

ADDITIONAL VIEWS

The allocation for this bill, \$17.250 billion, is \$5 billion (23%) below the 2012 President's request; \$2.9 billion (14%) below the 2011 enacted level; and \$6.1 billion (26%) below the 2010 enacted level. It is even below the 2008 enacted level.

Among all the subcommittee allocations, this is the worst or second worst, in percentage terms, relative to the 2012 request and to the 2008, 2010, and 2011 enacted levels.

This allocation has resulted in a predictably bad bill that slashes programs vital to the Nation.

We also have serious concerns about language in the bill and report.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

At the funding level for WIC in the subcommittee bill, USDA and the Center on Budget and Policy Priorities agreed that hundreds of thousands of eligible applicants would have been denied participation in the program in 2012.

We are very pleased that the Committee agreed to add \$147 million to WIC, bringing the funding level to \$6,048,250,000.

However, even with this significant increase, the bill is still well below the level needed to serve all eligible applicants and thousands of persons will still be unserved.

The majority attempted to address concerns about the funding shortfall by saying in the report:

While funding for this program represents a relatively significant reduction, the Secretary can utilize funding mechanisms at his discretion, including the use of fiscal year 2011 carryover funds, the contingency fund for this account in the amount of \$125 million, as well as other funding options currently authorized in law.

Estimates as to persons turned away under the funding level in the bill *already* assume use of all the 2011 carryover funds and depletion of the entire \$125 million reserve fund.

The mention above of "other funding options currently authorized in law" refers to the ability of the Secretary of Agriculture to increase an appropriation by up to 7% by taking funds from other accounts. In this case, the Secretary could transfer up to \$423 million from SNAP (food stamps) or the National School Lunch Program to WIC.

Relying on the use of such authority to backfill partially the funding gap in this bill is not honest budgeting. Full funding to support all eligible applicants must be provided in this bill.

WIC administrative costs

There was an extended debate in Committee about the majority's assertion in the report that the administrative costs of WIC are "well above 40 percent."

This statement was based on a 2008 report by the Brookings Institution that says nutrition services and administration or "NSA" "includes a broad range of activities, such as referrals to health and social services, breast feeding promotion, and nutrition education, as well as eligibility determinations based on income and nutrition risk assessments."

Committee Democrats made the same point during the debate. These activities go far beyond any traditional definition of administrative activities or program management. The table below, using data from USDA, shows that program management constitutes only 9% of total program costs.

FY 2010 WIC COSTS BY CATEGORY

	Amount	Percent of total
Total Food Costs	4,561,570,027	70.44
Nutrition Services and Administration ("NSA"):		
Breastfeeding Support	149,133,594	2.30
Nutrition Education	418,437,331	6.46
Other Client Services	758,015,711	11.70
Program Management	588,984,767	9.09
Subtotal NSA	1,914,571,403	29.56
Total WIC	6,476,141,430	100.00

¹\$1.00 in benefits + \$0.414 in administrative costs = \$1.414. The percentage of costs of administration is \$0.414 divided by \$1.414, which is 29 percent.

Nor is 2010 an anomaly. A 2009 Congressional Research Service report said that NSA costs were typically about 30% of total WIC costs and that "traditional administrative activities like eligibility determinations and issuing and redeeming vouchers" were one-third of NSA costs, or 10% of total WIC costs.

Other domestic food programs

The bill also makes deep cuts in other important domestic food programs:

- Funding for the Commodity Supplemental Food Program, which serves predominantly low-income seniors, is \$138.5 million. This is \$38 million (22%) below the 2012 request and \$37 million (21%) below 2011.

- Funding for the Emergency Food Assistance Program (TEFAP), which works with states to assist food banks, is \$38 million. This is \$12 million (24%) below the 2012 request, and about \$11 million (23%) below 2011. The bill also cuts \$51 million (20%) from the funding that TEFAP receives annually from the SNAP program.

- The bill reduces the WIC Farmers Market Nutrition Program to \$15 million, which is \$5 million (25%) below the \$20 million level that has been provided for many years. The program gives vouchers to WIC participants for the purchase of fresh fruits and vegetables at state-approved farmers' markets.

