

APPROPRIATIONS ANALYSIS

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FISCAL YEAR 2008 CONTINUING RESOLUTION (H.J.Res. 52)

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SUMMARY

The continuing resolution to be considered in the House today is a relatively “clean” bill providing temporary stopgap funding for Federal agencies at the current, fiscal year 2007, rate, with some adjustments. Its overall discretionary spending level falls within applicable limits. Nevertheless, the measure violates the Congressional Budget Act because it breaches the allocation to the Appropriations Subcommittee on Defense, as further explained below. Hence the bill is subject to a point of order on the floor unless the full Appropriations Committee adjusts the allocation, or the rule governing floor consideration waives such objections.

On an annualized basis, the continuing resolution [CR], H.J. Res. 52, would provide \$949 billion in regular budget authority for fiscal year 2008, and \$1.029 trillion in outlays. The measure also includes supplemental funding related to the Global War on Terrorism and homeland security, and short-term extensions of several authorized programs that otherwise would expire after 30 September. It does not include war spending from the fiscal year 2007 spring supplemental (Public Law 110-28).

This CR is necessary because none of the 12 regular fiscal year 2008 appropriations bills has been enacted. If passed by Congress and signed by the President, H.J.Res. 52 will continue discretionary funding for Federal agencies through 16 November 2007, or until the enactment of the regular annual appropriation bills.

Table 1: Continuing Resolution for Fiscal Year 2008 (excluding emergencies)

(dollars in millions)

| | 2007 without Emergencies | 2008 President | 302 (a) for 2008 | CR ^a |
|------------------|--------------------------|----------------|------------------|-----------------|
| Budget Authority | 872,718 | 932,847 | 954,095 | 949,404 |
| Outlays | 965,414 | 1,011,245 | 1,029,097 | 1,028,741 |

^a Includes \$5.2 billion in emergency designated budget authority reflected in the totals.

COST OF THE BILL

Under current congressional budget rules, the cost of a short-term CR is determined on an annualized basis: that is, the spending rates are extrapolated to reflect what they would total if applied over an entire fiscal year. Based on that methodology, H.J.Res. 52 would provide \$949 billion in regular budget authority [BA] and \$1.029 trillion in outlays for fiscal year 2008,

excluding any emergency designated spending (see Table 1 above). The measure also provides \$5 billion to extend the State Children's Health Insurance Program [SCHIP] as currently structured for the next seven weeks; but because the Congressional Budget Office assumes this amount in its "baseline" for SCHIP, it does not count as increased spending. The CR also assumes the full \$5.6 billion made available in fiscal year 2007 for the 2005 Base Realignment and Closure account.

In addition, section 123 of the CR provides an emergency designation for an additional \$5.2 billion in BA and \$1 billion in outlays for Mine Resistant Ambush Protected [MRAP] vehicles.

In total, the annualized spending level in the CR would equal \$955 billion in BA and \$1.29 trillion in outlays.

COMPLIANCE WITH THE BUDGET RESOLUTION

Under the Democratic budget resolution, (S.Con.Res. 21), total nonemergency discretionary spending increases by \$81.4 billion compared with 2007 (including \$26 billion for domestic programs). This increase exceeds 9 percent, or more than triple the inflation rate. The President has stated he will veto appropriations bills that exceed his requested spending levels.

As noted, the annualized spending level in H.J.Res. 52 is set at the enacted 2007 level, with some adjustments. It therefore falls within the Appropriations Committee's overall fiscal year 2008 302(a) spending limit of \$954 billion, as provided by the budget resolution.

As introduced, however, the CR on an annualized basis would breach the Defense subcommittee's individual fiscal year 2008 302(b) suballocation by \$30 billion in BA, due to the inclusion of 2007 supplemental spending as a nonemergency. The CR therefore is subject to a point of order under the Congressional Budget Act against the bill, unless the full Appropriations Committee adjusts the allocation, or the point of order is waived by the rule governing floor consideration. The CR does not affect mandatory spending programs.

DISCUSSION

Key components of the measure include the following:

- **The Global War on Terrorism.** The CR's funding rate includes roughly \$70 billion in contingency spending for ongoing military operations in Iraq, Afghanistan, and the Global War on Terrorism contained in the fiscal year 2007 Defense appropriations bill (Public Law 109-289), and \$1.8 billion in previous emergency-designated homeland security border funding in the enacted fiscal year Homeland Security appropriations bill (Public Law 109-295). The CR also provides additional aforementioned emergency designated funding for MRAP vehicles, but does not include war spending from the fiscal year 2007 spring supplemental.
- **Short-Term Extensions.** In addition to discretionary appropriations, the CR provides short-term extensions of several authorization programs that would otherwise expire on 30 September, including SCHIP, the Appalachian Regional Commission, the Delta Regional Authority, and the Department of the Interior's "franchise fund."

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- **Trade Adjustment Assistance.** The bill also includes an extension of Trade Adjustment Assistance [TAA] for farmers and companies, costing \$5 million in BA and outlays. Normally TAA spending is direct spending and subject to pay-as-you-go [PAYGO] requirements under House rules. Under the current interpretation of the PAYGO rule, however, direct spending carried on an appropriations bill is not subject to those requirements, but is charged to the Appropriations Committee's allocation.

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