EXPLAINER | CONGRESSIONAL PROGRESSIVE CAUCUS CENTER

FY2021 Appropriations

Last Updated July 7, 2020

In July, the House is considering appropriations bills for Fiscal Year 2021. This year's appropriations debate occurs as the U.S. is in the middle of the COVID-19 pandemic and the resulting economic recession. It also marks the last year of appropriations under the Budget Control Act of 2011 and subsequent budget caps deals.

This explainer covers the basics of the appropriations process, provides context on FY2021 budget caps, lays out options for increasing spending, and reviews select policy riders that Congress has attached to previous appropriations bills.

Authors:

Matt Hayward, Legislative Affairs Director, Congressional Progressive Caucus Center (matt@progressivecaucuscenter.org) & Emma Mehrabi, Director of Poverty Policy, Children's Defense Fund (emehrabi@childrensdefense.org)

Table of Contents

Annual Appropriations Process

Every year, Congress passes appropriations bills to fund the government. The appropriations bills fund the discretionary portions of the federal budget, such as education, defense, and housing. Appropriations bills do not include mandatory spending such as Medicaid, Medicare, and Social Security.

302(a) allocation

To begin their work, the House and Senate Appropriations Committees need the topline spending level they will allocate among discretionary programs. The President typically sends a budget proposal to the House and Senate Budget Committees by early February. The Budget Committees are then supposed to mark up a concurrent budget resolution, which is not signed by the President and does not become law, but does include the total amount of spending for the Appropriations Committees. That topline number for discretionary spending is known as the 302(a) allocation after Section 302(a) of the Congressional Budget Act of 1974. In recent years, the 302(a) allocation has been set through budget cap deals rather than annual budget resolutions. See below for more on budget caps.

302(b) allocations

Once the House and Senate Appropriations Committees have their 302(a) allocation, they set their 302(b) allocations to divide the total amount of the discretionary spending across their 12 subcommittees. The Appropriations Committees usually do not make 302(b) allocations public until the appropriations bills are released. The following table shows how the FY2020 302(a) allocation was ultimately divided between the 12 subcommittees .

Appropriations Subcommittee	***FY2020 302(b) allocation[1] ($ billions)***
Defense	693
Labor, Health & Human Services, Education	185
Military Construction, Veteran Affairs	104
Transportation, Housing & Urban Development	74
Commerce, Justice, Science	73
State & Foreign Operations	55
Homeland Security	51
Energy & Water Development	48
Interior & Environment	34
Financial Services & General Government	24
Agriculture, Rural Development, FDA	23
Legislative Branch	5
Total (302(a) allocation)[2]	*1,370*

[1] Excludes disaster funding outside budget caps.
[2] Total may not equal sum due to rounding.

Appropriations markups

The subcommittees then decide how to distribute funds within their 302(b) allocations between different programs and agencies. In the first few months of the year, Senators and Representatives submit their programmatic and language requests to the respective Appropriations subcommittees for individual programs and agencies. Subcommittees mark up their individual bills, and then the full Appropriations Committee marks up each bill before reporting it to the full chamber for consideration. For FY2021, the House Appropriations Committee is starting subcommittee markups on July 6, 2020 and full committee markups on July 9, 2020.

Floor consideration

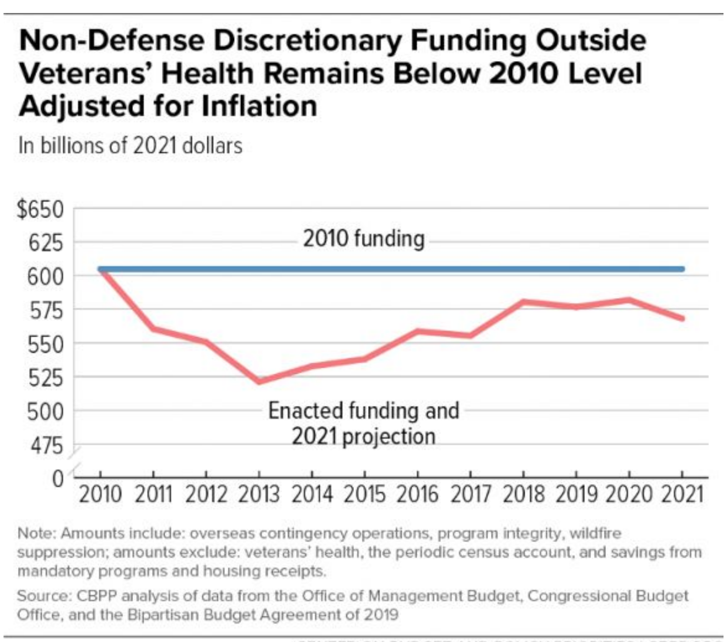
While the committees consider each subcommittee's bill individually, multiple appropriations bills are frequently bundled together for consideration on the floor. Bills can be packed into consolidated appropriations bills (also known as "minibuses") or a single omnibus appropriations bill. Once the House and Senate reconcile their respective bills, they send the approved legislation to the President.