International food aid

The bill provides \$1.040 billion for the Food for Peace program, a reduction of \$650 million (38%) from the 2012 request and \$457 million (31%) from the 2011 level.

For emergency needs, this reduction is even worse than it appears. The 2008 farm bill established a minimum level of non-emergency funding that must be provided annually; in 2012, it is \$450 million. After that funding is provided, there would be only \$590 million left for emergency food assistance, compared to the 2012 request for emergency assistance of \$1.240 billion.

In addition, the bill cuts the highly successfully McGovern-Dole International Food for Education and Child Nutrition program. It is funded at \$180 million, which is 10% below 2011 and the 2012 request and 14% below 2010.

Food and Drug Administration (FDA)

The bill funds FDA salaries and expenses at \$2.163 billion, which is \$567 million (21%) below the 2012 request and \$284 million (12%) below 2011.

The 2012 request sought increases for important activities, such as implementing the landmark Food Safety Modernization Act, enacted just months ago; continuing work on biosimilars; increasing the number of inspections of foreign medical facilities; and continuing work on medical countermeasures. Work in these areas will be stopped or slowed at the level in the Committee bill.

After years of under-investment, there was recent widespread recognition by Congress and both industry and consumer groups that FDA did not have enough resources to keep up with the new responsibilities given it by Congress and the explosion of imports of food and medical products into the U.S. Congress began to give the agency the resources to meet this need. The deep cut in the Committee bill sets back this bicameral work of the past several years.

Commodity Futures Trading Commission (CFTC)

The bill provides \$171.93 million for CFTC, a reduction of \$136 million (44%) below the request (which proposed an increase for the implementation of the landmark Dodd-Frank financial reform legislation) and \$30 million (15%) below 2011. At a time of volatile commodity prices, including oil and energy, and only three years after the worst financial crisis since the Great Depression, inadequate funding of CFTC is an unacceptable risk to the markets on which our economy depends.

New FDA bill language

We are deeply disturbed that the Committee voted to include bill language that rewrites the statutory and regulatory standards protecting our food and medical products and regulating tobacco products. This is an extraordinarily vaguely drafted measure, requiring, for example, the use of undefined “hard” science. It prohibits consideration of consumer behavior in regulating products, despite the fact that such evidence can be critical in conducting the risk assessments that the provision demands. Further, it requires that there always be toxicological and epidemiological evidence clearly

justifying an action to restrict use of a compound. This would mean that no action could be taken to stop dangerous foods or medical or tobacco products without conducting time-consuming, expensive, and often ethically inappropriate toxicological and epidemiological tests.

*Grain Inspection, Packers and Stockyards Administration (GIPSA)
Livestock Competition Rule*

Section 721 of the bill prohibits GIPSA from essentially doing anything to develop a final rule on competition in the livestock and poultry industries. We strongly oppose this prohibition. For struggling small producers, fairness and a level playing field are essential to their ability to succeed. Prohibiting GIPSA from ensuring that they have these protections will negatively affect these vulnerable livestock producers. Both the National Farmers Union and the American Farm Bureau Federation have expressed serious concern about this provision.

Healthy, Hunger-Free Kids Act of 2010

We commend USDA's decision to propose scientifically sound nutrition standards for school lunch and breakfast programs. The USDA proposal closely tracks the scientifically-based recommendations for school meals made by the Institute of Medicine. As USDA has received over 130,000 comments from interested stakeholders, it would be time-consuming and costly to start the process over with a new proposed rule, as directed by the Committee report. Rather, USDA should review and consider the comments submitted and issue a final rule as planned. We would note that the Secretary has a number of options to meet the concerns expressed in the comments the Department received in response to its proposal.

Farm bill programs

The bill includes over \$1.5 billion in limitations on mandatory programs, most of them funded in the 2008 farm bill and most of them in the conservation and bio-energy areas. We expect deep concern about these cuts from the Agriculture Committee, as well as persons supporting these programs.

Conclusion

There are a host of other concerns about the Committee bill that we will discuss with our colleagues in the coming days and weeks.

While we will do our best to address the many shortcomings of this bill as the process moves forward, we oppose this bill in its current form and urge our colleagues to do so as well.

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