



## Fiscal Year 2014 Consolidated Appropriations Act (H.R. 3547)

*Staff Analysis  
January 16, 2014*

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### Summary

The omnibus is the denouement of the Ryan-Murray spending agreement reached last month. That agreement provided for a roughly \$64 billion increase in the discretionary spending caps in 2014 and 2015, split equally between defense and nondefense.

Because the defense cap was lower in 2014 under the original Budget Control Act, defense spending does not meaningfully increase from 2013 enacted levels. Nondefense spending, however, receives an increase that is 10 times larger than defense. The 5 percent rate of growth of nondefense spending is almost three times the projected 1.7 percent rate of inflation (see table below).

### **Spending Increase in Omnibus Relative to Continuing Resolution** (Non-War Budget Authority, \$ billions)

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Defense	520.5	518.0	2.4	0.5%
<u>Nondefense</u>	<u>491.8</u>	<u>468.3</u>	<u>23.5</u>	<u>5.0%</u>
Total	1,012.2	986.3	25.9	2.6%

Since 2008, the last full-year appropriations signed by President Bush, defense spending has increased by 4.2 percent but nondefense spending has increased by 13.4 percent, compared with inflation of 10.2 percent. After adjusting for inflation,

defense spending in the omnibus reflects a 5.4 cut under this administration, while inflation-adjusted nondefense spending increases by 2.9 percent.

Tables comparing the omnibus with the continuing resolution (CR) and 2008 enacted are provided as an appendix.

### **Budgetary Compliance**

Regular appropriations provided in the bill do not exceed the spending caps provided in the Ryan-Murray spending deal. The bill includes a partial fix to the cut in the cost-of-living adjustment for retired veterans included in Ryan-Murray, but without an offset. That spending increase, which begins in 2016, would give rise to a point of order for including Changes in Mandatory Spending Programs (ChiMPs) that are not paid for in the budget window. Waiver of the point of order requires 60 votes.

### **Additional Detail**

#### **Agriculture (Division A)**

The Agriculture Appropriations bill provides \$20.9 billion in discretionary budget authority (BA) for fiscal year 2014 and results in \$22.1 billion in discretionary outlays.

- **Food and Nutrition Service (FNS)**: Reduces FNS to \$7.2 billion, \$450 million below the President's request and \$300 million below 2013 enacted levels.
- **Foreign Agricultural Service (FAS)**: Rejects the President's request to decrease FAS funding to \$367 million. Instead, funding is increased \$33 million above 2013 enacted levels, to \$1.83 billion.
- **Food and Drug Administration (FDA)**: Permits the FDA in 2014 to use fees that were withheld because of the 2013 sequester. The 2013 sequester reduced the availability of fees collected by the FDA to review drugs and medical devices.
- **Changes in Mandatory Spending Programs (ChiMPs)**: The ChiMPs lower the score of the bill by \$953 million. ChiMPs in the omnibus are \$61 million above the amount in the Agriculture Appropriations bill reported to the Senate.

## **Commerce, Justice, Science (Division B)**

The Commerce, Justice, Science Appropriations bill provides \$51.6 billion in discretionary BA for fiscal year 2014 and results in \$60.8 billion in outlays.

### **Commerce**

- National Oceanic and Atmospheric Administration (NOAA): Provides \$5.3 billion for NOAA, which is \$300 million above 2013 enacted, in order to fully fund the National Weather Service.
- Changes in Mandatory Spending Programs (ChiMPs): The bill includes the Fishery Products and Fisheries ChiMP, which directs the transfer of 30% of the Customs duties assessed on imported fishery products to offset NOAA operations appropriations. It facilitates an additional \$115 million in discretionary spending.