While the fiscal year ends on September 30, Congress often fails to pass all 12 annual appropriations bills on time. In those cases, Congress has to pass a continuing resolution to keep the government running. Otherwise, the U.S. experiences a federal government shutdown.

Budget Caps

Budget Control Act of 2011

The Budget Control Act of 2011 set caps for annual discretionary spending for ten years (FY2012-FY2021). Beyond providing the effective 302(a) allocation through a total spending cap, the Budget Control Act set caps for defense spending and nondefense discretionary (NDD) spending. It is important to note that the defense category does not match up exactly with the Defense Appropriations Subcommittee. It also includes a few programs under the jurisdiction of the Military Construction & Veterans Affairs, Homeland Security, and Energy & Water Development Subcommittees.



The Budget Control Act triggered a steep decline in discretionary spending. As the country was still recovering from the Great Recession, Congress found the draconian budget cuts untenable and reached a series of budget deals to raise the caps. In general, these deals followed a principle of parity for increases in defense and nondefense spending. However, defense spending has been padded with tens of billions of dollars in Overseas Contingency Operations (OCO) funding each year that falls outside the budget caps on "base" spending. Nondefense spending has not been supplemented close to the same degree.

As Congress completes its final appropriations cycle under the Budget Control Act, nondefense discretionary (NDD) spending has still not returned to its FY2010 level (adjusted for inflation), as the chart from the Center on Budget and Policy Priorities above displays.

Bipartisan Budget Act of 2019

The last budget deal modifying the Budget Control Act caps was H.R. 3877, the Bipartisan Budget Act of 2019, which raised the defense and nondefense caps for FY2020 and FY2021. The Bipartisan Budget Act of 2019 also set limits on OCO funding as well as a special supplement for the 2020 Census. The table below, adapted from the House Budget Committee, lays out the budget caps currently in place.

	FY2020		***FY2021***	
Spending category	*Budget Control Act of 2011 ($ billions)*	*Bipartisan Budget Act of 2019 ($ billions)*	*Budget Control Act of 2011 ($ billions)*	*Bipartisan Budget Act of 2019 ($ billions)*
Total defense	*No overall cap*	*738*	*No overall cap*	*741*
Base	576	667	590	672
OCO	No limit	72	No limit	69
Total nondefense	*No overall cap*	*632*	*No overall cap*	*635*
Base	543	622	556	627
OCO	No limit	8	No limit	8
Census	No adjustment	3	No adjustment	No adjustment

The cap for base nondefense spending in FY2021 is only $5 billion (or 0.8 percent) higher than FY2020, which means that individual programs will not receive much or any increase in FY2021. Right now, the needs of the country have changed tremendously and the paltry increase from FY2020 enacted is insufficient. The U.S. is now facing a pandemic and an economic recession, both of which require much higher levels of nondefense spending.

Appropriating Above the Caps in FY2021

The current budget cap on NDD spending is no longer practical given the country's emergency situation. However, Congress can pass appropriations outside the budget caps or change the caps themselves.

Supplemental & Emergency Appropriations

In addition to a regular appropriations cycle, Congress may pass additional "supplemental appropriations" bills outside of the annual appropriations process. Congress frequently uses supplemental appropriations in unanticipated emergency situations that require funding immediately, such as natural disasters, public health crises, or economic recession. These supplemental appropriations layer on top of funds already included in the regular appropriations for that year. They are not subject to spending caps, pay-as-you-go policies, or budgetary controls.

In addition to a major increase in mandatory spending, Congress has already used emergency supplemental appropriations four times during the COVID-19 pandemic:

- $8.3 billion in H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act
- $2.5 billion in Division A of H.R. 6201, the Families First Coronavirus Response Act
- $340 billion in Division B of H.R. 748, the CARES Act
- $75 billion in Division B of H.R. 266, the Paycheck Protection Program and Health Care Enhancement Act

Emergency Designations

As the House and Senate Appropriations Committees move their annual appropriations bills, they can include emergency designations within those bills, which also fall outside budget caps. Those designations allow for cap adjustments to discretionary spending limits. For example, last year's year-end appropriations bills included disaster relief beyond the budget cap level.

