



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

THE DIRECTOR

June 4, 2018

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Shelby:

On May 24, 2018, the Appropriations Committee 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 Committee press release, the bill appears to increase funding by about \$6.4 billion, or nearly 38.1 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 Committee bill includes funding for critical priorities, including:

- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The bill provides \$6.1 billion for WIC and includes a \$400 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.
- Food and Drug Administration (FDA). Consistent with the President's Budget, the bill provides additional funding to support the FDA's Oncology Center of Excellence, modernize the generic drug development review process, and advance drug development for rare diseases.
- Competitive Research Grants. The bill provides \$405 million for the Agriculture and Food Research Initiative, the Department of Agriculture's premier competitive research program.

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:

- Rural Business-Cooperative Service. The bill provides \$105 million for grants and loan programs at the Department of Agriculture (USDA). The FY 2019 Budget request proposes to eliminate these programs as they 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 \$269 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 \$157 million for AMS, an increase of \$37 million above the FY 2019 Budget request for USDA.
- Rural Broadband Pilot Program. The bill provides \$425 million for the rural broadband pilot program at USDA. This funding is premature as the Consolidated Appropriations Act, 2018 recently provided \$600 million for a “pilot” grant/loan program, which USDA is still working to implement.
- McGovern Dole International Food for Education. The bill provides \$210 million for the donation of U.S. agricultural commodities and for grants that are duplicative of U.S. Agency for International Development (USAID) programs.
- P.L. 480 Title II Food Aid (Title II). The bill provides \$1.7 billion for Title II international food aid. The Administration believes that all food aid should instead be provided through the International Disaster Assistance account within USAID. While the United States is the world’s largest donor of food aid, taxpayers expect such aid to be provided in the most cost-effective manner possible. Unfortunately, Title II is cost-inefficient, slow, and limits the ability of USAID to use the most appropriate food aid intervention for a particular crisis.

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 Senate takes up the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations 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 John Hoeven
The Honorable Jeff Merkley

Identical Letter Sent to the Honorable Patrick Leahy