



# Alternative Fuels & Chemicals Coalition

*Advocating for Public Policies to Promote the Development & Production of Alternative Fuels, Renewable Chemicals, Biobased Products, and Sustainable Aviation Fuels*

## **AFCC's July 2019 Capitol Hill Round Up: House and Senate Leaders Reach Agreement on Two-Year Budget Deal**

**Negotiations between Senate Republicans and the White House on FY2020 budget allocations stalled early this month following several short-lived attempts to reach agreement.**

The Senate GOP has rebelled against the fixes being proposed by the White House to avoid a fiscal pile-up later this year due to differences between the White House, Senate Republicans, and House Democrats, along with what several Senate Republicans call “draconian” conditions being imposed by the White House and its budget negotiator, acting White House Chief of staff Mick Mulvaney.

**Speaker of the House Nancy Pelosi (D-CA) and Senate Majority Leader Mitch McConnell (R-KY) met behind closed doors earlier this month and hammered out a sweeping budget deal which meets many of the objectives of both chambers. President Trump agreed to the budget deal on July 22.**

The two-year bipartisan budget deal would:

- Raise FY2020 spending by \$320 billion over current levels, which will benefit domestic agencies that have not received more than \$100 billion in funding increases since President Trump took office, and boost defense spending by 3 percent to \$738 billion,
- Lift the debt ceiling for two years,
- Set a course for funding the government without the fiscal brinkmanship that has occurred in recent years, and
- End the automatic “sequester” created by the 2011 Budget Control Act, which would have mandated \$125 billion in automatic spending cuts for FY2020.

**While House and Senate party leaders praise the increases, they still have very different budget priorities.**

One of the deals which has received a lot of debate is the elimination of policy riders from spending bills during the next two years. Although not written in legislation, this appears in a side agreement written by the bipartisan leadership and signed off by the White House.



The intent of this agreement is to eliminate “poison pill” policy provisions by Democrats, which have included keeping the U.S. in the Paris climate accord, banning offshore drilling, blocking rollbacks of the Obama-era Clean Power Plan, and eliminating funding to build boarder wall.

The majority of House Republicans also would prefer that the full cost of the \$320 billion increase be paid by other federal revenue or budget cuts, an issue which still was unresolved when the House passed the budget deal on July 25 by a vote of 284-149.

One offset which could have raised billions of dollars, which is not included in the final deal, is selling off oil from the Strategic Petroleum Reserve.

**The House already has passed 10 of its 12 annual spending bills, while Senate appropriators have not moved on any of their bills.**

The Senate has not yet brought the two-year bipartisan budget deal to the floor, as Senate Majority Leader Mitch McConnell continues to lobby GOP senators to gain their approval.

Majority Whip John Thune of South Dakota, who is pressing senators to pass the legislation, said senators head “for the door” when they see him coming because of his urgent work to whip up support.

The bill’s proponents on the Republican side have been touting the increase in defense spending as worth the compromise with Democrats over domestic spending. They are convinced the budget deal is far better than the alternatives of automatic budget cuts, stopgap spending bills, and what several Republican Senators have called draconian” conditions originally proposed by the White House.

President Trump, who supports the measure, is “taking names” and watching who votes against the legislation, a Republican has said on the condition of anonymity.

**Because of the limited number of legislative days remaining once the House and Senate return from their August recesses the second week of September, it is likely that a stopgap funding bill will have to introduced to ensure all agencies are funded past September 30.**