Washington Update
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Report courtesy of Lewis-Burke Associates

It is June – Where are the Appropriations Bills?

June and July are usually peak months for Congressional action on the annual appropriations bills, but there are no fiscal year (FY) 2011 bills in sight. At issue is the increasing pressure on Members over federal spending and the historically high level of the annual deficit (now about $1.3 trillion). With the high stakes for the President and both parties in the mid-term elections, it is certain that most, if not all, appropriations bills will be postponed until after the November election. As has become a fall ritual, a Continuing Resolution (CR) will be needed to fund government operations into the new fiscal year beginning on October 1.

The delay in acting on the appropriations bills and the prospect of a CR is particularly disappointing this year, as the President’s FY 2011 budget request contains strong proposed increases for federal science programs despite the proposed freeze on overall non-security (e.g. domestic) spending. While the Appropriations Committees are not obligated to carry out the President’s proposed spending freeze, they are under similar pressure to demonstrate fiscal responsibility and are expected to also adopt a tight or flat level for their aggregate spending allocation. Given these budget constraints, the appropriators will have to make tough decisions on proposed reductions or terminations of federal programs in order to fund the President’s priority initiatives such as increased funding for federal science agencies.

Looking ahead, the issues Congress is expected to tackle over the next several months include:

- In the three weeks leading up to the July 4th recess, Congress is struggling to adopt a jobs and tax extenders bill and the FY 2010 emergency supplemental appropriations bill which includes funding for Department of Defense operations in Iraq and Afghanistan, aid to victims of natural disasters in the U.S., and aid to earthquake recovery in Haiti and other foreign aid. Retiring House Appropriations Committee Chairman David Obey (D-WI), is the driving force to secure $23 billion in education jobs funding, $5.7 billion to pay the Pell Grant shortfall, and other domestic spending in the supplemental. Moderate and conservative Democrats have balked at this additional spending without offsetting savings to help pay the cost.

- This division between the liberal and conservative wings of the Democratic party has also stalled action on a FY 2011 budget resolution, which would provide the House and Senate Appropriations Committees with the spending allocation within which to draft the spending bills. Given the stalemate, Congressional leadership is considering the possibility of a “deeming” resolution that would establish the overall spending level for the appropriations bills. The issue is what spending level to “deem” – the
President’s proposed freeze on non-security spending, the additional $4 billion reduction assumed in the Senate-reported budget resolution, or some other amount.

- Assuming the deeming resolution is passed, consideration of the FY 2011 appropriations bills is likely to begin in July with Subcommittee actions on some of the less controversial bills. However, with budget constraints and concerns over federal spending and deficits, it appears unlikely that much real progress will be made on the appropriations bills before the election.

- The appropriations bills would also have to compete with other major legislation on a crowded Congressional agenda, including financial services reform, bills responding to the BP oil spill in the Gulf of Mexico, climate and energy legislation, immigration reform, and a Supreme Court nomination in the Senate.

All of these factors— the constrained fiscal environment, the tension within and between the political parties leading up to the November elections, and the crowded Congressional calendar—combine to ensure that at least a short-term CR will be needed to fund the government after October 1 and probably until after the election. It is even conceivable that no agreement on appropriations will be possible and a CR will flat-fund the federal government through all of FY 2011.