



National Grocers Association

September 30, 2013 as of 3:00PM Eastern

What Grocers Need to Know in the Event of a Government Shut Down

Disclaimer: This information is accurate to the extent that NGA is able to confirm, however we are still awaiting information as agencies determine how a potential shutdown might impact their operations including determining which employees and programs are "essential". NGA will keep members posted as more information becomes available.

If the House and Senate can't agree on a government funding bill by 11:59PM on September 30, the federal government will shut down. As of right now the two Chambers have yet to reach consensus and continue to work on a deal with the largest point of contention being the Affordable Care Act (ACA). If a government shutdown does occur, not all government functions will simply evaporate come October 1, but many federal agencies will furlough federal employees (as many as 800,000 of the nation's 2.1 million federal workers) and hundreds of national parks and museums will close. Only federal employees deemed "essential" will continue working without pay during the shutdown; however once funding is approved by Congress, "essential" employees will be paid retroactively. Active-duty military personnel, employees of the U.S. Postal Service, and the Federal Reserve will not be furloughed. Only "nonessential" government operations and services will be suspended and will remain suspended until President Obama signs a continuing resolution brought to him by Congress.

Issues of Interest to Grocers:

SNAP Benefits: The Supplemental Nutrition Assistance Program (SNAP) will continue operations and eligible households will still receive monthly benefits for October. The authority to make October benefit payments comes from the Recovery Act, through which Congress provided "such sums as are necessary" to finance the SNAP benefit provided for in the Recovery Act. In addition, about \$2 billion in contingency funding will be available and could be used to support State Administrative activities essential to continue the program and issue and process benefits. These contingency funds were provided in the FY 2013 appropriation and do not expire until the end of FY 2014. –*Official USDA Contingency Plan*

New SNAP Vendor Licensing: New vendor SNAP applications are expected to be halted or at the very least delayed, however NGA still awaits clarification and more information from the USDA.

WIC: No additional federal funds would be available to support the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)'s clinical services, food benefits and administrative costs. States may have some funds available from infant formula rebates or other sources, including spend forward authority, to continue operations for a week or so, but States would likely be unable to sustain operations for a longer period. Contingency funds will be available to help States – but even this funding would not fully mitigate a shortfall for the entire month of October. –*Official USDA Contingency Plan*

Food Safety Inspections: As NGA understands, food safety inspectors are determined to be "essential" federal employees and will continue working should the government shut down. This includes FSIS meat plant inspectors. Product recalls are expected to continue, but fewer investigations should be expected.

DOL: In the event of a government shutdown, the Department of Labor would suspend most operations, with a few key exceptions and furlough more than 80 percent of its staff. Only 2,954 out of 16,304 DOL employees would be retained during a shutdown and are mostly from the Office of Workers' Compensation Programs (1,328) and the Mine Safety and Health Administration (966). Ten DOL agencies would eliminate all functions in a government funding lapse, including the Employee Compensation Review Board, Office of Disability Employment Policy, and the Veterans Employment and Training Administration.

EEOC: The Equal Employment Opportunity Commission would perform essential functions such as receiving discrimination charges and litigating pending lawsuits in which the courts do not grant EEOC's

requests for extensions of time, but only 107 of the agency's 2,164 staff and contract personnel would remain on the job.

NLRB: The National Labor Relations Board's plan provides that 1,600 of its 1,611 employees would be furloughed. Under the Federal Mediation and Conciliation Service's plan, FMCS would suspend all of its "core operations and services," but continue to provide mediation services in certain critical industries.

Social Security, Medicare Benefits, & Veterans Benefits: These benefits will continue, however there will likely be delays in processing new applications.

Unemployment Insurance: As NGA understands, unemployment insurance will continue, however an extended government shutdown may cause delays.

Passports: The State Department will stop processing passport applications except in "life or death" situations.

Visa Processing: Embassies and consulates abroad will only process "life or death" emergency visa applications.

Border Crossing: Admissions through all U.S. ports of entry will slow considerably and some ports may be closed. Applications filed at the border, such as those lodged under NAFTA, may not be adjudicated. This could likely impact fresh produce and other commodity imports across the Canadian and Mexican borders.

PERM Labor Certifications, Prevailing Wage Determinations, and Labor Condition Applications: The Department of Labor will cease processing all applications.

E-Verify: E-Verify will cease operation.

The below activities **will continue** in the event of a government shutdown:

1. National security, including the conduct of foreign relations
2. Benefit payments and the performance of contract obligations
3. "Essential activities to the extent that they protect life and property", which include:
 - a. Medical care of inpatients and emergency outpatient care
 - b. Activities essential to ensure continued public health and safety, including safe use of food and drugs and safe use of hazardous materials
 - c. The continuance of air traffic control
 - d. Border and coastal protection and surveillance
 - e. Protection of federal lands, buildings, waterways, etc. owned by the U.S.
 - f. Care of prisoners and other persons in the custody of the U.S.
 - g. Law enforcement and criminal investigations
 - h. Emergency and disaster assistance
 - i. The U.S. money and banking system including borrowing/tax collection of the Treasury
 - j. Activities that ensure production of power and maintenance of the power distribution system

There has been significant room for discretion in determining what constitutes "as necessary to protect life and property," so many agencies are still not aware if and how a government shutdown may impact their ability to continue their jobs. NGA will keep members posted as more information becomes available. All agencies have started sending the Office of Management and Budget (OMB) their contingency plans in case a shutdown does occur. Check out the [Agency Contingency Plans](#) here.

The National Grocers Association (NGA) is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most are serviced by wholesale distributors, while others may be partially or fully self-distributing. Independents are the true "entrepreneurs" of the grocery industry and dedicated to their customers, associates, and communities. The independent grocery sector is accountable for close to 1 percent of the nation's overall economy and is responsible for generating \$129.5 billion in sales, 944,000 jobs, \$30 billion in wages, and \$27 billion in taxes. NGA members include retail and wholesale grocers, state grocers associations, as well as manufacturers and service suppliers.