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

July 24, 2023
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4368 — Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2024
(Rep. Granger, R-TX)

The Administration strongly opposes House passage of H.R. 4368, making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year (FY) ending September 30, 2024 and for other purposes.

In May, the Administration negotiated in good faith with the Speaker on bipartisan legislation to avoid a first-ever default and protect the Nation's hard-earned and historic economic recovery. This negotiation resulted in the Fiscal Responsibility Act (FRA) of 2023, which passed with overwhelming bipartisan support and set spending levels for FYs 2024 and 2025. The agreement held spending for non-defense programs roughly flat with FY 2023 levels, a compromise that protected vital programs Americans rely on from draconian cuts House Republicans proposed. The agreement also protected historic legislative accomplishments from the past two years, including the Inflation Reduction Act (IRA), Honoring our PACT Act of 2022, CHIPS and Science Act, and the Infrastructure Investment and Jobs Act (Bipartisan Infrastructure Law).

House Republicans had an opportunity to engage in a productive, bipartisan appropriations process, but instead, with just over two months before the end of the fiscal year, are wasting time with partisan bills that cut domestic spending to levels well below the FRA agreement and endanger critical services for the American people. These levels would result in deep cuts to climate change and clean energy programs, essential nutrition services, law enforcement, consumer safety, education and healthcare.

These bills include billions in additional rescissions from the IRA and other vital legislation that would result in unacceptable harm to clean energy and to energy efficiency initiatives that lower energy costs and critical investments in rural America.

The draft bills also include numerous new, partisan policy provisions with devastating consequences including harming access to reproductive healthcare, threatening the health and safety of Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex Americans (LGBTQI+), endangering marriage equality, hindering critical climate change initiatives, and preventing the Administration from promoting diversity, equity, and inclusion.

The Administration stands ready to engage with both chambers of the Congress in a bipartisan appropriations process to enact responsible spending bills that fully fund Federal agencies in a timely manner.

<u>If the President were presented with H.R. 4368, he would veto it</u>.

The Administration would like to take this opportunity to share additional views regarding the House Appropriations Committee's (Committee) version of the bill.

U.S. Department of Agriculture (USDA)

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The Administration is deeply concerned that the funding level provided in the bill for WIC would put the program at significant risk of being unable to serve all eligible women and children who seek assistance, which could result in waiting lists, greater hardship, and poorer health outcomes for this vulnerable population. The Administration is also deeply concerned that the bill cuts WIC benefits sharply from current levels for women and children by slashing the value of the Cash Value Voucher for fruits and vegetables, which has been in place since 2021 and continued on a bipartisan basis in prior appropriations acts and reflects the recommendations of the National Academies of Sciences, Engineering, and Medicine. The Administration urges the Congress to continue the long bipartisan agreement to provide enough funds for WIC to serve all eligible participants without harmful benefit cuts.

Farm Loans. The Administration objects to sections 748 and 741 of the bill, the first of which would rescind balances from section 22006 of IRA for payments to economically distressed farm loan borrowers, and the second provision would rescind unobligated balances from section 1006 of the American Rescue Plan Act of 2021, which provides funding for a variety of activities to assist socially disadvantaged farmers and ranchers. These rescissions would eliminate $2.2 billion for assistance to farm loan borrowers who have experienced discrimination along with additional funding related to equity for underserved farmers and ranchers. The rescissions would mean qualified farmers who are in the process of applying for these funds would be denied this critical assistance.

Rural Energy for America Program (REAP). The Administration opposes the $500 million rescission and the elimination of grant funding for REAP, which assists agricultural producers and rural small businesses convert to renewable energy systems. REAP is a program that provides benefits in all States and helps producers and small businesses save money and utilize renewable energy.

New Empowering Rural America Program (New ERA). The Administration opposes the $1 billion rescission to the New ERA program, which helps rural Americans transition to clean, affordable, and reliable energy. The New ERA program funding is available to member-owned rural electric cooperatives, which have been the backbone of America's rural power delivery for nearly a century. The program expands clean energy to rural communities critical to meeting the Administration's goal of net-zero emissions by 2050. There are more than 900 electric cooperatives in 47 States so the impact of this rescission would be felt across the Nation.

