact of a sequester will vary for each project, program or activity within each agency. This is the most prudent approach for DOI Secure Rural Schools; we cannot speak for programs in other agencies.

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Sent: Monday, February 04, 2013 2:30 PM
To: Irwin, Janet; Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

Janet,

The main reason they are treating them differently is that the Forest Service opted to follow their normal operations without consulting with DOI or OMB. They made a decision to pay in full, and I hope with the understanding that sequestration could happen.

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Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Irwin, Janet
Sent: Friday, February 01, 2013 6:14 PM
To: Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.; Cahill, Kathleen; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

Ok, thanks Dan.

Let's discuss this issue on Monday. Once we see our agencies' draft operating plans then we can scrutinize this particular item and work out an approach.

With regard to the bullets, before sharing them with Comms I think we need to have something that addresses why USDA and DOI are treating these payments differently.

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Subject: RE: Secure Rural Schools and Sequestration Question

I think the difference stems from how DOI and USDA are each interpreting "PPA". There is no government-wide direction on the definition of PPA. For the Sequestration Transparency Act Report exercise, OMB defined PPA as statutory PPA, but the agencies are responsible for further interpreting PPA for implementation unless OMB puts out further guidance (as we did in FY1990 and FY1991 for sequester implementation). It appears that the Forest Service and DOI currently have different interpretations, which may be affecting how they view the flexibility they have to shift funds around.

DOI doesn't have a table on hand because the payments are made from 10 different accounts (most less than 1 million dollars); I have asked them to pull one together.

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Do you have a table listing each USDA and DOI account from which SRS payments are made? I am a little bit confused by this.

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Subject: RE: Secure Rural Schools and Sequestration Question

It is my understanding that DOI would not be able to take the Forest Service's approach (covering sequestered amounts with undistributed funds) even if they wanted to because the SRS payments are spread across multiple treasury accounts which are each hit by sequester reductions.

From: Cahill, Kathleen
Sent: Friday, February 01, 2013 3:30 PM
To: Irwin, Janet; Schory, Daniel
Cc: Crutchfield, Craig; Hurban, James C.; Lucas, Adrienne C.
Subject: RE: Secure Rural Schools and Sequestration Question

Forest Service was fully aware that the account was sequesterable but they took our guidance to act as normal and ran with it. They did not seek my guidance prior to issuing the payments. They say how they will handle it will be covered in the operating plan and that the money can come out of the title they have not distributed.

However, I have extreme misgivings about this.

Kathleen Cahill
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Voice 202-395-6826
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To: Schory, Daniel
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Subject: RE: Secure Rural Schools and Sequestration Question

I'm troubled by this. I am well aware that I signed off on the USDA SRS apportionment (albeit with considerable misgivings) but I did not think they would obligate it this soon. What is USDA's plan in the event that the sequester order is issued?

I would prefer the BLM approach if USDA hadn't already obligated the lion's share of the funds already. I don't think it makes sense to use two different approaches though.

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Cc: Crutchfield, Craig; Hurban, James C.; Cahill, Kathleen
Subject: FW: Secure Rural Schools and Sequestration Question

Janet,

DOI has been getting questions from the Oregon Congressional Delegation regarding the Secure Rural School payments being sequesterable. We were thinking we might need to clear the bullets below through Comms.

BRD clarified that the payments ARE sequestrable, so DOI is planning to take a similar approach to what they did with the UMWA Health Plans (holding back a percentage, but making the majority of the payments). Forest Service has already made their SRS payments in full.

-Dan

- The Office of Management and Budget has identified the Secure Rural Schools account as subject to the provisions of the Budget Control Act.
- In compliance with the requirements of the Act, the BLM is holding back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM is preparing to distribute the majority of the Secure Rural Schools payments, totaling approximately \$36 million, in the very near future.

From: Hall, Tricia [mailto:tricia_hall@ios.doi.gov]
Sent: Friday, February 01, 2013 2:17 PM
To: Crutchfield, Craig; Schory, Daniel; Hurban, James C.
Cc: Pam Haze; Adrienne Moss
Subject: Secure Rural Schools and Sequestration Question

Craig and Dan,

BLM is getting questions from the Oregon Congressional Delegation regarding Secure Rural Schools and sequestration. They would like to reach out to the delegation on the issue. Below are the bullets they would propose to use. Can you give us direction on whether this would be okay. BLM would like to head off any misinformation on this issue.

I'd be happy to answer any questions.

Thanks!

Secure Rural Schools Payments

Talking Points

February 1, 2012

- The Office of Management and Budget has identified the Secure Rural Schools account as subject to the provisions of the Budget Control Act.
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TRICIA HALL

Office of Budget
Office of the Secretary
Department of the Interior
Latricia_A_Hall@ios.doi.gov
202-208-2511

From: Leetmaa, Susan
Sent: Monday, February 04, 2013 3:18 PM
To: Lucas, Adrienne C.
Cc: Cahill, Kathleen
Subject: RE: Secure Rural Schools and Sequestration Question

No, but it is virtually identical to [REDACTED] so I assume the guidance would be the same.

From: Lucas, Adrienne C.
Sent: Monday, February 04, 2013 3:15 PM
To: Leetmaa, Susan
Cc: Cahill, Kathleen
Subject: FW: Secure Rural Schools and Sequestration Question

Was this on the list for the meeting with BRD and OGC on Wednesday?

From: Irwin, Janet
Sent: Monday, February 04, 2013 3:12 PM
To: Crutchfield, Craig; Cahill, Kathleen; Schory, Daniel
Cc: Hurban, James C.; Lucas, Adrienne C.; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

This is fine for DOI, but I think it will lead to further questions to USFS and to OMB about the different approaches and we need to have some background for Sally and others on the second floor telling them what the situation is with the Forest Service. Please add that to the bullets and then send them to Sally, Kris, Posner, Courtney, Danny.

From: Crutchfield, Craig
Sent: Monday, February 04, 2013 2:59 PM
To: Cahill, Kathleen; Irwin, Janet; Schory, Daniel
Cc: Hurban, James C.; Lucas, Adrienne C.; Hoef, Jennifer E.
Subject: RE: Secure Rural Schools and Sequestration Question

Thanks Kathleen.

That still leaves us with the question about what BLM can say to Sen. Wyden and the Oregon delegation. I assume we need to run this by Steve Posner and Kris Sarri, but my recommendation would be to tell DOI they should not feel obligated to comment on what the Forest Service did. Here's what I would recommend sending forward for review:

- The Office of Management and Budget has identified DOI's Secure Rural Schools account as subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM is holding back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM is preparing to distribute the majority of the Secure Rural Schools payments, totaling approximately \$36 million, in the very near future.

- [If asked why this is a different approach than what Forest Service took.] The impact of a sequester will vary for each project, program or activity within each agency. This is the most prudent approach for DOI Secure Rural Schools; we cannot speak for programs in other agencies.

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Secure Rural Schools Payments

Talking Points

February 1, 2012

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202-208-2511

From: Spear, Susan J -FS </O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=SPEAR, SUSANCFB5B8A-1971-44CE-A2AB-05B026454E9B>
Sent: Monday, February 04, 2013 4:31 PM
To: Lippold, David -OBPA
Cc: Okal, Marianne - OBPA; Graham, Kathleen - OBPA; Scanlon, Sarah - OSEC; DeCoster, Tim -FS; Cooper, Barbara -FS; Kohrman, Elaine B -FS
Subject: 2013 Sequester Planning
Attachments: FY13_5PercentSequesterTemplate_All_FS_020413.docx
Importance: High

Attached is the Forest Service response for the OMB request. It's 118 pages.

Susan Spear
Assistant Director, SPBA
WO-Bus Ops
202-205-1265
202-604-6554 (cell)
sspear@fs.fed.us

**FY 2013 Sequester Planning (minus 5 percent)
Agency: Forest Service, 02/04/13**

**Account: Forest Service Permanent Appropriations
Category: Mandatory
Program, Project or Activity: National Forest Fund Payment to States**

FY 2012 Enacted (\$000)	FY 2013 Sequestrable Budget Authority	Amount Sequestered	FY 2013 Post- Sequestration Budget Authority
114,000	114,000	5,814	108,186

1. Briefly describe impact of actions associated with sequestration on government services to the public and agency operations (with specific delineation on any areas with significant deleterious effect on the agency's missions or otherwise raise life, safety, or health concerns). Include quantifiable impacts or performance measure wherever possible.

The sequestration would reduce these accounts by approximately \$5,814,000. Payments to States under several authorities would be reduced as a result of the sequester, including:

- Payments to States 1908 Act that are used for schools and/or roads projects,
- Payments to States SRS, Act of 2000, Title II, that are used for roads and schools and other authorized purposes, as well as funding for specific resource improvement projects on the national forest where the county is located
- Payments and Transfers from the National Forest Fund (SRS Act of 2000, Title I & III)
- The sequester would result in less funding to States and counties for roads and schools and fewer projects accomplished on NFS lands. Title II payments were dispersed to the Regions in February for Resource Advisory Committee (RAC) projects. At the time of the sequester a decision would be made regarding the need to return sequestered funds based on available balances and other considerations.

2. Describe funding flexibilities (such as reprogramming and/or transfer) that will be used and when, including timing of Congressional notification and authority for such reprogramming/transfers.

