



BUDGET BULLETIN

SENATE COMMITTEE ON THE BUDGET
CHAIRMAN MIKE ENZI | @BUDGETBULLETIN

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Fiscal Year 2017 Continuing Resolution

In This Issue:

*Fiscal Year 2017 Appropriations
Continuing Resolution Overview
Budget Committee Evaluation
BudgetSpeak: Limiting CHIMPS*

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EDITOR'S NOTE: All years are fiscal years unless otherwise stated.

Bipartisan Budget Act of 2015 and Ensuing Appropriations

Passage of the [Bipartisan Budget Act of 2015](#) (BBA, P.L. 114-74) in November 2015 allowed Congress to complete its 2016 appropriations work. It was also meant to facilitate an orderly 2017 appropriations process by adding \$15 billion each to the [Budget Control Act of 2011](#) (BCA; P.L. 112-25) spending caps for the defense and non-defense discretionary categories. Supporters of the BBA believed that the higher spending caps, along with agreed-upon levels of overseas contingency operations (OCO) both for the Department of Defense and non-defense international affairs programs, would put the question of appropriate budget top-lines to rest.

2017 Caps: BCA vs. BBA

(Budget Authority, \$ Billions)			
	BCA	BBA Cap	Difference
Defense	536.1	551.1	15.0
Non-Defense	503.5	518.5	15.0
Total	1,039.6	1,069.6	30.0

Despite initial successes, this year's appropriations process proved difficult. The process started as required with the Appropriations committees [reporting legislation in April](#). The vast majority of bills received strong bipartisan support in committee. The Senate Appropriations Committee

reported all 12 bills [by June 29](#), and the House Appropriations Committee finished its work [two weeks later](#).

2017 Appropriations Activity

Subcommittee	Senate		House	
	Reported	Passed	Reported	Passed
Agriculture	✓		✓	
Commerce/Justice/Science	✓		✓	
Defense	✓	✓	✓	
Energy/Water	✓	✓	✓	✓
Financial Services	✓	✓	✓	
Homeland	✓		✓	
Interior	✓	✓	✓	
Labor/HHS/Edu	✓		✓	
Legislative	✓	✓	✓	
MilCon/VA	✓	✓	✓	✓
State/Foreign	✓		✓	
Transportation/HUD (THUD)	✓	*	✓	*

*-The Senate passed a bill containing MilCon/VA and Transportation/HUD, but the conference report was not agreed to.

The first bill to pass both houses was Military Construction and Veterans Affairs (MilCon/VA), which the Senate merged with Transportation/HUD (THUD) on May 19. Both chambers also passed an Energy and Water bill in May, though it did not go to conference. The House passed the MilCon/VA bill on June 23 (without THUD funding provisions). Although the Senate had passed the combined bill by a vote of 89-8 a few weeks earlier, a cloture vote on the conference report failed due to a disagreement over emergency funds to combat the Zika virus. The Zika disagreement [lingered through the continuing resolution \(CR\)](#), with repeated cloture votes in July and September falling short as well.

The appropriations process eventually ground to a halt for numerous reasons ranging from gun control to war funding. As a result, none of the 12 annual spending bills made it through regular order to the president's desk.

2017 Continuing Resolution Overview

In order to comply with Senate procedural rules and meet the September 30 annual government funding deadline, [on September 22](#) Senate Majority Leader Mitch McConnell put forward a 2017 [continuing resolution](#) short-term spending measure. After a failed cloture vote on September 28, additional negotiations led to final passage on September 29.

The CR funds the government through December 9, providing time for Congress to pass spending legislation for the rest of the year. The 2017 continuing resolution also contains the full-year MilCon/VA Appropriations bill, \$1.1 billion in emergency funds for efforts to combat the Zika virus, and \$500 million for natural disasters.

This marks the 20th consecutive year that Congress has used a continuing resolution to fund the government. During that time, a total of 107 CRs have been enacted.

Anticipating a CR, the Congressional Budget Office (CBO) in August [released a score](#) of a base CR, whose spending level would be [\\$10 billion above the caps set by the BBA](#). A base CR is essentially a resolution that would extend all provisions from a previous year's appropriations cycle for a certain period of time without any legislative alterations.

2017 CR Base Compared to 2017 BBA Caps			
(Budget Authority, \$ Billions)			
	CR Base	BBA Cap	CR Base Over(+)/Under(-)
Defense	549.6	551.1	-1.5
Non-Defense	530.1	518.5	11.6
Total	1,079.7	1,069.6	10.1

There are three primary reasons that the base CR cost was so much higher: First, the unaltered changes in mandatory program spending (CHIMPS) included in the base CR were not able to generate the same level of savings that were produced last year (approximately \$5 billion). Second, it included higher than normal MilCon/VA spending levels due to increased advance appropriations for MilCon/VA enacted last year. Third, \$3.4 billion in rescissions from the 2016 appropriations were not repeated.

To address the CR base's overage of \$10 billion, the Appropriations Committee increased the amount of CHIMP savings related to the Children's Health Insurance Fund by \$4.2 billion. There is also a 0.496 percent across-the-board (ATB) spending reduction on the non-MilCon/VA portion of the CR, with the amounts shown in the [CBO score of the CR](#). It should be noted that certain types of spending are not affected by ATB cuts, such as indefinite appropriations, net-negative fee accounts, rescissions, and CHIMPS. In addition, the MilCon/VA bill in the conference report is lower than the CR base.

