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

June 13, 2011
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2112 — Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012

(Rep. Rogers, R-KY)

The Administration has serious concerns about the content of H.R. 2112, making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2012, and for other purposes. The Administration is committed to ensuring the Nation lives within its means and reducing the deficit so that the Nation can compete in the global economy and win the future. That is why the President put forth a comprehensive fiscal framework that reduces the deficit by $4 trillion, supports economic growth and long-term job creation, protects critical investments, and meets the commitments made to provide dignity and security to Americans no matter their circumstances.

While overall funding limits and subsequent allocations remain unclear pending the outcome of ongoing bipartisan, bicameral discussions between the Administration and congressional leadership on the Nation's long-term fiscal picture, the bill provides insufficient funding for a number of programs in a way that undermines core government functions and investments key to economic growth and job creation. Programs adversely affected by the bill include:

Food and Nutrition Service (FNS). The Administration strongly objects to the level of funding provided for nutrition programs that are critical to the health of nutritionally at-risk women, infants, children, and elderly adults. The proposed funding levels would lead to hundreds of thousands of participants being cut from the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and the Commodity Supplemental Food Program, and reduce Federal support for food banks. These cuts would undermine efforts to prevent hunger and support sound nutrition for some of the most vulnerable members of our society.

Food Safety. The Administration is concerned with the funding provided in the bill for the Department of Agriculture's (USDA's) Food Safety and Inspection Service (FSIS) which will significantly hamper USDA's ability to inspect food processing plants and prevent food borne illnesses and disease such as E. coli and Salmonella from contaminating America's food supply. The Committee's recommendation may require the agency to furlough employees including frontline inspectors which make up over 80 percent of FSIS staff. By reducing FSIS inspections, food processing plants may be forced to reduce line speeds, which could lead to decreasing product output and profits, as well as plant closures.

Healthy Food Financing Initiative (HFFI). The Administration is concerned that the bill does not support HFFI, which is a key initiative to combat childhood obesity. HFFI will expand USDA's activities to bring healthy foods to low-income Americans and increase the availability of affordable, healthy foods in underserved urban and rural communities by bringing grocery

stores and other fresh food retailers to "food desert" communities where there is little or no access to healthy food.

Research. The bill provides insufficient funds for USDA research programs, which are needed to help solve food production, safety, quality, energy and environmental problems. By reducing funding for the Agricultural Research Service to its lowest level since 2004 as well as inadequately funding the Nation's competitive grant program, the bill will hinder the Department's ability to develop solutions to address current as well as impending critical national and international challenges.

Food and Drug Administration (FDA). The Administration is concerned that the funding level in the bill and resulting staff reductions will severely limit the FDA's ability to protect the public's health, assure the American consumer that food and medical products are safe, and improve Americans' access to safe and less costly generic drugs and biologics.

Commodity Futures Trading Commission (CFTC). The Administration strongly objects to the funding level for CFTC, as it would cause a cut in staffing levels and seriously undermine CFTC's ability to protect investors and consumers by effectively policing the futures and swaps marketplace through its current market oversight and enforcement functions. Moreover, the funding level would significantly curtail the timely, effective implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including new CFTC responsibilities to regulate the $300 trillion swaps derivatives market.

International Food Aid. The Administration opposes the level of funding provided for the Food for Peace Title II international food aid program as it would severely limit the United States' ability to provide food assistance in response to emergencies and disasters around the world. Given a statutory floor on non-emergency development food aid, a reduction would be borne entirely by the emergency component of the program, and would prevent distribution of emergency food aid to over 1.1 million beneficiaries.

In addition, the bill includes the following problematic policy and language issues:

Restrictions on Finalizing USDA Regulations. The Administration opposes the inclusion of section 721 of the bill, which effectively prevents USDA's Grain Inspection, Packers and Stockyards Administration from finalizing a rule on conduct that would violate the Packers and Stockyards Act of 1921. The final rule has not yet been published and any concerns about the rule are better addressed through the standard rulemaking process than through an appropriations rider.

Restrictions on FDA Regulations and Guidance. The Administration strongly opposes section 740 of the bill, which would undermine or nullify FDA statutory standards that have been in place for decades and that are essential to protect the health of Americans. The provision would unduly limit the factors that FDA considers in determining the best ways to protect the public from unsafe foods; protect the safety of the blood supply from HIV, West Nile Virus, and other infections; ensure the safety of infant formula; protect patients from drugs and medical devices that have not been shown to be safe and effective; assure that food labeling and health claims on foods are accurate; and reduce youth use of tobacco products and otherwise reduce illness and death caused by tobacco use.

WTO Trade Dispute. The Administration is concerned by a provision in section 743 that would eliminate payments that are being made as part of the mutually agreed settlement of a World Trade Organization (WTO) dispute regarding U.S. domestic cotton supports and the export credit guarantee program. The framework serves as a basis to avoid trade-related countermeasures by Brazil that are authorized by the WTO until the enactment of successor legislation to the current Farm Bill. Under the agreement, the United States is committed to fund technical assistance and capacity-building support for Brazil's cotton sector. The bill's provision preempts the resolution process and would open the door to retaliation negatively affecting U.S. exports and interests.

The Administration strongly opposes inclusion of ideological and political provisions that are beyond the scope of funding legislation.

The Administration looks forward to working with the Congress as the fiscal year 2012 appropriations process moves forward to ensure the Administration can support enactment of the legislation.

* * * * * * *