



MEMORANDUM

TO: Karen Keene, Director of Federal Affairs, CSAC

FROM: Joe Krahn
CSAC Washington Representative

CC: Matt Cate, Executive Director, CSAC
DeAnn Baker, Director of Legislative Affairs, CSAC

DATE: August 12, 2013

SUBJECT: Status Report on Fiscal Year 2014 Appropriations Process

Although the start of the new fiscal year is just a month and a half away, members of Congress have made limited progress on the 12 appropriations bills that comprise the federal budget. In the House, lawmakers have cleared four of the annual spending measures (Defense, Military-Veterans Affairs, Homeland Security, and Energy and Water). For its part, the Senate has failed to pass any of its appropriations bills.

Just prior to adjourning for their summer recess, House and Senate lawmakers were forced to pull their respective fiscal year 2014 Transportation-Housing and Urban Development (T-HUD) spending bills from the floor. In the upper chamber, Republicans oppose the legislation due to the fact that Democrats have been writing appropriations bills under a \$1.058 trillion spending level for fiscal 2014, instead of the sequester-mandated \$967 billion. The Senate T-HUD bill would provide roughly \$5.6 billion more than current spending under sequestration.

Across Capitol Hill, House Republican leaders pulled their T-HUD measure from consideration a day after the chamber had begun debating the bill due to concerns from moderate Republicans and the Democratic caucus regarding the size and scope of funding reductions for a number of key programs, including the Community Development Block Grant. All told, the House legislation would provide \$44.1 billion in discretionary spending, or a reduction of \$7.7 billion below the fiscal year 2013 enacted level. When taking into account sequestration, the proposed funding level is approximately \$4.4 billion below actual current-year spending. By way of contrast, the Senate bill would provide \$54 billion for T-HUD programs, or roughly \$10 billion more than the House measure.

The stalemate over the transportation-housing spending legislation is representative of the difficulty of advancing appropriations bills in a divided, post-sequestration Congress. Of course, even prior to the passage of the 2011 sequestration law, major difficulties and resulting delays on the federal budget had become commonplace. By way of illustration, the last year in which Congress passed all regular appropriations bills on time was in 1996. Since that time, lawmakers have had to resort to a series of funding extensions in order to keep the government operating until approval of a new budget (there have been a staggering 79 continuing resolutions (CR) enacted since 2000). Moreover, in some years, including the current fiscal year, Congress has simply relied on a CR to fund most or all of the federal government.

Looking ahead, members of Congress will have a limited number of legislative days in which to approve a new budget once they return to Washington on September 9. Given the difficulty in advancing this year's appropriations bills, key lawmakers have already begun the process of preparing a stop-gap spending measure.

For their part, House Republicans favor a two-month CR in order to allow members to revisit fiscal year 2014 spending when the federal debt limit needs to be raised later in the year. Additionally, Republicans may look to tie future spending and a debt limit increase to a possible entitlement and/or tax overhaul. Senate Democrats, on the other hand, favor a longer-term CR; such a strategy would allow Congress to deal with fiscal matters separately, including a possible replacement for the sequester.

Regardless of the duration of the extension, lawmakers will need to act fast in approving a temporary spending bill in order to avoid a government shutdown (a new budget or a CR would need to be in place prior to October 1). While some conservative Republicans are threatening a shutdown if Congress does not vote to defund the *Affordable Care Act*, it is nevertheless expected that a CR will be approved sometime in September.

Beyond that, it is difficult to predict if lawmakers will approve a new budget or simply rely on another stop-gap appropriations measure to provide continuing spending authority. It also remains to be seen whether future budget deliberations will be tied to other fiscal matters, including discussions regarding the need to raise the government's borrowing authority and/or a possible sequester replacement.

I hope this information is useful to you. Please do not hesitate to contact me if you have any questions or if you need any additional information.