

Further Clarification on Likely U.S. Government Shutdown

With a federal government shutdown becoming increasingly likely, federal agencies on Friday issued [contingency plans](#) for a lapse in funding due to Congress's inability to agree on appropriations for federal Fiscal Year (FY) 2014. This e-News Bulletin supplements the e-News Bulletin CAPLAW sent out on Friday with additional information from the contingency plans.

Today, CSBG-network organizations should take the following steps to assess the impact of a shutdown on their various programs and operations:

- Examine your organization's agreements with federal and state governments for funding that originates with the federal government to determine whether the funding provided by those contracts comes from FY2014 appropriations, FY2013 appropriations, or another source. The shutdown will affect only programs and activities that are dependent on FY2014 appropriations. The U.S. Department of Health and Human Services (HHS) Payment Management System (PMS), which processes draw downs for grant funds from multiple federal departments, will continue to operate during the shutdown.
- Review [contingency plans](#) for federal agencies from which your organization receives funding (either directly or indirectly through your state) to determine which federal programs and activities will continue during the shutdown and which will not.

Note that federally funded activities to address cases of threat to human life or property where the threat can be reasonably said to be near at hand and demanding of immediate response will continue during a shutdown, according to a 1995 U.S. Department of Justice Office of Legal Counsel [legal opinion](#). This exception may apply to some programs operated by CSBG network organizations. For example, in its contingency plan, the U.S. Department of Housing and Urban Development (HUD) states that it will continue to provide for the delivery of essential housing and emergency services for homeless persons and persons with AIDS to protect against imminent threats to the safety of human life and will continue to disburse CDBG, HOME funds and other block grant funds in cases where failure to address issues result in a threat to safety of life and protection of property.

- Watch closely for emails from your organization's federal and state government funding sources about the shutdown; check funding source websites for additional information.
- Contact your organization's federal and state funding agencies to clarify what the impact of a shutdown will be on the federally funded programs and activities funded by those agencies.

Below is selected, key information from the federal agency contingency plans of relevance to CSBG-network organizations. However, each CSBG-network organization should carefully review the plans of those federal agencies from which it receives funding to determine the impact of a shutdown on programs administered by those agencies.



U.S. Department of Health and Human Services (HHS)

According to the [HHS contingency plan](#), the following HHS operations would continue during a shutdown:

- HHS's Program Support Center (PSC), Financial Management Service (FMS), Division of Payment Management (DPM) will be operational and retain minimal necessary staffing in an excepted status to ensure delivery of grant payments for excepted programs during a possible appropriations hiatus. The DPM will follow specific processes to ensure payment of permissible disbursements. Additionally, grant payments will continue to be processed following the existing, robust internal controls – as long as the drawdown requests do not trigger the Payment Management System (PMS) edit checks and awarding entity drawdown limit controls. DPM is poised to issue specific guidance to its customers, including information about how payment requests that trigger any one of the PMS drawdown controls will be handled.
- HHS will maintain the Grants.gov system in an operational status, but with reduced federal support staff presence, should a lapse in appropriations occur. In addition, the Grants.gov Contact Center will remain available, and provide assistance to callers.
- HHS's Health Resources and Services Administration (HRSA) will continue activities funded through sources other than annual appropriations, such as Community Health Centers.

Following are some of the HHS operations that would cease during a shutdown:

- HHS's Administration for Children and Families (ACF) would not continue quarterly formula grants for the Community Service Block Grant, Temporary Assistance for Needy Families, Child Care, Social Services Block Grant, Refugee Programs, Child Welfare Services programs. HHS's contingency plan does not specifically address the impact of a shutdown on the Low-Income Home Energy Assistance Program (LIHEAP).
- ACF would not make new discretionary grants, including Head Start and social services programs.
- The Administration for Community Living would not be able to fund the Senior Nutrition programs.

