



COLORADO FISCAL
POLICY INSTITUTE

Federal Budget Update
December 14, 2007

Congress is still in session and as we rapidly approach the holiday recess and the end of the year, things are literally changing by the minute. As of Friday morning, December 14, 2007 here is what is happening on issues of importance to the Colorado Center on Law and Policy and its partners and coalition members.

Appropriations: The new federal fiscal year began on October 1 and still most appropriations bills have not been passed. Due to presidential veto threats and conflicting priorities that have stymied efforts of reaching compromises on appropriations bills this year for non-defense discretionary spending, Congress is now in a position that it must craft omnibus legislation if it is to actually pass an appropriations package this year, rather than simply resorting to a continuing resolution. The omnibus bill will likely reflect the cuts in programs that the President is promoting. There is some talk of eliminating all earmarks and using the savings to try to hold harmless certain important programs like WIC and LIHEAP. A defense supplemental is expected at sometime next year and there is talk of attaching some non-defense spending to that bill to help restore the effects of cuts.

Farm Bill: The Senate is expected to complete negotiations on the Farm Bill this week. The Farm Bill contains a Nutrition Title under which the Food Stamp Program and The Emergency Food Assistance Program are authorized. The Senate version of the nutrition title contains funding increases in these programs of about \$3 billion over five years and an additional \$1 billion for fruit and vegetable programs. The increases to food stamps will help end the erosion of the food stamp benefit that has been occurring since the mid 1990s. In other words, the purchasing power of the food stamp has not kept pace with the cost of food. The bill also makes improvements to eligibility criteria.

SCHIP: In perhaps one of the most devastating losses of the year, it is evident that there will in fact not be a reauthorization of the Children's Health Insurance Program this year. Rather, Congress is expected to pass a continuation of the program that includes a minimum amount of additional funding to help forestall funding shortfalls in some states. Colorado is not currently expected to face a short fall in the coming year.

AMT: Congress is working on a fix for the Alternative Minimum Tax. While this tax still only applies to roughly the top 15% of US taxpayers, CCLP has worked on this issue for two reasons.

First, we have asked certain members of our delegation to support a fix of the Child Tax Credit, a partially refundable credit which because of the way it is structured, benefits fewer and fewer low income families each year. Second, CCLP advocated on behalf of adhering to Pay-go, the rule that dictates that Congress must offset all spending and tax cuts to make them revenue neutral. Two very different bills emerged from the House and Senate and a final outcome is yet to be determined.