We do not anticipate that the sequestration would result in the need for additional reprogramming requests to Congress or the use of funding transfers, unless as necessary to supplement a shortfall in wildland fire suppression funding under existing authorities.

3. Describe specific impact on Federal employees. If furlough will be used, include number or days, number of employees, how the furlough would be implemented and when, including a plan to provide appropriate and timely information to impacted unions and employees.

Furloughs for agency employees are not anticipated as a result of sequestration. We will reduce funding in other spending categories such as contracts and agreements. We anticipate that any reduction in FTEs would be accomplished through attrition and not filling vacant positions. There is no current union agreement in place for furloughs and any potential furlough notice will require pre-decisional involvement.

FY 2013 Sequester Planning (minus 5 percent)
Agency: Forest Service, 02/04/13

4. Describe anticipated major contract actions that will be canceled, re -scoped, and/or delayed, and a plan to timely communicate planned actions to impacted contractors.

None

5. Describe anticipated grant actions, including any planned delays, cancellation, or material decrease in payments. In addition, include a plan to timely communicate planned actions to impacted grantees.

None

FY 2013 Sequester Planning (minus 5 percent)
Agency: Forest Service, 02/04/13

Account: Forest Service Permanent Appropriations
Category: Mandatory
Program, Project or Activity: Payments to States transfers from Treasury

FY 2012 Enacted (\$000)	FY 2013 Sequestrable Budget Authority	Amount Sequestered	FY 2013 Post- Sequestration Budget Authority
225,000	225,000	11,475	213,525

1. Briefly describe impact of actions associated with sequestration on government services to the public and agency operations (with specific delineation on any areas with significant deleterious effect on the agency's missions or otherwise raise life, safety, or health concerns). Include quantifiable impacts or performance measure wherever possible.

The sequestration would reduce these accounts by approximately \$11,475,000.

- Payments to counties would be reduced under the Secure Rural Schools and Community Self-Determination Act of 2000.
- Counties that opt to not receive payments under the Secure Rural Schools and Community Self-Determination Act of 2000 as reauthorized do receive, with few exceptions, 25 percent of all moneys collected from the national forests and grasslands in which the counties are located, under the Act of 1908. These payments benefit public schools and roads in the county or counties containing national forests and grasslands.
- The sequester would result in less funding to States and counties for roads and schools and fewer projects accomplished on NFS lands. Title I and III payments were dispersed to States in January 2013. At the time of the sequester a decision would be made regarding the need to return sequestered funds based on available balances and other considerations.

2. Describe funding flexibilities (such as reprogramming and/or transfer) that will be used and when, including timing of Congressional notification and authority for such reprogramming/transfers.

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None

5. Describe anticipated grant actions, including any planned delays, cancellation, or material decrease in payments. In addition, include a plan to timely communicate planned actions to impacted grantees.

None

From: Crutchfield, Craig
Sent: Monday, February 04, 2013 7:19 PM
To: Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Irwin, Janet
Subject: Re: O&C SRS payments

This whole process is odd and unprecedented, so there will be differences between agencies and accounts.

We're working this, but want to go through Sally first and we have a lot of drills going concurrently. We'll get you something soon.

From: Neill, Allie
Sent: Monday, February 04, 2013 07:01 PM
To: Schory, Daniel; Stigile, Art; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Crutchfield, Craig; Irwin, Janet
Subject: RE: O&C SRS payments

Daniel,

Thank you for the update. Is this somewhat odd to make payment in full and withhold 10% in anticipation? Any additional information would be helpful. I expect we will hear from all OR congressional offices tomorrow.

From: Schory, Daniel
Sent: Monday, February 04, 2013 5:40 PM
To: Stigile, Art; Neill, Allie; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Crutchfield, Craig; Irwin, Janet
Subject: RE: O&C SRS payments

Allie,

Art spoke correctly in that the SRS payments were determined sequestrable. It is also true that Forest Service already made the payments in full and BLM is planning to withhold 10% of the payments in anticipation of reduced budget authority. If you need more info, I can follow up with you tomorrow once I have had an opportunity to consult with Kathleen Cahill (the Forest Service examiner). Will this work for you?

Thanks,
Dan

From: Stigile, Art
Sent: Monday, February 04, 2013 4:50 PM
To: Neill, Allie; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: O&C SRS payments

Adding the examiners, in case I have this wrong.

My understanding is that we determined that the 2012 payments will be scored as 2013 BA. As a result, they would be sequestrable. I know nothing about whether Interior has made reduced payments vs full payment from USDA.

From: Neill, Allie
Sent: Monday, February 04, 2013 3:14 PM
To: Stigile, Art; Berger, Sam; Sarri, Kristen
Subject: FW: O&C SRS payments

Art and Sam,

Do we have a sense of whether Secure Rural Schools funds for FY12 are subject to sequester?

From: Rea, Nathan [<mailto:nathan.rea@mail.house.gov>]
Sent: Monday, February 04, 2013 3:06 PM
To: Neill, Allie
Cc: Marshall, Colby
Subject: O&C SRS payments

Allie-

Thanks for taking my call and offering to help determine whether the FY12 SRS payments to the 18 O&C counties are going to be subject to sequestration. As I mentioned, we had heard that Interior was going to apply a 10% cut to the payments. The Forest Service got their portion of the payments out in mid -January without any cuts due to sequestration.

As I look at the OMB Report on sequestration, I see that the O&C Counties are listed on page 104. I think this may be where there is confusion. The reference to the Oregon and California Grant Lands on page 104 is in reference to the funding line item that is for the BLM's year -to-year management of the O&C grant lands. This is separate from the Secure Rural Schools (SRS) dollars that these counties receive as part of PL 112 -141 [Division F, Title I(A)] --the current subject of my inquiry.

I'm not sure if this is helpful. I think there could be some confusion in the agency or at OMB regarding which O&C funds are indeed subject to sequestration per the OMB's report on PL 112 -155.

Do you think we'll be able to hear back from you today with clarification on this important issue for my boss? Should he want to call someone at OMB to discuss this, whom would you suggest he call, and can I get their contact info?

Thank you,

Nathan H. Rea
Legislative Director
Office of Representative Greg Walden
Nathan.Rea@mail.house.gov
P: (202) 226-5234
C: (202) 674-7399

From: Sarri, Kristen
Sent: Monday, February 04, 2013 7:53 PM
To: Irwin, Janet; Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Ericsson, Sally C.; Shulman, Sophie
Subject: RE: O&C SRS payments

Thank you. That helps.

From: Irwin, Janet
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To: Sarri, Kristen; Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Ericsson, Sally C.; Shulman, Sophie
Subject: RE: O&C SRS payments

No.

Until recently, official guidance to agencies with regard to the sequester was "proceed to spend normally". Under that guidance, the Forest Service, which has most of the Secure Rural Schools (SRS) funds, obligated these grants.

BLM also has a small amount of Secure Rural Schools funding. They have been withholding 10% pending the resolution of the sequester situation.

That is the discrepancy the delegation is asking about.

We have been working with the Forest Service the past few days to sort out what they plan to do now in the event there is a sequester. We do not have a clear answer yet but hope to have one soon.

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To: Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Irwin, Janet
Subject: RE: O&C SRS payments

Do you mind if I ask a stupid Q because I am not following one point – does this mean that USFS released money when they should have withheld funds?

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Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Crutchfield, Craig; Irwin, Janet
Subject: RE: O&C SRS payments

Allie,

Art spoke correctly in that the SRS payments were determined sequestrable. It is also true that Forest Service already made the payments in full and BLM is planning to withhold 10% of the payments in anticipation of reduced budget authority. If you need more info, I can follow up with you tomorrow once I have had an opportunity to consult with Kathleen Cahill (the Forest Service examiner). Will this work for you?

Thanks,
Dan

From: Stigile, Art
Sent: Monday, February 04, 2013 4:50 PM
To: Neill, Allie; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: O&C SRS payments

Adding the examiners, in case I have this wrong.

My understanding is that we determined that the 2012 payments will be scored as 2013 BA. As a result, they would be sequestrable. I know nothing about whether Interior has made reduced payments vs full payment from USDA.

From: Neill, Allie
Sent: Monday, February 04, 2013 3:14 PM
To: Stigile, Art; Berger, Sam; Sarri, Kristen
Subject: FW: O&C SRS payments

Art and Sam,
Do we have a sense of whether Secure Rural Schools funds for FY12 are subject to sequester?

From: Rea, Nathan [<mailto:nathan.rea@mail.house.gov>]
Sent: Monday, February 04, 2013 3:06 PM

To: Neill, Allie
Cc: Marshall, Colby
Subject: O&C SRS payments

Allie-

Thanks for taking my call and offering to help determine whether the FY12 SRS payments to the 18 O&C counties are going to be subject to sequestration. As I mentioned, we had heard that Interior was going to apply a 10% cut to the payments. The Forest Service got their portion of the payments out in mid -January without any cuts due to sequestration.

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I'm not sure if this is helpful. I think there could be some confusion in the agency or at OMB regarding which O& C funds are indeed subject to sequestration per the OMB's report on PL 112 -155.

Do you think we'll be able to hear back from you today with clarification on this important issue for my boss? Should he want to call someone at OMB to discuss this, whom would you suggest he call, and can I get their contact info?

