

**MEMORANDUM**

**TO: COLLINS & COMPANY CUSTOMERS**

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

**SUBJECT: C&C APPROPRIATIONS UPDATE**

**DATE: APRIL 4, 2005**

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**“CONSERVATIVES ARE SPLIT ON WHETHER THE PROBLEM IS BIG GOVERNMENT OR BUDGET DEFICITS.”**

*- Brian Riedl, a federal budget analyst at the conservative Heritage Foundation.*

**“THAT REMAINS CHAIRMAN GREGG’S GOAL — TO COMPLETE THE BUDGET ON TIME.”**

*- Gayle Osterberg, Budget Committee Chairman Judd Gregg’s (R-NH) spokeswoman.*

Both Houses of Congress reconvened this week after a two week District Work Period. A great deal of work is waiting for them in Washington. The Budget Resolution, Emergency Supplemental Appropriations, and Social Security reform top the congressional “to-do” list, but there are also a number of other issues, some contentious, some not, that fill the Members’ collective plate. Pope John Paul II’s funeral could also cause calendar disruptions later this week.

**Budget Resolution**

Although the Budget Resolution has passed both Houses of Congress, the resolution must now go through the conference phase, during which members of the House and Senate are selected to negotiate the differences between the two versions of the bill. Conferees for the bill have not yet been appointed, but are expected to be selected this week.

Congress is also up against the clock as there is a statutory limitation that says that the resolution must be passed by April 15<sup>th</sup>. Despite this statutory limit, in recent history this requirement is often ignored. Congress has met its deadline only six times since 1974, most recently in 2003. In two of the past three years (2002 & 2004), Congress did not even complete a Budget Resolution. There is no penalty for missing the deadline. Last year, negotiations broke down over Senate moderates’ pay-as-you-go requirement that tax cuts be offset. This same requirement again threatens to derail passage of the resolution.

Further, the House version of the resolution requires much deeper cuts in mandatory spending, including Medicaid, than the Senate bill. The Senate bill proposes \$17 billion in cuts in the federal budget with \$14 billion expected to come from Medicaid, while the House version calls

for almost \$70 billion, including \$20 billion from the Energy and Commerce Committee, which has jurisdiction over Medicaid.

Discretionary spending, the annual appropriations levels set by Congress, also varies between the two versions. The House bill includes a total of \$843 billion in discretionary spending (this is in line with the President's request), while the Senate level is \$848.8 billion. Both bills call for an additional \$50 billion in spending for an FY2006 Iraq war supplemental. However, this discrepancy is likely to be the least contentious issue to be taken up by conferees; GOP leaders in both the House and Senate appear unified in their desire for the lower discretionary total, and House appropriators are said to already be discussing how to allocate \$843 billion.

Senator Judd Gregg (R-NH) and Rep. Jim Nussle (R-IA), the Chairmen of the Senate and House Budget Committees respectively, are focused on passing a Budget Resolution this year, but it is unclear if the differences can be surmounted before or even after the statutory deadline.

### **Supplemental Appropriations**

The Senate Appropriations Committee is scheduled to take up the FY2005 supplemental spending request on April 6<sup>th</sup>. It is expected that debate in the Senate will focus on the foreign aid sections of the bill, echoing the questions raised in the House.

As you will recall, the House removed language allowing the use \$592 million in funding for the new American Embassy in Baghdad, but did not remove the funds from the bill. It also deleted \$400 million in funds for U.S. allies that have provided troops in Iraq. Conservative Republicans attacked items in the supplemental that they believe belong in annual appropriations bills rather than the emergency bill. The White House is likely to push the Senate to restore the cuts.

The Senate is also expected to weigh in on the debate to provide \$200 million in funding for the Palestinian Authority (PA). Although the House agreed to fund the request, it did not include a "national security waiver" that would allow the White House to provide the funding directly to the PA rather than indirectly providing funds through nongovernmental organizations.

Veteran's issues are also likely to be discussed in the debate on the supplemental. The House bill would increase the life insurance coverage from \$250,000 to \$400,000 for troops killed in combat and would also extend coverage to any military personnel killed on active duty rather than the more restrictive combat zone definition that is currently in place. The Senate bill does not have such a provision, but it is a topic likely to be debated.

Finally, House leaders promised Rep. Jim Sensenbrenner (R-WI) during the negotiations on the Intelligence Reorganization bill last year that immigration reform would be acted upon quickly in the 109<sup>th</sup> Congress. In keeping their promise, an immigration bill passed by the House was added to the supplemental. Senate Majority Leader Bill Frist (R-TN) has vowed to fight this amendment saying that it would delay action on the bill. The amendment would add broad changes to U.S. laws on border security and asylum.