Government Heads Toward Shutdown

WASHINGTON—The nation braced for a partial shutdown of the federal government, as time for Congress to pass a budget before a Monday midnight deadline grew perilously short and lawmakers gave no signs Sunday they were moving toward a resolution.

Leaders of both parties said they wanted to avoid the first federal closure since 1996, but their public appearances seemed aimed more at affixing blame for the impasse.

House Speaker John Boehner (R., Ohio) urged Senate leaders to pass legislation that the Republican-controlled House had approved early Sunday morning, which would fund the government through mid-December. But that prospect was remote, as the House legislation included a one-year delay of the new federal health law that Democrats have vowed to reject, as well as a repeal of the new law's tax on medical devices.

Democrats say Mr. Boehner himself could end the stalemate quickly by asking the House to pass the Senate plan for extending federal funding, which includes no provisions aimed at the health law.

Such a move would anger conservatives in Mr. Boehner's ranks and likely materialize only at the last minute, after keeping up the fight against the health law to the end. But it would bring relief to the many Republicans who fear that the public would hand their party the largest share of blame for a shutdown.

The tense maneuvering surrounded a bill that otherwise might be uncontroversial: an extension of current funding for the government for the early months of the new fiscal year, which begins Tuesday. But a determined faction of conservative Republicans has argued that the deadline gives the party its best opportunity for derailing the new health law before one of its central elements, health-insurance marketplaces for individuals, are launched Tuesday.

Some Republicans held out hope that the prospect of a government shutdown would pressure Senate Democrats to make even a symbolic concession to their demand for changes in the Affordable Care Act, perhaps by agreeing to the repeal of the medical-device tax intended to help fund the law.

"We will not shut the government down," said House Majority Whip Kevin McCarthy (R., Calif.), speaking Sunday on Fox News. "If we have to negotiate a little longer, we will continue to negotiate."

But other Republicans are troubled that their party's most conservative flank is forcing the confrontation to the brink in their attempt to delay or defund President Barack Obama's prized legislative accomplishment.

"We're pretty much out of options at this point," said Rep. Devin Nunes (R., Calif.), criticizing the faction of the party most unwilling to
compromise. "They're all giddy about it. You know who benefits the most here from a shutdown? The Democrats benefit and they know that."

A shutdown would prompt federal agencies to suspend a large range of activities and furlough at least 825,000 of the U.S. government's more than two million workers, according to plans filed with the White House. However, much of the public would be unaffected, as services deemed essential would continue, among them those related to national security, mail delivery, air traffic and law enforcement.

With federal agencies preparing for furloughs, Congress remained in recess Sunday after the House in the early morning hours passed its short-term funding bill.

Senate Majority Leader Harry Reid (D., Nev.) opted to keep the Senate in recess until Monday afternoon, in a hardball strategy aimed at pressuring House Republicans to abandon attempts to use the moment to scale back the health law.

Mr. Boehner denounced the Senate for refusing to reconvene Sunday, calling it an act of "breathtaking arrogance."

In response, Sen. Chuck Schumer (D., N.Y.) said Mr. Boehner's strategy was "merely a subterfuge to lift the blame from his shoulders."

White House officials met Saturday and Sunday to talk about the possible government shutdown and other matters. A senior administration official said no back-channel discussions were under way with congressional Republicans.

The official said Mr. Obama was willing to negotiate a broad budget agreement with the GOP, but would reject "paying a toll" in the form of policy concessions as part of a short-term funding measure.

The stalemate was a monument to problems that have increasingly gripped U.S. politics, especially over the last three years of divided government. The growing polarization of the parties, a diminished willingness to compromise on spending and an epidemic of brinkmanship have made it more difficult for Congress to address even the most routine budgeting questions.

Mr. Obama and other Democrats have said that agreeing to GOP demands now would invite Republicans to press for more in the future, with each fiscal deadline. Next up is a battle over terms for raising the nation's borrowing limit, which the Treasury says must be approved by mid-October. Most economists predict that the financial consequences of failing to raise the debt limit would be greater than a government shutdown.

The endgame of the shutdown battle will begin Monday afternoon, when the Senate is expected to reconvene roughly 10 hours before the midnight deadline. The Senate is expected to take up the House bill to continue government spending through Dec. 15 and strip out GOP amendments to delay the health-care law for a year and repeal its new tax on medical devices. That would put the ball back in the House's court.

The simplest path to avoiding a shutdown would be for the House to immediately pass the Senate funding bill and send it to the White House. Mr. Nunes and others predict that there would be enough votes to pass such a bill, if brought up by GOP leaders, with Democrats joined by some Republicans willing to postpone the health-care fight in the interest of ending the showdown.

However, that route could pose political risks to Mr. Boehner, whose standing as speaker rests on retaining his party's support, including from a conservative wing that often has clamored for him to be more combative in fighting Mr. Obama's policies.

Rep. Matt Salmon (R., Ariz.) said Mr. Boehner's status among House Republicans could suffer if he forced a pared-down spending bill through the House. "There are too many people who campaigned on this issue, to do everything they could to get rid of this bad law or postpone it," Mr. Salmon said.

Others said Mr. Boehner could bring the Senate bill to a vote at the last minute, late enough to show he had fought for Republican priorities to the end. Mr. Boehner played a similar hand early this year when he crafted and voted for a compromise with Democrats to avoid the "fiscal cliff" of impending tax increases.

GOP officials say another option being considered by Mr. Boehner is to bring the spending bill back to the floor with yet another amendment that might allow Republican lawmakers to claim they achieved something in the battle.
One possibility is an amendment to limit federal contributions to offset the costs of health-care premiums paid by lawmakers and their staffs. Because lawmakers and aides will be required under the new health law to obtain coverage through exchanges designed for people without insurance, their costs will increase dramatically without the U.S. contribution.

Limiting the federal contribution is privately opposed by many lawmakers. But it is considered a potential 11th hour move, because it would put the Senate in the position of defending a policy that benefits lawmakers themselves.

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