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Ag Secretary Stresses Risks of Government Shutdown on Farm Loans, Food Aid

Secretary of Agriculture Tom Vilsack led off Monday's daily White House press briefing, stressing that a government shutdown would affect those utilizing the Women, Infants and Children food program almost immediately. USDA financing for loans will also be affected.

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KANSAS CITY, Mo. (DTN) -- Farmers would lose immediate access to marketing loans during a government shutdown unless Congress comes to some kind of agreement this week, Agriculture Secretary Tom Vilsack said Monday.

The White House ramped up its criticisms over a possible partial federal government shutdown by stressing cuts to food aid. The White House put out an early morning news release headlining the impact on 7 million low-income women and their children enrolled in the Women, Infants and Children (WIC) food-aid program.

Vilsack led off the daily White House press briefing. His main point was funding would immediately cease for the majority of people on WIC. Vilsack said more than 50% of all newborn children are on WIC.

"The vast majority of WIC participants would see an immediate reduction and end of those benefits," Vilsack said.

For some women and children, their WIC benefits would end in a matter of days. Others in some states with funding surpluses could last longer, Vilsack said. "If we have a shutdown, WIC shuts down."

For the farm economy, Vilsack said the biggest impact would be farmers seeking marketing loans during harvest. The secretary said cutting off access to those loans would impact the farmers dealing with cash flow problems the most.

"It puts at risk the small and midsized farming operations to get credit when they need credit," Vilsack said. He added, "It creates a tremendous amount of stress."

Almost ironically, even as Vilsack talked about the risks to farm loans, a group of senators on Monday introduced a bill, the "Producer and Agricultural Credit Enhancement (PACE) Act," meant to expand farmers' and ranchers' access to USDA loans.

If a shutdown occurs, Vilsack noted it would close Farm Service Agency (FSA), Rural Development and Natural Resources Conservation Service (NRCS) offices in nearly every county across the country.

Nationally, USDA would end up furloughing more than 50,000 employees without pay. A shutdown also risks scrapping a long-term budget fix that would support

the pay for thousands of USDA and Department of Interior firefighters.

"There are real consequences to real people in a real way when there is a shutdown."

Beyond farm loans, work on FSA farm loans would be halted, whether it is a loan guarantee or a direct loan. Vilsack pointed to the scenario of newlyweds trying to buy a home in a rural community.

"With a shutdown, those loans don't take place," Vilsack said, adding it is conceivable people could lose those home loans altogether

Asked by White House reporters about food safety inspections, Vilsack said USDA would continue to inspect meat, poultry and processed eggs. "We will continue to have food inspection," he said.

Some other impacts of a federal shutdown on Sept. 30 would be that crop reports would be halted. The typical Monday Crop Progress reports would be suspended. Depending on the length of a shutdown, the Oct. 12 World Agricultural Supply & Demand Estimates (WASDE) report and Crop Production reports would be suspended. Weekly export sales reports would also be delayed.

Vilsack noted there was a "deal" this past summer on the budget that both the Senate and House passed. "A deal's a deal. To me, there's no reason for us even having this conversation," he said.

The secretary challenged House Speaker Kevin McCarthy, R-Calif., to make a deal that would avoid a shutdown. "The speaker needs to do his job. He fought for it. He negotiated for it. He needs to do the job and get the job done."

Asked about the farm bill, the Secretary criticized the House Appropriations bill for USDA, which would lead to steep cuts for a range of USDA programs. He called the proposed cuts "pathetic, punitive and petty." Asked about a possible delay, the secretary said members of Congress typically call USDA for "technical assistance" on farm bill questions. "The phone's not going to be answered because there's no one there."

Also see, "Stabenow Talks Farm Bill Challenges,"

<https://www.dtnpf.com/agriculture/web/ag/news/article/2023/09/25/new-trade-foreign-aid-dollars-usda>

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