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WHAT'S IN A CONTINUING RESOLUTION?

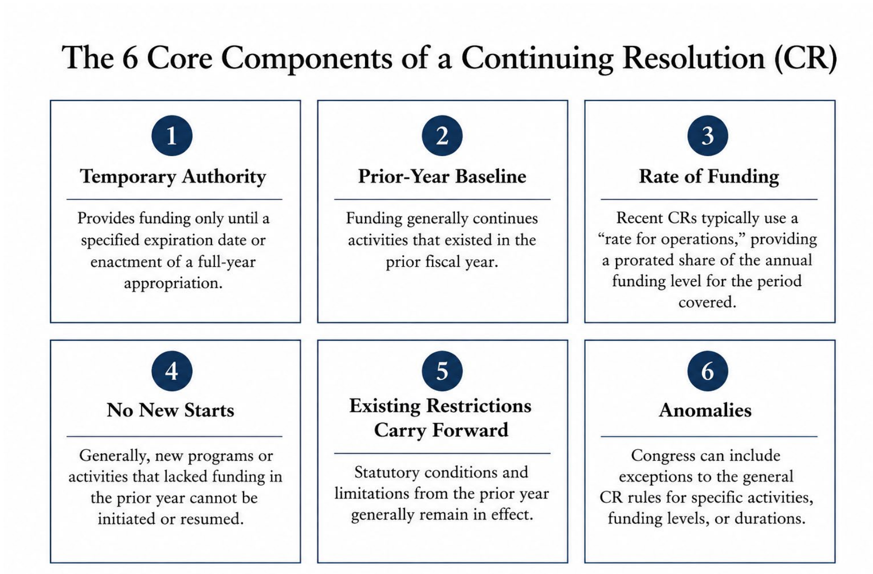
Primer on Continuing Resolutions and their Impacts on the Department of War & the Defense Industry

By Nick Vance, Vice President and Aerospace & Space Practice Area Lead

KEY POINTS

- Continuing Resolutions (CRs) allow the Department of War (DoW) to operate temporarily when full-year appropriations are not enacted by October 1, but they generally limit funding to prior-year levels.
- CRs provide funding at the appropriations-account level, giving DoW and Military Services some discretion in how funds are allocated among programs.
- Restrictions on new starts and production increases can delay modernization, procurement, RDT&E activities, and rapidly evolving technology programs.
- Programs that received prior-year congressional increases should not assume those increases will continue during a CR, especially if they were not included in the Administration's next budget request.
- Programs facing possible congressional reductions may see slowed or limited execution during a CR as Services manage the risk of uncertain full-year funding.
- Prolonged CRS can reduce operational flexibility, weaken industrial base planning, compress budget execution timelines, and widen the gap between current priorities and prior-year funding levels.

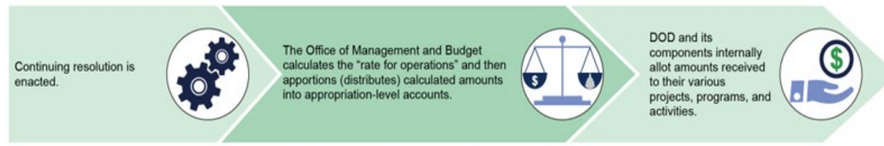
A continuing resolution (CR) provides temporary budget authority when annual appropriations are not enacted by the start of the fiscal year on October 1. A CR generally allows the Department of War (DoW) to continue existing activities at a specified "rate for operations" for a limited period. That rate is annualized, but only the portion needed for the CR period is available for obligation. CRs typically include six key components *(see graphic below)* that govern how funding may be obligated during this period. In practice, DoW may operate under several successive CRs before receiving full-year appropriations. From FY2011 through FY2025, DoW operated under CRs for an average of approximately four months.



CRs in Practice

Once a CR is enacted, the Office of Management and Budget (OMB) issues a CR Bulletin that automatically apportions a *pro rata* share of available funding to federal appropriation accounts, including those within DoW (e.g. Air Force Aircraft Procurement, Army RDT&E). The Bulletin also provides any CR-specific guidance governing execution. DoW and its components then internally allot the apportioned funding among their respective programs, projects, and activities.

At the program level, impacts vary considerably but are generally negative. For procurement and RDT&E accounts, CRs create a mismatch between DoW's new-year priorities and its authority to execute them. Programs scheduled to begin, accelerate, or enter production may have to wait for full-year appropriations or a specific anomaly. Restrictions on new starts and production increases are particularly consequential for RDT&E, procurement, and rapidly evolving technology programs, where funding often must move across different appropriations, or “colors of money.” CRs can also significantly affect DoW readiness and sustainment activities.



Source: GAO analysis of appropriation documentation. | GAO-26-107065

What About My Program?

Because CRs generally provide funding at the appropriation-account level rather than the individual program level, DoW and the Military Services retain some discretion in allocating available funding among programs within an account. As a result, program execution under a CR can vary considerably based on Service priorities, program requirements, and expectations for full-year funding.

That flexibility is constrained by the uncertain duration of a CR, restrictions on new starts and production increases, and differences between planned RDT&E and procurement funding. Service leadership generally prioritizes the most critical requirements while slowing or deferring activities that can wait for full-year appropriations. Contracting actions for existing programs may continue, but the timing and level of execution can vary significantly by program.

Congressional Increases: A program that received a congressional increase in the prior fiscal year should not assume the same level of funding will continue under a CR. Although the prior-year appropriation helps establish the CR funding rate at the account level, DoW is not generally required to replicate congressional program-level funding decisions when allocating funds within the account. Service leadership may instead prioritize other requirements, particularly when the increase was not included in the Administration's subsequent budget request.

Pending Congressional Reductions: Conversely, if the House or Senate appropriations process signals a reduction to a program for the upcoming fiscal year, the Services may slow or limit execution during the CR rather than commit funding that may not ultimately be available. This is a risk-management decision, not an automatic CR restriction. High-priority Administration or Service requirements may be treated differently.

In effect, CR execution becomes an exercise in triage: DoW has limited flexibility within appropriation accounts, but Service leadership must decide which existing activities to fund, which to slow, and which to defer until Congress provides greater certainty through full-year appropriations.

Bottom Line

CRs preserve government operations, but they are a poor substitute for full-year defense appropriations. For DoW, prolonged CRs can delay modernization, restrict production growth, reduce operational flexibility, weaken industrial base planning, and compress budget execution. The longer a CR lasts, the greater the disconnect between DoW’s current strategic priorities and the prior-year funding framework it is permitted to execute.

Sources: Congressional Research Service, Continuing Resolutions: Overview of Components and Practices, R46595 (Mar. 27, 2025); U.S. Government Accountability Office, Defense Budget: Effects of Continuing Resolutions on Selected Activities and Programs Critical to DOD's National Security Mission, GAO-26-107065 (reissued Feb. 4, 2026).

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