### **Justice**

- No funds for transfer of GITMO detainees or refurbishing of prisons to house them.
- Legal Services Corporation (LSC): Includes \$365 million for the LSC, which provides civil legal assistance to those who otherwise would be unable to afford it.
- National Instant Criminal Background Check System (NICS): Includes \$58.5 million for grants to improve records in the NICS system by assisting States in finding ways to add more records to the system, especially mental health records. This will help close gaps in Federal and State records currently available in NICS, which hinder the ability to confirm quickly whether a prospective purchaser is prohibited from acquiring a firearm.
- Executive Office for Immigration Review (EOIR): Includes \$315 million for the EOIR and the Office of the Pardon Attorney. EOIR is directed to take steps to better serve vulnerable populations, improve court efficiency through pilot efforts aimed at improving legal representation including support for custodians of unaccompanied and undocumented children, continue efforts to enhance the Legal Orientation Program and expand its adjudication capacity.
- Changes in Mandatory Spending Programs (ChiMPs): There are two CHiMPS in the Department of Justice which allows the agency to spend \$9,442 million more in 2014 while only saving \$346 million in outlays. These are the Crime Victims Fund (BA of -\$9,358 million and outlays of -

\$346 million) and the Assets Forfeiture Fund (BA of -\$84 million and no outlays).

- Provides \$224 million less for embassy security than in 2013.
- Provides \$97 million for FBI construction but could be broad enough to cover new construction of a new headquarters building.
- Provides \$4 million for strengthening forensic science practices and \$1 million for an advisory committee chaired by the Attorney General and the Director of the National Institute of Standards and Technology.

## **Science**

- National Aeronautics and Space Administration (NASA): Provides \$17.6 billion to NASA, an increase of \$120 million over fiscal year 2013 enacted levels.
  - \$4.1 billion will go to the Exploration account to carry out NASA's core mission of human space flight.
  - Prohibits any funds from being used to contract or collaborate with China or Chinese-based firms unless specifically authorized by law and certified not to be a security risk.
- National Science Foundation (NSF): Provides \$7.2 billion to NSF, a decrease of \$82 million compared to 2013 enacted.

## **Defense (Division C)**

The Defense Appropriations bill provides \$486.9 billion in regular discretionary BA for fiscal year 2014 and results in \$528.7 billion in outlays. The Defense subcommittee receives virtually no increase relative to the CR—an increase of just 0.1 percent.

- Non-War Military Appropriations: The omnibus provides nearly \$496 billion in non-war funding to the Department of Defense—Military programs, with \$486 billion of that amount provided from the Defense Subcommittee. Department of Defense spending remains relatively unchanged from 2013 post-sequester levels.
- Overseas Contingency Operations (OCO) Appropriations: The Defense bill provides \$85.2 billion in war funding. This figure climbs to \$85.4 billion with the inclusion of the defense-related OCO spending in the Homeland Security bill. The President requested only \$80.7 billion in OCO for defense, or \$4.7 billion less than provided in the omnibus.

- Changes in Mandatory Spending Programs (ChiMPs): The omnibus reinstates the full Cost of Living Adjustment for military retirees who were retired due to disability or their survivors who are under 62 years of age. This would partially fix the military retirement provisions in the Ryan-Murray spending deal. CBO scores this provision at \$573 million over 10 years.

### **Energy and Water (Division D)**

The Energy and Water Appropriations bill provides \$34.1 billion in discretionary BA for fiscal year 2014 and results in \$39.7 billion in outlays.

- Harbor Maintenance Trust Fund: Includes \$200 million more for the Harbor Maintenance Trust Fund relative to post-sequester 2013 levels, for a total appropriation of \$1 billion.
- Army Corps of Engineers – Civil Works: Total 2014 program spending is \$5.4 billion, approximately \$900 million higher than 2013 post-sequester levels, excluding Sandy Disaster relief.
- Yucca Mountain: Leaves in place balances financing the work of Nuclear Regulatory Commission staff to complete the third safety evaluation for Yucca Mountain.

### **Financial Services (Division E)**

The Financial Services Appropriations bill provides \$21.9 billion in regular discretionary BA for fiscal year 2014 and results in \$23.1 billion in outlays.

- Treasury Department
  - Changes in Mandatory Spending Programs (ChiMPs): Prevents for one year the use of \$736 million of the unobligated balances available in the Treasury Forfeiture Fund.
  - Increases transparency at the Offices of Financial Stability and Financial Research.

