



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

November 5, 2003
(Senate)

STATEMENT OF ADMINISTRATION POLICY
S.1427, Agriculture, Rural Development, Food and Drug Administration, and Related
Agencies Appropriations Act, FY 2004
(Sponsors: Stevens (R), Alaska; Byrd (D), West Virginia)

The Administration supports Senate passage of the FY 2004 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, but the Administration has numerous concerns with the Committee bill and does not support its enactment in its current form. We will work with the Congress on these concerns as the bill moves through the legislative process.

The Administration will work with the Congress to ensure that the FY 2004 appropriations bills ultimately fit within the top line funding level agreed to by both the Administration and the Congress. The President supports a discretionary spending total of \$786.0 billion, along with advance appropriations for FY 2005 -- in accordance with his Budget, the FY 2004 Budget Resolution, and the agreement between the Administration and the Congress. Constraining the overall growth of government spending is critical to the Nation's ability to provide needed resources for national priorities while encouraging continued economic growth. The Administration is committed to working with the Congress to ensure that its priorities are met within that overall total.

The Administration strongly opposes Section 760 of the bill which would weaken existing sanctions against the Cuban government. The Administration believes it is vitally important to maintain these sanctions and that travel to Cuba should be further policed to ensure that those traveling to Cuba are doing so for legal purposes and not simply using legal categories to disguise travel for other purposes. Current U.S. law allows Cuba to purchase agricultural commodities from the United States on a cash basis (or with financing by a third country's financial institutions). The bill directs Treasury to permit general licenses for travel to Cuba related to commercial exports of agricultural and medical goods. Some argue that expanding trade might bring change to Cuba. However, Cuba's trade with other nations has brought no change to Fidel Castro's despotic practices, and it is clear that it is the dictator and not the Cuban people that have benefited from this trade. As a result, if this provision were included in the final version of the bill presented to the President, the President's senior advisors would recommend that he veto the bill.

The Administration also strongly opposes any amendment or provision to the bill that may be added regarding the importation of prescription drugs. We share the Congress' concerns for senior citizens and other patients who have difficulty affording prescription drugs. The Administration is working with the Congress to address drug affordability, including landmark legislation to create a Medicare prescription drug benefit and regulatory and legislative changes to speed access to more affordable generic drugs. However, the Administration believes that allowing importation of drugs outside the current safety system established by the Food and

Drug Administration would threaten public health and result in unsafe, unapproved, and counterfeit drugs being imported into the United States.

Additional Administration views regarding the Committee's version of the bill are:

Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The Administration notes the Committee did not provide the requested additional \$25 million for the Contingency Fund. This provides less security to States if the base WIC program funding is insufficient. The Administration also continues to believe that it is more appropriate to fund the Farmers' Market Nutrition Program through the Commodity Assistance Program, rather than through WIC as the bill provides.

Conservation Technical Assistance. The Administration recognizes that the approach to funding conservation technical assistance enacted in P.L. 108-7, the Consolidated Appropriations Resolution of 2003, has clear drawbacks. However, the Administration would strongly oppose any revisions to this approach that would have the effect of cutting off technical assistance funding for the Conservation Reserve Program and the Wetlands Reserve Program. The Administration believes that the method to fund technical assistance contained in the President's Budget is an improvement because it increases the total amount of financial assistance for agricultural producers to install conservation projects. It is also more equitable in that the cost is spread more evenly across farm bill programs, while increasing the level of accountability and transparency of the cost of delivery.

Food Safety. The Administration appreciates that the Committee provided the majority of the requested increases for the Food Safety and Inspection Service (FSIS). In particular, the increased funding for microbiological testing will help improve the safety of America's food supply. However, the Committee did not accept the President's proposal for FSIS overtime inspection user fees. The Administration urges the Senate to reexamine these fees as a source of funding for other high priority programs.

