SEPTEMBER IN WASHINGTON MEANS CONTINUING RESOLUTION

September in the Nation’s Capital again means that the federal government will operate on stop gap, short-term funding authority under a Continuing Resolution (CR). By the end of next week, Congress must pass a CR to continue operations of the entire federal government while it makes a push to complete the 12 annual appropriations bills before the end of the year. The initial CR is likely to run for at least one month and possibly into November to allow Congress to put an appropriations strategy into play. Extension of the CR into December is likely to allow Congress to wrap up the final appropriations bills.

The President has vowed to veto appropriations bills that spend more than the $933 billion he requested overall. The pending FY 2008 appropriations bills spend $22 billion more on domestic programs than the President requested. With additional billions in spending for major policy legislation on health care, energy, and agriculture, indications are that the President will use his veto pen sometime this fall. However, after more than six years of Administration budgets that squeeze domestic spending, there is a pent up demand for more domestic spending even among Republicans in Congress. Following a year without congressional earmarks (FY 2007) and facing an election year, the political stakes for Republicans are very high if asked to override a veto by the President of the domestic spending bills.

To start with a minimum of disruption, Congress may very well continue programs at the FY 2007 enacted level for the period of the CR rather than requiring the lowest of the House, Senate, or FY 2007 (current) level.

Passing one omnibus appropriations bill which could total nearly $1 trillion for the first time is not an attractive option to Congress, nor is a year-long CR. Senate passage of four popular appropriations bills (Homeland Security, Military Construction/Veterans Affairs, State/Foreign Operations, and Transportation and Housing and Urban Development), and likely passage later this month of the Defense Appropriations bill, increases the likelihood of Congress attaching other bills to the five to send “minibus” bills to the President. An emergency war supplemental totaling $150 to $200 billion is also pending before Congress for action this year.

The timing is ripe for the President to use his veto pen on spending legislation, but history shows that both ends of Pennsylvania Avenue lose if a stalemate results in a government shutdown. While a veto strategy may initially be followed by the White House, at the end of the day -- and it may be December -- both the President and the Congress are likely to come to a meeting of the minds on the FY 2008 appropriations bills.