



September 23, 2022

WHAT YOU NEED TO KNOW ABOUT

The State of FY2023 Appropriations

PRO POINTS

- **Congress is hurtling toward passage of a stopgap spending bill** to keep the government open past Sept. 30, but the Biden administration's request for \$47 billion in emergency funding and political sparring over an energy permitting package are complicating bipartisan agreement on a short-term spending fix.
- **The upcoming continuing resolution would likely** extend current funding levels through mid-December, buying time for talks on a broader government funding deal that would boost federal agency budgets for the fiscal year that begins on Oct. 1.
- **The Senate's top two appropriators, Sen. Patrick Leahy (D-Vt.) and Sen. Richard Shelby (R-Ala.),** are retiring at the end of the year, ramping up the pressure for one last deal between the longtime negotiating partners.

HOW WE GOT HERE

Congress last approved a government funding package for the current fiscal year in March, before appropriators turned their focus to fiscal 2023 spending bills. House Democrats have so far drafted a dozen appropriations bills for the coming fiscal year, passing half of them on the floor in July in one bundle that combined the Agriculture, Energy- Water, Transportation-HUD, Interior-Environment, Financial Services and Military Construction-VA spending measures. Senate Democrats have only released their slate of appropriations bills, holding no markups.

Bipartisan, bicameral talks on fiscal 2023 spending bills have yet to begin in earnest, as Congress has been consumed by major issues like passage of the Inflation Reduction Act and the approaching midterm elections. Unsurprisingly, the delays will necessitate passage of a stopgap funding package to keep the government open beyond Sept. 30. While a government shutdown is unlikely, several major issues are ensnaring bipartisan agreement on a stopgap, including the Biden administration's request for \$47 billion in emergency funding to address Covid-19 needs, combat monkeypox, help Ukraine and respond to natural disasters.

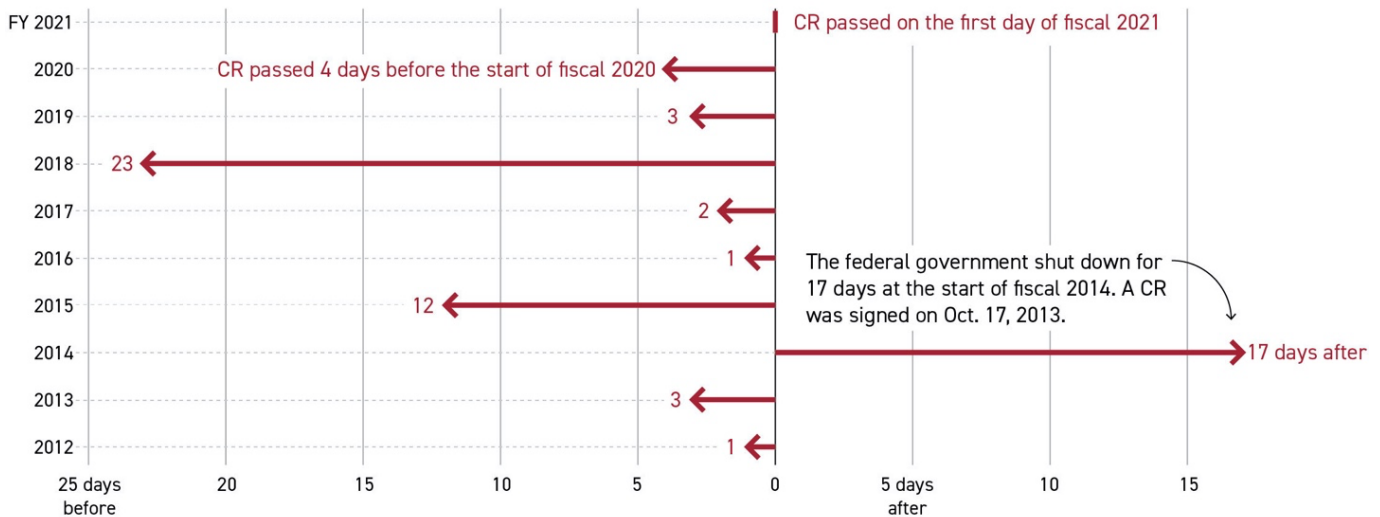
In addition to emergency money, the Biden administration is seeking a litany of funding adjustments in the continuing resolution, known as anomalies. The tweaks include language to ensure Afghan eligibility for resettlement assistance and other forms of federal aid, in addition to tweaks allowing FEMA to keep up grants that provide humanitarian assistance at the southern border.

Senate Majority Leader Chuck Schumer has also promised to attach Sen. Joe Manchin's bill to ease energy permitting onto the continuing resolution, stemming from a summer deal that cemented the West Virginia Democrat's support for the Inflation Reduction Act. The legislation, which Manchin pushed to ensure energy projects aren't bogged down by red tape, has sparked pushback from both sides of the aisle. Dozens of House progressives, for example, want a separate vote on the permitting bill, which they see as a boon for the fossil-fuel industry. And Sen. Bernie Sanders (I-Vt.) has promised to vote against a stopgap if it includes the energy permitting provisions.



Continuing resolutions have come down to the wire before the start of new fiscal years

Days before start of fiscal year that a continuing resolution was passed



Some lawmakers and aides see a possible compromise on energy permitting, however. Manchin has touted a Republican permitting proposal as evidence of bipartisan support for his ideas, though he's said their version would never attract enough Democratic backing. Advocates also say the reforms could ease permitting for clean-energy projects, which could appease progressives — even if it accelerates fossil-fuel pipelines, including one in Manchin's home state.

