

**House Report 108-584 - AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, 2005**

**ADDITIONAL VIEWS OF DAVID R. OBEY, MARCY
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Americans have reason to be concerned about the performance of USDA and FDA in the past year in a number of areas.

Democrats on the Subcommittee worked hard during the year to review these agencies' work in carrying out their important responsibilities.

This was not always easy because agencies often failed to give direct answers to written questions, while witnesses were often unable to answer basic questions and failed to provide promised information. For example, when asked at a hearing, a senior USDA official could not tell the Subcommittee how many BSE tests had been conducted since the finding of BSE in Washington state in December, 2003.

Nevertheless, Democrats pressed the agencies for answers.

As we learned in hearings and in recent news reports, there are many unanswered questions about the handling of the BSE issue by USDA and FDA and about their management of other important matters. We also learned that USDA moved funds within the Department in violation of explicit statutory provisions in the Agriculture appropriations bill. Finally, we have serious concerns about the allocation of funding for this bill that, in turn, resulted in funding shortfalls in some important program areas.

***CONCERNS ABOUT THE MANAGEMENT OF USDA AND
FDA***

Findings from the hearings and from recent news reports raise serious questions about the management by USDA and FDA of the BSE case-- questions to which we still do not have answers--and about the apparent lack of oversight by senior officials of some important decisions made by their own staffs.

For example:

Was the cow in Washington state actually a downer? Were official records altered? There is now a federal criminal investigation underway.

Why didn't USDA test a cow in Texas that was showing BSE symptoms? This is under investigation by the USDA Inspector General.

Why did USDA allow millions of pounds of banned Canadian beef products into the U.S.? This is now under investigation by the USDA Inspector General.

Why are promised BSE safeguards for human food, cosmetics and animal feed not in place yet? In January, FDA announced it was going to issue key rules to protect human food and cosmetics, and animal feed from the risk of BSE. As of today, more than five months later, the rules are still not out. Until the rules are issued, the public remains unprotected.

Did a government employee leak advance information about the BSE case to someone in the commodity futures trading business? That matter is now under investigation by the Commodity Futures Trading Commission.

When a federal judge found USDA had illegally allowed the import of prohibited beef products from Canada, the Secretary's press person said Veneman had not been informed that her own Department had approved the imports for entry into the U.S.

When Senator Daschle raised questions about USDA guidance on the effect of Medicare prescription drug benefits on Food Stamp eligibility, press reports said Secretary Veneman and Under Secretary Bost were unaware of the guidance.

At the FDA budget hearing, the Acting Commissioner seemed unaware of briefs filed by the FDA General Counsel seeking to stop private lawsuits against drug companies for the death or injury of people taking FDA-approved drugs.

Democrats proposed six amendments to the report relating directly to the BSE issue. The amendments noted many of the outstanding issues and requested further information. In the case of FDA, the language called for prompt issuance of the promised rules.

The Chairman included these amendments in the manager's amendment.

USDA VIOLATED EXPLICIT STATUTORY PROVISIONS IN THE AGRICULTURE APPROPRIATIONS BILL

In two cases, senior officials at USDA approved actions that were specifically prohibited in the Agriculture bill. In one instance, USDA transferred millions of dollars from agencies' funds to another account for 'e-Gov' initiatives. In the other, the USDA natural resources staff were told to charge some of the costs of farm bill conservation programs to a discretionary conservation

account. Both actions were in violation of explicit prohibitions in bill language.

Because of concern that the transfers of funds were undermining the constitutional prerogatives of Congress, Mr. Obey offered an amendment to stop all of USDA's existing transfer authority, with the strong support of the Majority. Obviously, USDA needs some transfer authority to carry out various functions. Such authority will be provided once there is an explicit understanding that the administration will respect the limitations Congress imposes on such transfers.

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CRITICAL SHORTFALLS IN FUNDING

While it was possible to address many of the issues outlined above, there are key funding shortfalls in the bill that cannot be remedied within the inadequate allocation provided to the subcommittee. We will highlight some of the key funding problems.

First, due to the inadequate allocation, the bill does not provide all the funds we expect the WIC program to need this year. Those funds will have to be provided in conference, but unless the allocation is increased, there may be cuts in other programs.

Second, the bill cuts 60 percent of the requested increase for homeland security activities at USDA's Food Safety and Inspection Service and one-third of the requested homeland security increase for FDA food safety activities. Since many people believe the requests did not go far enough to protect our food supply, it is very disturbing to see them underfunded.

Third, the bill fails to provide even the level of funding in the rural water and waste program and the rural single family housing direct loan program that was provided last year. There are also a host of reductions in other programs in the bill.

Fourth, in an effort to make up for the poor allocation, the bill makes cuts in farm bill programs that are nearly twice as large as those in last year's bill and deeper than those in the Bush budget.

As we have noted, the allocation given to the Subcommittee is inadequate. It is \$67 million lower than the level provided in the 2004 bill, and \$1.1 billion lower than the 2003 bill. In fact, it is so inadequate that millions of dollars requested by the administration could not be funded.

The reason the bill has been shortchanged is simple. As they have in the past, the House Republicans passed a budget resolution that gave priority to tax cuts for wealthy Americans over meeting the needs of all Americans. As a result, the Appropriations Committee is once again faced with the need to provide the services our citizens expect without the means to do so.

To make this point absolutely clear, Mr. Obey offered a resolution on the House floor in June that would have addressed the Nation's needs in ten key areas by reducing the tax cuts given to those with incomes over \$1 million in 2005 by the Republicans and the Bush administration.

For rural development, the bill would have:

- More than doubled funding for rural water and waste disposal direct loans;
- Doubled funding for rural community facility direct loans that are used for health care, fire, day care and other essential community facilities;
- More than doubled funding for distance learning and telemedicine grants, which help rural America to access distant educational and medical resources;
- Provided an increase of more than 80% in rural single family housing direct loans; and
- Provided funding for several other key programs cut in the Bush budget.

In addition, the bill provided a substantial down-payment on the long-term cost of implementing a national animal identification program. In the recent

BSE case, USDA was unable to identify every animal that could have been infected despite weeks of effort. In the case of a terrorist attack or an accidental outbreak of a highly contagious animal disease, such delay would be disastrous to the nation's economy and food supply.

Arguing that protecting those with incomes over \$1 million in 2005 was more important than providing basic services to rural Americans and others, the Republicans in the House voted overwhelmingly against the resolution.

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CONCLUSION

The shortfalls in the bill reflect the decision of the Majority in the House to put super-sized tax cuts for the most well-off and privileged members of our society ahead of almost all other economic and social needs of the country. It does not appear that this will change this year.

But there is still a chance for USDA and FDA to improve their handling of the important tasks before them. We look forward to seeing the reports that the Committee has requested on many issues as a result of the amendments we proposed, and we will follow the agencies' performance closely.

David Obey.

Marcy Kaptur.

Rosa DeLauro.

Maurice Hinchey.

Sam Farr.

Allen Boyd.

