



Economics Group

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Capitol Hill Update: Slow but Steady Progress

While Congress is in recess this week, there are two key impending deadlines facing Congress ahead. Highway funding and appropriations need to be resolved before the end of the session.

Highway Bill Goes to Conference Committee: How to Pay?

The Nov. 20 deadline to finish a long-term highway bill came and went with Congress instead passing yet another short-term patch to buy more time for negotiations. The short-term patch passed last week will keep highway projects funded until Dec. 4. The House and Senate are working through a conference committee to work out the differences between the two chambers. We expect that the final conference report will be filed on Monday (Nov. 30) and quickly move through both chambers before the Friday deadline.

A major sticking point in the bill is how to pay for the re-authorization of highway programs given that funds flowing into the highway trust fund have been running below outlays over the past decade. The House bill proposes to pull set-asides to protect against future losses from the Federal Reserve Bank assets, while the Senate version would pull funds from a number of sources, including selling oil from the Strategic Petroleum Reserve and reducing dividend payments to member banks of the Federal Reserve System.

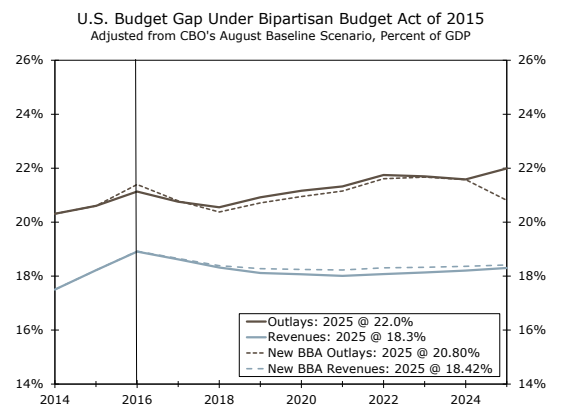
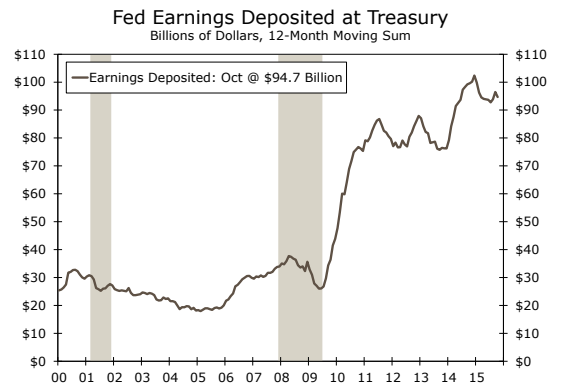
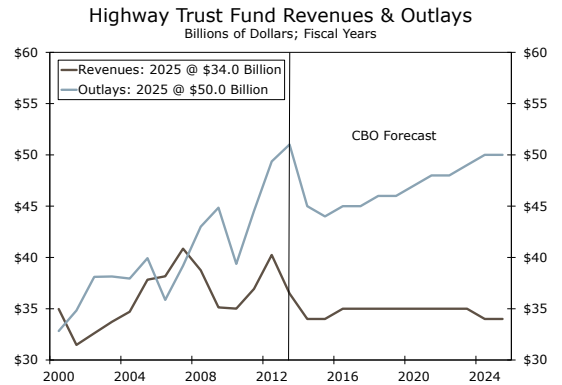
Another issue that has become intertwined with the highway bill has been the re-authorization of the Export-Import Bank, which has been winding down operations since its charter was allowed to expire on June 30 of this year. The bank's re-authorization is widely expected to be included in the final highway bill.

CROmnibus Time Again This Year? Policy Riders

Congress also continues working on appropriations for fiscal year 2016 ahead of the Dec. 11 deadline. The Bipartisan Budget Act signed into law earlier this month established the overall spending levels for the next two fiscal years, but appropriators have been working to allocate the funds among the federal departments and agencies and roll them into an omnibus spending bill. The major political hurdle for getting the omnibus pulled together is a number of policy riders that are being negotiated.

Among the most controversial provisions being discussed for inclusion would withhold funding for Syrian refugee resettlements. Should the House decide to pursue the refugee policy rider, it could very well result in a short-term continuing resolution to fund the Department of Homeland Security until attached to the omnibus appropriation bill for the other agencies, resurrecting the idea of a CROmnibus used last year to withhold funding for the president's executive action on immigration reform.

Congress is set to return on Nov. 30 and make the last legislative push for the first session of the 114th Congress. We expect both the Dec. 4 deadline for highway funding and the Dec. 11 deadline for the Omnibus bill to be met, hopefully ending the year with minimal fiscal drama.



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