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FY 2013 Continuing Resolution: Spends Every Dollar and More

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The House Appropriations Committee website proudly displays Congress's constitutional authority over the federal government's purse strings: "No money shall be drawn from the Treasury but in Consequence of Appropriations made by law" (Article 1, Section 9, Clause 7). That is about best that can be said, however, for the six-month fiscal year (FY) 2013 continuing resolution (CR) expected on the House floor this week.

Although the stopgap spending bill will usefully avoid a lame-duck spending debacle—which would likely produce an even worse result—it is in fact just another omnibus, spend-as-you-go measure that extends the federal government's incoherent fiscal policy.

"This bill essentially punts on the core duty of Congress to complete its annual appropriations and budget work," conceded House Appropriations Committee chairman Hal Rogers (R–KY).[1]

Spending Every Available Dollar. Equally frustrating is the lack of restraint the measure demonstrates, even in the face of chronic trillion-dollar-plus deficits. The typical CR holds spending to levels consistent with the prior year's policies—in this case $1.039 trillion, according to the latest estimates by the Congressional Budget Office.[2] Instead, the CR increases spending by $8 billion, including a 0.6 percent across-the-board boost, to fill up the $1.047 level prescribed by last year's debt ceiling agreement, the Budget Control Act. That is $19 billion above the House budget resolution level ($1.028 trillion), but the Senate—which has not passed a budget in more than three years—insisted on this unnecessary spending hike.

In some cases, the resolution of different spending levels went in the right direction. For instance, negotiators agreed to the $520 billion base defense spending number proposed by the House rather than the Senate's $511 billion. The Senate came down toward the House's lower figure for Transportation–Housing and Urban Development, and the final Commerce–Justice–Science figure is lower than either chamber originally proposed.

Nevertheless, the $1.047 trillion understates the legislation's actual spending. The bill contains an additional $99.9 billion in funding for overseas contingency operations in Iraq and Afghanistan (compared with $126.5 billion in 2012) and $6.4 billion for "disaster" funding. Those amounts bring total spending to $1.153 trillion.

The measure then adds another $19 billion in discretionary spending but hides this increase behind one-time changes in mandatory programs, a popular gimmick that results in boosting the discretionary spending base in subsequent years.[3] One of the most egregious examples is a cap on spending out of the Crime Victims Trust Fund, which gives the illusion of $9 billion in savings—solely because Congress did not spend that amount even though it was available.

Of course, the CR spending levels could be slashed if Congress lives down to the worst expectations and allows the budget to careen over the "fiscal cliff" in January 2013 with a defense-devastating sequestration and the ominous "Taxmageddon." Preventing that may still require a lame-duck session,

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TABLE 1

Proposed Appropriations Levels for FY 2013

BUDGET AUTHORITY IN BILLIONS OF DOLLARS	Base Level [a]	House Bills [b]	Senate Bills [c]	CR Agreement
Agriculture and Rural Development	20.2	19.4	20.8	20.3
Commerce, Justice, and Science	50.1	51.1	51.9	50.4
Defense	516.8	518.1	511.2	519.9
Energy and Water Development	32.4	32.1	33.4	33.0
Financial Services and General Government	21.1	21.2	23.2	21.4
Homeland Security	39.6	39.1	39.6	40.1
Interior and Environment	29.3	27.6	29.7	30.2
Labor, HHS, and Education	156.5	150.0	158.8	157.5
Legislative Branch	4.3	3.3	4.3	4.3
Military Construction–Veterans Affairs	75.4	71.7	72.0	75.7
State–Foreign Operations	42.0	40.1	49.8	42.3
Transportation–HUD	51.5	51.6	53.4	51.8
Total	**1,039.1**	**1,025.7**	**1,048.1**	**1,047.0**
Overseas Contingency Operations	—	95.6	95.8	99.9
Disaster	—	5.5	5.5	6.4

Note: Figures reflect budget authority subject to Budget Control Act caps. Spending for overseas contingency operations, disasters, and program integrity initiatives is excluded.

a – Enacted base appropriations in FY 2012 totaled $1.043 trillion. The base level figures in this column show the effect of continuing FY 2012 appropriations policies into 2013. Therefore they represent the suitable base for comparison with proposed 2013 spending amounts. This base figure is lower than 2012 enacted spending because certain spending offsets are projected to be higher in 2013 than they were in 2012.

b – The full House has passed separate appropriations bills for Commerce–Justice–Science, Military Construction–Veterans Affairs, Energy and Water, Homeland Security, Legislative Branch, Transportation–HUD, and Defense. The full Appropriations Committee has also passed appropriations bills for State–Foreign Operations, Agriculture, Financial Services, and Interior. The full committee has not taken up the Labor–HHS bill.

c – The Senate Appropriations Committee has approved all its appropriations bills except Interior. The full Senate has acted on none.

Sources: Congressional Budget Office, "The Continuing Appropriations Resolution, 2013 (H.J. Res. 117) as Introduced in the House," September 11, 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/43581-HJRes117.pdf (accessed September 11, 2012); Congressional Budget Office, "FY 2013 House Current Status of Discretionary Appropriations," July 23, 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/43233_BY2013House_0.pdf (accessed September 11, 2012); and Congressional Budget Office, "FY 2013 Senate Current Status of Discretionary Appropriations," August 3, 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/43201_BY2013%20Senate.pdf (accessed September 11, 2012).

