Statement of Congresswoman Jackie Speier to the House Budget Committee
Wednesday March 11, 2009

Mister Chair and members:

I appreciate the opportunity to address the Committee today about what I consider to be serious deficiencies in the current structure and funding of the Food and Drug Administration--specifically its inability to adequately regulate the food and dietary supplement industries, and also the need to ensure sustained and comprehensive oversight of the Troubled Asset Relief Program and other programs established to address the current economic crisis.

Americans spend more than $1 trillion on food each year, but because of existing budgetary and regulatory constraints they have no assurances that what they are eating is safe. We have failed to provide the FDA the appropriate authority or funding to properly regulate the safety of our country's food and dietary supplement supply. From both a public safety and a health cost perspective, this is simply no longer acceptable or sustainable.

If we do not provide adequate funding for food safety regulation, an inevitable and catastrophic contamination outbreak will be not a matter of if, but when. Already, more than 76 million Americans become sick, 325,000 are hospitalized and 5,000 die each year from foodborne illnesses caused by contamination from any one of a number of microbial pathogens.

According to the GAO, as many as 15 federal agencies collectively administer at least 30 laws related to food safety. The Food Safety and Inspection Service within the USDA and the FDA carry the primary share of responsibilities, but they have not received an appropriate share of the funding provided to the two agencies relative to their responsibilities.

In the FY 2008 budget, the FDA was responsible for monitoring 80% of the US food supply, while FSIS was only responsible for the remaining 20%. Contrary to common sense, FSIS received approximately 65% of the two agencies' combined food safety budget and FDA only received 35%. For the health and well being of our country we must increase FDA's budgetary share and get them to a level where they have the resources that are so obviously necessary to regulate our food supply.

I am also concerned by the FDA's lack of authority to regulate Dietary Supplements. The Dietary Supplement Health and Education Act of 1994 removed the relatively weak regulations that we had in place until that time, replacing them with a broad presumption that dietary supplements are safe until proven unsafe. In 2008, more than 75,000 dietary supplement products were available to consumers. The minimal oversight of these products by the FDA poses a significant danger to consumers and is, frankly, an embarrassment. It took more than 16,000

adverse event reports and more than 100 deaths before the FDA finally acted in 2004 to ban ephedra—a dangerous dietary supplement used for weight loss and bodybuilding. This was a full seven years after the agency issued its first advisory, and after several states had taken their own action to ban this dangerous supplement. There are concrete steps we need to take, including providing mandatory recall authority for both food and dietary supplements, and establishing a comprehensive adverse event reporting system for dietary supplements.

As for the TARP, there are new reports each day about the lack of staff and oversight over at Treasury to help run the Troubled Asset Relief Program. Although I believed that it would take some time for a new administration to accumulate the staff necessary to properly run a program of TARP's magnitude, I don't think any of us expected it to take this long, or to be this disorganized.

When we passed the Emergency Economic Stabilization Act last October, we established three separate, yet complimentary oversight bodies to monitor the program's implementation and protect the taxpayer: the GAO, a new Special Inspector General for the TARP, and a bipartisan Congressional Oversight Panel. However, all three lack adequate resources and authority to really do the job we have given them—and that we need them to do.

Neil Barofsky, the SIGTARP has come to the Financial Services Committee asking for the power and resources to be able to do his job, including the ability to hire retired annuitants. The Financial Services committee is in the process of marking up legislation to give Mr. Barofsky the power necessary to do his job.

Dr. Elizabeth Warren, the chair of the COP, also suffers from a lack of staff and authority. Her panel does not have the subpoena power given the other two. COP may call investigatory hearings but cannot compel witnesses to come before the panel. She is also short staffed and has asked for the authority to hire retired annuitants. Dr. Warren and the rest of the panel and staff at COP have put together some of the most insightful examinations of the TARP, and we must provide them the resources they need to continue their work.

The GAO has a much different problem. I have spoken with Gene Dodaro and a lack of adequate funding remains a huge roadblock for the depth of reporting that we have come to expect from GAO across all program areas. In California we instituted a cost recovery system for our oversight body that has been widely successful in saving taxpayers millions of dollars each year, both in the cost of the examinations and the waste they are able to ferret out. I believe we must give the GAO similar authority, not only for TARP, but for all its activities.

Taxpayer dollars are too precious, especially right now, to not have these programs run correctly and efficiently. The consequences for the health, safety and financial security of the American public are too great.