



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

THE DIRECTOR

May 15, 2018

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frelinghuysen:

On May 9, 2018, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee considered the fiscal year (FY) 2019 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill. Overall, according to information provided in the Subcommittee press release, the bill appears to increase funding by about \$6 billion, or almost 35 percent above the FY 2019 Budget request. The Administration appreciates the opportunity to weigh in on this bill.

The President's FY 2019 Budget request, as amended, accounts for the Bipartisan Budget Act of 2018 (BBA's) new Defense and non-Defense discretionary spending caps for FY 2019. As we have noted in previous letters as well as the FY 2019 Budget, the Administration strongly supports the overall defense levels included in the BBA. However, given the Nation's long-term fiscal constraints and the need to right-size the Federal Government, the Administration does not support spending at the BBA's non-Defense caps.

The Administration appreciates that the Subcommittee bill includes funding for critical priorities, including:

- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The bill provides \$6 billion for WIC and includes a \$300 million rescission of unobligated balances. This level is slightly higher than the FY 2019 Budget request and is sufficient to serve all projected eligible participants.
- Competitive Research Grants. The bill provides funding for the Agriculture and Food Research Initiative, the Department of Agriculture's premier competitive research program.
- Food and Drug Administration (FDA). The bill provides the requested \$1.4 billion for FDA's food safety activities and includes additional resources to support FDA's Oncology Center of Excellence, advance drug and biologic manufacturing in the United States, and to modernize generic drug development and review.

However, the bill underfunds key investments in critical areas supported in the FY 2019 Budget request and/or includes funding that the Administration believes is not in line with the overall restraint in non-Defense spending reflected in the FY 2019 Budget request, including:

- U.S. Department of Agriculture (USDA) Topline. The bill provides increased funding in excess of the FY 2019 Budget across a number of USDA programmatic areas, including research facilities, rural development and conservation.
- P.L. 480 Title II Food Aid (Title II). The bill provides \$1.5 billion for Title II international food assistance, which is a cost-inefficient program and limits the ability of the U.S. Agency for International Development (USAID) to use the most appropriate and timely food aid intervention for a particular crisis.
- Rural Business-Cooperative Service. The bill provides \$101 million for grants and loan programs at USDA that are duplicative of other Federal funding and have not been successful in improving economic outcomes in rural areas.
- Economic Research Service. The bill provides \$87 million, \$42 million above the FY 2019 Budget request for USDA, for research that is duplicative of land grant universities and non-profit research institutions.
- Animal and Plant Health Inspection Service (APHIS). The bill provides \$1.01 billion, an increase of \$268 million above the FY 2019 Budget request for USDA. APHIS is able to successfully address animal and plant health at the requested level.
- Agricultural Marketing Service (AMS). The bill provides \$153 million for AMS, an increase of \$34 million above the FY 2019 Budget request for USDA.
- Direct Payments to Farmers with AMS Section 32 Funds. The bill increases the amount of Section 32 carryover that can be spent on direct payments to farmers to \$350 million, and also increases the level of spending permitted on Section 32 by \$799 million from the FY 2019 Budget request.
- McGovern-Dole International Food for Education. The bill provides \$208 million for the donation of U.S. agricultural commodities and for grants that are duplicative of USAID programs.
- Rural Broadband Pilot Program. The bill provides \$550 million for the rural broadband pilot program at USDA. The Consolidated Appropriations Act, 2018 provided \$600 million for the Rural Utilities Service (RUS) programs to develop new approaches to address the rural broadband gap, in recognition of the limitations of the existing RUS loan programs. Additional funding for this program is premature before the current funds are expended and proven effective in addressing this intractable problem.

In addition, the FY 2019 Budget request reflects the Administration's desire to bring more Federal spending under the caps reached in the 2018 BBA by limiting the use of changes in mandatory programs, or CHIMPs, that generate no net outlay savings to offset real increases in

discretionary spending. While there are programmatic reasons for some CHIMPs, most of them simply push the availability of funding from one year to the next, or rescind money from a program that no one actually expected would be spent. The Administration encourages the Committee to achieve its discretionary topline while minimizing the use of CHIMPs.

As the Committee takes up the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Subcommittee bill, the Administration looks forward to working with you to address these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Mulvaney", written over a horizontal line.

Mick Mulvaney
Director

cc: The Honorable Robert Aderholt
The Honorable Sanford Bishop

Identical Letter Sent to the Honorable Nita Lowey