Thank you,

Nathan H. Rea
Legislative Director
Office of Representative Greg Walden
Nathan.Rea@mail.house.gov
P: (202) 226-5234
C: (202) 674-7399

From: Crutchfield, Craig
Sent: Tuesday, February 05, 2013 12:03 PM
To: Irwin, Janet; Schory, Daniel; Cahill, Kathleen; Lucas, Adrienne C.
Subject: RE: O&C SRS payments

Whoops. Turns out BLM already released the payments this morning. DOI is now asking for them to stay low for now and not get into any discussion (for now) as to why they took a different approach than Forest Service.

From: Crutchfield, Craig
Sent: Tuesday, February 05, 2013 11:26 AM
To: Irwin, Janet; Schory, Daniel; Cahill, Kathleen; Lucas, Adrienne C.
Subject: RE: O&C SRS payments

BLM wanted to release 90% of its SRS funds tomorrow, but we asked them to hold off a couple of days until we could more clearly explain the discrepancy between Forest Service and BLM.

Kathleen is meeting with OMB/GC tomorrow to talk about this and other sequester issues. That should help.

From: Irwin, Janet
Sent: Monday, February 04, 2013 7:52 PM
To: Sarri, Kristen; Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Ericsson, Sally C.; Shulman, Sophie
Subject: RE: O&C SRS payments

No.

Until recently, official guidance to agencies with regard to the sequester was "proceed to spend normally". Under that guidance, the Forest Service, which has most of the Secure Rural Schools (SRS) funds, obligated these grants.

BLM also has a small amount of Secure Rural Schools funding. They have been withholding 10% pending the resolution of the sequester situation.

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We have been working with the Forest Service the past few days to sort out what they plan to do now in the event there is a sequester. We do not have a clear answer yet but hope to have one soon.

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Sent: Monday, February 04, 2013 7:43 PM
To: Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Irwin, Janet
Subject: RE: O&C SRS payments

Do you mind if I ask a stupid Q because I am not following one point – does this mean that USFS released money when they should have withheld funds?

From: Crutchfield, Craig
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To: Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam; Sarri, Kristen
Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Irwin, Janet
Subject: Re: O&C SRS payments

This whole process is odd and unprecedented, so there will be differences between agencies and accounts.

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Do we have a sense of whether Secure Rural Schools funds for FY12 are subject to sequester?

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Nathan H. Rea
Legislative Director
Office of Representative Greg Walden
Nathan.Rea@mail.house.gov
P: (202) 226-5234
C: (202) 674-7399

From: Cahill, Kathleen
Sent: Tuesday, February 05, 2013 4:15 PM
To: Stigile, Art; Lucas, Adrienne C.; Murray, Jenny Winkler
Subject: RE: O&C SRS payments

I thought that CBO scored the most recent reauthorization as 2012 BA.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art
Sent: Tuesday, February 05, 2013 4:13 PM
To: Lucas, Adrienne C.; Murray, Jenny Winkler
Cc: Cahill, Kathleen
Subject: RE: O&C SRS payments

Yes, we should clarify that the BA is scored as 2013 BA. We might even drag CBO's name into this, as indicated below. I don't know what to say about the difference between the amounts that Interior and USDA are paying. I think it would be unfair to infer that USDA did something wrong when they followed previous guidance to continue to operate as normal. Would it be ok to say that we are working with agencies to address implementation issues such as this and say nothing more?

From: Lucas, Adrienne C.
Sent: Tuesday, February 05, 2013 2:43 PM
To: Stigile, Art; Murray, Jenny Winkler
Cc: Cahill, Kathleen
Subject: FW: O&C SRS payments

Can you take a look at this proposed response to a possible Senator Wyden and/or Rep Walden call to our Leg Affairs shop about the disparate treatment of the secure rural schools payment? Let us know if you have any questions or comments. Thanks.

From: Schory, Daniel
Sent: Tuesday, February 05, 2013 2:38 PM
To: Cahill, Kathleen; Crutchfield, Craig; Irwin, Janet
Cc: Lucas, Adrienne C.
Subject: RE: O&C SRS payments

Thanks Kathleen. I agree with your language for Leg Affairs. See edits.

The funding used to support the FY2012 SRS payments are made available in 2013 and are scored by CBO and OMB as 2013 BA dollars. This is consistent with prior scoring of SRS. As such, the funding IS subject to sequestration. It is up to each agency to plan for the sequester in accordance with OMB guidance and the law. The interpretation of this guidance is left to the agencies who can consult with OMB if they want further assistance.

I think we should at least respond to leg affairs about the money being sequestrable as soon as possible.

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To: Crutchfield, Craig; Irwin, Janet; Schory, Daniel
Cc: Lucas, Adrienne C.
Subject: RE: O&C SRS payments

How do we want to handle this?

I would propose something to the following:

The funding used to support the FY2012 SRS payments are made available in 2013 and are scored as 2013 dollars. This is consistent with prior scoring of SRS. As such, the funding is subject to sequestration. OMB has provided guidance that agencies should _____. The interpretation of this guidance is left to the agencies who can consult with OMB if they want further assistance.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Shulman, Sophie
Sent: Tuesday, February 05, 2013 1:37 PM
To: Crutchfield, Craig; Irwin, Janet; Schory, Daniel
Cc: Lucas, Adrienne C.; Cahill, Kathleen
Subject: FW: O&C SRS payments
Importance: High

From: Neill, Allie
Sent: Tuesday, February 05, 2013 1:32:52 PM (UTC-05:00) Eastern Time (US & Canada)
To: Ericsson, Sally C.; Shulman, Sophie; Sarri, Kristen
Subject: FW: O&C SRS payments

Rep. Walden's office has called several times this morning. I expect we may hear from Rep. Walden himself at some point today.

Please see note below. Any guidance here?

Allie- We understand from BLM that the payments are going out to states, but with a 10% cut - \$4m off of the \$40m total payments. The BLM is not able to tell us who made this decision, or why. They have said that they are "trying to be prudent in anticipation of sequestration impacting these dollars in the future."

This is troublesome because these SRS payments are using FY12 dollars, and should not be subject to sequestration. In absence of an answer as to why, the BLM is still suggesting that we contact the OMB for reasons. Are you aware of this directive coming from OMB? My boss would like an answer asap, so appreciate your help.

Thank you,

Nathan

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From: Sarri, Kristen

Sent: Monday, February 04, 2013 07:53 PM Eastern Standard Time

To: Irwin, Janet; Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam

Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Ericsson, Sally C.; Shulman, Sophie

Subject: RE: O&C SRS payments

Thank you. That helps.

From: Irwin, Janet

Sent: Monday, February 04, 2013 7:52 PM

To: Sarri, Kristen; Crutchfield, Craig; Neill, Allie; Schory, Daniel; Stigile, Art; Berger, Sam

Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Ericsson, Sally C.; Shulman, Sophie

Subject: RE: O&C SRS payments

No.

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Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
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From: Stigile, Art
Sent: Tuesday, February 05, 2013 4:20 PM
To: Murray, Jenny Winkler; Lucas, Adrienne C.
Cc: Cahill, Kathleen
Subject: RE: O&C SRS payments

OK, then we can't use my suggested edit.

From: Murray, Jenny Winkler
Sent: Tuesday, February 05, 2013 4:18 PM
To: Stigile, Art; Lucas, Adrienne C.
Cc: Cahill, Kathleen
Subject: RE: O&C SRS payments

I think that we need to remove the reference to CBO. In MAP-21, they scored the BA cost in 2012. In talking to Jeff LaFave, I think that he now realizes that may have been incorrect, but we can't currently say that CBO scored the cost in 2013.

From: Stigile, Art
Sent: Tuesday, February 05, 2013 4:13 PM
To: Lucas, Adrienne C.; Murray, Jenny Winkler
Cc: Cahill, Kathleen
Subject: RE: O&C SRS payments

Yes, we should clarify that the BA is scored as 2013 BA. We might even drag CBO's name into this, as indicated below. I don't know what to say about the difference between the amounts that Interior and USDA are paying. I think it would be unfair to infer that USDA did something wrong when they followed previous guidance to continue to operate as normal. Would it be ok to say that we are working with agencies to address implementation issues such as this and say nothing more?

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Cc: Cahill, Kathleen
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Cc: Cahill, Kathleen; Hurban, James C.; Hoef, Jennifer E.; Lucas, Adrienne C.; Eric's son, Sally C.; Shulman, Sophie

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As I look at the OMB Report on sequestration, I see that the O&C Counties are listed on page 104. I think this may be where there is confusion. The reference to the Oregon and California Grant Lands on page 104 is in reference to the funding line item that is for the BLM's year -to-year management of the O&C grant lands. This is separate from the Secure Rural Schools (SRS) dollars that these counties receive as part of PL 112 -141 [Division F, Title I(A)] --the current subject of my inquiry.

I'm not sure if this is helpful. I think there could be some confusion in the agency or at OMB regarding which O& C funds are indeed subject to sequestration per the OMB's report on PL 112 -155.

Do you think we'll be able to hear back from you today with clarification on this important issue for my boss? Should he want to call someone at OMB to discuss this, whom would you suggest he call, and can I get their contact info?