- IRS
  - No increase of funds would be provided to implement and administer Obamacare.
  - Provides \$11.2 billion for the Internal Revenue Service, of which \$5 billion will go toward the Enforcement account.
    - Prohibits IRS from targeting groups for investigation based on ideology or public speech protected under the First Amendment.
    - Provides \$2.1 billion for Taxpayer Service including at least \$5.6 million for the Tax Counseling for the Elderly Program.
  - Prohibits the IRS from using any of the funds provided in this act to make a video. The IRS reportedly spent \$50,187 for novelty videos at a 2010 conference.
- General Services Administration (GSA)
  - Limits GSA's use of revenue to \$9.3 billion, of which \$506 million shall remain available for construction and acquisition of additional projects in specific locations in: California, Colorado, District of Columbia, Puerto Rico, Texas, and Virginia.
- Small Business Administration
  - Provides \$113.6 million to fund grants for performance in fiscal year 2014 or fiscal year 2015, with an additional \$8 million available for grants to States for fiscal year 2014 to carry out export programs that assist small business concerns.
  - Provides \$191 million for administrative expenses to carry out the direct loan program.
- District of Columbia
  - Provides \$48 million for School Improvement, of which \$16 million is available to help low-income students in DC attend private schools.
  - Continues the \$30 million subsidy to DC students to attend any state college or university at in-state tuition rates.
- Security and Exchange Commission
  - Increases the budget for the SEC by \$29 million above the 2013 enacted level, but below the levels requested in the Senate's and President's budgets.
  - Changes in Mandatory Spending Programs (ChiMPs): Temporarily prohibits the SEC from spending \$25 million from its Dodd-Frank "Reserve Fund."

## **Homeland Security (Division F)**

The Homeland Security Appropriations bill provides \$39.3 billion in regular discretionary BA for fiscal year 2014 and results in \$46.0 billion in outlays.

- Flood Insurance: Sec. 572 includes a provision that would delay the flood insurance premium rate increases in Section 207 of Biggert-Waters through the end of fiscal year 2014. CBO reports this does not score.
- Transportation Security Administration (TSA): The TSA is funded at \$4.871 billion—a decrease of \$265 million from the 2013 enacted level and an increase of \$63 million above the 2013 post-sequester level. The omnibus is similar to the Senate bill and the President’s request. Notable differences are a small boost in privatized screening and a cap on full-time screening personnel at 46,000.
- Disaster Relief Appropriations: Provides FEMA \$5.6 billion in disaster relief spending—equal to the President’s request—which does not count against the discretionary spending caps.
- Overseas Contingency Operations (OCO) Appropriations: Provides \$227 million in OCO spending to the United States Coast Guard.
- Changes in Mandatory Spending Programs (ChiMPs): Temporarily prohibits the use of \$100 million in the Treasury forfeiture fund, which reduces 2014 spending, but provides no outlay savings since the money will be available to spend in 2015.
- Firefighter Grants: Allocates \$680 million to FEMA for firefighter grants, an increase of \$5.7 million.
- E-Verify: Provides funds for E-Verify at a total of \$113.9 million in discretionary appropriations, slightly higher than the 2013 post-sequester level of \$107 million.
- 287(g): Provides at least \$5.4 million for this joint partnership program between Immigration and Customs Enforcement (ICE) and state and local law enforcement agencies. Under 287(g), a state or local entity receives delegated authority for immigration enforcement within its jurisdiction.
- Border Patrol: Funds 21,370 Border Patrol agents via a \$3.7 billion appropriation, which includes \$3.6 billion for Border Security and Control and \$55.5 million for training.
- Funds the State Criminal Alien Assistance Program (SCAAP) but at \$58 million less than last year.

- Mandates 34,000 ICE detention beds along with \$168.5 million in funding to ensure that these beds are maintained and supported, as mandated in statutory language.
- Defunds ICE Public Advocate and all successor positions.

### **Interior/Environment (Division G)**

The Interior Appropriations bill provides \$30.1 billion in discretionary BA for fiscal year 2014 and results in \$32.2 billion in outlays.