U.S. Department of Agriculture (USDA)

Food and Nutrition Service

Pursuant to the [USDA contingency plan](#), specific program impacts of a lapse in funding on USDA Food and Nutrition Service programs are provided below. These impacts assume that the lapse is of short

duration (i.e., less than one month). Should the funding lapse be longer, the Food and Nutrition Service's contingency plan and these associated impacts will be re-visited and updated:

- 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.
- The Child Nutrition (CN) Programs, including School Lunch, School Breakfast, Child and Adult Care Feeding, Summer Food Service and Special Milk will continue operations into October. Meal providers are paid on a reimbursement basis 30 days after the end of the service month. Limited carryover funding will be available during a lapse to support FY 2014 meal service. Once an appropriation is enacted, we expect additional resources will be available to reimburse October performance. In addition, most State agencies will continue to have fiscal year 2013 funds available for State Administrative Expenses (SAE). SAE funds are awarded to States for a two year grant period and they are permitted to carryover up to 20 percent of their allocation into the second year of the grant period.
- 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.
- No additional federal funds would be available to support the Commodity Assistance Programs (CAP) including the Commodity Supplemental Food Program (CSFP), The Emergency Food Assistance Program (TEFAP) administrative funding, and the WIC Farmers' Markets Nutrition Program (FMNP). Similarly, no new funds will be available to support the Food Distribution Program on Indian Reservations (FDPIR). While there would be some inventory available for use in food packages, no carryover, contingency or other funds would be available to support continued operations.

Rural Development

According to the [USDA contingency plan](#), Rural Development has no program activities that would continue in the absence of an appropriation. However, there are certain limited activities that are viewed as “excepted” for the purpose of preserving the government's property. This property includes



Rural Development's loans portfolio, which exceeds \$190 billion and serves as collateral for loans, and borrowers' funds paid to RD in escrow for real estate taxes and property insurance.

Corporation for National and Community Service (CNCS)

[CNCS's contingency plan](#) explains that, for the most part, previously awarded grants and cooperative agreements will not be affected by the absence of current appropriations (although there will be no CNCS oversight or assistance provided to grantees until normal operations resume or a long-term orderly shutdown is begun). However, no new grants will be awarded during this period and program and grants staff will not be available to provide assistance to grantees. This plan was formulated to address a short-term temporary lapse in funding (up to two weeks).

Previously awarded program grants and cooperative agreements (including Training and Technical Assistance agreements) will continue to operate. For example, AmeriCorps, Senior Corps, and Social Innovation Fund grants already awarded would continue to operate. Grantees should be able to draw down funds from the HHS Payment Management Service (PMS). Normal CNCS monitoring and technical assistance (Program Officers and Grants Management Officers) will not be available during a short-term lapse in funding. No new or continuation grants will be awarded during a temporary funding lapse.

VISTA members will continue to serve and will accrue living allowance during a temporary lapse of funding until CNCS determines that an orderly shutdown of operations should occur. Cost share VISTAs' living allowance will not be affected by a funding lapse. Members will be eligible for health care and child care services under the existing contracts. However, an extended period of not being able to disburse VISTA living allowances may make it impractical for VISTA members to meet their service availability requirements.

CNCS will not be able to issue grants, provide assistance to grantees or carry out most administrative activities or functions including travel, holding meetings or conferences, hiring consultants, etc.

U.S. Department of Energy (DOE)

DOE explains in its [contingency plan](#) that, in the absence of appropriations for FY2104, DOE may not incur new obligations, unless they can lawfully be funded from unexpired prior year appropriations, or are otherwise authorized by law. Each component of DOE will continue to operate until prior year balances for funding of federal employees is exhausted. The DOE contingency plan does not specifically address the Weatherization Assistance Program.

U.S. Department of Housing and Urban Development (HUD)

Community Planning and Development (CPD)

According to the [HUD contingency plan](#), CPD will:

- Continue to provide for the delivery of essential housing and emergency services for homeless persons and persons with AIDS to protect against imminent threats to the safety of human life;
- Continue to disburse Community Development Block grant (CDBG), HOME funds and other block grant funds in cases where failure to address issues result in a threat to safety of life and protection of property; and
- Continue to disburse Disaster Recovery and NSP funds.

Also, organizations will be able to submit vouchers and make authorized draw downs for approved CPD program activities (homeless assistance programs (including ESG), CDBG, HOME, HOPWA) from the Line of Credit Control System (LOCCS) during the closure period. The ability to make authorized draw downs of pre-FY 2014 program funds will continue uninterrupted unless it is necessary for a HUD employee to approve a voucher or lift a system edit prior to a draw down in which case the draw down cannot be made.

CPD grantees submit consolidated plans that are deemed approved if not disapproved within 45 days of submission. These are rolling submissions that are due 45 days prior to submission of the start of their program years. CPD grantees select the start dates of their program years. A long-term shut down could result in the automatic approval of consolidated plans. Technical assistance providers may continue to carry out activities on previously approved work plans.

