

## **Federal Government Shutdown Continues as Senate Democrats Reject Negotiations with House on Funding Impasse**

The impasse on Capitol Hill over funding the federal government for the new 2014 fiscal year continues today, with no path yet apparent for resolving the significant divide between the House Republican and Senate Democratic leaders.

On Oct. 1, the Senate tabled by a 54-46 party-line vote, a House request for a conference committee on a [continuing resolution](#) that would have maintained sequestration-level funding for the federal government until Nov. 15, while delaying the individual mandate to purchase health insurance for one year and requiring members of Congress and the administration to purchase insurance through the exchanges established under the Patient Protection and Affordable Care Act - better known as "Obamacare."

On the Senate floor, Sept. 30 began with the chamber voting 54-46, along party lines, to strip out a Republican-proposed one-year delay of Obamacare, and to keep the date of the end of the continuing resolution at Nov. 15. The House has been pressing for a Dec. 15 expiration date. The House then voted 225-204 to reject the Senate version and send it back to that chamber with the one-year Obamacare delay. During the House vote, six Republicans joined 198 Democrats to support the "clean" Senate bill. The Senate then again voted down the House bill on a 54-46 vote, sending it back to House.

Later in the day on Oct. 1, House leaders offered three separate bills to provide funding for certain federal government functions - specifically the National Park Service, the Department of Veterans Affairs and operations for the District of Columbia. But each of the measures failed given that they were offered under a suspension of the House rules, which required a two-thirds majority to pass. House leadership was mulling plans this morning to offer each of the same bills for a vote today under a rule that would require only a simple majority vote to pass. But the Senate Democrat leadership already has said it will not consider bills that would restore funding "piecemeal" to selective federal departments, and President Obama served notice he would veto any such bills should they reach his desk.

### **Impacts on Grain, Feed, Processing and Export Sectors**

Generally, the impact of the federal government shutdown on the grain, feed and processing industry appear to be minimal. But there are some significant functions that have been suspended - including the issuance of statistical economic reports by the U.S. Department of Agriculture (USDA) - until Congress approves funding for the new fiscal year.

Here are a few key functions of the federal government important to the industry and how, if at all, they are being affected:

- **Official Grain Inspection and Weighing Services Continue:** The official grain inspection and weighing services provided by USDA's Federal Grain Inspection Service (FGIS) will continue uninterrupted, as these staff positions are financed by industry-paid user fees. Of the 743 total GIPSA staff positions (which includes FGIS and the Packers and Stockyards Administration), 528 are financed either in whole or in part by user

fees. GIPSA will continue to provide all grain and related commodity inspection and weighing activities supported by user fees under both the U.S. Grain Standards Act and Agricultural Marketing Act. In addition, positions partially funded by user fees will continue to be paid to the extent necessary to support the official inspection and weighing activities. At GIPSA, the biggest impact will be on the Packers and Stockyards Administration's program, which is supported by appropriated funds. For grain inspection, GIPSA will suspend activities associated with compliance (focused on uniform application of the grain standards across multiple regions, etc.), standardization (issuing rulemakings related to the grain standards, etc.), methods development (developing new grain inspection methods) and international monitoring activities (which among other things responds to alleged grain quality or weight discrepancies arising at shipment destination, etc.).

- **Phytosanitary Certificates:** USDA's Animal and Plant Health Inspection Service (APHIS) will continue to issue phytosanitary certificates for export shipments since they are financed by user fees. For the most part, such certificates are issued by FGIS under a cooperative agreement with APHIS.
- **Other APHIS Activities:** APHIS activities associated with foreign plant and animal disease prevention also are to continue, although these functions will be staffed at minimal levels sufficient to ensure program delivery. But APHIS activities funded by congressional appropriations have been discontinued, including assistance for control of most domestic plant and animal pests and diseases; review or authorization of notification or permits for importation, interstate movement or field releases of biotechnology-enhanced traits (the agency's ePermit system will remain open for applicants to submit data and information for permits and notifications for genetically engineered organisms, but such information will not be acted upon by APHIS); and most management, administrative and oversight functions, such as facility inspections and complaint investigations related to the Animal Welfare Act.
- **Foreign Agricultural Service:** In most cases, USDA says that the head officer in the Office of Agricultural Affairs serving in each foreign country will not be furloughed. In addition, all local expatriate staff members working for the FAS in each country are to remain on duty. However, USDA's funding for export promotion activities, such as GSM, Market Access Program and Foreign Market Development activities, have been suspended.
- **USDA Statistical Reports Suspended:** Within USDA's Research, Education and Economics mission area, development and issuance of key statistical reports have been suspended for the duration of the shutdown. These include all market news reports, National Agricultural Statistics Service (NASS) statistics and reports, and other agricultural economic and statistical reports and projections, including the World Agricultural Supply and Demand report. In addition, Economic Research Service commodity outlook reports, data products, research reports, staff analyses and projections have been discontinued. Further, USDA research facilities have been closed except for those involving care for animals, plants and associated infrastructure needed to preserve agricultural research projects. Processing of new and payments for existing grants for research, education and extension also was halted.
- **USDA Public Website Taken Down:** One of the first noticeable casualties of the shutdown was USDA's decision to take down its entire website - even historical information - despite the fact virtually all other federal government public websites remain up and running, although not posting new information. The USDA action encompassed the shutdown of websites containing regulatory and economic information, including those dedicated to the World Agricultural Outlook Board, NASS

and ERS.

