



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

July 14, 2003
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2673 – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2004

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

The Administration supports House passage of the FY 2004 Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, as reported.

The Administration applauds the Committee for reporting this bill in a timely manner and looks forward to working 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 House bill represents a \$422 million increase above the President's FY 2004 request. The President supports a discretionary spending total of \$784.7 billion, along with advance appropriations of \$23.2 billion for FY 2005 – in accordance with his Budget and the FY 2004 Congressional Budget Resolution. Only within such a fiscal environment can we encourage increased economic growth and a return to a balanced budget. The Administration looks forward to working with the Congress to ensure that its priorities are met within that overall total.

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

Drug Reimportation. The Administration strongly opposes a provision in the bill regarding the reimportation of prescription drugs. We share with the Congress concerns for senior citizens and other patients who have difficulty affording prescription drugs. However, this provision could result in unsafe, unapproved, or counterfeit drugs being imported into the United States. We look forward to working with the Congress on more suitable methods to address drug affordability, including supporting landmark legislation to create a Medicare prescription drug benefit.

Country of Origin Labeling. The Administration supports the Committee's position on Country of Origin Labeling for meat or meat products. This is not a food safety issue, but a marketing issue and should be treated as such. Retaining this provision will provide both the Administration and the Congress adequate time to address this issue and its impacts.

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 by helping to control or eliminate pathogens in meat and poultry products. However, the Committee did not accept the President's proposal for FSIS overtime inspection user fees. The Administration urges the House to reexamine these fees as a source of funding for other high priority programs.

Information Technology. The Administration urges the House to allocate more funding to increase the security of the Agriculture Department's (USDA's) existing and planned information systems and to fix deficiencies in financial management systems. Specifically, the bill rejects funding increases 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 \$44 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 and 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 \$215 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.

Women, Infants, and Children (WIC). The Administration is concerned that the Committee funded the Special Supplemental Nutrition Program for Women, Infants, and Children at \$4.6 billion, (\$0.2) billion below the President's request. The Committee level underestimates anticipated cost increases and may require accessing the \$150 million Contingency Fund to provide for the base costs of the program.

Agricultural Research. The bill reduces funding for competitive peer-reviewed grants under the National Research Initiative (NRI) by \$51 million, or 26 percent, from the request. The NRI represents the key discretionary funding source for high quality competitive research for critical national issues. At the same time, the Committee provided significant increases above the request for earmarked research and extension programs, which, unlike the NRI, are not subject to competition, have already been allocated to specific locations and purposes, and do not necessarily represent national issues. The Administration urges the House to support full funding for the NRI.

Conservation Technical Assistance. While the approach to funding conservation technical assistance enacted in P.L. 108-7, the Consolidated Appropriations Resolution of 2003, is a workable framework in the short term it does have clear drawbacks. Most importantly, it requires that important programs, such as the Environmental Quality Incentives Program and Farm and Ranchland Protection Program, contribute program funding for the technical assistance costs of other conservation programs. The Administration believes the approach to funding technical assistance contained in the President's Budget is preferable 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.

Health and Human Services (HHS) – Human Resources. The Administration also notes the Committee’s desire to be apprised of actions taken by the HHS to improve the management of human resource across the department. HHS is committed to providing information to the Committee on a timely basis as it moves ahead with these efforts as part of the Administration’s broader initiative to strengthen the management of the Federal Government.

Civil Rights. The Administration urges the House to provide the requested level for USDA’s civil rights programs. An additional \$2.4 million for the Assistant Secretary for Civil Rights and the Office of Civil Rights is critical for improving the Department's civil rights record by addressing the root causes of complaints, timely complaint processing, and providing more mediation.

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*.

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