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MEMORANDUM

TO: **Interested Parties**
FROM: **Penn Hill Group**
DATE: **October 17, 2013**
SUBJECT: **Overview of the Continuing Resolution and Debt Limit Legislation**

Last night, Congress passed and the President signed into law a measure ([H.R. 2775](#)) ending the government shutdown and extending the federal debt limit. This legislation passed the House on a [285-144 vote](#) and the Senate on a [81-18 vote](#).

Summary of Spending and Debt Limit bill

The major elements of the legislation include:

- **A short-term continuing resolution (CR) funding the federal government through January 15, 2014 at the FY 2013 spending levels (\$986 billion government-wide).** The expiration date for this CR is significant in that, under the sequestration rules, after January 15 the Administration is required to implement 2014 discretionary defense and non-defense spending caps that would bring overall discretionary spending down to \$967 billion government-wide. It is important to note that most of the reduction due to the 2014 caps would happen on the defense side.
- **An extension of the Federal debt limit until February 7, 2014.** Further, the legislation does not block the U.S. Treasury from utilizing “extraordinary measures” (largely moving funds between different accounts to extend the federal government’s ability to make payments without taking on additional debt). The measure also provides for a debt ceiling disapproval process that would allow for a vote to disapprove this increase in the debt ceiling (the February 7th increase only). However, any measure passed under this process would be subject to a Presidential veto and require two-thirds of both houses of Congress for an override, making this disapproval process largely symbolic.
- Federal employees will receive retroactive pay covering the time period of the government shutdown.
- The Department of Health and Human Services is required to verify the income of individuals who will receive subsidies or tax credits when purchasing health insurance through the Affordable Care Act health exchanges to ensure they are eligible for such subsidies and credits. HHS must certify this to Congress and the HHS inspector general will submit a report on the effectiveness of the procedures employed by HHS to do this verification.

Budget Resolution Conference. As part of the agreement to pass this legislation, the House and Senate have gone to conference on the 2014 budget resolution, with conferees instructed to report back by December 13, 2013. The act of going to conference was not required by the legislation, so conferees could fail to reach a deal without any specific consequences triggered



by the legislation. However, failing to reach a budget resolution conference agreement could significantly complicate passage of a CR subsequent to January 15, 2014 and any further extensions of the federal debt limit. In addition, any agreement on a budget resolution conference report would still require additional action by Congress to actually implement any revenue or mandatory spending goals established by the budget resolution.

Extension of alternative certification rules pertaining to highly qualified teachers. The legislation also extends, through the 2015-2016 school year, the authority provided in Department of Education regulations to consider teachers who do not yet have full state certification or licensure, but are in alternative certification programs, to be considered highly qualified teachers under the Elementary and Secondary Education Act. This is the only education-related rider to the legislation.

Analysis

The passage of this bill largely puts off the decisions around final FY 2014 spending to January, and any subsequent increasing of the debt limit to February/March. What is also very unclear is whether the House/Senate budget conference formed as part of the agreement to move this bill forward will produce a budget resolution conference report. Significant differences between the House and Senate budget resolutions (mandatory spending cuts vs. increased tax revenue) have existed since the two chambers first passed their budget resolutions in the spring. These differences are likely to make reaching a budget resolution conference deal extremely difficult.

Lastly, the inability to reach a budget conference agreement by December 13, coupled with the need for another Continuing Resolution (CR) after January 15 and looming sequestration cuts, will quickly return Congress to the issues which caused the government shutdown. The acrimonious nature of how this bill came together has also frayed Congressional relationships between and inside the parties. The fact that federal employees and Congressional staff have also been furloughed will likely result in delays in restarting agency operations and work on various legislation that will be felt for weeks to come. All these factors could make it difficult for major legislative priorities, including education legislation, to move before the end of the year.