Information Technology. The Administration strongly urges the Senate to allocate more funding to increase the security of the U.S. Department of Agriculture's (USDA's) existing and planned information systems and to fix deficiencies in financial management systems. Specifically, the bill rejects funding needed to meet the Government Information Security Reform Act of 2000 information security requirements, to resolve a Federal Financial Management Improvement Act deficiency with the Rural Utilities Loan Servicing System, and to modernize the Risk Management Agency's systems. In addition, funding for the Common Computing Environment was reduced by \$58 million from the request, which will slow USDA's progress on implementing a geographical information system that would improve USDA's ability to effectively administer commodity and conservation programs, as well as to track natural disasters, animal and plant disease outbreaks, and bio-terrorism events.

Rural Development. The bill includes increases far exceeding the President's request in a number of Rural Development programs, including an additional \$231 million for water and wastewater grants. The additional water and wastewater funding is unnecessary because the current very low interest rate environment mitigates the need for higher grant amounts. The majority of rural communities can meet the bulk of their needs with low interest loans at the levels proposed in the President's Budget.

Research Programs. The Committee is congratulated for providing \$180 million for competitive research grants through the National Research Initiative, which, while less than the Administration's request of \$200 million, is still \$14 million above the current funding level. However, the Committee also provided significant increases above the request for non-competitive earmarks in both intramural research and research and extension grants, while reducing funding for homeland security related to USDA facility security and regional laboratories.

Homeland Security Lab Networks. The Senate has zeroed out funding under CSREES for a Regional Diagnostic Network. The President's budget requested \$16 million for this regional network composed of the National Animal Health Laboratory Network and the National Plant Diagnostic Network. These existing networks of agriculture laboratories, established with FY 2002 Supplemental funds, should be fully funded to maintain the capability to identify and respond to high risk pathogens in agriculture systems. Without funding, University and State partner labs may not continue to participate in the network and weaken Homeland Security needs.

Plant and Animal Disease Eradication Programs. The FY 2004 Budget requested full funding for a number of important pest eradication programs, such as the Asian Longhorned Beetle, Citrus Canker, and tropical bont tick. Because the Committee's failure to provide the requested funding will result in a need to transfer mandatory funding from the Commodity Credit Corporation, the Administration has included these additional costs in its scoring of the Committee bill.

The Administration would strongly oppose any attempts to restrict the ability of USDA to issue a regulation to clarify cost share requirements for animal and plant pest and disease eradication programs. The regulation will establish transparent and consistent criteria for funding that would assist the Federal Government and cooperators in planning these important programs, while allowing needed flexibility to respond to individual circumstances.

McGovern-Dole International Food for Education and Child Nutrition Program. The Senate bill fails to fund the new McGovern-Dole International Food for Education and Child Nutrition Program at a level adequate to achieve its objectives. At the Senate funding level, the program will be limited in the number of countries where it can be offered and fewer children, most notably girls, will receive its nutritional and educational benefits. Limiting the program will make it more difficult to attract other donor countries to this global effort and reverse recent progress in making the program more multilateral in scope. The Administration urges the Senate to provide the requested level of \$50 million for this program.

Civil Rights. The Administration appreciates the action of the Senate committee to provide a separate account for the Office of Civil Rights as requested, but urges the Senate to provide the requested level of funding to allow more timely processing of civil rights complaints.

Constitutional Concerns. The Administration objects to a number of provisions in the bill that would purport to require Committee approval before Executive Branch execution. The Administration will interpret these provisions to require only notification of Congress, since any other interpretation would contradict the Supreme Court ruling in *INS v. Chadha*.

Section 717, relating to questions and answers for Congress, is objectionable to the extent it purports to interfere with the exercise of the President's constitutional authority to supervise the unitary executive branch. Section 722 purports to preclude proposing user fees in certain circumstances in the annual executive branch budget submission for agriculture-related programs. The provision should be amended to recognize the President's constitutional authority to recommend for the consideration of Congress any measure he judges necessary and expedient.