

SHORELINES – August 2005
As presented to the *Island Review Magazine*.

Fasten your seat belts - this should be interesting

Trivia question – what percentage of the Federal Budget constitutes the discretionary slice of the Nation's expenditure pie? Or phrased differently, what's essentially left remaining after programmatic, entitlement-type programs such as social security and Medicare are taken into account, and don't forget the interest to finance the Nation's debt? Would you guess that 80%?, 40%?, or 20%? is left for such items as the military and homeland defense (a big one), road building, medical research, preservation of park lands, and of course beach nourishment and waterway dredging? The answer is approximately 30% and heading downward if the historical trend holds true. Interestingly, the discretionary portion of the budget accounted for approximately 60% of the pie 40 years ago, meaning that the mandatory demands stipulated by law is going up and up while the discretionary dollar is getting pinched smaller and smaller.

Another aspect of the budget to consider is the size of military and defense-orientated expenditures that require approximately one-half of the discretionary portion of the budget to fund. So maybe the real answer to our trivia question lies closer to roughly 15%. That's right -- 15% of the entire budget is for non-military, discretionary demands (~\$400 billion of a \$2.6 trillion budget).

Now for the fun part, the discretionary portion of the budget (including defense) is debated by means of 10-12 appropriation bills that should be passed before the Federal fiscal year starts on October 1st. However in the past several years Congress has been experiencing a tremendous amount of difficulty in reaching reconciliation and meeting the October 1st target. What happens when appropriation bills are not passed by October 1st? There a few things.

For one, Congress can pass a series of temporary spending measures called continuing resolutions that keep government agencies afloat until the appropriation bills that fund these particular agencies are passed. Two, Congress can also pass an omnibus package that rolls all the unfinished appropriation bills into a single "mega-bill" for the President's signature, which ultimately enacts the bill into law. And worse case scenario, we can have government shutdown for government agencies if Congress elects to do nothing after October 1st.

So far the deliberations for FY 2006, which begins on October 1, 2005, appear to be on a fast track compared to the past several years. Each of the appropriation bills must go through a specific subcommittee, a larger committee, and a roll call vote in each the House and Senate, before a House/Senate conference committee can meet to reconcile differences. This year, the full House has passed all their appropriation bills and the Senate is not as far behind as one might imagine.

Perhaps even some better news lies in the fact that both the full House and Senate have passed their respective bills that fund the U.S. Corps of Engineers Civil Works Program, which provides the monetary resources for beach nourishment, waterway dredging, Port dredging, and beneficial use of dredged materials projects in Carteret County and abroad. These funding levels are contained in the *Energy & Water Development Appropriation Bill*, and we could see a House/Senate conference bill generated this summer (Congress has a month long recess in August however).

This year's conference deliberation for the Energy & Water Development Appropriation Bill should be interesting to say the least. The House's bill mimicked the President's budget, while the Senate placed a higher priority on Energy & Water resources.

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The House's tally for the entire bill is \$29.7 billion compared to the Senate figure of \$31.2 billion. Funding within the Senate bill for the Corps' Civil Works Program also experienced a "bump up" compared to the House version - \$4.8 billion (House) v. \$5.3 billion (Senate).

Locally, after experiencing two goose eggs in the President's budget and House mark, the Senate bill provided \$150,000 to complete the Bogue Banks Shore Protection Project Feasibility Study and \$4.625 million for a new and improved Section 933 Project that is planned to nourish the shorelines of Pine Knoll Shores with dredged material from Morehead City's Outer Harbor. The Morehead City Harbor received \$3.575 million for routine maintenance dredging in the President's budget, and House and Senate marks. Unfortunately the Senate provided \$0 for Bogue Inlet maintenance dredging despite providing funding for southern N.C. shallow draft inlet counterparts. We're not sure at this point if this figure was an oversight, if there was confusion regarding Emerald Isle's channel realignment project, or some other circumstance. The \$0 figure for Bogue Inlet was also in the President's budget and House bill. There are also other waterway dredging projects in Carteret County that did not receive any funding such as Wainwright Slough and Barden Inlet for instance, which seem to chronically receive \$0.

So where does all of this leave us?

- (1) The discretionary portion of the Federal budget is shrinking rapidly meaning that competition for funds are at an all time high. The discretionary portion of the budget is debated by means of a series of appropriation bills.
- (2) Congress has been experiencing tremendous difficulty in actually passing appropriation bills on time – before the start of the fiscal year on October 1st.
- (3) There seems to be renewed interest within Congress this year to pass appropriation bills before October 1st. The Energy & Water Development Appropriation Bill contains the funding necessary for the Nation's beach nourishment and waterway maintenance needs.
- (4) There are gapping differences in the House and Senate versions of the Energy & Water Development Appropriation Bill in terms of project specific earmarks, the gross funding level for the bill, and overall philosophy. A House/Senate conference committee will have to meet and resolve differences within the next few months which include a month long Congressional recess in August.
- (5) Expect a lively, perhaps contentious House/Senate conference for the Energy & Water Development Appropriation Bill behind a backdrop of the war on terror, budget deficits, and a shrinking discretionary budget. Fasten your seat belts - this should be interesting.