- **Food and Drug Administration:** The Food and Drug Administration (FDA) said it will limit activities to what it terms "emergency work" involving human and animal safety, and protection of property; criminal investigations; and activities financed by user fee balances carried over from fiscal 2013. This latter category includes applications for new human and animal drugs whose approvals are financed under the Animal Drug User Fee Act, Animal Generic Drug User Fee Act, Prescription Drug User Fee Act and Generic Drug User Fee Amendments, as well as medical device applications funded under the Medical Device User Fee Amendments. However, FDA said that during the funding hiatus, it would not have legal authority to accept medical device user fees assessed for fiscal year 2014 until a new appropriations bill is enacted. FDA staff members not furloughed include those who inspect regulated products and manufacturers, conduct sample analysis on products and review imports, as well as those conducting and overseeing adverse event reporting and providing support with surveillance, product incidents, compliance, recalls and emergencies. The funding disruption likely will delay further FDA's plans to issue proposed regulations implementing the animal feed and pet food provisions of the Food Safety Modernization Act, which had been expected to be published in the next week or so. FDA tentatively had planned to conduct public meetings on the animal feed/pet food hazard analysis and preventive control regulations on Oct. 30 in the Washington area and Nov. 1 in Chicago. Those public meetings also may need to be rescheduled depending upon the length of the shutdown and the timing of the issuance of the proposed rules.
- **Meat, Poultry and Egg Inspections to Continue:** Meat and poultry inspections performed by USDA's Food Safety Inspection Service (FSIS) will continue. These activities include: 1) inspecting before and after slaughter those birds and animals intended for use as food for humans and supervising the further processing of meat and poultry products; 2) ensuring that meat, poultry and egg products are safe, as well as preventing the movement or sale in commerce of any meat or poultry products deemed to be adulterated; 3) applying foreign governments' inspection requirements and procedures to verify that products exported from the United States are safe; 4) conducting emergency operations in connection with the voluntary recall of meat or poultry products contaminated with drug or chemical residues, other adulterants or microbial contamination; 5) conducting epidemiological investigations based upon reports of food-borne health hazards and disease outbreaks; 6) monitoring allied industries to prevent uninspected or adulterated meat, poultry and egg products from illegally entering channels of commerce; 7) providing pathological, microbiological, chemical, and other scientific examination of meat, poultry and egg products for disease, infection, contamination or other types of adulteration; and 8) conducting a microbiological monitoring and surveillance program.
- **USDA Farm Service Agency:** USDA's Farm Service Agency (FSA) plans a three-day phase-down, at the end of which only 70 employees - 0.59 percent of its work force - would remain on duty. Their functions would be limited to emergency and natural disaster response; protection of FSA property and investments, contracts supporting cyber security and infrastructure operations needed to support the work of key positions and essential personnel, and emergency and defense preparedness, including purchases of food aid for domestic and foreign uses. Importantly, the FSA plan states that interim funding needed to perform these functions would be derived from either carryover discretionary funds remaining from fiscal year 2013 (which ended Sept. 30) and/or user fees paid by grain and other warehouse operators licensed under the U.S. Warehouse Act. The NGFA will be discussing with FSA officials the restoration of any

funds removed from the warehouse user fee account once funding is restored by Congress.

- **U.S. Trade Representative's Office:** Based upon a plan developed by the Executive Office of the President (within which it resides), the U.S. Trade Representative's Office (USTR) will retain 61 staff members during the shutdown to continue developing, coordinating and advising the president on U.S. trade policy. USTR indicates the number of staff personnel retained may increase or decrease as necessary to perform these functions.
- **Surface Transportation Board (STB):** Each of the three STB members - Chairman Daniel Elliott, Vice Chairman Ann Begeman and Board member Francis Mulvey - are considered to be "essential" employees for purposes of the federal shutdown. But they will be joined only by Elliott's chief of staff, Joe Dettmar, in staffing the agency's headquarters. So no action will be taken on existing or new proceedings, and a scheduled Oct. 22 public hearing on the agency's competitive switching proceeding could be rescheduled if the shutdown persists. In addition, STB attorneys who are litigating active cases in arguments scheduled in federal courts are being kept on duty.
- **Occupational Safety and Health Administration (OSHA):** OSHA will temporarily cease all operations except for those that relate to "emergencies involving the safety of human life or protection of property." Approximately 230 employees will continue to work at the agency through the shutdown and will be able to respond to safety and health complaints that involve potentially hazardous conditions, which "present a high risk of death or serious physical harm."
- **Environmental Protection Agency (EPA):** With less than 7 percent of its workforce classified as essential, the "EPA effectively shuts down," according to EPA Chief Gina McCarthy. Remaining staff will only be on hand to respond in the event of a significant emergency.

**Source: National Grain & Feed Association**