



ML Strategies Legislative Update

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ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, DC 20004 USA
202 296 3622
www.mlstrategies.com

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Congressional Leaders Announce Two Year Budget Deal

Votes Still Needed This Week to Avert Government Shutdown

With just one day left before the expiration of the current continuing resolution (CR) that is currently funding federal agencies, House and Senate leaders have announced a two year budget agreement that breaks the spending caps established under the *Budget Control Act of 2011 (BCA)*. The agreement includes another short-term CR running through March 22 allowing appropriators time to draft new appropriations language that reflects the higher spending levels. Time is of the essence as the agreement and short-term CR need to be approved tomorrow in order to avert a government shutdown.

Bipartisan leadership in the House and Senate have been negotiating the contours of the agreement for some time. The agreement eliminates the non-defense discretionary and defense discretionary sequestration cuts of the BCA, and provides for equal increases above that relief for both defense and non-defense spending. This means an increase of \$300 billion for defense and non-defense spending for Fiscal Year 2018 and Fiscal Year 2019, with defense spending seeing an increase of approximately \$160 billion, and non-defense spending seeing an increase of approximately \$128 billion. Also included in the agreement is more than \$80 billion for disaster relief efforts.

The expectation is that the Senate will approve the agreement on Thursday, but the outcome in the House of Representatives is less clear. Conservative Republicans may object to the increase in non-defense spending, with as many as 50 GOP members potentially voting against the agreement. There is also some question as to how many Democratic votes the agreement will get, and their votes could be crucial if a large number of Republicans vote against the deal. Leader Pelosi has signaled that she will not support the bill, meaning many Democrats may not support the deal unless there is a commitment from Speaker Ryan that matches that of Leader McConnell to take up a bipartisan immigration bill that addresses the Deferred Action for Childhood Arrivals (DACA) program that benefits the "dreamers". Leader Pelosi is mounting what is effectively a filibuster

(although there is no filibuster in the House) taking to the dais around 10:00 am today and speaking non-stop throughout the day – breaking the record for the longest speech in House history.

For Fiscal Year 2018, the agreement includes \$20 billion for infrastructure projects, including surface transportation, rural water and wastewater, clean and safe drinking water, rural broadband, and energy infrastructure. Also included is \$6 billion to for opioid crisis and mental health activities, \$5.8 billion for the Child Care Development Block Grant program, \$4 billion for Veterans Administration hospitals and clinics, and \$2 billion for National Institutes of Health (NIH) research.

The Congressional Budget Office also announced this week that the Treasury Department will need an increase in the federal government's debt limit by mid-March at the latest and negotiations are still underway as to whether that can be included in the budget deal voted on this week. There is word that the debt limit could be suspended until March 2019.

This increase in spending caps has been sought, for different reasons, by both Republicans and Democrats, and the hope of congressional leadership is that there is enough in the agreement for both parties to like to secure the votes needed for passage.

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