- Overall BA and outlays are only slightly higher than the President's request; cuts across Interior and other agencies are more than made up for with \$600 million for firefighting at the Department of Agriculture. A similar amount of emergency BA and outlays for firefighting was included in the Senate 2014 Interior appropriation bill Chairman's Mark.
- The Joint Explanatory Statement requires the Interior Department, EPA, and Forest Service to make public greater detail related to settlements under the Equal Access to Justice Act.
- Changes in Mandatory Spending Programs (ChiMPs): Reinstates a ChiMP that deducts 2% of states' Mineral Leasing Receipts to increase discretionary spending. However, this CHIMP was made permanent in the Ryan-Murray spending agreement, and will disproportionately impact Wyoming.

### **Labor-HHS-Education (Division H)**

The Labor-HHS-Education Appropriations bill provides \$156.8 billion in regular discretionary BA for fiscal year 2014 and results in \$160.0 billion in outlays. The \$7.1 billion increase in the Labor-HHS bill accounts for over 25 percent of the year-over-year spending increase in the omnibus.

- Prevention and Public Health Fund (PPHF): The omnibus transfers \$928 million from the PPHF to a number of departments. However, 90% of the total amount transferred from the PPHF is directed towards the Centers for Disease Control and Prevention. In previous years, the PPHF has been used by the Secretary of Health and Human Services to pay for Obamacare implementation. By transferring the funds to other HHS accounts, this bill prevents additional funds from being used to implement Obamacare.



- Pell Grants: This bill continues the maximum Pell Grant discretionary award of \$4,860. After taking into account the mandatory add-on, the maximum award is expected to total \$5,730 for fiscal year 2014.
- Race to the Top: This bill includes \$250 million for Race to the Top, which is available through December 2014. These funds may be used for competitive awards to states to develop, enhance, or expand preschool and early childhood education programs for children from low- and moderate-income families.
- Changes in Mandatory Spending Programs (ChiMPs) and Rescissions: This bill rescinds \$6.3 billion in unused bonus payments for states that exceed target enrollment levels of Medicaid eligible children from the Children's Health Insurance Fund. However, there is no outlay savings as CBO assumes that states will not qualify for the bonus payments. The bill also rescinds \$10 million from the Independent Payment Advisory Board that was created by Obamacare to help control the growth in Medicare spending. There is no outlay savings as the President has not yet nominated members to the IPAB.

### **Legislative Branch (Division I)**

The Legislative Branch Appropriations bill provides \$4.3 billion in discretionary BA for fiscal year 2014 and results in \$4.2 billion in outlays.

- The House of Representatives receives \$1.1 billion, which is down four percent over 2013 enacted levels.
- The Senate receives \$857 million, which is a one percent reduction relative to current levels.
- The Architect of the Capitol receives \$590 million, a seven percent increase compared to 2013 enacted appropriations. The Capitol Police (\$338 million) and GAO (\$505 million) receive a reduction of less than one percent.

### **Military Construction and Veterans Affairs (Division J)**

The Military Construction Appropriations bill provides \$73.3 billion in discretionary BA for fiscal year 2014 and results in \$76.3 billion in outlays.

- Veterans Health Administration (VHA): Provides the VHA with \$55.6 billion in advanced appropriations for fiscal year 2015.

### **State-Foreign Operations (Division K)**

The State-Foreign Operations Appropriations bill provides \$42.5 billion in regular discretionary BA for fiscal year 2014 and results in \$45.5 billion in outlays.

- The bill total is \$2 billion greater than the 2013 post-sequester amount, but \$5 billion less than the amount requested by the President.
- Provides \$6.5 billion in Overseas Contingency Operations (OCO) appropriations. The President requested only \$3.8 billion for OCO in the Foreign Operations bill, or \$2.7 billion less than is provided in the omnibus.
- The omnibus includes both an extension of the Lautenberg Amendment and an extension of Special Immigrant Visas (SIVs) for Afghans. The one-year extension of the Lautenberg Amendment, which allows for the expedited processing of religious minorities fleeing Iran, costs \$1 million over 10 years. The SIV provision would allow for 3,000 visas in 2014, with any unused amount available in 2015, for Afghans who worked on behalf of the United States during the War on Terror. The SIV provision costs \$189 million over 10 years.

### **Transportation, Housing and Urban Development (Division L)**

The Transportation, Housing and Urban Development Appropriations bill provides \$50.9 billion in discretionary BA for fiscal year 2014 and results in \$116.5 billion in outlays.

