

U.S. Flash

Continuing Resolution Passed to Avoid Government Shutdown

- **The Bill will fund the day-to-day operations of cabinet agencies through Sept. 30th**
- **Leaves in place the \$85bn in broad-based spending cuts imposed by the sequester**
- **Early patch for government spending means more time to focus on long term budget**

A bill passed by both the senate and congress will allow the U.S. government to continue its day to day operations through September 30th, avoiding the shutdown that was set to take place on March 27th. Passing in the senate on the 20th and the house on the 21st, the bill will provide \$984bn to fund cabinet agencies including the FBI, FDA, FAA and USDA. Although the almost one trillion dollar patch will be enough to cover the operations until the end of the fiscal year, some agencies will continue to lean certain staff and implement furloughs in an attempt to direct needed funds to particular processes. The bill comes less than a month after the sequester was implemented which cut \$85bn out of domestic programs on a broad basis. Politicians have confirmed that the bill, intended to prevent the shutdown of the government, will not directly alleviate the spending cuts imposed by the sequester. Effectively this locks in the 5% cut to domestic programs and 8% cut to the Pentagon that has already been implemented. However, certain measures have been taken to reduce the severity for specific departments. The Department of Defense and the Food and Drug Administration, for instance, will be given greater flexibility in implementing the cuts required by the sequester. A similar anesthetic will be aimed at the department of food safety and inspection: \$55 million will be directed at the agricultural department so that inspectors and safety measures can continue without any fiscal impediments. Homeland security, the Justice Department and State and Commerce Department and Pentagon have also been extended flexibility in coping with cuts. This all comes as long-term budget talks continue along party lines as both republicans and democrats have acted to pass their own budgets for 2014 but with little compromise. Budget Committee Chairman Paul Ryan R-Wis successfully passed his budget through the Republican controlled house as Democrats attempt to do the same in the democrat controlled senate.

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