



ML
STRATEGIES

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

APRIL 30, 2012

FY13 Appropriations Process

The House Appropriations Committee last week approved its “302(b) allocations” for Fiscal Year 2013, setting total discretionary spending levels for the twelve annual appropriations bill at \$1.028 trillion, which is consistent with the funding level called for in the House Budget Resolution that was approved in March, but about \$20 billion below the spending level of \$1.047 agreed upon last August in the Budget Control Act (BCA) and used in the Senate allocations which were approved earlier this month.

The House and Senate allocations for each of the twelve spending bills are:

- Agriculture: \$19.405 billion (House); \$20.785 billion (Senate)
- Commerce/Justice/Science: \$51.131 billion (House); \$51.862 billion (Senate)
- Defense: \$519.22 billion (House); \$511.16 billion (Senate)
- Energy & Water Development: \$32.098 billion (House); \$33.361 billion (Senate)
- Financial Services & General Government: \$21.150 billion (House); \$22.991 billion (Senate)
- Homeland Security: \$39.117 billion (House); \$39.514 billion (Senate)
- Interior, Environment: \$28 billion (House); \$29.662 billion (Senate)
- Labor, Health & Human Services: \$150.002 billion (House); \$157.722 billion (Senate)
- Legislative Branch: \$4.289 billion (House); \$4.42 billion (Senate)
- Military Construction/Veterans’ Affairs: \$71.747 billion (House); \$72.241 billion (Senate)
- State/Foreign Operations: \$40.132 billion (House); \$49.843 billion (Senate)
- Transportation/HUD: \$51.606 billion (House); \$53.438 billion (Senate)

The Energy and Water Development and Commerce/Justice/Science appropriations bills have been approved by the full House Appropriations Committee at the above allocation levels.

The Senate Appropriations Committee has approved the Agriculture, Commerce/Justice/Science, and Transportation/HUD bills.

Although non-Defense spending in the House allocations was scaled back, Defense spending was not only spared a cut but was actually increased over the levels called for in the BCA. The allocation for Defense is \$519.22 billion, while the BCA called for, and the Senate allocated, \$511.16 billion. The BCA called for spending cuts equally shared by non-Defense and Defense – a point of contention for many Republicans who feel that the Pentagon was asked to share too much of the burden to address the national debt.

With Democrats arguing that the reduced allocations go too far, 4 GOP members of the House committee failed in pushing for adoption of a proposal to make even deeper cuts and set total discretionary spending at \$931 billion. All Democrats and all other Republicans on the committee voted against that proposal.

The outlook for the spending levels approved this week seeing final enactment is not clear. House Democrats have stated that the Senate will not accept the House allocation numbers since they are \$20 billion below the agreed up on levels of the BCA and the Senate allocation.

Committee Chairman Hal Rogers (R-KY) says that the lower numbers will “demonstrate how seriously this House takes its charge to rein in extraneous and unnecessary spending.”

Further complicating the outlook for final passage is the political environment leading up to the November elections, meaning that the FY13 Appropriations process could be left to the Lame Duck session of Congress after the November elections, even though the fiscal year will begin on October 1. This would require a Continuing Resolution to temporarily fund the federal government until the FY13 bills are finalized.

While Chairman Rogers says he is “determined” to finish all twelve of the spending bills, Speaker Boehner says that the goal is to get “as many of these bills done as possible.” Given the history of the past few years, and the calendar for this year, a likely scenario is that, after the expected CR the Lame Duck Congress will either pass an Omnibus bill – packaging all twelve spending bills together – or a series of “minibus” bills, each made up of some portion of the twelve spending bills. Should that happen, the Omnibus or minibuses would likely be seen by some as a vehicle to enact policy via what are known as “riders.” This was attempted last year in efforts to influence policy at the Environmental Protection Agency, and we would probably see similar policy-motivated efforts again this year. Of course, the outcome of the elections will determine who feels that they have the upper hand in those debates, and there is also precedent for passing a long-term CR and leaving final approval of FY13 spending to the new Congress next year.