WHAT'S NEXT

Neither party wants to shoulder the blame for a government shutdown, so passage of a continuing resolution to keep the government funded through mid-December is a near certainty. What exactly hitches a ride onto that short-term spending fix remains an open question, however. Democrats need support from at least 10 Senate Republicans to pass a stopgap and avoid a shutdown.

Currently, Senate Republicans don't seem likely to fund the Biden administration's request for tens of billions of dollars in emergency cash to address emerging Covid-19 and monkeypox needs, citing unspent money and Democrats' recent spending ambitions through the Inflation Reduction Act. But GOP senators seem open to funding for Ukraine, especially given the country's recent success in fending off Russian attacks, in addition to cash that could bolster the federal response to natural disasters in their home states.

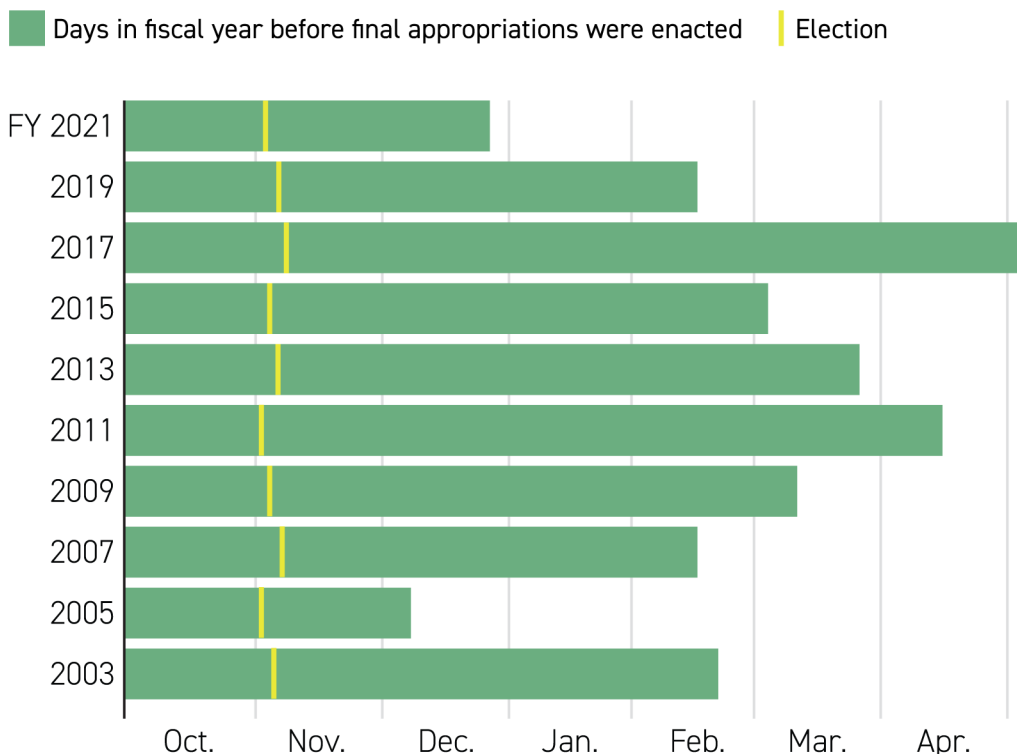
Passage of a stopgap, likely at the end of this month, would tee up yet another year-end government funding deadline and increase the pressure on retiring appropriators Leahy and Shelby to reach a fiscal 2023 accord.

"The stakes of inaction are too high to not complete our work," Leahy said in July. "The burden of inflation would make a long-term continuing resolution untenable with grave consequences for communities and families across the country and for our national security."



Appropriations process can drag long past Election Day

For election years, when last appropriations bill was signed by president



Source: Congress.gov

“It is my goal to finish our work before the end of the 117th Congress to avoid these consequences,” Leahy added. “I look forward to continuing to work with my dear friend, Vice Chairman Shelby, and I encourage good faith, bipartisan negotiations on topline to resume with the urgency that this moment requires.”

Failure to reach a bicameral, bipartisan funding agreement would mean another continuing resolution, which would once again flat fund federal agencies. It’s an unpalatable scenario for both sides of the aisle, with Democrats wary of shortchanging domestic needs and Republicans loath to hamstring the Pentagon’s budget.

A government funding agreement could all hinge on the fast-approaching midterms, however. Republicans are expected to regain House control next year, and the GOP might decide it’s worth waiting until it has more leverage to negotiate over federal cash. Democrats, meanwhile, are looking for a deal while they know they still have majorities in both chambers, however slim.



POWER PLAYERS

- **Senate Appropriations Chair Patrick Leahy** — The retiring Vermont Democrat has said he wants to reach a fiscal 2023 funding deal before the 117th Congress ends.
- **Senate Appropriations Vice Chair Richard Shelby** — The retiring Alabama Republican has worked alongside Leahy for years as a leader of the powerful Senate spending panel.
- **House Appropriations Chair Rosa DeLauro** — The Connecticut Democrat must lead House negotiations with Leahy and Shelby in the Senate.
- **House Appropriations Ranking Member Kay Granger** — The Texas Republican is poised to become chair of the House Appropriations Committee in 2023 if Republicans take back the lower chamber.