Emergency designations in the FY2021 appropriations bills would help provide flexibility for appropriators and federal agencies so they are not forced to cut base programs due to the additional current and out-years' costs they face because of the COVID-19 pandemic. Moreover, they allow for easier revision of bills given that needs may change between the initial subcommittee markups of the appropriations bills and final passage through both the House and Senate. For example, high unemployment and income loss could greatly increase the funding needs for formula-based programs like Section 8 rental assistance and Pell Grants. Without emergency designations, House and Senate negotiators would need to find offsetting cuts to other programs to meet the higher need while staying within the budget cap. With emergency designations, they could add funding to address those growing needs while keeping funding for other programs in place. This would help provide much-needed assistance to communities, especially Black and brown communities that are hit hardest by the pandemic.

Budget Cap Adjustments

Due to the minimal increase in FY2021 nondefense spending, Congress could consider a budget cap adjustment to help ensure the needs of communities are adequately met. This would allow for higher appropriations in the base text of appropriations bills rather than pushing all additional spending into emergency measures. Congress could consider several complementary revisions to the current budget caps set by the Bipartisan Budget Act of 2019:

- *Increase in the nondefense cap:* The base cap for FY2021 nondefense spending is currently $627 billion, far below the FY2010 level (adjusted for inflation) even though the unemployment rate is higher than in the Great Recession. An increase in the cap would not only help meet immediate needs but also correct historically low levels of nondefense spending under the Budget Control Act.
- *Offsetting decrease in the defense cap:* The $741 billion defense cap (base plus OCO) exceeds the actual defense needs of the country. The Pentagon budget is larger than any other country's defense budget and exceeds the next nine countries combined. According to the People Over Pentagon, the defense budget could be cut by $200 billion annually and those funds could be redirected to help reduce poverty and increase economic security at home.
- *Cap adjustment for VA MISSION Act:* Removing the VA MISSION Act from existing caps would free up more than $11 billion in FY2021. This could be accomplished by creating a separate cap to cover the costs of the implementation of the VA MISSION Act and veterans medical care, similar to the separate cap provided for 2020 Census funding.

Policy Riders

Beyond allocating over $1.3 trillion in discretionary spending across the federal government, the FY2021 appropriations bills will likely include some "policy riders."

Appropriations bills can be useful vehicles for policy provisions that would not otherwise get floor time. Putting restrictions and reporting requirements on funding is a major way that Congress uses the power of the purse to check the Administration. Policy riders allow members to force consideration of high-profile issues. Members of Congress may use FY2021 appropriations bills to ensure proper oversight of the COVID-19 response, prevent cuts to the World Health Organization, block the Trump Administration's restrictions on safety net programs, and advance other priorities.

However, past appropriations bills have been littered with riders that undermine progressive priorities. Here are some of the riders included in past appropriations bills (listed by subcommittee):

Labor, Health & Human Services, Education

- Preventing low-income women and women of color enrolled in Medicaid from accessing abortion coverage (Hyde Amendment).
- Prohibiting discrimination against "health care entities" that do not provide, pay for, or provide coverage of or refer for abortions (Weldon Amendment).

Commerce, Justice, Science

- Preventing the Federal Bureau of Prisons from covering the cost of an abortion.

State & Foreign Operations

- Conditioning U.S. foreign assistance for family planning on NGO certification that they will not perform, promote or refer abortions as a method of family planning or advocate for any decriminaliztion of abortion services (Mexico City Policy or Global Gag Rule).
- Prohibiting discrimination against international organizations that offer only "natural family planning" for religious or conscientious reasons (Livingston-Obey Amendment).
- Preventing the use of U.S. foreign assistance from paying for abortion as a method of family planning or or to motivate or coerce any person to practice abortions (Helms Amendment).

Interior, Environment

- Blocking rules on greenhouse gas emissions.
- Blocking contributions to the UN Green Climate Fund.
- Restricting use of the Endangered Species Act.
- Allowing greater commercial use of public lands.

Financial Services & General Government

- Blocking safeguards on political spending.
- Preventing new consumer safety regulations.
- Undermining Washington, DC Home Rule, including riders on marijuana legalization (Harris Amendment), syringe exchange, and use of local funds for abortion services (Dornan Amendment).

Agriculture, Rural Development, FDA

- Weakening nutrition standards.

The FY2020 appropriations bills made some progress in rolling back “poison pill” policy riders. Nevertheless, major riders like the Hyde Amendment still remain.

Conclusion

The FY2021 appropriations bills come at a difficult time. After a late start due to the pandemic, Congress faces an accelerated timeline for moving appropriations bills through committee and on the floor before September 30. Through a combination of regular and supplemental appropriations bills, Congress must provide sufficient resources to address ongoing public health and economic crises. Congress must also decide which policy riders to include given a broad range of high-profile issues and oversight priorities.

Appropriations bills are a critical opportunity for Congress to meet the needs of the moment, and that is especially true this year.