

Parsons Brinckerhoff Washington Update - September 26, 2013 - Interim Report

Yesterday, the Senate voted unanimously on a procedural motion to move the FY'14 Continuing Resolution (CR) to the next step despite earlier objections by many Republican Senators, led by Senator Ted Cruz (R-TX). However, a vote on final passage of the CR likely will not occur until sometime this weekend, leaving very little time for the House to react to the changes the Senate is expected to make to the CR, before the start of the new fiscal year on Tuesday, October 1.

When the Senate passes the CR and returns it to the House, the House will be faced with several options:

- 1) Pass the Senate version of the CR even though it removes the House-passed provision to defund the Affordable Care Act (ACA) which was critical to Republican support for the bill
- 2) Quickly pass a very short-term CR lasting only a few days or a week while the details of the longer-term CR are hashed out
- 3) Amend the Senate version of the CR and send it back to the Senate for further consideration which would take time and almost certainly result in the federal government shutting down on October 1

The Senate appears to be planning to not only strip out the House provision defunding the Affordable Care Act, but also to move the expiration of the CR from December 15 to November 15. This is an attempt by the Senate appropriators to pressure Congress to actually pass some of the federal agency appropriations bills, rather than simply a year-long CR as they did in FY'13. This would allow Congress to target where to make the required FY'14 program cuts, potentially avoiding another automatic, across-the-board sequester.

Under a government shut-down, some US DOT programs would fare better than others since those programs and employees funded with Highway or Airport Trust Fund monies would continue to operate/be paid, including FHWA programs, projects and employees and FAA's airport construction program. Others, such as Air Traffic Controllers and rail/truck safety inspectors, would presumably be declared to be essential employees and remain on the job. In other cases, such as FTA, while the FY'14 formula grants would not be affected since they are funded through the Highway Trust Fund, FTA employees who administer the funds would be furloughed since they are paid with General Funds. FRA employees would also be furloughed.

On a related note, the Treasury Secretary announced yesterday that the debt ceiling will officially be reached on October 17. A number of Members of Congress are discussing moving the debate on the Affordable Care Act from the CR to the debt ceiling - whether it be defunding the ACA or delaying it for one year. Other Members are considering tying approval of the Keystone XL pipeline, Medicaid reform, tax reform and other controversial issues to the "must pass" debt ceiling bill.