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Congress Resolves Threat of a Government Shutdown with Mixed Outcomes for Local Government Priorities.

Six months into the new Fiscal Year and following four continuing resolutions to keep the government running beyond the October 1st start of Fiscal Year 2024, Congress has approved all twelve annual spending bills, which have been signed into law.

A Best-Case Scenario

For local governments, passing all twelve bills through two legislative packages was the best-case scenario in an unusually contentious appropriations cycle. The expectation for mixed results on funding levels for programs important to local governments was present from the start of the appropriations cycle due to growing pressure within Congress to address the national debt following trillions in unbudgeted emergency spending related to stabilization and recovery from the COVID-19 emergency. And this is indeed the case for FY24.

However, the looming threat of a year-long continuing resolution that locked in FY23 spending levels for all of FY24 and the worse threat of sequestration were both overcome. A year-long CR would have meant new programs would go without FY24 funding, and existing programs could not account for the costs of inflation. The possibility of sequestration was imposed by an earlier debt limit deal to incentivize Members of both parties with the threat of an automatic 1% cut across all federal agencies. Over time, that evolved into the threat of a strikingly deep 9% to 10% cut for nearly all federal grants local governments are eligible to receive due to reinterpretations of the debt-ceiling law by Congressional and White House budget authorities. NLC member advocacy was crucial in preventing both these worse outcomes.

Continue reading.

National League of Cities

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