

---

November 18, 2014

## Congress Should Finish 2015 Appropriations Before Adjourning

By David Reich

With the government operating under a short-term continuing resolution (CR) through December 11, it is important that Congress adopt full-year appropriations for fiscal year 2015 before adjourning. If appropriations are delayed until the new Congress takes office, final resolution likely won't come until roughly halfway through the fiscal year, which began October 1. Postponing decisions for that long would damage government operations, hampering planning and cramming important decisions about programs, contracts, and grants into the last few months of the fiscal year.

Part-year continuing resolutions create considerable uncertainty. They don't set definitive funding levels even for the months they cover. Rather, it is only the final appropriations legislation that controls total spending for *all 12 months* of the fiscal year. In the meantime, the temporary CR simply allows federal agencies to continue operating, with amounts obligated during the CR period charged against the eventual full-year appropriation — whatever amount that turns out to be. If an agency has been operating at last year's level under initial CRs but the final appropriations legislation makes a cut, the agency will have to absorb that cut in whatever time remains in the year.

Given this uncertainty, agencies can't make definite operating plans until full-year appropriations are in place. They may have to delay announcements of procurements and grant competitions and shorten the time for reviewing contract proposals and grant applications. Similarly, they may have to defer hiring decisions, including simply replacing people who leave, until their budget is known.

In addition, contracts and grants up for renewal while a part-year CR is in effect are often renewed for short periods or in reduced amounts, or they may simply be put off until final appropriations are enacted. During the current short-term CR, for example, the National Institutes of Health have generally imposed a 10-percent funding cut for grantees due for routine annual grant renewals, subject to adjustment when regular appropriations are enacted. At a minimum, these measures create unnecessary paperwork and uncertainty. They may also delay work and force grantees and contractors to reduce staffing until they know their final funding level.

Summarizing the problems created by part-year CRs, one study cited deferred training and maintenance, contracting delays that can drive up costs, less adequate procurement competitions, hiring freezes, unnecessarily short-duration grants and contracts, and disruptions in funding for state

and local governments.<sup>1</sup> A 2009 Government Accountability Office report on the effects of CRs on six agencies found, among other things:

- The Food and Drug Administration deferred hiring and training of staff during a CR, which affected its ability to conduct planned inspections in areas such as food safety and medical devices.
- The Bureau of Prisons issued multiple short-term contracts for food, medical services, fuel, and other goods and services while CRs were in effect, creating unnecessary work and increasing costs. Also, deferred hiring under CRs made it difficult to maintain or improve the ratio of corrections officers to inmates as prison populations rose.
- The Department of Veterans Affairs did not start nonrecurring maintenance projects at VA medical centers (such as repairs to electrical or sewage systems) during CRs. Once final appropriations were in place, the Department sometimes needed to re-solicit bids or have analyses redone before proceeding with the projects.<sup>2</sup>

Similarly, the long delay in enacting final 2011 appropriations caused a variety of problems across the country, including inability to open a newly completed air traffic control tower in Pennsylvania or a new federal prison in New Hampshire, delays in Navy shipbuilding and Army procurement, a hiring freeze at the Justice Department, and a one-year delay in replacing two weather satellites, according to a Reuters survey.<sup>3</sup>

In short, for federal agencies to manage their budgets most effectively, they need to know what that budget is as early as possible. Delaying congressional action until roughly halfway through the fiscal year would create serious difficulties for all concerned and is not responsible governance. If policymakers really want to show the public they can govern, their first step should be to fund the government for the fiscal year before they adjourn and leave town.

---

<sup>1</sup> Philip Joyce, "The Costs of Budget Uncertainty: Analyzing the Impact of Late Appropriations," IBM Center for The Business of Government, 2012, <http://www.businessofgovernment.org/report/costs-budget-uncertainty-analyzing-impact-late-appropriations>.

<sup>2</sup> Government Accountability Office, "Continuing Resolutions: Uncertainty Limited Management Options and Increased Workload in Selected Agencies," GAO-09-879, September 24, 2009, <http://www.gao.gov/products/GAO-09-879>.

<sup>3</sup> Andy Sullivan, "Special report: On borrowed time: budget delays start to hurt," Reuters, March 16, 2011, <http://www.reuters.com/article/2011/03/16/us-budget-specialreport-idUSTRE72F7RJ20110316>.