Thank you,

Nathan H. Rea
Legislative Director
Office of Representative Greg Walden
Nathan.Rea@mail.house.gov
P: (202) 226-5234
C: (202) 674-7399

From: Schory, Daniel
Sent: Tuesday, February 05, 2013 5:56 PM
To: Ericsson, Sally C.; Shulman, Sophie
Cc: Crutchfield, Craig; Irwin, Janet
Subject: DOI talking points for srs sequester

Sally,

Below are the proposed talking points for DOI. We can include them in the info for leg affairs or we can send them along separately for review.

Thanks!
-Dan

Talking points for BLM and DOI.

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The Secure Rural Schools account is subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM has held back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM has distributed the majority of the Secure Rural Schools payments, totaling approximately \$36 million.
- DOI cannot speak on behalf of Forest Service as it is up to each agency to plan for the sequester in accordance with OMB guidance and the law.

From: Ericsson, Sally C.
Sent: Tuesday, February 05, 2013 6:04 PM
To: Crutchfield, Craig; Shulman, Sophie
Cc: Lucas, Adrienne C.; Hoef, Jennifer E.; Anchin, Scott J.; Irwin, Janet; Schory, Daniel; Cahill, Kathleen; Shulman, Sophie
Subject: RE: O&C Secure Rural Schools payments under a sequester

One minor typo – but otherwise good.

From: Crutchfield, Craig
Sent: Tuesday, February 05, 2013 6:00 PM
To: Ericsson, Sally C.; Shulman, Sophie
Cc: Lucas, Adrienne C.; Hoef, Jennifer E.; Anchin, Scott J.; Irwin, Janet; Schory, Daniel; Cahill, Kathleen
Subject: O&C Secure Rural Schools payments under a sequester

Sally,

Kathleen and Dan have been working on talking points to share with OMB/LA in response to questions from the Oregon delegation about the different approaches taken by Forest Service and BLM in releasing Secure Rural Schools (SRS) payments. If you are OK with them, we would like to send forward.

Also, BLM is looking for talking points to respond to similar questions from the Oregon delegation. (These are the same as what Dan just sent.) If they are OK with you, we would then run by Kris, Posner, Courtney and Danny.

Talking Points for OMB LA

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The funding used to make the FY2012 SRS payments does not become available until 2013 and is scored as 2013 BA. This is consistent with prior scoring of SRS. As such, the funding IS subject to sequestration.
- It is up to each agency to plan for the sequester in accordance with OMB guidance and the law. The interpretation of this guidance is left to the agencies who can consult with OMB if they want further assistance.

Background

- Two Departments are responsible for issuing these payments. USDA's Forest Service and DOI's Bureau of Land Management (BLM) issue payments supporting Secure Rural Schools.
- BLM's payments go to Oregon and California, with the majority going to Oregon.
- BLM has issued \$36 million in payments, holding back 10% or \$4 million for a total of \$40 million.
- Forest Service payments go to every state and territory that has a National Forest. The majority goes to the Pacific Northwest, with Oregon receiving the largest payment.
- The Forest Service has issued \$274 million in payments to states (the entire amount available for Titles I and III of SRS).

NRD is continuing to discuss this matter with OGC to assess what options may be open to the Forest Service in the event that the sequester takes effect.

Talking points for BLM and DOI.

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The Secure Rural Schools account is subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM has held back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM has distributed the majority of the Secure Rural Schools payments, totaling approximately \$36 million.
- DOI cannot speak on behalf of Forest Service as it is up to each agency to plan for the sequester in accordance with OMB guidance and the law.

From: Sarri, Kristen
Sent: Tuesday, February 05, 2013 6:27 PM
To: Neill, Allie
Subject: RE: FW: O&C SRS payments

Let's talk.

From: Neill, Allie
Sent: Tuesday, February 05, 2013 6:25 PM
To: Sarri, Kristen
Subject: Re: FW: O&C SRS payments

So, where does this leave us since FS wasn't paying attention?

From: Sarri, Kristen
Sent: Tuesday, February 05, 2013 06:21 PM
To: Neill, Allie
Subject: FW: FW: O&C SRS payments

From: Haze, Pam [mailto:pam_haze@ios.doi.gov]
Sent: Tuesday, February 05, 2013 6:19 PM
To: Mansour, Christopher; Sarri, Kristen
Cc: Patrick Wilkinson
Subject: Re: FW: O&C SRS payments

Let's be clear - we agree with OMB to withhold funds pending sequester - the amount we withhold is a judgment call. The FS release of monies is really not the determining factor in what we should do. We are being prudent and withholding a portion just like we did for the AML grants and Sport Fish/Federal Aid. Forest Service was not paying attention - that is their problem.

On Tue, Feb 5, 2013 at 3:22 PM, Mansour, Christopher <christopher_mansour@ios.doi.gov> wrote:
hey FYI

----- Forwarded message -----

From: Sarri, Kristen <Kristen_J_Sarri@omb.eop.gov>
Date: Tue, Feb 5, 2013 at 3:20 PM
Subject: Re: FW: O&C SRS payments
To: "Christopher_Mansour@ios.doi.gov" <Christopher_Mansour@ios.doi.gov>

Thanks. Completely OK for folks to refer Qs to us, ie, OMB is responsible for issuing sequestration order and we refer you to them. But please ask folks to phrase in the way. I know you get this.

I am working on this issue trying to understand issue you raised.

From: Mansour, Christopher [mailto:christopher_mansour@ios.doi.gov]
Sent: Tuesday, February 05, 2013 03:16 PM
To: Sarri, Kristen
Subject: Re: FW: O&C SRS payments

Kris

the problem for DOI/BLM is that US Forest Service has already made their Secure Rural Schools payments, without any 10% withheld for the sequester problem. But DOI is being told by OMB to withhold the 10%..Rep Walden's office was insisting that the Congressman wanted to know who made the decision to have DOI withhold the 10% and how to contact them. My understanding is that OMB made the decision to tell DOI/BLM to withhold the 10% [i am not sure why USFS went forward with full pay ments].

In addition, we are told to forward sequester questions in general to OMB.

This is why Walden's people were told to contact OMB

Walden and the rest of the OR delegation is getting serious pressure from their local communities

Sorry!!

CHristopher

On Tue, Feb 5, 2013 at 3:00 PM, Sarri, Kristen <Kristen_J_Sarri@omb.eop.gov> wrote:

Christopher,

Can you talk to your staff – DeFazio and Walden are calling over here about this issue. Apparently the message out of DOI is this is all OMB's fault. (email below is vague, phone calls to our office more pointed).

Allie- We understand from BLM that the payments are going out to states, but with a 10% cut - \$4m off of the \$40m total payments. The BLM is not able to tell us who made this decision, or why. They have said that they are "trying to be prudent in anticipation of sequestration impacting these dollars in the future."

This is troublesome because these SRS payments are using FY12 dollars, and should not be subject to sequestration. In absence of an answer as to why, the BLM is still suggesting that we contact the OMB for reasons. Are you aware of this directive coming from OMB ? My boss would like an answer asap, so appreciate your help.

Thank you,

Nathan

--

Christopher J. Mansour, Director

Office of Congressional and Legislative Affairs

Office of the Secretary

Department of the Interior

1849 C Street, NW

Washington, DC 20240

Office - (202) 208-7693

Fax - (202) 208-5533

--

Christopher J. Mansour, Director

Office of Congressional and Legislative Affairs

Office of the Secretary

Department of the Interior

1849 C Street, NW

Washington, DC 20240

Office - (202) 208-7693

Fax - (202) 208-5533

From: Graham, Kathleen - OBPA </O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=GRAHAM, KATHLEENB61010EB-E2C2-40A6-BAA9-49BEC6A6CE94>
Sent: Wednesday, February 06, 2013 7:27 AM
To: Young, Mike - OBPA; Bice, Don - OBPA; Zehren, Chris - OBPA; Lippold, David -OBPA
Cc: Okal, Marianne - OBPA; West, Jeremy -OBPA
Subject: RE: OMB on SRS sequestration

I was able to reach Kathleen C. after receiving the voice mail information below.

- BLM withheld 10% of their PILT (Payments in Lieu of Taxes) payments, but she recognizes that we were under guidance to proceed as usual at the time.
- USDA/FS should consult with counsel about the definition of PPA (program, project, activity) to see if the sequester of payments already made can come from unspent funds in Title II. If not, there would be a "not at fault" ADA violation (the agency acted in good faith at the time). OMB is also consulting with their counsel since other agencies have similar situations. She hopes agencies' and OMB counsel can reach agreement.
- Still to be determined at OMB is whether payments that have been fully obligated can be pulled back. An interesting political issue.

From: Graham, Kathleen OBPA
Sent: Wednesday, February 06, 2013 9:09 AM
To: Young, Mike OBPA; Bice, Don OBPA; Zehren, Chris OBPA; Lippold, David OBPA
Cc: Okal, Marianne OBPA; West, Jeremy OBPA
Subject: OMB on SRS sequestration

Kathleen Cahill concurs that the amount warranted by Treasury in FY 2013 is subject to sequestration. She is seeking clarification on the receipts portion of the payment. She did not address the issue of pulling back funds that have been obligated so I'll ask again. So we know that the \$225M is subject to a \$11.5M sequester.

