



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

THE DIRECTOR

July 29, 2015

The Honorable Thad Cochran
Chairman
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On July 16, 2015, the Appropriations Committee considered the fiscal year (FY) 2016 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill. The Administration supports investments in nutrition, agricultural research, food safety, animal and plant health, rural development, and renewable energy programs. However, we have a number of serious concerns about this legislation, which would underfund these important investments and includes highly problematic ideological riders. I would like to take this opportunity to share some of our concerns with you.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill is the eleventh appropriations bill being considered in the Senate under the congressional Republicans' 2016 budget framework, which would lock in sequestration funding levels for FY 2016. Sequestration was never intended to take effect: rather, it was supposed to threaten such drastic cuts to both defense and non-defense funding that policymakers would be motivated to come to the table and reduce the deficit through smart, balanced reforms. The Republicans' 2016 budget framework would bring base discretionary funding for both non-defense and defense to the lowest levels in a decade, adjusted for inflation. Compared to the President's Budget, the cuts would result in tens of thousands of the Nation's most vulnerable children losing access to Head Start, millions fewer workers receiving job training and employment services, and drastic cuts to scientific research awards and grants, along with other impacts that would hurt the economy, the middle class, and Americans working hard to reach the middle class.

Sequestration funding levels would also put our national security at unnecessary risk, not only through pressures on defense spending, but also through pressures on State, USAID, Homeland Security, and other non-defense programs that help keep us safe. More broadly, the strength of our economy and the security of our Nation are linked. That is why the President has been clear that he is not willing to lock in sequestration going forward, nor will he accept fixes to defense without also fixing non-defense.

The President's Budget would reverse sequestration and replace the savings with commonsense spending and tax reforms. It brings middle-class economics into the 21st Century and makes the critical investments needed to support our national security and accelerate and sustain economic growth in the long run, including research, education, training, and infrastructure. As the Administration has repeatedly made clear, the President's senior advisors

would recommend that he veto any legislation that implements the current Republican budget framework, which blocks the investments we need for our economy to compete in the future.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Committee bill specifically. Overall, according to the Committee, this bill reduces funding by almost \$1 billion, or about 4.5 percent, below the President's Budget. The bill shortchanges food safety needs, underfunds efforts to address the challenge of child poverty, and slashes competitive research grants, diminishing our ability to field world-class and cutting edge research and respond to emerging animal health issues. For example:

- The bill cuts funding for the Food and Drug Administration (FDA) by \$304 million in total resources, or 6 percent, below the President's Budget. The bill does not include the requested budget authority or new user fees proposed to enhance FDA capacity during a critical implementation period for the bipartisan Food Safety Modernization Act. The overall reductions would limit FDA's ability to promote the safety and quality of the Nation's food and medical products, and would threaten the agency's ability to keep pace with scientific advancements and help speed the development of promising new therapeutics.
- The bill underfunds demonstrations and pilots of promising approaches to addressing child poverty and hardship.
 - It fails to fund the President's proposed \$20 million for a demonstration project that would cut across agency silos or an additional \$37 million to increase investments in the Community Facilities program, both of which are designed to ensure that Federal programs make the most positive impact in helping poor families climb the economic ladder. This effort is a critical component of the Administration's efforts to tackle the economic and moral challenge posed by persistent poverty faced by children in rural areas. The 2014 *Economic Report of the President* and the recently released White House Report, *Opportunity for All: Fighting Rural Child Poverty*, documented that Federal programs designed to reduce poverty and promote opportunity have cut poverty rates by more than one-third over the past 50 years. Still, more than 85 percent of persistent poverty counties are rural, and more must be done to improve access to key programs and services in rural communities.
 - The Administration also is also very disappointed that the Committee did not provide the requested funding of \$66.9 million to support Summer Electronic Benefit Transfer pilots. These pilots are proving successful in reducing childhood food insecurity when school meals are unavailable.
- The bill cuts approximately \$500 million from the President's request for research activities needed to meet the challenges of the 21st Century. Specifically, the bill fails to support the President's requested increases in critical intramural research areas such as climate change, antimicrobial resistance, pollinator health, and agricultural sustainability. Further, it slashes the Administration's request for competitive research grants by \$125 million, or 28 percent, and fails to fund the \$80 million requested for public-private

partnerships in advanced manufacturing institutes to promote the growth of new jobs and industries in the agricultural and forestry sectors. Lastly, the bill does not include the \$114 million requested to complete construction and modernization of the poultry research and biosecurity laboratory in Athens, Georgia, which would support research into highly pathogenic avian influenza.

- The bill reduces discretionary funding for Rural Energy for America Program (REAP) loans by roughly 90 percent from the FY 2016 Budget request, restricting the U.S. Department of Agriculture (USDA) from supporting critical renewable energy projects.
- The Committee bill caps mandatory funding for the Biomass Crop Assistance Program to \$3 million, almost 90 percent below the level provided by the 2014 Farm Bill. A reduction of this magnitude would cripple USDA's ability to support the development of the cellulosic renewable energy industry in rural America.
- The bill places significant limitations on the ability of USDA to take actions needed to effectively manage programs. Since FY 2010, USDA's budget has been reduced by 10 percent, while the Department has been charged with additional responsibilities and delivering more complex programs. USDA has been a leader in reducing spending, streamlining operations, and cutting costs in order to become a stronger and more effective Department. Unfortunately, the bill would stymie USDA's efforts to continue to implement innovative and commonsense practices that would result in long-term savings. This includes savings that could be achieved by reducing the amount of space leased by the Department.

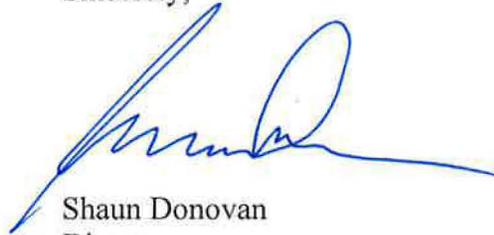
The Administration strongly objects to using the appropriations process for objectionable language provisions that are wholly unnecessary to the operation of the nutrition programs and would impede efficient administration of the programs. For example, on whole grains, the USDA has provided States and school districts with the flexibility they need now and would consider continuing that flexibility, if needed. However, the Administration opposes inclusion of this provision in the bill, as it signals that the waivers are not dependent on the availability of reasonably priced whole grain options. In addition, the Administration opposes the bill's provisions blocking implementation of two final rules for the importation of beef from Brazil and Argentina published on July 2, 2015, that acknowledge the efforts of trading partners and our own efforts to provide for safe and mutually-beneficial trade. These rules were based on objective analyses of risk and the identification of appropriate mitigation measures and reflected diligent work including site visits and economic analysis finding that the rules would have a net benefit to the U.S. economy. Completing the requirements listed in the bill before these rules can be effective would, at a minimum, delay the implementation of the rules, potentially by years.

The bill also contains objectionable language that would limit the FDA's ability to facilitate the transition to electronic drug inserts for pharmacies. This and other restrictive riders are harmful because they undermine FDA's regulatory independence and science-based public health mission.

The Administration believes that the Congress should consider appropriations bills free of ideological provisions. The inclusion of these provisions threatens to undermine an orderly appropriations process.

We look forward to working with the Congress to reverse sequestration for defense and non-defense priorities, and offset the cost with commonsense spending and tax expenditure cuts, as Members of Congress from both parties have urged.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shaun Donovan", with a long horizontal flourish extending to the right.

Shaun Donovan
Director

Identical Letter Sent to The Honorable Barbara Mikulski