

Funding Fight Looms on Health and Finance Laws

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By Jessica Holzer And Josh Mitchell

WASHINGTON— A Senate deal to fund the federal government until March doesn't include money to launch new health care and financial industry regulations, setting up an early Republican victory in the battle over spending priorities.

The deal to fund the government until March 4 is expected to come to the Senate floor for a vote Tuesday. The estimated \$218 billion measure is expected to clear the Senate and House before a Tuesday Dec. 21 deadline, when current government spending authority expires.

If the resolution passes without funding to ramp up President Barack Obama's health-care overhaul or beef up agencies that regulate Wall Street, the fate of those regulatory efforts will be decided after Republicans assume control of the House and gain votes in the Senate.

"I think the odds shift towards Republicans," said Sen. Richard Shelby (R., Ala.).

Presumptive Incoming House Speaker John Boehner (R., Ohio) has vowed to slash spending to 2008 levels, which could entail \$100 billion in cuts in the current fiscal year. Senior House Republicans have called for blocking funding the administration needs to gear up new health care programs called for under the Affordable Care Act passed earlier this year.

Mr. Obama has signaled he will also propose cuts in his budget set for release in late January. But Republicans are likely to want more, and cuts in different programs than Mr. Obama will seek.

Conservative activists who fueled Republican victories in the midterm elections notched a victory last week when they pressured Republican Senators to close ranks and block a \$1.1 trillion Democratic spending measure that contained billions in earmarked spending projects for lawmakers in both parties.

That bill also contained \$1 billion in funding to begin hiring staff and setting up administrative structures needed to implement the health-care law.

The scuttled bill also included big budget increases for the Securities and Exchange Commission and the Commodity Futures Trading Commission for the remainder of the 2011 fiscal year. The regulators were given joint oversight of the nearly \$600 trillion over-the-counter derivatives market under the Dodd-Frank law passed in July.

Sen. Mark Warner (D., Va.) lamented the practical effects of passing a short-term budget measure that excluded the additional funding for the finance reform and health-care initiatives.

"The rest of the world is waiting for us to move forward, particularly on financial reform," Mr. Warner said. "Failure to do that hurts both domestically and internationally."

Under the Senate deal set on Sunday, funding for most federal agencies and departments would continue at levels authorized for fiscal year 2010, though some programs would see slight increases. Overall, funding would be about \$1.2 billion above the levels authorized in last year's budget. The House would also have to approve the spending measure.