Overall Administrative Funding. The Administration is concerned that the bill reduces administrative funding below the FY 2023 enacted level for programs throughout USDA, and in particular, funding for the Nutrition Programs Administration (NPA). The bill provides $137 million to NPA, which is 28 percent lower than the FY 2023 enacted level. NPA funds operating expenses for administering nutrition assistance programs and fixed costs. This reduction would lead to significant reductions in staffing levels.

Rural Housing. The Administration is disappointed that the Committee excluded the changes proposed in the FY 2024 Budget request that were focused on bolstering low-income homeownership and preserving affordable housing in rural America. The Administration urges the Congress to eliminate the requirement that low-income borrowers pay for the cost of the loan when the borrower no longer occupies the home, even if they made loan repayments in full. No other Federal mortgage program has this requirement. The Administration also urges the Congress to provide, at a minimum, the requested loan level of $1.5 billion for Single Family Direct Loans, rather than the $889 million provided in the bill, which is a significant reduction to the historical $1 billion loan level for this program. In addition, the Administration urges the Congress to include the proposed language to allow rental assistance to be decoupled from Federal multifamily housing mortgages, which is essential to preserving low-income multifamily housing rental stock in rural America.

Climate Research and Climate Hubs. The Administration is disappointed that the bill eliminates all climate hub and climate change research funding at USDA, when the Nation's farmers and ranchers are on the frontlines facing the challenges of a changing climate.

Agricultural Marketing Service (AMS). The Administration strongly opposes section 737 of the bill, which would prohibit the promulgation of rules that would bolster competition and transparency in the meat and poultry industries, in accordance with Executive Order 14036, "Promoting Competition in the American Economy." These rules are critical to: lowering meat and poultry prices for American consumers; preventing abuse of farmers and ranchers by dominant meat and poultry processors; and providing farmers and ranchers more and better options for selling their products, which would increase their share of the food dollar. The Administration also objects to the funding level provided in the bill for AMS, which is significantly below the level that it was funded at in each of the last three fiscal years. Funding at this level would cause substantial harm to the agency's capacity to produce products and perform services for fair and efficient marketing of U.S. commodities in both domestic and international markets. In addition, this level would require the temporary furloughing of employees and potential permanent reduction in staff up to 200 employees which would eliminate an AMS presence in many States.

Hiring Prohibition. The Administration objects to section 738 of the bill, which would effectively prohibit any funds from being used to hire new positions in the National Capital Region (NCR), including the Department's headquarters. The Administration strongly believes the geographic location of new positions should be based on how to most effectively implement the mission of USDA, whether or not the best location of the new positions is in or outside the NCR. Effectively prohibiting the use of funds in the hiring of new positions in the most optimal location would have detrimental impacts to the administration of USDA programs and the oversight of USDA activities.

<u>Department of Health and Human Services, Food and Drug Administration (FDA)</u>

Regulation of Mifepristone. The Administration strongly opposes section 761 of the bill, which would interfere with FDA's evidence-based regulation of mifepristone. The FDA-approved mifepristone for the medical termination of early pregnancy more than 20 years ago, after a comprehensive review of available data and information and FDA will continue to use the best available science to guide its decision making.

Regulating Flavorings in Tobacco Products. The Administration is concerned that the Committee bill also threatens FDA's ability to protect the Nation's youth from tobacco products by prohibiting FDA from eliminating menthol in cigarettes, flavors in cigars, and from setting science-based nicotine standards that reduce the addictive properties of these products. Menthol in cigarettes and characterizing flavors in cigars, such as fruit punch and cocoa, increases smoking appeal, particularly among youth and young adults, leads to regular tobacco use, and decreases the likelihood of cessation. More than a half million youth in the United States use flavored cigars. FDA's work on tobacco is a critical piece of the Administration's reignited Cancer Moonshot to reduce the death rate from cancer by at least 50 percent over the next 25 years.

Funding Reductions. The Administration is also concerned that funding reductions contained in the bill would leave the FDA underprepared to address ongoing and urgent public health challenges in FY 2024, including critical investments needed in food safety and nutrition.

Constitutional Concerns

Certain provisions of the draft bill raise separation of powers concerns, including by conditioning the Executive authority to take certain actions on receiving the approval of the House and Senate Committees and by preventing the President from recommending certain legislation to the Congress. The Administration looks forward to working with the Congress to address these and other concerns.

The Administration looks forward to working with the Congress as the FY 2024 appropriations process moves forward.

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