



Thursday, July 20, 2017

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Dear CEF Members:

I. Senate Appropriations Committee sets allocations for all 12 FY 2018 funding bills

- **Senate increases FY 2018 allocation for Labor-HHS-Education funding** – This morning the Senate Appropriations Committee [approved its 302\(b\) suballocations](#) for all 12 FY 2018 funding bills, providing an increase of \$3.0 billion (1.9%) over the FY 2017 enacted level for the Labor-HHS-Education bill. That level is \$8.0 billion above the level in the House funding bill, leaving the possibility for more education funding, but the Committee's explanation makes that seem unlikely. Its background paper notes that the increase is needed "to offset a significant reduction in available savings from mandatory programs." Appropriators routinely enact CHIMPS – changes in mandatory programs – that decrease mandatory spending, which the Congressional Budget Office credits as savings for the bill. The Committee can then use those savings to offset higher discretionary spending. For example, if the Labor-HHS-Education bill makes a CHIMP that cuts \$2 billion in mandatory spending for Children's Health Insurance Program (CHIP), it can spend that \$2 billion on a discretionary spending with no effect on the bill's 302(b) allocation of discretionary spending. The Labor-HHS-Ed bill routinely enacts this CHIMP, which in effect cuts spending that was never going to happen. However, this year, there is less available

to CHIMP in this program, meaning that to maintain funding at last year's levels the bill needs more discretionary funding up front.

- **Senate allocations are quite different from the House** – The attached CEF table compares 2017 funding by bill with the House and Senate allocations, which are very different, in part because the House and Senate have different top lines. Recall that the House is cutting NDD by \$5 billion below the FY 2018 cap level and increasing defense by \$72 billion above its FY 2018 cap level. The Senate Appropriations Committee is taking a different tack. Because the Senate has not passed a budget resolution setting a total for FY 2018 spending – what is called the 302(a) allocation – the Senate Appropriations Committee is starting with spending at the FY 2017 level. However, the FY 2017 total is higher than the FY 2018 sequester level set in law through caps for defense and nondefense discretionary (NDD) spending, meaning that the totals in these bills are likely to be cut. The Senate allocations don't break down the NDD and defense spending by bill.
- **What does this all mean?** – The very different assumptions about defense spending, and about priorities in each bill, set the stage for complicated negotiations if/when the House and Senate pass appropriations bills. The House Appropriations Committee has now passed all 12 of its FY 2018 government funding bills and the House is planning to vote on a package of four appropriations bills next week – a “security omnibus appropriations” package. The Senate Appropriations Committee is only debating its second and third bills today, with the remaining unlikely to be considered until the fall. Perhaps by then there will be negotiations to set new, higher defense and NDD caps.

My best,

Sheryl

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2018 Discretionary Funding, House and Senate 302(b) Allocations

Budget Authority (BA) in billions

	House		House		Senate		2018	
	2018	Senate	House	House	Senate	Senate	2018	
	2017 (CBO	2018	2018 +/-	%	2018 +/-	Senate %	Senate +/-	
	score)	on 7/11)	2017	change	2017	change	House	
		302(b)s						
Labor, HHS, Education	161.025	156.042	164.066	-4.983	-3.1%	3.041	1.9%	8.024
Military Construction, VA	82.376	88.166	88.211	5.790	7.0%	5.835	7.1%	0.045
Transportation, HUD	57.651	56.512	60.058	-1.139	-2.0%	2.407	4.2%	3.546
Commerce,Justice,Science	56.555	53.935	53.366	-2.620	-4.6%	-3.189	-5.6%	-0.569
Homeland Security	42.408	44.328	44.05	1.920	4.5%	1.642	3.9%	-0.278
State, Foreign Operations	36.586	35.345	30.41	-1.241	-3.4%	-6.176	-16.9%	-4.935
Interior and Environment	32.28	31.456	32.03	-0.824	-2.6%	-0.25	-0.8%	0.574
Financial Services	21.515	20.231	20.876	-1.284	-6.0%	-0.639	-3.0%	0.645
Agriculture	20.877	20.001	20.525	-0.876	-4.2%	-0.352	-1.7%	0.524
Energy and Water	37.771	37.562	38.4	-0.209	-0.6%	0.629	1.7%	0.838
Legislative Branch	4.44	4.49	4.49	0.050	1.1%	0.05	1.1%	0
Defense	516.115	584.181	513.1	68.066	13.2%	-3.015	-0.6%	-71.081
total	1069.599	1132.249	1069.582	62.65		-0.017		-62.667

2017 not including disaster, program integrity, emergencies

<https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr244asenacted.pdf>

Senate: <https://www.appropriations.senate.gov/imo/media/doc/072017%20FY2018%20Funding-Guidance.pdf>