Kathleen Graham
U.S. Department of Agriculture
Office of Budget and Program Analysis
Jamie L. Whitten Building, Room 113E
1400 Independence Avenue, SW
Washington, DC 20250

Phone: 202-720-2881
Fax: 202-720-8635
email: Kathleen.Graham@obpa.usda.gov

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 8:50 AM
To: Irwin, Janet
Cc: Lucas, Adrienne C.; Crutchfield, Craig; Schory, Daniel; Hurban, James C.; Hoef, Jennifer E.
Subject: FW: Secure Rural Schools in MAP-21
Attachments: RE: Secure Rural Schools in MAP-21

Janet,

Per your request, this is the email with the BRD response to our request for clarification on whether the 2012 payment, made in 2013, was subject to sequestration.

One thing this does not clear up is the amount spent from receipts. I am assuming that the information below is only for the BA that is provided from Treasury. But would need to seek further clarification.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art
Sent: Monday, January 28, 2013 11:08 AM
To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.; Thomas, Judy
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

After a lot of research, we tracked down the history of how the BA has been scored. Below is a summary from Jenny (see the attached email for additional info). Based on this, we think the BA should be scored in the year it is obligated, which means that the BA for the 2012 payments would be recorded as 2013 BA.

Jenny's summary:

The short answer is that the BA for the 2012 payments should be recorded in 2013 and, therefore, subject to sequester. The longer explanation is as follows:

- For payments through FY 2006, the program was mandatory and the BA had always been warranted by Treasury and recorded in the year in which funds were obligated, which was the subsequent fiscal year. Therefore, for example, the BA for the FY 2006 payments would not have been recorded until FY 2007. The logic here was that, as with a good number of mandatory programs, the BA was driven by the obligations and as a result the obligational authority was not needed before the funds were actually to be obligated.
- The FY 2007 payments were instead included in an appropriations rather than an authorizing bill, after the program's authorization had been allowed to lapse. The FY 2007 payments were therefore considered a new program and scored as discretionary. They were not scored as a CHIMP and rebased. Given that decision, it was also determined that the FY 2007 payments should be scored similar to other discretionary programs where the BA is always recorded in the year in which it was appropriated. This was accomplished through backdated Treasury documents for FY 2007 that were processed in February or March of 2008.

- It was when the program was reauthorized by the Authorizers for FY 2008 through FY 2011 payments that the discussion in the attached e-mail occurred. The outcome of that discussion was that we reverted to both scoring and recording the FY 2008 payments the way we always had historically, as FY 2009 BA. The FY 2009, FY 2010 and FY 2011 payments were to be recorded (and have been recorded) similarly.
- Since the FY 2012 payments were accomplished through a simple extension of the program in MAP -21 (an authorizing bill), I believe that the method for recording the BA should continue. Although CBO scored this extension for FY 2012 payments in FY 2012, in talking to the analyst he claimed to only be mirroring what he thought OMB would do. I plan to pass along these findings to him.

From: Cahill, Kathleen
Sent: Wednesday, January 23, 2013 11:28 AM
To: Stigile, Art; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

Art,

I was wondering if you had a chance to review further. I was asked if we need bullets for this program on the impacts of a sequester. It sounds like the BA associated with this program should be scored in 2012, so there would not be a sequester impact. However, I want to make sure before I definitively tell my boss that this program is not impacted for the payments issued this January.

Kathleen Cahill
 Program Examiner
 Office of Management and Budget
 Voice 202-395-6826
 Fax 202-395-4941

From: Cahill, Kathleen
Sent: Tuesday, January 22, 2013 10:23 AM
To: Stigile, Art; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

First to clarify the years as referenced below. All payments are issued the year following. So the 2011 payment was issued in January of FY2012 and the 2012 payment will be issued in January of FY2013. As done since I have been handling the Forest Service accounts, the funds needed from Treasury are not warranted until the FY when the payment is made. So the 2011 payment funding from Treasury was not provided to the Forest Service until FY2012.

Essentially I read all the changes as making necessary updates to extend the program for 1 year, except for one where there was an issue when several counties failed to elect.

- Change (a)(1) updates the definition of full funding to define what happens after 2011.
- Change (a) (2) replaces many "2011" with 2012, thereby making this extended to 2012.
- Change (a)(3) replaces 2008 with 2012, changes dates when certain actions are to be done
 - Replaces 2001 with 2012 extending the election to receive payment to 2012
 - Adds a new notification paragraph and reorders the others
 - Adds a provision on how to handle counties that fail to elect and applies this to both 2011 and 2012.
- Change (a)(4) updates the distribution for California to apply to 2012.
- Change (a)(5) adds a provision limiting administrative expenses for the Resource Advisory Committees

Change (a)(6) extends the annual percentage for a pilot to 2012.

Change (a)(7) changes the date as to when the Secretary has to determine that a Resource Advisory Committee that was previously formed meets the conditions of being a RAC. Used to be before 2006, now it is before 2012.

Change (a)(8) updates the termination of authority to require that any project funds that are not obligated by 9/30/2013 to be deposited in Treasury

Change (a)(9) corrects format

Change (a)(10) extends the availability of funds to 9/30/2013

Change (b) Provides that the Secretary shall have access to funds to perform projects in areas that failed to elect in 2011. This corrects for an issue that arose for the 2011 payment where several counties (supposedly by accident) failed to elect. May increase costs for 2011 (though I do not think it will be a lot).

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art

Sent: Friday, January 18, 2013 6:27 PM

To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.

Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel

Subject: RE: Secure Rural Schools in MAP-21

Do you have something that shows how the underlying reads with these revisions, or something that describes the effect of each change?

From: Cahill, Kathleen

Sent: Friday, January 18, 2013 1:01 PM

To: Stigile, Art; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.

Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel

Subject: RE: Secure Rural Schools in MAP-21

Subtitle A—Secure Rural Schools and

Community Self-determination Program

SEC. 100101. SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION PROGRAM.

(a) AMENDMENTS.—The Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7101 et seq.) is amended—

(1) in section 3(11)—

(A) in subparagraph (A), by striking “and” after the semicolon at the end;

(B) in subparagraph (B)—

(i) by striking “fiscal year 2009 and each fiscal year thereafter” and inserting “each of fiscal years

2009 through 2011”; and

(ii) by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(C) for fiscal year 2012 and each fiscal year thereafter, the amount that is equal to 95 percent of the full funding amount for the preceding fiscal year.”;

(2) in sections 101, 102, 203, 207, 208, 304, and 402, by striking “2011” each place it appears and inserting “2012”;

(3) in section 102—

(A) by striking “2008” each place it appears and inserting “2012”;

(B) in subsection (b)(2)(B), by inserting “in 2012” before “, the election”; and

(C) in subsection (d)—

(i) in paragraph (1)(A), by striking "paragraph (3)(B)" and inserting "subparagraph (D)"; and
(ii) in paragraph (3) —

(I) by striking subparagraph (A) and inserting the following:

"(A) NOTIFICATION. —The Governor of each eligible State shall notify the Secretary concerned of an election by an eligible county under this subsection not later than September 30, 2012, and each September 30 thereafter for each succeeding fiscal year.";

(II) by redesignating subparagraph (B) as subparagraph (D) and moving the subparagraph so as to appear at the end of paragraph (1) of subsection (d); and H. R. 4348 —502

(III) by inserting after subparagraph (A) the following:

"(B) FAILURE TO ELECT. —If the Governor of an eligible State fails to notify the Secretary concerned of the election for an eligible county by the date specified in subparagraph (A) —

"(i) the eligible county shall be considered to have elected to expend 80 percent of the funds in accordance with paragraph (1)(A); and

"(ii) the remainder shall be available to the Secretary concerned to carry out projects in the eligible county to further the purpose described in section 202(b).";

(4) in section 103(d)(2), by striking "fiscal year 2011" and inserting "each of fiscal years 2011 and 2012";

(5) in section 202, by adding at the end the following:

"(c) ADMINISTRATIVE EXPENSES. —A resource advisory committee may, in accordance with section 203, propose to use not more than 10 percent of the project funds of an eligible county for any fiscal year for administrative expenses associated with operating the resource advisory committee under this title.";

(6) in section 204(e)(3)(B)(iii), by striking "and 2011" and inserting "through 2012";

(7) in section 205(a)(4), by striking "2006" each place it appears and inserting "2011";

(8) in section 208(b), by striking "2012" and inserting "2013";

(9) in section 302(a)(2)(A), by inserting "and" after the semicolon; and

(10) in section 304(b), by striking "2012" and inserting "2013".

(b) FAILURE TO MAKE ELECTION. —For each county that failed to make an election for fiscal year 2011 in accordance with section

102(d)(3)(A) of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7112(d)(3)(A)), there shall be available to the Secretary of Agriculture to carry out projects to further the purpose described in section 202(b) of that Act (16 U.S.C.

7122(b)), from amounts in the Treasury not otherwise appropriated, the amount that is equal to 15 percent of the total share of the State payment that otherwise would have been made to the county under that Act for fiscal year 2011.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art

Sent: Friday, January 18, 2013 1:00 PM

To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie; Zimmerman, Gail S; Jun, Hee K.; Tancre, Teresa A.

Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel

Subject: RE: Secure Rural Schools in MAP-21

Could someone send the language from MAP-21, so we can figure out which year the BA should be recorded?

