

MEMORANDUM

TO: COLLINS & COMPANY CUSTOMERS

**FROM: RICHARD COLLINS
JIM BOND
ERIC NEWSOM**

SUBJECT: C&C APPROPRIATIONS UPDATE

DATE: APRIL 25, 2005

**“EVERYBODY WANTED TO DO SOMETHING, BUT WE HAD TO DOT OUR I’S AND CROSS OUR T’S
AND IT TOOK US UNTIL THE LAST MINUTE TO GET IT DONE.”**

*– Senator Sam Brownback (R-KS) on an amendment to the Supplemental Appropriations Bill
that would add funding for assistance in Sudan.*

“I DON’T KNOW WHERE WE’RE GOING TO GET IT. IT’S GOING TO BE A BLOODLETTING.”

*– Rep. Charles Rangel (D-NY), Ranking Member of the House Ways and Means Committee, on
the cuts mandated by the House version of the Budget Resolution for Fiscal Year 2006.*

Supplemental Appropriations

On April 21, the Senate unanimously passed their \$81.3 billion version of the FY05 Supplemental Appropriations bill for the wars in Iraq and Afghanistan, only slightly lower than the \$81.4 billion passed by the House. The bill will now be sent to conference with the House of Representatives to resolve differences between the two bills. The Administration maintains that the Department of Defense will run out of money for its operations in Iraq and Afghanistan by early May, but it is unclear if Congress will be able to sort out its differences before the Senate recesses on May 1. There are a number of significant differences that could slow the conference process including controversies over funding for an embassy in Baghdad as well as immigration provisions. What follows is a brief description of the major differences between the House and Senate bills.

Defense

The President requested \$74.9 billion for defense-related programs.

- **House:** The House increased the President’s request for defense programs by \$1.9 billion to pay for additional equipment to protect troops in Iraq. The chamber included \$60 million for “Warlock” and other devices that are designed to thwart improvised explosive devices (IED). The President’s request provided funds for only \$22.8 billion in procurement for anti-IED devices.

- **Senate:** The Senate cut the President's request for defense programs slightly to \$74.8 billion. It did, however, adopt an amendment that added \$213 million for armored Humvees. The Senate agreed to only include \$25 million for the Warlock devices and similar equipment.

Immigration

The President did not request a change to immigration laws.

- **House:** The House attached provisions of a previously passed bill (HR 418) that would set tough national standards for issuance of driver's licenses and tighten asylum rules.
- **Senate:** The Senate did not include the House's immigration provisions, but did vote to include an amendment by Senator Barbara Mikulski (D-MD), to revise requirements for seasonal workers. Other immigration amendments were defeated on the floor. The Senate also increased the total funding for the Department of Homeland Security by \$536 million for: 1,050 border patrol agents, 250 immigration and customs investigators, 168 enforcement agents and detention officers, and 2,000 detention beds.

U.S. Embassy in Iraq

The President requested \$658 million to begin construction on an embassy in Baghdad.

- **House:** The House Appropriations Committee included \$592 million for the embassy, but the full House agreed to an amendment that would block the Bush administration from using any money in the bill to build the embassy, although it did not strip the money from the bill.
- **Senate:** The Senate agreed to provide \$592 million for embassy construction.

Foreign Aid/Tsunami Relief

The President requested a total of \$6.3 billion in foreign aid and tsunami relief.

- **House:** The House included a total of \$1.7 billion in foreign aid, less than half of the President's request. The House bill also provides \$656 million in tsunami relief, about \$45 million below the President's request. The committee said the cuts to the request would only eliminate \$45 million in debt relief which was determined unnecessary by appropriators after a visit to the affected nations. House Appropriators also provided \$150 million to Pakistan and \$100 million to Jordan in military assistance funds to support ongoing anti-terror efforts.
- **Senate:** The Senate measure would dedicate \$5.2 billion to various forms of foreign aid. The Senate bill would include \$1.3 billion in economic assistance for Afghanistan; \$907 million for tsunami relief; \$680 million for U.N. peacekeeping activities; and \$40 million in economic assistance for allies in the wars in Iraq and Afghanistan, well below the \$200 million requested.

Other provisions

The Senate bill would provide \$46 million for the U.S. Capitol Police, including \$10 million for salaries and \$13 million for expenses. The remaining \$23 million would be funneled through the Architect of the Capitol to build an off-site delivery facility for the police. It also would appropriate \$276 million for Immigration and Customs Enforcement to ensure adequate funding for critical investigative and detention programs; \$118 million for watershed protection grants to repair damages caused by recent natural disasters; \$34 million for repairs to Forest Service lands and facilities from heavy rains and flooding; and \$60 million for the judicial branch to cover unexpected costs and a heavier-than-expected workload arising from a U.S. Supreme Court ruling in the cases *United States v. Booker* and *United States v. Fanfan* that changed mandatory sentencing guidelines.

Budget Resolution

Although the statutory deadline for the Budget Resolution has already passed, both the House and Senate are still attempting to iron out their differences in order to pass the resolution as soon as possible. These negotiations are taking place informally and behind closed doors as House GOP leaders have delayed appointing conferees until a deal is nearly completed.

As you will recall, the House passed Budget Resolution calls for nine committees to produce \$69 billion in mandatory cuts over five years; the Senate resolution asks six committees to find \$17 billion in savings for an upcoming budget reconciliation bill. It is understood that cuts to Medicaid would constitute a significant percentage of the cuts in both versions of the resolution.

Senate Budget Chairman Judd Gregg (R-NH) has indicated that he could probably accept mandatory cuts of \$40-45 billion over the next five years, but Senate moderates, whose votes he needs to secure passage, are unlikely to accept anything higher.

You will recall that the House resolution extended the tax cuts won by in the first term of the Bush Administration. In the Senate, Senator Jim Bunning (R-KY) won a surprise 55-45 victory on an amendment to increase tax cuts in the budget by \$63.9 billion over five years — nearly double the amount in the original plan. This brought the Senate's Budget Resolution to over \$120 billion in tax cuts. The informal talks between the House and Senate have produced a tentative agreement that a tax cut bill of \$70 billion would be permitted to advance under fast-track reconciliation procedures.

College Aid programs are another issue of contention in the negotiations on the Budget Resolution. At issue are proposed cuts in programs that provide both grants and loans to college students who face tuition increases running well ahead of inflation while government aid has been flat. The House Budget resolution (H. Con. Res. 95) called on the Education and the Workforce Committee to find \$21.4 billion in unspecified savings over five years from programs under its jurisdiction. The Senate bill would trim \$8.6 billion from the Health, Education, Labor and Pensions Committee (HELP), with \$6.5 billion of that amount coming from the student loan program. Earlier this month, five moderate GOP senators asked Senate Budget Chairman Judd Gregg (R-NH) and House Budget Chairman Jim Nussle (R-IA) to retain a Senate provision that would increase the discretionary spending limit in the budget so that the maximum Pell grant would increase by \$500 to \$4,550. They also want to continue funding for four smaller student-aid programs that President Bush proposed eliminating in his budget.

Compiled by John-Paul Hayworth