FY 2007 Year-Long Funding Resolution

Update courtesy of Lewis-Burke Associates, LLC

The incoming Democratic Majority continues to set the agenda for the 110th Congress that will convene in January. In an unprecedented decision, the new leadership has decided to resolve the FY 2007 appropriations impasse by taking up a year-long joint funding resolution to fund the domestic and international affairs functions of the government with no Congressional earmarks, which are currently in the pending appropriations bills.

The new congressional leadership has made a strategic decision. By leaving the appropriations mess as a Republican legacy, it starts next year with a clean slate. A year-long funding resolution also avoids a confrontation with the President early in the Congress when the new leadership has set a moderate, bipartisan tone for the Democratic Party to return to governing. The resolution also gives the Democrats the opportunity of defining its priorities in the FY 2008 budget resolution and subsequent appropriations bills.

What does a year-long joint funding resolution mean? It generally means that programs and agencies for the entire federal government with the exception of the Departments of Defense and Homeland Security, which have appropriations bills enacted into law, are likely to be funded by a formula. Congress could use the formula enacted in the Continuing Resolution of the lower of the House-passed, Senate-passed, or current (FY 2006 enacted) rate through September 30, 2007, although the Democrats could utilize some other approach. (Note: there is only one bill that has passed the Senate, which is the Military Construction/VA bill.)

The year-long funding resolution can be expected to have some adjustments to avoid disruption of federal programs, including the furlough of federal employees. While there may be a push to fund some priority programs or initiatives, such as the American Competitiveness Initiative, it will be difficult to make major exceptions without opening debate on a large array of programs. One expected exception is for medical care for veterans, which has a special provision to transfer funding if needed during the current CR, which runs through February 15.

It means that no FY 2007 earmarks will be funded, leading to a backlog of requests pending for FY 2008. The Appropriations Committee leaders have specifically said that pending FY 2007 earmarks will be eligible for consideration in FY 2008, and that they will be subject to “new standards for transparency and accountability.” Members of Congress will have to resubmit those requests to be considered. (Note: this is actually the second year that no earmarks have been funded in the Labor-HHS-Education Appropriations bill, leading to a significant backlog of earmark requests in this bill.)

Ultimately, with the Democratic focus on lobbying and earmark reform as one of its early agenda items, there may be an overall retrenchment in the number and dollar amount the
appropriators devote to special congressionally-designated projects, or earmarks, in FY 2008, leading to intense competition for earmarks in the new appropriations bills.

The Democratic Leadership and Appropriations Committee Chairmen have joined forces on this strategy recognizing that the President’s FY 2008 budget will be submitted to Congress a month after the new Congress convenes and that a significant request for additional funding for the War in Iraq and Afghanistan will need to be considered. The new Appropriations Committee leadership has committed to moving the individual appropriations bills on time, noting that the last time this occurred was in 1994 when they chaired the committees.

To review the press announcement of December 11 in its entirety, please go 
http://democraticleader.house.gov