From: Cahill, Kathleen

Sent: Friday, January 18, 2013 12:58 PM

To: Stigile, Art; Locke, Patrick; LaVine, Jessie

Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

I put all the BA in 2013 and the ol in 2013 and 2014. However, that does not mean it is correct. CBO scored the BA in 2012 and the OL in 2013 and 2014.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Stigile, Art
Sent: Friday, January 18, 2013 11:42 AM
To: Cahill, Kathleen; Locke, Patrick; LaVine, Jessie
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: RE: Secure Rural Schools in MAP-21

How is it shown in the baseline?

Patrick/Jessie, do you know how it was scored?

From: Cahill, Kathleen
Sent: Friday, January 18, 2013 11:33 AM
To: Stigile, Art
Cc: Hurban, James C.; Hoef, Jennifer E.; Schory, Daniel
Subject: Secure Rural Schools in MAP-21

Art,

We are still grappling with when the SRS BA was scored (2012 or 2013). The main documents I have are concerned with OL. I have not been able to find the OMB scoring of MAP -21. Can you have someone send it to us?

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Crutchfield, Craig
Sent: Wednesday, February 06, 2013 9:30 AM
To: Sarri, Kristen; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Timberlake, Courtney B.
Cc: Ericsson, Sally C.; Shulman, Sophie; Irwin, Janet; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: O&C Secure Rural Schools payments under a sequester

Kris and Allie,

Below are talking points in response to questions from the Oregon delegation about the different approaches taken by Forest Service and BLM in releasing Secure Rural Schools (SRS) payments. Please also note the article from E&E Daily below, which indicates that Rep. DeFazio intends to call the OMB Director today.

Also included below are talking points that BLM would like to use in response to similar questions from the Oregon delegation. Please let us know if BLM can use these.

Thanks, Craig

Talking Points for OMB LA

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The funding used to make the FY2012 SRS payments does not become available until 2013 and is scored as 2013 BA. This is consistent with prior scoring of SRS. As such, the funding IS subject to sequestration.
- It is up to each agency to plan for the sequester in accordance with OMB guidance and the law. The interpretation of this guidance is left to the agencies who can consult with OMB if they want further assistance.

Background

- Two Departments are responsible for issuing these payments. USDA's Forest Service and DOI's Bureau of Land Management (BLM) issue payments supporting Secure Rural Schools.
- BLM's payments go to Oregon and California, with the majority going to Oregon.
- BLM has issued \$36 million in payments, holding back 10% or \$4 million for a total of \$40 million.
- Forest Service payments go to every state and territory that has a National Forest. The majority goes to the Pacific Northwest, with Oregon receiving the largest payment.
- The Forest Service has issued \$274 million in payments to states (the entire amount available for Titles I and III of SRS).

NRD is continuing to discuss this matter with OGC to assess what options may be open to the Forest Service in the event that the sequester takes effect.

Talking points for BLM and DOI.

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The Secure Rural Schools account is subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM has held back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM has distributed the majority of the Secure Rural Schools payments, totaling approximately \$36 million.
- DOI cannot speak on behalf of Forest Service as it is up to each agency to plan for the sequester in accordance with OMB guidance and the law.

<http://www.eenews.net/EEDaily/2013/02/06/1>

PUBLIC LANDS:

As agencies gird for sequestration, Ore. counties told timber payments are being withheld

Phil Taylor, E&E reporter

Published: Wednesday, February 6, 2013

Counties in western Oregon have been told that 10 percent of their annual timber payments from the federal government are being withheld in case Congress fails to stop the across-the-board sequester cuts set to take effect March 1.

The pending cuts could siphon millions of dollars from Oregon counties, forcing cuts to the number of law enforcement officials, assistant district attorneys and nurses, according to Rocky McVay, executive director of the Association of O&C Counties, which represents 18 counties in western Oregon.

The pending cuts have raised the concern of Oregon lawmakers including Rep. Peter DeFazio (D-Ore.), who placed a call to the Office of Management and Budget seeking clarification on the payments. DeFazio plans to follow up with the director of OMB today.

The reduction in funding for the Oregon counties is one of many steps the federal government is taking in advance of the looming sequestration. Last night, the Interior Department, working off a template provided by OMB, issued a memo to all employees warning them of significant cutbacks in agency programs -- and preparing them for the possibility of furloughs.

At issue in Oregon is the disbursement of funds from Secure Rural Schools, a decade-old program that compensates Western counties where timber revenues on federal forests have declined as a result of stepped-up protections for endangered species and their habitats.

The funding is particularly important for Oregon's O&C counties, where timber harvests from Bureau of Land Management forests once supplied a large portion of county budgets. The O&C lands are a patchwork of timber-rich federal lands running north-south along the Coast and Cascade ranges.

"We have counties that are scrambling to find out how they are going to make up that loss," McVay said.

Counties passed their 2012-2013 budgets last June under the assumption that they would receive their full payments from Secure Rural Schools, McVay said. If payments are withheld, the lost funds would be felt between now and the end of the county fiscal year in June, he said.

BLM last August estimated it would disburse \$38 million to O&C and Coos Bay Wagon Road counties. Sources said BLM was instructed by OMB to withhold 10 percent of the funds.

OMB did not respond to an email last night.

The potential cuts come as Secure Rural Schools payments to O&C counties have already been cut by nearly two-thirds in western Oregon during the past four years -- from \$117 million to less than \$40 million.

The program was extended for one year as part of last year's transportation authorization package, but payments in early 2013 will be counties' last unless another extension is authorized.

The Forest Service announced in mid-January that it plans to disburse more than \$323 million in Secure Rural Schools money to 41 states. The Forest Service funding was apparently not reduced.

A message to Interior employees

The Interior Department's message to its employees, issued last night by the deputy secretary's office and obtained by *E&E Daily*, sketches out in broad terms what the consequences of sequestration may be. The memo appears to mirror a similar one that OMB has shared with agencies throughout the federal government, according to published reports.

"We will use any and all flexibilities we have to protect our core operations and mission," the Interior memo reads. "However, our ability to do so will be limited by the rigid nature of the cuts imposed by Congress."

The memo goes on to warn about possible "cuts to vital programs" and says agency workers should prepare for the possibility of temporary furloughs or "other personnel actions." It promises to give Interior employees at least a 30-day warning if furloughs are to occur and pledges that agency officials will work with employee unions.

"Thank you for your patience as we navigate these difficult issues, and for all that you do for our Department and the American people," the memo concludes.

Even as federal agencies prepare for sequestration, President Obama yesterday urged Congress to pass a "smaller package" of budget trims to avert the more dramatic cuts mandated by the sequester (*E&ENews PM*, Feb. 5).

From: Zehren, Chris - OBPA </O=MMS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=ZEHREN, CHRISC8FED411-6B5A-4678-AA76-2B28A37F0D4C>
Sent: Wednesday, February 06, 2013 9:40 AM
To: Young, Mike - OBPA; Bice, Don - OBPA; Jones, Diem-Linh - OBPA; Lippold, David - OBPA; Clemans, Sid - OBPA; Staiert, Jim - OBPA; Smith, Mark - OBPA
Cc: Bohl, Sarah T. -OBPA; Johnson, Anna L. - OBPA; Kuske, Daniel -OBPA; Labiner-Wolfe, Judith -OBPA; Lin, Esther; Rogers, Joanna O. - OBPA; West, Jeremy -OBPA; Williams, Scott - OBPA; York, Kent - OBPA
Subject: Sequestration Planning Dot Points
Attachments: OMB Sequestration - USDA 2-6-13 (PAD).docx

See attached. Your comments would be appreciated. It has been revised to reflect discussions with staff last night.

Chris Z.

DO NOT DISTRIBUTE – PREDECISIONAL MATERIAL
FOR INTERNAL USE ONLY

U.S. Department of Agriculture
FY 2013 Sequester Planning
Policy Considerations

February 6, 2013

Natural Resources Conservation Service :

- [REDACTED]
- [REDACTED]

Forest Service:

- [REDACTED]

**DO NOT DISTRIBUTE – PREDECISIONAL MATERIAL
FOR INTERNAL USE ONLY**

- [REDACTED]

- Secure Rural Schools: Forest Service sequestration will have a disproportionate impact on rural communities who rely on Secure Rural Schools payments to offset lost tax revenue. This impact is exacerbated by planned reductions in recreation and the closure of developed recreation facilities, reducing tourism opportunities in NFS adjacent rural communities. Further, Secure Rural Schools payments for 2013 have already been made. The majority comes from a current year Treasury warrant, so payments may need to be pulled back. The balance of the payments comes from prior year collections, so it is not clear whether these would be subject to an obligation limitation in the current year, or the following year.

- [REDACTED]

Foreign Agricultural Service :

- [REDACTED]

From: Irwin, Janet
Sent: Wednesday, February 06, 2013 10:51 AM
To: Neill, Allie; Timberlake, Courtney B.; Crutchfield, Craig; Sarri, Kristen; Posner, Steven; Brown, Jamal; Werfel, Danny
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester

I think NRD can speak earlier, but we don't have a really good talking point for you about why the agencies took different approaches.

It seems the Forest Service took the "do not change your normal spending practices" part of the OMB guidance literally, while BLM exercised some reasonable managerial prudence. Based on the guidance to agencies we can't really say either one is right or wrong.

