



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

MAR - 8 2013

The Honorable Charles E. Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley:

Thank you for your letter of February 26, 2013, cosigned by your colleagues, about the impact sequestration will have on U.S. farmers and the meat and poultry industry and its employees. I appreciate the opportunity to address your concerns.

We agree that furloughing Food Safety and Inspection Service (FSIS or Agency) employees, including our food safety inspectors, would have an adverse impact on those employees and the American public. Unfortunately, unless actions are taken to address sequestration, FSIS will have no choice but to furlough its employees in order to stay within the funding levels Congress has provided.

You posed multiple specific questions in your letter. I have included an enclosure that addresses each of them in turn.

Again, we fully recognize that furloughing our food safety inspectors would have harmful consequences for consumers, the economy, the meat and poultry industry, and our workforce. This is precisely the reason we view such furloughs as the last option we would implement to achieve the necessary sequestration cut.

Thank you again for your letter, and for sharing your concern about the impact of sequestration. If you have further questions, or if we can be of additional assistance, please have a member of your staff contact Brian Baenig, Assistant Secretary for Congressional Relations, at (202) 720-7095. A similar letter is being sent to your colleagues.

Sincerely,

A handwritten signature in blue ink, reading "Thomas J. Vilsack", is positioned above the typed name.

Thomas J. Vilsack
Secretary

Enclosure

Enclosure

Question (Q) 1: What is USDA doing to reduce spending in the areas of travel, seminars, conferences, and operating expenses in light of sequestration? Please provide an accounting of the savings USDA expects to save from these areas.

Answer (A) 1: USDA has taken extensive, preventive actions to mitigate the impact of sequestration. As part of our proactive approach, USDA has implemented and continues to implement numerous improvements intended to streamline operations, reduce costs, and provide flexibility to address pending budgetary challenges. As a result of these initiatives, the Department has achieved over \$700 million in efficiencies, savings, and cost avoidances during the last 3 fiscal years.

Specifically, FSIS has undertaken numerous efforts to reduce its operating costs, including streamlining projects, strategic sourcing of procurement contracts, and other innovations. Eighty (80) percent of FSIS' total funding is salaries and benefits, primarily for front line personnel at about 6,263 establishments and 150,000 in-commerce facilities nationwide. An additional 15 percent is spent on front line travel, fixed support costs, and other inspection services, leaving about 5 percent for supplies and operating expenses. In anticipation of sequestration, the FSIS Administrator directed the initial fiscal year 2013 budget allocations to be reduced across program areas—making cuts in travel, training, conferences, and other operating expenses—and continued to limit hiring of non-front line staff. These proactive cost-saving initiatives enabled the Agency to significantly decrease the potential number of furlough days required to meet the sequestration target. Furthermore, FSIS has consolidated some of its district offices, reducing the number of offices from 15 to 10, and plans to reorganize its headquarters as well. These moves will achieve additional efficiencies without compromising public health.

Q2: Please provide any written legal opinions you have been provided by USDA attorneys, the White House, or the Office of Management and Budget, indicating you have the ability to disregard the requirements under the FMIA and PPIA and furlough inspectors.

A2: Please rest assured that we consider furloughs the least desirable option for us to achieve the reductions Congress mandated through the Budget Control Act of 2011. FSIS' governing statutes require that food safety inspections of meat and poultry products be conducted by FSIS personnel, with authorizations for Congress to make appropriations in such sums as necessary for that purpose. Accordingly, furloughing inspection personnel to comply with the limits of appropriations enacted by Congress for that purpose does not violate any provisions of the FMIA and PPIA. Faced with reduced resources as a result of sequestration, FSIS must take appropriate steps, potentially including furloughs, to control its expenditures and stay within its funding authority for the fiscal year. Unlike other budget scenarios, such as a short-term government shutdown, the exemption provisions of the sequestration statutes do not include exceptions that would be applicable to FSIS inspection activities. Although the PPIA and the FMIA state the Secretary shall "cause to be made" inspections of meat and poultry, this requirement is not a mandate for the Secretary to inspect meat and poultry regardless of the conditions imposed by Congress on how those inspections must be conducted at Federal government expense.

That is, the Secretary continues to be bound by fiscal law, including the Antideficiency Act (ADA), which prohibits government officials from making or authorizing expenditures exceeding the amounts Congress has appropriated for those expenditures. There are no exceptions in the applicable statutes that would exempt FSIS inspection activities from sequestration.

Q3: Please provide your plan for furloughs in the office of the USDA Secretary due to the requirements of the Budget Control Act of 2011.

A3: Based on current budget assumptions and spending projections, political appointees in the immediate office of the Secretary may be furloughed up to 3 days.

Q4: In a letter you sent in mid-February to the American Meat Institute, National Cattlemen's Beef Association, National Pork Producers Council, National Chicken Council, and National Turkey Federation, you stated, "[W]ere sequestration to become reality, it simply would not be possible for FSIS to achieve the requisite level of savings by furloughing non-front line staff alone." Please explain this assertion. In addition, please explain why USDA cannot use furloughs in other mission areas in order to keep FSIS inspectors on the job. If you have received written legal opinions pertaining to sparing FSIS inspectors and furloughing other USDA employees instead, please provide a copy.

A4: Furloughing FSIS' non-inspection personnel for the maximum number of days would not generate sufficient savings to eliminate the impact on inspection personnel. Moreover, because inspectors' work is integrated with and supported by the work of non-inspection personnel, such an approach would make it difficult if not impossible for FSIS to fulfill its food safety mission. A furlough that is applied unevenly across the Agency may compromise food safety due to delays and disruptions in coordinating and scheduling inspector activities and receiving timely administrative and IT support, as well as substantially impact inspector availability and decrease industry productivity.

Furthermore, even with existing transfer and reprogramming authority, FSIS cannot achieve the requisite spending reductions without resorting to furloughs of front line personnel, and the Secretary does not have the legal authority to transfer funds from other mission areas to FSIS.