- The omnibus provides \$3.2 billion less than the bill reported in the Senate (6 percent lower) but \$6.8 billion more than the bill approved by committee in the House (15 percent higher). Relative to last year, BA in the bill is \$3.8 billion (8 percent) higher.
- The bill also contains \$53.5 billion in obligation limitations on transportation contract authority for highways, mass transit, and airports, which is not counted against the overall discretionary total that was negotiated in the Ryan-Murray budget deal. The totals for the obligations limitations were almost identical in the House and Senate bills, following the

levels recommended in the surface transportation and aviation authorizing laws enacted in 2012.

- The omnibus does not fund the \$500 million discretionary bridge program and \$100 million high-speed and intercity passenger rail programs included in the Transportation Appropriations bill reported to the Senate.
- Highways: The omnibus contains two new highway provisions of interest. Section 124 requires DOT to give the Appropriations Committees three days' advance notice of new Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreements, and section 125 amends 23 U.S.C. 149(m) to extend indefinitely the ability of certain qualifying areas to shift Congestion Mitigation and Air Quality Improvement (CMAQ) moneys to rail or transit projects.
- Federal Aviation Administration (FAA): The bill largely restores 2013 sequestration cuts to FAA's operations and procurement accounts. The Operations account receives \$9.7 billion, which is \$56 million below the Senate bill and the President's request but \$255 million above the 2013 post-sequestration level (as amended by the transfer of money from airport grants to salary accounts by the Reducing Flight Delays Act of 2013). Within the Operations account, the omnibus sets aside \$140 million for the contract tower program, which will prevent the FAA from trying to shut those towers again in 2014.
- Essential Air Service (EAS): The omnibus provides \$149 million for the EAS subsidy program within the Office of the Secretary (in addition to \$100 million in mandatory spending from FAA overflight fees that goes towards EAS outside the appropriations process). The bill includes a provision prohibiting DOT from renewing an EAS contract with a community less than 40 miles from a hub airport unless DOT has negotiated a local cost share with the community.
- Federal Transit Administration (FTA): The FTA's Capital Investment Grants account receives \$1.9 billion, which is the Senate-recommended amount and only \$39 million below the level requested by the President. The House bill would have reduced Capital Investment Grants to \$1.8 billion.
- Amtrak: Operating subsidies, which were \$466 million before sequestration and cut in the House bill to \$350 million, receive \$340 million in this bill. However, Amtrak capital and debt service grants, which were \$952 million before sequestration and which were cut to \$600 million under the House bill, receive \$1.1 billion in the omnibus. Combined, the Amtrak grants total \$1.4 billion, only \$62 million less than the Senate bill but \$440 million more than the House bill. The two accounts for Amtrak grants become more

flexible because of section 154 of the DOT title of the omnibus, which amends the Sandy Supplemental (P.L. 113-2) to repeal that law's prohibition against Amtrak being able to transfer future appropriations between the Operating Subsidies account and the Capital and Debt Service account.

- Rail: The final omnibus bill contains no funding for new high-speed and intercity passenger rail projects. The House bill provided no funding, but the Senate bill had \$100 million, and the President's request contained \$3.7 billion. However, the omnibus also does not contain the Denham amendment language from the House that specifically banned any new federal funding from any DOT source from going to the California high-speed rail project in FY 2014. This could allow DOT to use some of the FY 2014 TIGER money for high-speed rail projects (subject to TIGER program limitations), but it would have to contend with all other transportation projects competing for a share of the \$600 million.
- Magnetic Levitation Repurposing: Section 192 of the DOT title of the omnibus repurposes \$80 million in unused magnetic levitation contract authority from section 1307 of the SAFETEA-LU law, saying that the contract authority now "shall be available to the Secretary of Transportation to make grants" for rail capital projects and to carry out the railroad safety technology grant program and high-speed rail corridor planning grants.
- Maritime Administration: Provides \$377 million to the Maritime Administration. The Assistance to Small Shipyards program, which has been close to \$10 million in recent years, gets zeroed out. However, the Title XI Shipbuilding Loan Program receives the Senate-requested \$38.5 million, allowing MARAD to issue the first new loans in several years.