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Sent: Wednesday, February 06, 2013 10:47 AM
To: Timberlake, Courtney B.; Crutchfield, Craig; Sarri, Kristen; Posner, Steven; Brown, Jamal; Werfel, Danny
Cc: Ericsson, Sally C.; Shulman, Sophie; Irwin, Janet; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester
Importance: High

Could we speak earlier than 2pm? Rep. Defazio is set to call asap using these points below. The biggest question that he will have is why BLM made this determination and why FS did not. Are we able to say anything in addition to each agency must plan for the sequester in accordance with OMB guidance and the law?

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Withholding 10% of the payments will have real consequences for public safety in the Fourth Congressional District. Here's a list of the expected terminations in addition to recent cuts:

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Sent: Wednesday, February 06, 2013 9:42 AM
To: Crutchfield, Craig; Sarri, Kristen; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny
Cc: Ericsson, Sally C.; Shulman, Sophie; Irwin, Janet; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: Re: O&C Secure Rural Schools payments under a sequester

Let's discuss before this goes out.

From: Crutchfield, Craig
Sent: Wednesday, February 06, 2013 09:30 AM
To: Sarri, Kristen; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Timberlake, Courtney B.
Cc: Ericsson, Sally C.; Shulman, Sophie; Irwin, Janet; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: O&C Secure Rural Schools payments under a sequester

Kris and Allie,

Below are talking points in response to questions from the Oregon delegation about the different approaches taken by Forest Service and BLM in releasing Secure Rural Schools (SRS) payments. Please also note the article from E&E Daily below, which indicates that Rep. DeFazio intends to call the OMB Director today.

Also included below are talking points that BLM would like to use in response to similar questions from the Oregon delegation. Please let us know if BLM can use these.

Thanks, Craig

Talking Points for OMB LA

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Background

- Two Departments are responsible for issuing these payments. USDA's Forest Service and DOI's Bureau of Land Management (BLM) issue payments supporting Secure Rural Schools.
- BLM's payments go to Oregon and California, with the majority going to Oregon.
- BLM has issued \$36 million in payments, holding back 10% or \$4 million for a total of \$40 million.
- Forest Service payments go to every state and territory that has a National Forest. The majority goes to the Pacific Northwest, with Oregon receiving the largest payment.
- The Forest Service has issued \$274 million in payments to states (the entire amount available for Titles I and III of SRS).

NRD is continuing to discuss this matter with OGC to assess what options may be open to the Forest Service in the event that the sequester takes effect.

Talking points for BLM and DOI.

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The Secure Rural Schools account is subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM has held back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM has distributed the majority of the Secure Rural Schools payments, totaling approximately \$36 million.
- DOI cannot speak on behalf of Forest Service as it is up to each agency to plan for the sequester in accordance with OMB guidance and the law.

<http://www.eenews.net/EEDaily/2013/02/06/1>

PUBLIC LANDS:

As agencies gird for sequestration, Ore. counties told timber payments are being withheld

Phil Taylor, E&E reporter

Published: Wednesday, February 6, 2013

Counties in western Oregon have been told that 10 percent of their annual timber payments from the federal government are being withheld in case Congress fails to stop the across-the-board sequester cuts set to take effect March 1.

The pending cuts could siphon millions of dollars from Oregon counties, forcing cuts to the number of law enforcement officials, assistant district attorneys and nurses, according to Rocky McVay, executive director of the Association of O&C Counties, which represents 18 counties in western Oregon.

The pending cuts have raised the concern of Oregon lawmakers including Rep. Peter DeFazio (D-Ore.), who placed a call to the Office of Management and Budget seeking clarification on the payments. DeFazio plans to follow up with the director of OMB today.

The reduction in funding for the Oregon counties is one of many steps the federal government is taking in advance of the looming sequestration. Last night, the Interior Department, working off a template provided by OMB, issued a memo to all employees warning them of significant cutbacks in agency programs -- and preparing them for the possibility of furloughs.

At issue in Oregon is the disbursement of funds from Secure Rural Schools, a decade-old program that compensates Western counties where timber revenues on federal forests have declined as a result of stepped-up protections for endangered species and their habitats.

The funding is particularly important for Oregon's O&C counties, where timber harvests from Bureau of Land Management forests once supplied a large portion of county budgets. The O&C lands are a patchwork of timber-rich federal lands running north-south along the Coast and Cascade ranges.

"We have counties that are scrambling to find out how they are going to make up that loss," McVay said.

Counties passed their 2012-2013 budgets last June under the assumption that they would receive their full payments from Secure Rural Schools, McVay said. If payments are withheld, the lost funds would be felt between now and the end of the county fiscal year in June, he said.

BLM last August estimated it would disburse \$38 million to O&C and Coos Bay Wagon Road counties. Sources said BLM was instructed by OMB to withhold 10 percent of the funds.

OMB did not respond to an email last night.

The potential cuts come as Secure Rural Schools payments to O&C counties have already been cut by nearly two-thirds in western Oregon during the past four years -- from \$117 million to less than \$40 million.

The program was extended for one year as part of last year's transportation authorization package, but payments in early 2013 will be counties' last unless another extension is authorized.

The Forest Service announced in mid-January that it plans to disburse more than \$323 million in Secure Rural Schools money to 41 states. The Forest Service funding was apparently not reduced.

A message to Interior employees

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Even as federal agencies prepare for sequestration, President Obama yesterday urged Congress to pass a "smaller package" of budget trims to avert the more dramatic cuts mandated by the sequester (*E&ENews PM*, Feb. 5).

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Sent: Wednesday, February 06, 2013 1:44 PM
To: Irwin, Janet; Crutchfield, Craig
Cc: Lucas, Adrienne C.; Schory, Daniel; Hoef, Jennifer E.; Anchin, Scott J.
Subject: RE: Secure Rural Schools talking points

It is a question that they need to work with their lawyers on. I have, over the phone, recommended that they work with their lawyers. I am drafting an email to ask specific questions concerning definition of PPA and use of Title II to pay for the entire sequester.

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Irwin, Janet
Sent: Wednesday, February 06, 2013 1:43 PM
To: Cahill, Kathleen; Crutchfield, Craig
Cc: Lucas, Adrienne C.; Schory, Daniel; Hoef, Jennifer E.; Anchin, Scott J.
Subject: RE: Secure Rural Schools talking points

Thanks, Kathleen. This looks ok.

Have you had any further discussions with USFS about where they might find these savings?

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 1:05 PM
To: Irwin, Janet; Crutchfield, Craig
Cc: Lucas, Adrienne C.; Schory, Daniel; Hoef, Jennifer E.; Anchin, Scott J.
Subject: Secure Rural Schools talking points

Based on our meeting this morning with Art and Sam, there was a recommendation to be clear that both agencies have to provide savings. I added the bullet at the bottom. What do you think?

Talking Points for OMB LA

- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
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- Both agencies are responsible for complying with sequestration and obtaining the savings if sequestration occurs.

Kathleen Cahill

Program Examiner
Office of Management and Budget
Voice 202-395-6826
Fax 202-395-4941

From: Schory, Daniel
Sent: Wednesday, February 06, 2013 1:44 PM
To: Cahill, Kathleen
Subject: RE: Secure Rural Schools talking points

Definitely Title I and, I believe also Title III. We have Title II money as well, but as you know, that doesn't go out with these dollars.

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 1:39 PM
To: Schory, Daniel
Subject: RE: Secure Rural Schools talking points

So the \$40 mil is for title i?

Kathleen Cahill
Program Examiner
Office of Management and Budget
Voice 202-395-6826
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From: Schory, Daniel
Sent: Wednesday, February 06, 2013 1:36 PM
To: Cahill, Kathleen
Subject: Re: Secure Rural Schools talking points

Yep. But they view ppa as each treasury account not by title, so under their process they can't move money between them.

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 01:29 PM
To: Schory, Daniel
Subject: RE: Secure Rural Schools talking points

Question for you. Does BLM also have Title II and Title III of SRS or is that just the FS?

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Office of Management and Budget
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From: Schory, Daniel
Sent: Wednesday, February 06, 2013 1:22 PM
To: Cahill, Kathleen; Irwin, Janet; Crutchfield, Craig
Cc: Lucas, Adrienne C.; Hoef, Jennifer E.; Anchin, Scott J.
Subject: Re: Secure Rural Schools talking points

Kathleen,

Thanks. We are fine with new bullet. do you want to send it forward?

Dan

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 01:04 PM
To: Irwin, Janet; Crutchfield, Craig
Cc: Lucas, Adrienne C.; Schory, Daniel; Hoef, Jennifer E.; Anchin, Scott J.
Subject: Secure Rural Schools talking points

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From: Lucas, Adrienne C.
Sent: Wednesday, February 06, 2013 1:47 PM
To: Cahill, Kathleen
Subject: RE: Impact of Sequestration on Secure Rural Schools

I think your email looks good. I recommend removing the consistency section because I think it will raise more questions than it answers.

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 1:32 PM
To: Lucas, Adrienne C.
Subject: Impact of Sequestration on Secure Rural Schools

How does this look?

We are trying to understand how the Forest Service intends to apply sequestration to Secure Rural Schools. There is a lot of interest in this at a variety of levels including OMB and the Hill.

