



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

June 21, 2012
(House Rules)

STATEMENT OF ADMINISTRATION POLICY
H.R. 5973 – Agriculture, Rural Development, Food and Drug Administration, and Related
Agencies Appropriations Act, 2013
(Rep. Rogers, R-KY)

The Administration strongly opposes House passage of H.R. 5973, making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2013.

Last summer, the Congress and the President came to a bipartisan agreement to put the Nation on a sustainable fiscal course in enacting the Budget Control Act of 2011 (BCA). The BCA created a framework for more than \$2 trillion in deficit reduction and provided tight spending caps that would bring discretionary spending to a minimum level needed to preserve critical national priorities. Departing from the bipartisan agreement reached in the BCA and departing from these caps, the House of Representatives put forward a topline discretionary funding level for FY 2013 that, for example, would cost jobs and hurt average Americans, especially seniors, veterans, and children – as well as degrade many of the basic Government services on which the American people rely such as air traffic control and law enforcement. In addition, these cuts were made in the context of a budget that fails the test of balance, fairness, and shared responsibility by giving millionaires and billionaires a tax cut and paying for it through deep cuts, including to discretionary programs.

In addition to the concern outlined above, the Administration strongly opposes the bill as reported by the Committee. The bill severely undermines key investments in financial oversight in a manner that would cripple Wall Street reform. It also imposes harmful cuts in rural economic development, renewable energy development, nutrition programs, food safety, and international food aid. Investing in these areas is critical to the Nation's economic growth, security, and global competitiveness. The Administration also strongly objects to the inclusion of any ideological and political provisions that are beyond the scope of funding legislation.

If the President were presented with H.R. 5973, his senior advisors would recommend that he veto the bill.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

U.S. Department of Agriculture (USDA)

Rural Development. The Administration appreciates that several Rural Development programs are funded at the FY 2013 Budget requested levels. However, funding for the Rental Assistance Grants

falls \$18 million short of the amount needed for expiring rental assistance contract renewals expected in FY 2013, eliminating nearly 4,600 units of rental assistance for rural America. The Administration urges the House to provide the requested \$907 million, which would continue the support of rents for USDA financed properties on behalf of the tenants who receive subsidized rent. In addition, the funding for Distance Learning, Telemedicine and Broadband programs is \$20 million below the FY 2013 Budget request, and the bill also proposes to rescind balances that would otherwise support broadband deployment in rural America. The Administration urges the House to provide the requested \$47 million in the FY 2013 Budget for the programs to advance economic recovery, foster job growth, and improve health care and education in rural America.

Grants Funding. The Administration is concerned that the \$277 million provided for the Agriculture and Food Research Initiative competitive grant program, a significant reduction from the \$325 million requested in the FY 2013 Budget, would prevent USDA from fully responding to the serious challenges of climate change, world food hunger, food safety, human nutrition, and sustainable bioenergy.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The Administration is concerned with the funding level for WIC in the bill and encourages the House to provide the \$7 billion level requested in the FY 2013 Budget. WIC program costs are highly variable. The Committee's low funding level creates a risk that the contingency reserve, which is normally used to cover unexpected changes in food prices or participation, would be needed to cover anticipated costs, thus threatening the program's ability to manage shortfalls.

Commodity Supplemental Food Program (CSFP). The Administration urges the House to fund CSFP at the FY 2013 Budget request. The Committee bill level could result in as many as 55,000 participants – the majority of whom are vulnerable seniors – losing eligibility. CSFP provides a supplementary food package with the nutrients typically lacking in the diets of its target population.

International Food Aid. The Administration strongly opposes the \$250 million reduction in funding from the FY 2013 Budget request for Food for Peace Title II international food aid. The funding level would severely reduce the United States' ability to respond to food crises abroad and to make investments that both save lives and help prevent future crises. Title II programs help to stabilize conditions for vulnerable groups in the face of drought, conflict, and other shocks.

Clean and Renewable Energy. The Administration urges the House to include the proposal in the FY 2013 Budget that moves the Rural Electric Loan Program away from fossil fuels and encourages the construction, acquisition, or improvement of renewable energy plants in rural America.

