PUBLICATION

FY21 Budget and Appropriations

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The Administration has proposed a $4.8 trillion budget for FY21. While increasing funding for defense, the budget seeks a six percent cut in non-defense spending, breaking from a bipartisan spending agreement agreed to in August.

The budget released on February 10 would increase military spending 0.3 percent to $740.5 billion for FY21 and lower non-defense spending by five percent to $590 billion.

In addition to the reductions in domestic discretionary spending, the Administration is also proposing approximately $770 billion in mandatory funding reduction, for programs like Medicare and Medicaid, over the next decade.

There is a prevailing theory in D.C. that as we go into year two of the current two-year budget deal, the order of the day will be "hurry up and wait."

The Trump Administration's FY21 budget has been submitted to the Hill with predictable criticism from the Democrats and quiet indifference from the Republicans. For whatever reason, the Administration proposed to break its two-year deal with Congress and recommend deep cuts to the non-defense accounts and the mandatory safety net accounts as well.

These cuts have little to no chance of enactment on the Hill, prompting budget watchers to suggest another protracted slowdown on such matters.

Both the House and Senate budget chairmen, a Democrat and a Republican, respectively, have suggested there would be no congressional budget this year. This decision shuts the door on any proposed safety net changes.

The House Majority Leader has said that he wants all 12 Appropriations bills to pass the House in the month of June. Theoretically, such a schedule should give the Senate time to pass and conferees time to confer on the 12 bills.

But this is an election year and no such optimistic predictions are forthcoming from the Senate Majority Leader. Indeed, based on last years' time tables the Senate will slow the House momentum as it rearranges House spending priorities in its bills.

As for the caps, they are $5 billion above last year, roughly $2.5 billion additional for defense and $2.5 billion for non-defense. Of course, that does not include what Congress intends to squirrel away in the off-budget overseas contingent accounts, popularly known as OCO.

The real problem this year will not necessarily be meeting the subcommittee spending caps but controlling the appetite of an administration determined to transfer spending from account to account without congressional approval. The omnibus conference report of last December failed to address the movement of these monies.

The precedent to repeat what is clearly unconstitutional will again be tested, while the courts consider the legalities.

But the real threat to the appropriations process is the political environment that has overtaken this town.

Appropriators by nature are deal doers. Passing legislation, avoiding government shut downs, minimizing continuing resolutions or stopgap resolutions, and shaping federal spending is the core of their identity. Shifting political winds, election year politics and a schedule subject to whims of primary elections all conspire to shine an amber light on the process.

One final note. With no interest in entitlement reform on either end of Pennsylvania Avenue, the budget spotlight will fall on discretionary spending. But as always, expect the process to come to completion by year end. Next year and the next Congress will address the future of congressional budgeting, if there is to be one.