- 1) How much funding is available in each title of SRS for the 2012 program implemented in 2013?
- 2) How is the Forest Service defining PPA in the instance of Secure Rural Schools? Defining PPA has been left up to the agencies. However, the agencies need to be able to explain why the definition they are using is reasonable. ~~In addition, the agencies should try to maintain consistency where it makes sense.~~ Please provide information on how the FS intends to implement the PPA in the instance of SRS and how this implementation is justified. Please work with the FS legal counsel to ensure compliance with the law.
- 3) How does the FS intend to comply with sequestration for SRS? Can funding made available in Title II of SRS be used to cover the savings requirements for SRS as a whole under sequestration? What is the justification for using Title II to cover the savings requirements? Please work with the FS legal counsel in responding to these questions.

There is a lot of high level interest in understanding how the FS is going to comply with sequestration. We would like to have the above addressed as soon as possible. When does USDA think they will be able to provide a response?

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From: Neill, Allie
Sent: Wednesday, February 06, 2013 1:57 PM
To: Cahill, Kathleen; Sarri, Kristen; Timberlake, Courtney B.; Crutchfield, Craig; Irwin, Janet; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Schory, Daniel; Eelman, Emily; Brown, Calla
Subject: RE: O&C Secure Rural Schools payments under a sequester

Just spoke to Defazio's office. His staff made the following points. They were unhappy to learn that this is an issue of interpreting OMB guidance. I attempted to clear up the FY12 vs FY13 issue.

-We have learned that the BLM has been directed by OMB to withhold **10% of the Fiscal Year 2012 Secure Rural Schools** payments in anticipation of the budget sequester.

-Curiously the OMB policy was only applied to **O&C** (BLM) Secure Rural Schools payments and **NOT** to Fiscal Year 2012 **Forest Service** Secure Rural School payments. Forest Service payments were made to states less than two weeks ago.

-They have written confirmation from BLM budget staff (October 2012) that FY12 Secure Rural Schools payments would NOT be subject to sequestration.

-Without the additional 10 percent in funding, the following terminations will go into effect immediately:

Josephine: 2 ADA's and the remaining 3 road deputies
Curry: Last of the road deputies
Coos: 2 deputies and 3 health care nurses
Douglas: 10 deputies
Linn: 1.5 deputies
Lane: Cuts will be applied to next budget cycle

DeFazio still very much wants a call with Jeff.

From: Cahill, Kathleen
Sent: Wednesday, February 06, 2013 12:26 PM
To: Sarri, Kristen; Timberlake, Courtney B.; Crutchfield, Craig; Irwin, Janet; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester

Forest Service did not consult with us, but this was not required.

The announcement on the amount of payments came out on Jan 15. Normally the outlay follows the announcement very quickly.

We are still working on trying to figure out how the Forest Service would meet the requirements of sequestration, but they would have to even with the payments already issued.

I do want to say that the Forest Service did nothing wrong except for not coordinating with BLM (which has never been needed to make payments previously).

Kathleen Cahill
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Office of Management and Budget
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Fax 202-395-4941

From: Sarri, Kristen
Sent: Wednesday, February 06, 2013 11:31 AM
To: Timberlake, Courtney B.; Crutchfield, Craig; Irwin, Janet; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester

Thanks on BLM – kudos to them – good common sense at work.

Now we need to work out what happened to the forest service

From: Timberlake, Courtney B.
Sent: Wednesday, February 06, 2013 11:25 AM
To: Crutchfield, Craig; Sarri, Kristen; Irwin, Janet; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester

And just to be clear, Forest Service did not consult with OMB, and obligated and outlayed the full amount of their 2013 advance less than two weeks ago?

From: Crutchfield, Craig
Sent: Wednesday, February 06, 2013 11:14 AM
To: Sarri, Kristen; Timberlake, Courtney B.; Irwin, Janet; Neill, Allie; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester

As for BLM, yes, the STA report made clear the BLM accounts were sequestrable.

Yes, DOI/BLM did consult with OMB. In general, DOI decided to be cautious with payments that are fully paid out. (You may recall that DOI initially withheld 15% of UMWA payments, until OMB determined that those payments were exempt. DOI has since released the remaining 15%.)

From: Sarri, Kristen
Sent: Wednesday, February 06, 2013 11:07 AM
To: Timberlake, Courtney B.; Irwin, Janet; Neill, Allie; Crutchfield, Craig; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
Subject: RE: O&C Secure Rural Schools payments under a sequester
Importance: High

Did the STA report make clear that these accounts were both sequestrable for BLM and USFS?
Did USFS consult with OMB before making the payment?
Did BLM consult with OMB or did they make the decision on their own?

What happens on March 1st in the case the USFS funding is sequestrable?

From: Timberlake, Courtney B.
Sent: Wednesday, February 06, 2013 10:59 AM
To: Irwin, Janet; Neill, Allie; Crutchfield, Craig; Sa rri, Kristen; Posner, Steven; Brown, Jamal; Werfel, Danny; Lue, Thomas; Powell, Lindsey; Berger, Sam
Cc: Ericsson, Sally C.; Shulman, Sophie; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
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Adding OGC.

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Cc: Ericsson, Sally C.; Shulman, Sophie; Irwin, Janet; Lucas, Adrienne C.; Cahill, Kathleen; Schory, Daniel
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- Thanks for your inquiry about Secure Rural Schools payments. I understand there is some confusion about the status of these funds. I will try to provide some useful information.
- The Secure Rural Schools account is subject to the provisions of the Budget Control Act.
- To avoid future problems if a sequester takes place, the BLM has held back 10%, or approximately \$4 million, of the Secure Rural School payments to western Oregon counties.
- The BLM understands the importance of these funds to the viability of western Oregon counties in support of county projects and local schools. The BLM has distributed the majority of the Secure Rural Schools payments, totaling approximately \$36 million.
- DOI cannot speak on behalf of Forest Service as it is up to each agency to plan for the sequester in accordance with OMB guidance and the law.

<http://www.eenews.net/EEDaily/2013/02/06/1>

PUBLIC LANDS:

As agencies gird for sequestration, Ore. counties told timber payments are being withheld

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Counties in western Oregon have been told that 10 percent of their annual timber payments from the federal government are being withheld in case Congress fails to stop the across-the-board sequester cuts set to take effect March 1.

The pending cuts could siphon millions of dollars from Oregon counties, forcing cuts to the number of law enforcement officials, assistant district attorneys and nurses, according to Rocky McVay, executive director of the Association of O&C Counties, which represents 18 counties in western Oregon.

The pending cuts have raised the concern of Oregon lawmakers including Rep. Peter DeFazio (D-Ore.), who placed a call to the Office of Management and Budget seeking clarification on the payments. DeFazio plans to follow up with the director of OMB today.

The reduction in funding for the Oregon counties is one of many steps the federal government is taking in advance of the looming sequestration. Last night, the Interior Department, working off a template provided by OMB, issued a memo to all employees warning them of significant cutbacks in agency programs -- and preparing them for the possibility of furloughs.

At issue in Oregon is the disbursement of funds from Secure Rural Schools, a decade-old program that compensates Western counties where timber revenues on federal forests have declined as a result of stepped-up protections for endangered species and their habitats.

The funding is particularly important for Oregon's O&C counties, where timber harvests from Bureau of Land Management forests once supplied a large portion of county budgets. The O&C lands are a patchwork of timber-rich federal lands running north-south along the Coast and Cascade ranges.

"We have counties that are scrambling to find out how they are going to make up that loss," McVay said.

Counties passed their 2012-2013 budgets last June under the assumption that they would receive their full payments from Secure Rural Schools, McVay said. If payments are withheld, the lost funds would be felt between now and the end of the county fiscal year in June, he said.

BLM last August estimated it would disburse \$38 million to O&C and Coos Bay Wagon Road counties. Sources said BLM was instructed by OMB to withhold 10 percent of the funds.

OMB did not respond to an email last night.

The potential cuts come as Secure Rural Schools payments to O&C counties have already been cut by nearly two-thirds in western Oregon during the past four years -- from \$117 million to less than \$40 million.

The program was extended for one year as part of last year's transportation authorization package, but payments in early 2013 will be counties' last unless another extension is authorized.

The Forest Service announced in mid-January that it plans to disburse more than \$323 million in Secure Rural Schools money to 41 states. The Forest Service funding was apparently not reduced.

A message to Interior employees

The Interior Department's message to its employees, issued last night by the deputy secretary's office and obtained by *E&E Daily*, sketches out in broad terms what the consequences of sequestration may be. The memo appears to mirror a similar one that OMB has shared with agencies throughout the federal government, according to published reports.

"We will use any and all flexibilities we have to protect our core operations and mission," the Interior memo reads. "However, our ability to do so will be limited by the rigid nature of the cuts imposed by Congress."

The memo goes on to warn about possible "cuts to vital programs" and says agency workers should prepare for the possibility of temporary furloughs or "other personnel actions." It promises to give Interior employees at least a 30-day warning if furloughs are to occur and pledges that agency officials will work with employee unions.

"Thank you for your patience as we navigate these difficult issues, and for all that you do for our Department and the American people," the memo concludes.

Even as federal agencies prepare for sequestration, President Obama yesterday urged Congress to pass a "smaller package" of budget trims to avert the more dramatic cuts mandated by the sequester (*E&ENews PM*, Feb. 5).