



Tuesday, February 6, 2018

Dear CEF Members:

I. Senate bipartisan deal to raise spending caps

- **What we are hearing tonight** – Senate leadership has reportedly reached a deal to raise the defense and non-defense discretionary (NDD) spending caps for two years, which could pave the way for Congress to craft a full-year omnibus funding bill with greatly increased funding. The House is planning to shortly vote on a hybrid government funding bill that provides full-year funding for defense programs at levels that exceed the defense cap, but that provides only short-term funding at last year's levels for NDD programs. After House passage, the Senate would take up the bill and replace the funding levels with its budget deal. What we're hearing is that the Senate would leave in place the House bill's extension of expiring health and other policies, a two-year authorization of the community health centers, and some of the bill's proposed spending offsets. (The [Congressional Budget Office score](#) of the House bill describes all its policies.) Then the House would vote on the Senate's version, and there will be opposition from those who oppose so much new NDD spending.
- **FY 2018 and FY 2019 caps each raised by \$143 billion** – We're told that the deal raises the caps by a total of \$286 billion over two years – a much bigger increase than past deals. We haven't seen anything in print, but here are the specifics we've been told:
 - **Adds \$80 billion for defense and \$63 billion for NDD each year** (total of \$286 billion) – While the two caps don't get the same increase – the parity principle that was followed in the past – the way the funding levels were reached involves a conceptual parity. The deal eliminates the discretionary sequester for each cap(that means providing \$54 billion more for defense discretionary programs, and \$37 billion more for NDD – recall that non-defense spending also has a \$17 billion mandatory sequester that will stay in place). Then the deal increases each discretionary cap by another \$26 billion.
 - **Offsets** – the additional funding is not all offset, but the deal does extend the mandatory sequester, include some mandatory cuts that both President Obama and President Trump had proposed, and cut funding for the health care prevention fund, among other offsets.
- **What we don't know yet** – Government funding expires on Thursday night, so even if Congress passes this deal to raise the caps, it will still need to extend funding to provide time to craft an omnibus at the higher levels. [The House bill](#) extends NDD funding through March 23, but it's not clear what date the Senate version would include.

- Sarah

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