



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

OCT 13 2006

The Honorable Richard Cheney
President of the Senate
United States Senate
Washington, D.C. 20510

Dear Mr. President:

Enclosed for your consideration is the second annual financial report to Congress required by the Animal Drug User Fee Act of 2003 (ADUFA). This report covers fiscal year 2005, documenting how each of the conditions specified in ADUFA for the continued collection of animal drug user fees was met.

In addition, this report presents the user fee revenues and related expenses for FY 2005, baseline data for FY 2003, and details the amounts carried over at the end of the year that remain available to continue to enhance the process to review new animal drug applications and submissions. In FY 2005, FDA had net collection of \$8.3 million and spent \$8.5 million animal drug user fees. Slightly more than 50 percent of fees were spent in salaries and benefits for staff. The remainder went toward other operational expenses including support and infrastructure for the animal drug review program. The enhanced infrastructure and the infusion of human resources are critical in enabling FDA to meet the performance goals associated with ADUFA – goals that become increasingly more stringent each year.

We are pleased that Congress enacted ADUFA, which will provide increasing levels of user fees through FY 2008. The additional resources will enable FDA to substantially strengthen and speed its animal drug review process, while ensuring that only safe and effective animal drugs are available to the public.

Sincerely,

Michael O. Leavitt

Enclosure

Identical letters to:

Speaker of the House of Representatives
Chairman and Ranking Minority Member, Committee on Health, Education, Labor, and
Pensions, United States Senate
Chairman and Ranking Minority Member, Committee on Energy and Commerce,
House of Representatives