Office of Housing, Multifamily Section 202/811 Development

According to the HUD [contingency plan](#), this division will continue performing:

- Closings on Projects with Firm Commitments with scheduled closing dates during the shutdown period and
- Final Closings on Projects with critical deadlines.

However, no construction draws or construction inspections will be done in the first 10 days of any shutdown and will be re-evaluated as needed for use of intermittent staff.

Office of Public Housing, Housing Choice Voucher Program

The following Q&A from HUD's [contingency plan](#) explains how the shutdown would affect the Public Housing Authorities' (PHAs) Housing Choice Voucher Program:

In the event of a government shutdown, will I be able to drawdown funding for the Public Housing program, Indian Housing program, and the Housing Choice Voucher program?

You will be able to draw down funds from LOCCS (Line of Credit Control System) for the purpose of accessing funds for public housing (operating subsidies and capital funds) and Indian housing that have already been obligated in the system and which can be drawn down without further action or review by HUD employees. However, funds that have not yet been obligated or that require HUD review will not be available.

For the Housing Choice Voucher program, October payments were disbursed prior to October 1, 2013 and should be available to HCV participants.

Will PHAs receive October Housing Assistance Payments (HAP) and administrative fees?

October HAP and administrative fees are currently scheduled to be disbursed at their normally scheduled time. However, any funding action which requires HUD staff assistance (e.g., and fee frontload requests, submissions of budget revisions for ModRehab, Mainstream 5, SRO, etc.) will not be processed during the government shutdown.

Will PHAs receive November (and subsequent) HAP and administrative fees?

This depends on whether Congress passes a budget or reaches a deal on a Continuing Resolution. There are no payments beyond October scheduled to disburse at this time. HUD's ability to make timely November payments will depend upon receipt and timing of adequate allotments of funds, and having staff available to process funds and schedule disbursements.

Should PHAs continue to issue vouchers during a government shutdown?

PHAs are not required to cease issuing vouchers during a government shutdown. However, PHAs are advised that HUD may be unable to make additional HAP and administrative fee disbursements beyond the October payment in the event of a prolonged government shutdown. PHAs should assess their financial ability to make payments on behalf of currently assisted households as well as those potentially to be served when considering their ability to issue vouchers.

Can PHAs submit their financial information during a government shutdown?

Since the financial system will still be operational during the shutdown, PHAs will still be able to submit their financial information; however no one will be available to review the submission until the government reopens.



U.S. Department of Labor (DOL)

Employment and Training Administration (ETA)

The DOL's Employment and Training Administration administers federal government job training programs, including the Workforce Investment Act (WIA), YouthBuild and Job Corps programs, among others. According to the DOL's [contingency plan](#), during a lapse in appropriations, ETA will suspend all operations and its staff will be furloughed with a few exceptions.

Job Corps will maintain operations of all 125 centers housing approximately 28,000 students because the operation of the centers is maintained by contracts that utilize PY 2013 funds and the need exists to protect the life and safety of students and facilities. The center-related contracts are funded through November 1, 2013. After November 1, action will be required to provide additional PY 2013 funds to maintain center operations.

U.S. Department of Transportation (DOT)

According to DOT's [contingency plan](#), the Federal Transit Administration (FTA) would not continue any of its unfunded core agency functions. No grants, cooperative agreements, contracts, purchase orders, travel authorizations, or other documents obligating funds would be executed.

FTA would not make grant payments using FTA's Financial Management Systems or vendor payments to contractors using the DELPHI accounting systems regardless of the fiscal year cited since appropriations would not be available to pay the salaries of the staff certifying and executing the payments. FTA customarily reimburses transit agencies for ongoing operations and construction projects to enable them to provide transit services and pay employees and contractors. October is typically a month where grantees request substantial reimbursements. In October of FY 2013 payments averaged about \$200 million per week.

FTA would not obligate grant funds for projects carried out by approximately 1,300 grantees throughout the country as FTA staff that perform these functions are not considered excepted employees. FTA grants primarily fund operating expenses and capital projects.

For projects under development, FTA staff would not carry out environmental, legal, civil rights, and other reviews essential for advancing projects to the point of obligation, since these are not related to immediate issues of life and safety.

Program oversight activities would continue but only with funds provided by prior year appropriations. Most oversight activities are performed by contractors.