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With December Deadlines Approaching, Congress Considers Another Continuing Resolution

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With less than a month remaining before the December 8 deadline for adopting an appropriations deal and the December 15 deadline to lift the debt ceiling, it is increasingly likely that Congress will once again pass a Continuing Resolution (CR) to keep the federal government operating and buy time for a longer-term spending agreement for FY18. Outstanding issues include a Republican push for increased military spending beyond the caps outlined in the 2011 Budget Control Act (BCA), Democratic hopes to provide legal protections for DREAMers, congressional appropriations for the Affordable Care Act's Cost-Sharing Reduction (CSR) payments, and President Trump's request for a \$1.6 billion down payment on a southern border wall between the United States and Mexico. Add to that disagreements over disaster funding levels, whether disaster funding should be offset by federal spending cuts, and the congressional Republican focus on tax cuts, and it is likely we are in for another extension through sometime in early 2018.

Background and Analysis: On September 6, President Trump struck a deal with congressional Democrats to keep the government operational until December 8, blindsiding congressional Republicans. In addition to keeping the government operating at FY17 levels, the agreement provided roughly \$8 billion in relief for Hurricane Harvey and suspended the debt ceiling for three months. The prevailing view was that the agreement would give Democrats and Republicans time to come together over a longer-term FY18 spending package. However, with less than a month to go before the agreement expires, Congress has made minimal progress toward a long-term agreement and with the push for tax cuts dominating the headlines, it seems unlikely they will be able to agree on a longer-term deal before the December deadline.

Any government funding agreement would need bipartisan support to pass the Senate. Democrats believe they have leverage to push for a number of measures, including congressional appropriations to fund CSR payments and legal protections for undocumented immigrants impacted by the Trump Administration's decision to suspend the Obama-era Deferred Action for Childhood Arrivals program. Congressional Republicans are also pushing for a number of changes from FY17 spending levels, including an increase in funding for the military. However, Congress remains constrained by the 2011 BCA that mandates parity between defense and non-defense discretionary spending (as well as overall budget caps). As a result, any increase in defense spending (as Republicans desire) would have to be matched with an equivalent increase in non-defense spending (as Democrats desire), making it difficult for some of the more conservative members of the Republican caucus to support the measure.

In addition, there are a number of issues that further complicate this debate, including reauthorizing the Children's Health Insurance Program, extending the debt ceiling, President Trump's request for \$1.6 billion in border wall funding (a non-starter for Democrats), and additional disaster funding for Texas, Florida, California, Puerto Rico, and the U.S. Virgin Islands. On November 17, the White House released its latest emergency supplemental appropriations request, calling for \$44 billion in requested aid.

Congress will likely be unable to reach an agreement before December 8 and will likely adopt a bipartisan agreement over how long to push that deadline into the future. Some Republican legislators are already raising

the alarm over any extension and its potential impact on military planning. Other members are concerned that Congress may not raise the debt ceiling in time to avoid a default. Treasury Secretary Steven Mnuchin has said that even if the debt ceiling is not raised or extended by the December 15 deadline, he feels "comfortable" that the federal borrowing capacity will not run out before the end of January.