



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

July 13, 2004
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4766 – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2005

(Sponsors: Young (R), Florida; Obey (D), Wisconsin)

The Administration supports House passage of the FY 2005 Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill. However, the Administration has several concerns with the Committee bill and looks forward to working with the Congress as the bill moves through the legislative process.

The President supports a discretionary spending total of not more than \$819 billion, in addition to \$2.5 billion in advance appropriations for Project BioShield, consistent with his FY 2005 Budget. The President's Budget responsibly holds the growth in total discretionary spending to less than four percent and the growth in non-security spending to less than one percent, while providing the critical resources needed for our Nation's highest priorities: fighting the War on Terror, strengthening our homeland defenses, and sustaining the momentum of our economic recovery. Consistent with the need for responsible spending restraint, the Administration urges the Congress to fully fund unavoidable obligations and not to include any emergency funding, including contingent emergencies, unless mutually agreed upon in advance by both the Congress and the Administration.

The Administration applauds the Committee's support of critical agricultural programs like those to protect the Nation from Bovine Spongiform Encephalopathy (BSE) and the Food and Agriculture Defense Initiative, including construction of the animal research and diagnostic facility in Ames, Iowa.

Drug Importation

The Administration strongly opposes Section 757 of the Committee version of the bill, which addresses the importing of prescription drugs. While this provision theoretically limits the importation of prescription drugs to drugs approved by the Food and Drug Administration (FDA), it would be virtually impossible for the FDA to verify that drugs being imported are indeed FDA approved and not counterfeit. Also, the provision does not include any protections to ensure that imported drugs are safe and effective. For example, this provision would not require individuals to obtain a prescription from a licensed physician prior to the purchase of foreign drugs. Prohibiting the FDA from enforcing current laws designed to protect the health and safety of American consumers is not the best way to address the issue of drug affordability. An HHS task force is currently studying the health, safety, and economic issues associated with prescription drug importation as directed under the Medicare Modernization Act. We urge the Congress to refrain from taking action until this issue has been fully studied, as Congress directed.

Food and Agriculture Defense and Biosurveillance Initiatives

The Administration appreciates that the Committee provided some of the requested increases for the Food and Agriculture Defense Initiative. In particular, the funding for the facility in Ames, Iowa, will allow the Department of Agriculture (USDA) to complete construction of the state-of-the-art national animal disease research and diagnostic facility in a timely and cost-efficient manner. The Administration urges the Congress to provide the remaining funding requested for the Food and Agriculture Defense Initiative, as well as to fully fund the Biosurveillance Initiative. The Initiatives are critical to improving the Nation's ability to rapidly identify, characterize, and defend against potential bioterrorist attacks. Among the programs for which additional funding is needed are the Federal Emergency Response Network, National Plant Disease Recovery System, Regional Laboratory Diagnostic Network, National Wildlife Surveillance System, and the veterinary diagnostic program.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

The Committee provides \$4.9 billion, an increase of \$120 million above the Budget request for WIC. We support the Committee's efforts to address the impact of rising food prices on the cost of WIC and will work with the Congress to ensure that WIC is adequately funded within the discretionary spending totals. We also support the Committee's efforts to restrain the growth of high-cost vendors that cater exclusively to WIC participants but believe that in order for this policy to be effective, it needs to be applicable to all States. The rapid growth of "WIC-only" stores, which have significantly higher average costs than other WIC vendors, is driving up the cost of serving all eligible persons seeking services and should be effectively addressed.

Medical Devices

The Administration appreciates the funding increase provided for FDA's medical device review. The stability of the medical device review user-fee program is critical to achieving performance improvement. The Administration looks forward to working with the Congress to fully fund the FY 2005 request for these reviews to ensure the continuation of the program beyond FY 2005.

Competitive Sourcing

The Administration strongly opposes Section 749 of the bill, which prevents the Department from improving the management of rural development or farm loan programs through competitive sourcing. The Administration has adopted a reasoned and responsible approach for applying public-private competition to commercial activities, including measures to take prompt corrective action where results fall short of expectations. On a Government-wide basis, competitions completed in FY 2003 are estimated to produce savings, or cost avoidances, of more than \$1 billion over the next three to five years. The Administration urges the House to eliminate this provision.

Reprogramming and Transfer Authority Restriction

The Administration strongly opposes Section 718 of the House bill that would severely

limit USDA's ability to manage and most effectively use its resources. It is critical for USDA to have the flexibility to respond quickly to changing conditions, including changes in science, pest and disease concerns, trade issues, and other events. Section 718 would impede the Department's ability to most effectively provide services by preventing almost any changes in allocation of funds and staffing, modifications to organizational structures, or contracting of functions.

Information Technology

The Administration urges the House to allocate more funding to increase the security of USDA's existing and planned information systems and to procure technology to more effectively deliver the Department's programs. Specifically, the House Committee bill rejects funding increases needed to meet the Federal Information Security Management Act of 2002 (FISMA) information security requirements and to modernize the Risk Management Agency's systems. In addition, funding for the Common Computing Environment should be restored in order not to slow USDA's progress on implementing a geographical information system. The significant increase over the requested level for research projects could be used to support these important information technology projects.

In addition, the Administration strongly opposes Section 717 that would remove the ability of bureaus to transfer funding to the Office of the Chief Information Officer, and opposes the deletion of the proposed general provision that would allow the transfer of unobligated balances to the Working Capital Fund to be used for financial, information technology, and administrative purposes. The Department should continue to have the ability to centrally fund E-Government Initiatives that will reduce duplication and wasteful spending and increase leveraging.

International Food Assistance

While the Administration appreciates that the Committee provided most of the request for the Public Law 480 Title II international food aid program, with emerging crises such as the situation in Darfur, Sudan, we urge the House to provide the full request of \$1.2 billion to meet critical food aid needs next year.

Constitutional Concerns

Section 716 would prohibit the use of funds to transmit to any non-USDA employee "questions or responses to questions that are a result of information requested for the appropriations hearing process." This section could impede communications within the Executive Branch, and could undercut the President's constitutional duty to "take care that the Laws be faithfully executed." The Administration urges the House to delete the provision.

Section 720 purports to limit Executive Branch appropriations proposals to preclude those which assume revenues or reflect a reduction from the previous year due to user-fee proposals that have not been enacted into law. This provision would violate the Recommendations Clause in that it purports to limit the President's constitutional authority to make such recommendations as he deems "necessary and expedient," and the Administration urges the House to delete the provision.

Potential Amendment

The Administration understands that an amendment may be offered that would weaken existing sanctions against the Cuban government, possibly by directing Treasury to permit general licenses for travel to Cuba related to commercial exports of agricultural and medical goods. Under existing regulations, Treasury can provide specific licenses for travel to engage in activities directly related to the marketing and sale of agricultural and medical products which may be considered for authorization by the Department of Commerce and meet requirements for cash payment or third-country financing. The Administration strongly opposes legislative efforts to undermine current U.S. policy with regard to Cuba, which is designed to deny resources to a brutal, repressive regime. The licensing process for travelers helps to ensure that travel to Cuba serves appropriate purposes and that sales to Cuba are done within the boundaries of the law. Cuba's trade with other nations has brought no change to Fidel Castro's despotic practices, because the benefits accrue not to the Cuban people but to the dictator who represses them. If a provision designed to weaken existing sanctions against Cuba is included in the final version of the bill presented to the President, he would veto the bill.

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