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but appropriations will not clutter it further.

Savings Are Readily Available. In the meantime, it is difficult to believe that federal agencies could not have survived the next six months at their 2012 rate of spending, especially with a federal pay freeze and inflation for the coming fiscal year projected at less than 1.5 percent. But Congress simply refused to save taxpayers even a modest $8 billion.

There were several available shortcuts for holding at the 2012

1. News release, "Continuing Resolution Released; Legislation Prevents Government Shutdown, Maintains Bipartisan Funding Agreement," Committee on Appropriations, U.S. House of Representatives, September 10, 2012, http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=307883 (accessed September 11, 2012).
2. Enacted base appropriations in FY 2012 totaled $1.043 trillion. The base level figures in this column show the effect of continuing FY 2012 appropriations policies into 2013. Therefore, they represent the suitable base for comparison with proposed 2013 spending amounts. This base figure is lower than 2012 enacted spending because certain spending offsets are projected to be higher in 2013 than they were in 2012.
3. See Patrick Louis Knudsen, "FY 2012 Spending Blows Through Cap, CBO Shows," Heritage Foundation *WebMemo* No. 3494, February 8, 2012, http://www.heritage.org/research/reports/2012/02/fy2012-government-spending-blows-through-cap-cbo-shows.

level. Lawmakers could have rejected the 0.6 percent across-the-board increase, saving $5.9 billion (while holding defense at the agreed-to level). They could have saved $7.5 billion by sticking with the House proposal for the House version of the Labor–Health and Human Services–Education bill, spending $150 billion instead of $157.5 billion. (The House bill also commendably defunded Obamacare activities.)

Congress could have carved into the roughly 80 competitive and formula education grant programs, which spend about $25 billion a year and expand the federal government's footprint in the quintessentially state and local priority of education.[4]

In fact, to those who insist that federal programs are being tightly squeezed, one can look almost anywhere and find spending that could have been reduced or eliminated, helping to keep the CR at a freeze level. The following are just a few examples:

- **Head Start.** Evidence increasingly shows that this $8 billion program is ineffective. It should be reduced or, better, eliminated.[5]

- **Community Development Block Grants.** This program will receive more than $3 billion for FY 2013. Because of the grant formula, too much of its funding goes to well-off communities that do not need the extra cash.

- **Amtrak and other transit programs.** Privatization of the government-run Amtrak—and elimination of its $1.45 billion subsidy—is long overdue. The New Starts transit programs will spend about $2 billion in FY 2013 on projects whose benefits are local, not national. They should be funded at the local level. Eliminating the New Starts and Small Starts transit programs would save taxpayers $5.6 billion over five years and $16.3 billion over 10 years.

- **Office of Energy Efficiency and Renewable Energy.** Most of the $1.98 billion from this agency goes to commercialization, which should be undertaken by the private sector. Any government support for technology applicable to efficiency and renewable energy (or any energy) should be part of basic scientific research.

- **Department of Energy, Office of Science.** While federal support for some basic scientific research can be justified, much of the $1.42 billion in the Office of Science goes to advance pet projects or develop technologies to support commercial activities.

- **Job Training.** There are some four dozen job training programs spread across nine different federal agencies, spending $15 billion annually and providing similar services to similar populations. Consolidation could save several billion dollars a year.

Spending Control Requires an Orderly Process. It is well known that the federal government's fiscal outlook is daunting. Uncontrolled spending is making a new normal of trillion-dollar deficits and threatening to swell debt held by the public to twice the size of the entire economy in the next 25 years. The heart of the problem is federal entitlements—especially Medicare, Medicaid, and Social Security. But discretionary spending cannot be left immune from reductions. More important, annual appropriations should not be transformed into another kind of entitlement, with automatic but unnecessary spending increases to use up every dollar of a cap level.

To regain control of spending, however, Congress needs to commit to an orderly, responsible process in which budget resolutions, schedules, deadlines, and fiscal years still matter. The breakdown of budgeting in recent years is not the product of a broken process. It reflects a lack of will on the part of lawmakers to do what the law requires: to budget and to govern. They need to recommit to it soon. Chairman Rogers is correct in saying, "It is imperative to our nation's future and to our finances that we return to a timely regular order of business on such important funding legislation."[6]

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4. Lindsey M. Burke, "Reducing the Federal Footprint on Education and Empowering State and Local Leaders," Heritage Foundation *Backgrounder* No. 2565, June 2, 2011, http://www.heritage.org/research/reports/2011/06/reducing-the-federal-footprint-on-education-and-empowering-state-and-local-leaders.
5. Lindsey M. Burke, "Senators Demand Release of Head Start Data," The Heritage Foundation, The Foundry, March 9, 2012, http://blog.heritage.org/2012/03/09/senators-demand-release-of-head-start-data/.
6. News release, "Continuing Resolution Released; Legislation Prevents Government Shutdown, Maintains Bipartisan Funding Agreement."