Reductions to Achieve 2017 CR Enacted Level

(Budget Authority, \$ Billions)				
	ATB Reduction	MilCon/VA	CHIMPS & Misc.	Total
Defense	-2.7	-.5	0	-3.1
Non-Defense	-2.3	-3.5	-4.2	-10.0
Total	-5.0	-3.9	-4.2	-13.1

Combined, the provisions included by the Appropriations Committee achieved \$13.1 billion in reductions from the CR base level. If the overage were only \$10 billion, why did the Appropriations Committee include an additional \$3 billion in reductions? Reductions of \$13.1 billion allowed the Appropriations Committee to state that the CR spent up to the amount that was enacted in 2016 (\$1,067 billion).

2017 CR Base vs 2017 CR Enacted

(Budget Authority, \$ Billions)			
	CR Base	CR Enacted	CR Enacted Over(+)/Under(-)
Defense	549.6	546.5	-3.1
Non-Defense	530.1	520.1	-10.0
Total	1,079.7	1,066.6	-13.1

Budget Committee Evaluation: Enforcement and Adjustments

Although no points of order were raised on the floor, the CR contains multiple violations of budget rules. The following provides an overview of the Budget Committee's enforcement analysis:

Allocation: A majority of violations are the result of section 302(b) of the [Congressional Budget Act of 1974](#) (P.L. 93-344), which limits Appropriations subcommittees to spending caps set by the Appropriations Committee. Seven of the 12 subcommittees contain spending beyond their limits in the CR, which causes violations under section 302(f). This is common in CRs, since they differ from committee-reported appropriations bills.

When a CR does not cover a full year, it is standard practice for the Appropriations Committee not to alter the 302(b) allocations, since these allocations would need to be quickly readjusted for full-year appropriations. Similarly, the Budget Committee does not make allocation adjustments for partial-year spending in a CR for designated funding, such as OCO, disaster funds, and program integrity, that qualifies for cap adjustments under the [Balanced Budget and Emergency Deficit Control Act of 1985](#) (BBEDCA, P.L. 99-177, as amended through P.L. 113-93).

The Budget and Appropriations committees do ensure that full-year funds and designated funding that allows for cap adjustments are fully accounted for. This is why the MilCon/VA bill was compliant with section 302 of the Budget Act; the Budget Committee chairman made adjustments on September 26 to accommodate the Zika, disaster, and overseas military construction OCO spending.

Discretionary Spending Limits: The overage for non-defense discretionary spending leads to a violation of section 312(b) and 314(f) of the Budget Act. Importantly, for the duration of this CR, the non-defense overage does not result in an additional across-the-board sequestration to bring appropriations to the cap level. Sequestration would occur, however, if a new CR with the same spending levels were enacted through the end of this congressional session, per section 251 of BBEDCA.

2017 CR Enacted Spending Compared to BBA Discretionary Limits
(Budget Authority, \$ Billions)

	CR Enacted	BBA Cap	CR Enacted Over(+)/Under(-)
Defense	546.5	551.1	-4.6
Non-Defense	520.1	518.5	1.6
Total	1,066.6	1,069.6	-3.0

Emergency Designations: Emergency spending, including the anti-Zika funds in the CR, are subject to a 314(b) “surgical” point of order. A surgical point of order (if sustained by a floor vote) would remove the emergency designation of the challenged spending item. This in turn could require changes to the rest of the bill to avoid a violation of spending levels, since the item would then be counted as regular spending.

PAYGO: Section 101(a)(6) of the CR extends the Homeland Security division of the [Consolidated Appropriations Act of 2016 \(Omnibus, P.L. 114-113\)](#), thus extending several visa programs per sections 573-575 of the 2016 Homeland division, which affects revenues. CBO’s original score of these provisions was annualized, with 1-, 5-, and 10-year numbers provided. For enforcement purposes, the Budget Committee only evaluated the effect of their extension under the CR based on the CR’s duration. Even after adjusting for the CR covering a relatively short timeframe, there is a 10-year revenue reduction that exceeds \$1 million. This reduction triggered a violation of Senate PAYGO (section 201(a) of [S. Con Res. 21, 110th Congress](#)), which prohibits spending or revenue in a piece of legislation from increasing the on-budget deficit relative to the baseline over 6- or 11-year timeframes. Because appropriations levels are set with the spending baseline in mind,

PAYGO is not a factor in most appropriations bills. This revenue loss has been added to the Senate's PAYGO scorecard.

BudgetSpeak

Monkey Business – Limiting CHIMPS in Appropriations

In accordance with congressional scorekeeping rules, changes in mandatory program spending (CHIMPS) contained in appropriations bills are considered discretionary spending for purposes of budget enforcement. CHIMPS typically reduce budget authority (BA) in the budget year, allowing increases in discretionary spending in other parts of a spending bill. Certain CHIMPS, however, reduce BA in the budget year without producing any net outlay (spending) savings over the budget window. This type of CHIMP does not in fact reduce overspending. Section 3103 of S. Con. Res. 11, the fiscal year 2016 budget resolution, caps this category of CHIMPS at \$19.1 billion for fiscal year 2017, applying to all measures providing full-year appropriations. If raised, the section 3103 point of order requires a three-fifths (60) vote to waive.