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**Budget Materials - Appropriations
Letters FY2000**

May 24, 1999
(House)

DRAFT

H.R.1906 -- Agriculture, Rural Development, Food and Drug Administration, and Related
Agencies Appropriations Act, FY 2000
(Sponsor: Skeen (R) New Mexico)

The purpose of this letter is to provide the Administration's views on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2000, as reported by the House Committee. As the House develops its version of the bill, your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meets such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly \$29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the Committee bill is nearly \$600 million, or four percent, below the program level requested by the President. The FY 2000 Budget would increase spending within the discretionary caps for agriculture and other programs in the bill by 3.6 percent over comparable FY 1999 spending. We urge the House to consider the over \$600 million in user fees proposed in the budget in order to fund high-priority programs. Given the current period of financial stress in the agricultural sector, now is not the time to reduce assistance to farmers, ranchers, and rural residents.

The Administration would strongly oppose an amendment that may be offered that would prohibit FDA from using funds for the testing, development, or approval of any drug for the chemical inducement of abortion. Such a prohibition is unacceptable. The determination of safety and effectiveness is the cornerstone of the consumer protection established by the Federal Food, Drug and Cosmetic Act and must continue to be based on the scientific evidence available to FDA. Prohibiting FDA from reviewing applications for particular products could deprive patients of new therapies that are safer and more effective than those currently approved. Additionally, this provision could conceivably put

women at risk because it might allow clinical trials of such drugs to proceed without FDA supervision.

Below is a discussion of our specific concerns with the Committee bill. We look forward to working with you to resolve these concerns as the bill moves forward.

Food Safety Initiative

The Administration appreciates the Committee's support for the President's Food Safety Initiative through increases provided in the Food Safety and Inspection Service and the Food and Drug Administration (FDA). However we are concerned that the Committee has provided only \$35 million of the \$62 million increase over FY 1999 levels requested in this bill for the Initiative. American consumers enjoy the world's safest food supply, but still too many Americans get sick, and in some cases die, from preventable food-borne diseases. The President's requested increase would provide critical resources to expand USDA's food safety research and risk assessment capabilities. We strongly urge the House to provide full funding at the requested levels for these activities.

Women, Infants, and Children Program

The Committee bill would provide \$4 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), \$100 million below the President's request of \$4.1 billion. The Committee's mark would support a participation level of 7.3 million women, infants and children. Based on FY 1999 year-end projections, this would mean cutting over 100,000 needy participants off the program. The President's FY 2000 Budget would support an average monthly participation level of 7.5 million, fulfilling the bipartisan commitment to fully fund WIC. The Administration strongly urges the House to fund WIC at the President's requested level.

Food and Drug Administration

While the Administration is very pleased that the Committee has provided the largest single-year budget increase in the history of the FDA, we are disappointed that the Committee has not funded the full amount for tobacco programs and the seafood inspection program transfer.

- The Administration is committed to Youth Tobacco Prevention activities and urges the House to provide the requested increase of \$34 million for these programs. Every day, three thousand young people become regular smokers. Reducing young people's tobacco use would improve public health for generations to come. This is particularly important in light of the recent decision of the conferees on the Emergency Supplemental to permit states to retain the entire amount secured from tobacco companies without any commitment whatsoever from the states that those funds be used to reduce youth smoking.
- The Administration urges the House to approve the proposal to consolidate Federal

seafood inspection activities. The House is encouraged to fully fund the requested \$3 million for training, education, and other costs associated with the program's transfer.

Common Computing Environment

The Administration is extremely concerned by the Committee's failure to fund the Common Computing Environment. Some in Congress have criticized the Department of Agriculture (USDA) this year for delays in providing the crop loss assistance funds to farmers that were provided in P. L. 105-277, the FY 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act. Yet this bill would not provide the funds needed to address the very problems that have contributed to the delay. At a time when the farm community is under financial stress and the demand for farm credit and other programs is soaring, the need for timely and efficient service to producers and rural residents has never been greater. Without the proposed \$74 million in funding, progress to modernize the technology in USDA's local field offices, create "one-stop shopping" for rural customers, and promptly deliver the programs that Congress enacts with available staffing levels will not be possible.

Conservation

The Committee bill would cut spending on key USDA conservation programs by over \$200 million from the President's request. The \$26 million reduction in the Environmental Quality Incentives Program (EQIP) would mean 13,000 farmers and ranchers not receiving needed financial and technical assistance to stop soil erosion, improve waste treatment in animal feeding operations, and implement other voluntary conservation measures critical to protecting our natural resources. To further advance this important work, including addressing the significant backlog of farmers' requests for aid, the Administration requested a \$100 million increase in the EQIP program.

