



ML Strategies Update

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Fiscal Year 2015 Budget & Appropriations

As Congress returns next week from the Spring recess, the Fiscal Year 2015 (FY15) appropriations process is near the top of the list of items awaiting action.

Spending Levels

A top line spending level of \$1.014 trillion for FY15 was established last December when Congress, in the wake of an extended and controversial government shutdown, passed the Bipartisan Budget Act (BBA) of 2013, an agreement brokered by Senate Budget Committee Chairwoman Patty Murray (D-WA) and House Budget Committee Chairman Paul Ryan (R-WI). The BBA provides \$63 billion in relief from the sequestration of the Budget Control Act (BCA) of 2011.

The \$63 billion in sequestration relief of the BBA was evenly split between defense and non-defense spending, setting discretionary spending for defense at \$520.5 billion, and non-defense discretionary spending at \$491.8 billion. With savings achieved elsewhere in the budget, the BBA reduces the federal deficit by \$23 billion.

Most observers, including Chairwoman Murray, agree that a Budget Resolution for FY15 is unnecessary since the BBA already set top-line spending levels for the coming fiscal year. However, mostly along party lines, on April 10, 2014 the House of Representatives passed H. Con. Res. 96, a Budget Resolution drafted by Chairman Ryan. The Ryan plan retained the BBA top line spending level of \$1.014 trillion for FY15, but for future years would shift \$50 billion annually from domestic spending to defense spending. Over the next decade the House Budget Resolution would achieve spending reductions of \$5.1 trillion through various means such as repealing Obamacare, converting Medicare into a voucher program, and making Medicaid and the Supplemental Nutritional Assistance Program (SNAP) into a block grant program. The House Budget Resolution will not be taken up by the Senate, rendering it more of a statement of Republican spending and policy objectives.

The President's Budget

On March 4, 2014, the Obama Administration launched the Fiscal Year 2015 budget and appropriations process when it released its [FY15 Budget Request](#), adhering to the top line spending level of \$1.014 trillion. The President's budget would eliminate the sequester for

mandatory programs in FY15 and, through the “[Opportunity, Growth, and Security Initiative](#),” would provide fully paid-for funding of \$56 billion for certain discretionary programs. The defense portion of the Initiative is focused on: key weapons systems modernization; readiness restoration; nuclear R&D and infrastructure; and DOD facilities improvement. The non-defense portion of the Initiative is focused on: education; research and innovation; infrastructure and jobs; opportunity and mobility (job training, employment services, etc.); public health, safety, and security; and more efficient and effective government.

As with the House Budget Resolution, the President’s Budget Request stands no chance of being enacted, but does set out the Administration’s priorities and helps to draw the battle lines for the budget and appropriations process in Congress.

Congressional Actions

The FY15 appropriations process is well underway with the House and Senate Appropriations Committees holding oversight hearings on the President’s Budget Request and now transitioning toward reporting the 12 annual appropriations bills out of committee.

Already, the House Appropriations Committee has approved the [Legislative Branch](#) bill and the [Military Construction and Veterans Affairs](#) bill, and they will be on the House floor when Congress returns next week. The most likely bills to be finished next are the Homeland Security and Commerce, Justice, Science (CJS) bills.

In the Senate, the Appropriations Committee will begin the process of marking up the 12 bills on May 20, and Majority Leader Reid is said to have committed to making floor time available for appropriations bills in June.

Outlook

While the appropriations process has broken down for the past several years, typically resulting in a series of Continuing Resolutions, and then an Omnibus spending bill covering all federal agencies or some number of “minibus” spending bills covering an assortment of federal agencies, there is hope that this year will see a return to at least some semblance of regular order. Senate Appropriations Committee Chairwoman Mikulski and House Appropriations Committee Chairman Hal Rogers (R-KY) have both stated that it is their goal to complete all 12 bills before the start of FY15 on October 1, 2014, with the House Appropriations Committee hoping to approve all 12 bills before the July 4th recess.

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