

**House Report 109-102 - AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RELATED AGENCIES  
APPROPRIATIONS BILL, 2006**

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## **ADDITIONAL VIEWS**

The funding allocation for this bill provided only \$93 million more than the 2006 budget request. This brings the funding level up just to last year's level.

While this bill is an improvement over the President's budget request, there are a number of key funding shortfalls in the bill and important policy issues that should be brought to the attention of our colleagues and the public

*Food and Drug Administration.* While there are numerous important questions about FDA that need answers, the subcommittee was hampered in getting answers this year by the administration's decision to stop Acting Commissioner Crawford from testifying on the budget, purportedly because of his pending nomination to become the Commissioner.

It is essential that the subcommittee hear from the head of this agency. To make this absolutely clear to the administration, Rep. DeLauro proposed an amendment to hold back five percent of the funding for the leadership offices at FDA until a hearing with the Commissioner or Acting Commissioner is held. We applaud the subcommittee's unanimous adoption of this amendment and urge the administration to take notice.

But important issues involving FDA cannot be ignored while we wait for a hearing. One basic issue is whether FDA has the authorities it needs to protect public health. The public was shocked to learn that FDA lacks any real authority to make a company change a label or to order a company to conduct a safety study of a drug already on the market when concerns are raised.

To address these problems, Rep. Hinchey offered an amendment in committee to give FDA labeling and post-market study authorities.

Although the amendment was supported by all the Democratic Members present and by one Republican, it was defeated, 25-31.

Two funding amendments adopted in Committee at the request of Rep. DeLauro will help FDA's drug safety work:

The Committee agreed to double the funding for the small office at FDA that reviews direct-to-consumer drug advertisements.

While drug companies now spend billions of dollars a year on drug ads, staffing for the office has remained flat for years, and an increase was long overdue.

The Committee agreed to include an additional \$5 million for drug safety activities at FDA. These funds, too, are badly needed, and this is a step in the right direction.

Because of our concerns about other problems with the FDA budget, we looked closely at how FDA is handling its existing resources. This brought troublesome questions about its priorities and management to light. Here are some examples:

FDA has spent \$19,674,855 on employee bonuses since January 2003. This is twice the increase proposed this year for the Office of Drug Safety.

FDA's most senior staff spent more than \$442,000 on travel since January 2003--equal to 50 percent of what FDA spends in one year to review consumer drug ads.

The FDA general counsel's office has spent 15,041 hours reviewing draft warning letters to drug companies about illegal drug ads since March 2002. This is equal to more than seven people working full-time for a year. The result has been a drop in the number of letters issued and delays in issuing them, but no indication whatsoever that company compliance has improved.

While FDA fritters away precious funds in these areas, it is falling behind in some of its most basic responsibilities to protect the public. Comparing 2006 to 2004, we find, for example, a serious drop in the percentage of imported food and drug lines inspected; fewer foreign drug facilities being inspected; and a large drop in the percentage of imported biologics products inspected. Making sure that our food, drug and vaccine supplies are safe should be the agency's highest priority. We believe the agency should examine its spending from top to bottom and redirect resources to this goal.

*Rural development.* Funding for several key programs at USDA that help rural communities provide basic clean water, affordable housing and essential community facilities does not keep pace with demand.

*Water and waste disposal funding:* funding for water and waste grants in this bill is \$87 million below 2004, but demand for grants at the end of fiscal year 2004 far exceeded funding in 2005 or in this bill. While direct loan funding is held at the 2005 level, USDA had nearly \$1.3 billion in applications for the loans on hand at the end of fiscal year 2004, much more than it could fund under the final 2005 level or the level in this bill.

*Single family housing direct loans:* this bill funds single family direct loans at the 2005 level, but that still leaves the program

\$211 million below 2004. Such a cut is a matter of serious concern because these loans are extremely popular: at the end of 2004, USDA had 30,458 applications on hand for \$2.6 billion in single family direct loans, far over the level in this bill.

*Community facility grants:* funding in this bill for this program, which funds essential community facilities in rural areas such as fire and medical facilities, is \$17 million, under the final 2005 level of \$19.7 million. Yet there is high demand for these grants--as of March 2005, USDA had \$90.7 million in funding requests for these grants on hand--far in excess of the amount available in 2005 or in this bill.

*Nutrition programs.* Two nutrition funding issues should be noted:

*CSFP:* this bill does not provide enough funding to maintain current participation in the Commodity Supplemental Food Program. At least 45,000 participants--*the overwhelming majority of them elderly*--would have to be dropped from the program unless more funds are provided, and the figure could turn out to be much higher. We are deeply concerned about the impact this would have on the vulnerable population served by CSFP.

*WIC:* the bill reduces the WIC program by \$253 million below the request and rescinds \$32 million from the WIC reserve fund. While current estimates suggest this reduction can be made without reducing participation, language included in the report affirms the Committee's intent to continue to monitor program costs and to provide sufficient funding to serve all eligible applicants in the final bill.

*International food aid.* We are pleased that the Committee rejected an ill-advised administration proposal to move \$300 million of international food aid to USAID, rather than continuing to fund it through the PL 480 program. The USAID funds would be used to buy food abroad, instead of American commodities, thus undermining the historically broad support for international food aid in this country.

This bill restores to PL 480 \$222 million of the \$300 million that would have gone to USAID, leaving total funding about \$78 million short of the total budget request level. Rep. Jackson offered two amendments in committee to increase funding that were, unfortunately, defeated.

*Conservation programs.* The administration budget for the discretionary conservation programs in this bill proposed severe cuts in each of the major accounts. This bill improves upon the request, but total funding for these programs is still \$52 million lower than last year's level.

This bill cuts mandatory conservation programs more deeply than the Bush budget. While the administration cut in the EQIP program is reduced slightly, the bill limits the Wetland Reserve Program, takes a deeper cut from the Conservation Security Program than the budget and cuts the ground and surface water conservation program, which the budget left untouched.

*General provisions.* We would like to express our views on several measures included in the bill as general provisions:

*WIC-only stores.* We are also concerned about language in this bill that undoes an agreement reached last year between Congress and the administration on limiting so-called 'WIC-only stores.' We hope that our concerns will be addressed in conference.

*Propaganda.* We are pleased that the subcommittee unanimously accepted an amendment by Rep. DeLauro to prohibit the use of funds in this bill to produce a pre-packaged news story without including a clear notification that the story was prepared or funded by a federal agency. Taxpayers have a right to know how their money is spent, and who is the source of the messages they see in print or on television, so they can make an informed decision based on the information before them.

*Drug reimportation.* As in the past two years, this bill includes language to allow prescription drug importation. Soaring prices for life-saving drugs are a reality--and a public health issue--that millions of Americans confront daily. But while the Agriculture appropriations bills included this language the last two years, the provisions were mysteriously dropped in conference without any public consideration. This must not happen again. This issue merits direct, open and full consideration this year.

We look forward to a vigorous debate on these and other issues when the House considers this bill. We will work hard there and in conference with the Senate to address the concerns we have identified.

Rosa L. DeLauro.

Maurice Hinchey.

Sam Farr.

Allen Boyd.

Marcy Kaptur.

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