Service Center Salaries and Expenses. The Administration urges the House to restore funding for USDA's Service Center Agencies (Farm Service Agency, Natural Resources Conservation Service, and Rural Development) to the level requested in the President's Budget. Each of these agencies has seen significant decreases in its administrative budget since 2010, which they have met through permanent staffing reductions using voluntary early retirement and separation authorities, delaying or eliminating the acquisition of important information technologies upgrades, office closures, and reductions for most other administrative expenses. An additional three percent reduction could harm program delivery, delay rural economic development, and lead to longer waits for farm and home loans as well as assistance for farmers and ranchers.

Building Operations and Maintenance (O&M). The Administration opposes the elimination of funding for the building O&M portion of the Agriculture Buildings and Facilities account, and the 35 percent reduction for the departmental administration staff offices, a \$55 million and \$9 million reduction, respectively, from the FY 2013 Budget request. Consistent with the Administration's efforts to reduce administrative costs, the Department is streamlining services and cutting expenses by closing unnecessary offices, reducing travel and printing, and consolidating information technology contracts. The Committee proposal to eliminate O&M funding entirely and the deep cut in the USDA-wide staff offices would put an unrealistic burden on agencies.

Program Cuts, Consolidations, and Savings. The Administration urges the House to accept additional cuts, consolidations, and savings proposed in the FY 2013 Budget for USDA, including an estimated \$75 million in savings from blocking spending of the Good Performance Rebate and \$15 million in savings from termination of the Watershed Rehabilitation Program.

Department of Health and Human Services

Food and Drug Administration (FDA). The Administration strongly supports robust funding for FDA to continue implementation of the Food Safety Modernization Act, improve oversight of imports, and invest in the development of medical products, including medical countermeasures. The Administration requested \$4.5 billion in total resources for FDA and the bill provides \$3.8 billion, does not include new proposed user fees, and rescinds previous appropriations. The Administration urges the House to adopt the new user fees proposed in the FY 2013 Budget and restore FDA's budget authority. These new user fees, targeted in areas where the industry derives a direct benefit from FDA's regulatory oversight, provide additional resources that are essential to support FDA's critical mission to make food and medical products safer, and increase access to safe and effective generic drugs and biologics. The reductions in budget authority also jeopardize FDA's ability to complete its Life Sciences/Biodefense laboratory, an integral part of FDA's regulatory science capacity that will support national and global preparedness for annual and pandemic influenza and other emerging threats.

Other Independent Agencies

Commodity Futures Trading Commission (CFTC). The Administration strongly opposes the \$128 million reduction in funding from the FY 2013 Budget request for CFTC. Moreover, the \$25 million cut from the FY 2012 enacted level would result in furloughs across the Agency, and would also severely undermine CFTC's ability to carry out its market oversight and enforcement functions. The funding level would significantly curtail the Administration's priority of timely, effective implementation of Wall Street Reform, which includes CFTC's new responsibilities to regulate the \$300 trillion swaps market. Reducing CFTC's capacity to effectively police the futures and swaps marketplaces would imperil investors' funds and pose a threat to U.S. financial stability. In addition, the Administration urges the Congress to consider the Budget proposal to implement a CFTC user fee, which would fully offset the FY 2013 Budget request for CFTC. CFTC is the only Federal financial regulator not funded in whole or in part through fees paid by its regulated community.

Riders

The Administration strongly opposes problematic policy and language riders that have no place in funding legislation, including, but not limited to, the following provisions in this bill:

GIPSA Marketing Rule. Section 719 of the bill effectively prevents USDA's Grain Inspection, Packers and Stockyards Administration from further implementing the remaining portions of a rule on conduct violations of the Packers and Stockyards Act of 1921. The provision's proposal to rescind many components of the rule that was finalized in December 2011, would prevent full implementation of this rule, which is needed to clarify conditions for industry compliance with the Packers and Stockyards Act and provide for a fairer marketplace.

Changes to the WIC Food Benefit. Section 743 would prohibit the exclusion of certain foods from the WIC food package, which undermines the science-based approach used in the program. WIC provides supplemental foods that nutrition research has found to be critical for healthy child development that are otherwise lacking in the diets of pregnant women, infants, and children.

The Administration looks forward to working with the Congress as the FY 2013 appropriations process moves forward.

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