Lands Legacy Initiative

The Committee has failed to fund the \$78 million request for the Farmland Protection Program, which is part of the Administration's Lands Legacy Initiative. USDA needs these funds to help keep farmers on their land by permanently protecting 130,000 acres of prime farmland from development through easement purchases. We urge the House to provide the \$50 million in discretionary funds requested for the program and to redirect savings from the Conservation Farm Option to this program, as well as to the Wildlife Habitat Incentives Program to assist over 3,000 farmers in protecting and restoring wildlife habitat.

Environment

Several valuable environmental programs would be severely underfunded by the Committee bill, and we urge the House to restore funding for them. For example, the bill would limit enrollment in the Wetlands Reserve Program to 120,000 acres, 80,000 acres less than assumed in the budget. This limitation would mean that over 400 farmers would not receive

assistance they desire to restore and protect high-value wetlands on their property. In addition, the Committee has not provided \$12 million requested within the Conservation Operations program, which would be used to assess soil management's effects on carbon sequestration, and \$5 million for USDA's initiative to help communities make use of geospatial data to make more informed land use decisions and promote smart growth.

Outreach For Socially Disadvantaged Farmers

The Committee bill does not provide the requested \$7 million increase for the Outreach for Socially Disadvantaged Farmers program. This program has proven effective in mitigating the decline in the number of minority farmers by increasing their participation in agricultural programs, assisting them in marketing and production, and improving the profitability of their farming operations. USDA loan default rates have also improved in areas where this program operates. The requested increase is needed to expand this program beyond the limited areas it now operates, to further these farmers' equal access and opportunity for success, and to continue USDA's work to improve its civil rights performance.

Rural Development

The Administration appreciates the increases provided for various rural development programs, such as for single-family housing loans and water and wastewater loans and grants. However, several priority programs have been underfunded, which would have a severe impact on low-income rural residents and on progress in diversifying the rural economy. For example, the \$57 million reduction in the Rental Assistance Program would mean that over 1,300 expiring rental assistance contracts would not be renewed. This would leave over 1,300 very-low and low-income residents, most of whom are elderly women or single mothers, facing a very difficult search for affordable shelter. In addition, no funds are provided for rental assistance in newly-constructed farm labor and other rental housing, which would dramatically diminish the ability of newly constructed units to target those most in need of housing.

The Committee bill would also slash guaranteed loans under the Business and Industry program from the enacted and requested guarantee level of \$1 billion to \$482 million, resulting in 20,000 fewer jobs created or saved in rural America through the program. In addition, the Committee has blocked spending from the Fund for Rural America, which would cause further reductions in high-priority rural development and research projects.

Agricultural Research

The Administration objects to the deep cuts in competitive research grants and the large number of earmarked, lower-priority research projects funded by the bill. The Committee bill would reduce competitive grants funded through the National Research Initiative by \$14 million from the FY 1999 enacted level and by \$95 million from the request. When coupled with the Committee's elimination of the \$120 million in mandatory research funding and other competitive grant funding, the bill would reduce competitive research grants by over \$275 million, or 66 percent, from the requested level. These programs fund much of the most important research needed to keep American agriculture competitive into the 21st century and to

improve the quality of life for all Americans, such as research on food safety, new uses for agricultural products, developing new markets for agricultural trade, and improving the environment through efforts such as finding alternatives to methyl bromide. We urge the House to increase funds for competitive research and to reduce earmarks for lower-priority programs.

Kyoto Protocol

The Committee has included a general provision that would prevent funds provided in the bill from being used to implement the Kyoto Protocol that was adopted in December 1997. As the Administration has no intention of implementing the protocol prior to ratification, we believe this language is unnecessary.

Food and Nutrition Service Research/Other

The Administration strongly objects to the provision of the Committee bill that would provide funding for research on nutrition programs only within the Economic Research Service. To address program integrity and performance issues properly, it is crucial that research on nutrition programs also occur in the context of the program's administration. We urge the House to provide funding for these activities within the Food and Nutrition Service.

The Administration also objects to the Committee not including the President's request to provide funding for the school breakfast demonstration programs and for Nutrition Education and Training.

We urge the House to approve the collection of \$17 million in additive user fees targeted to support the FDA's Pre-market Application Review efforts for new medical devices, food and color additives, and food contact substances. The proposed user fees would allow the FDA to work with its regulated industries to reduce total product development time and meet statutory review requirements. Delays in getting new products to the market can postpone new technologies that have the potential to save lives and save billions of dollars in health care costs. The Administration would like to work with Congress to make this proposal a reality.

Language Issues

The Administration objects to section 723 of the bill, which represents an infringement on Executive authority. The provision would require Congressional approval before Executive Branch execution. The Administration will interpret this and other such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chada.

Section 733 of the bill would effectively require the President to provide legislative guidance to Congress by identifying the legislation he would propose if a given recommendation were not accepted. Such a requirement that the President spell out for Congress his fallback position in the budget negotiation process conflicts with the Constitution's separation of executive and legislative powers, and specifically with the President's constitutional authority to recommend to Congress legislation that he deems appropriate.