

THE PRESIDENT'S FEDERAL BUDGET FOR FISCAL YEAR 2012

Submitted to Congress on February 14, 2011, the President's annual budget request seeks to inform the federal budget process by establishing a framework for overall federal fiscal policy; prioritizing federal programs and initiatives; and recommending specific spending, legislative, and administrative policy changes.

*NASUAD's
Preliminary Analysis
of the President's
Federal Budget
Proposals for the
2012 Fiscal Year*

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INTRODUCTION

On February 14, 2011, President Obama submitted his \$3.73 trillion fiscal 2012 proposed budget request to Congress, which outlines the Administration's overall fiscal policy and federal program priorities for the fiscal year (FY) that will begin on October 1, 2011. Included in the Administration's budget are funding requests and corresponding justification data for all federal executive departments and independent agencies. Key framing themes to the President's FY12 proposed budget include:

- Making tough choices to restore fiscal discipline
- Taking on the long-term challenges to our fiscal health
- Creating a government that is effective and efficient

Notably, several of the President's FY12 proposals incorporate the recommendations formulated by the bipartisan National Commission on Fiscal Responsibility and Reform. For more information on the fiscal commission, please see NASUAD's report, [Analysis of the National Commission on Fiscal Responsibility and Reform](#). To access the President's budget request for FY12, please [click here](#).

Since Congress has yet to pass a budget for FY11, the federal government has been operating under a series of Continuing Resolutions (CR) since October 1, 2010, when the current fiscal year began. These stop-gap measures have largely maintained the funding levels established in the legislation appropriating funds for FY10. The current short-term funding mechanism (PL 111-322) is slated to expire on March 4, 2011, which will mark the first opportunity for the 112th Congress to shape the federal budget through the appropriations process. Further complicating the remaining FY11 funding efforts is the likelihood that Congress will soon face a vote to raise the debt ceiling beyond its current \$14.3 trillion limit, in order to prevent the United States from defaulting on its legal obligations.

In order to have a baseline for comparability in the absence of a formal budget for the fiscal year immediately preceding the FY12 budget request, the President's proposal references the funding actually provided through the FY10 budget cycle, as well as the funding authorized under the subsequent CRs cleared by Congress throughout FY11. For the purposes of this report, NASUAD largely refers to the FY11 CR levels, which are largely identical to the FY10 amounts.

With a focus on initiatives of particular interest to the aging and disability communities, NASUAD conducted a preliminary analysis of the President's budget request on the day of its release. In the pages that follow, please find NASUAD's report, which includes an agency-specific breakdown of the proposed funding levels, as well as next steps in the federal budget process. If you have questions or concerns, or would like additional information, please contact NASUAD's Executive Director, Martha Roherty, at mroherty@nasuad.org, or NASUAD's Senior Director for State Services, Mike Cheek, at mcheek@nasuad.org.

DEPARTMENT OF AGRICULTURE

Food and Nutrition Services

Supplemental Nutrition Assistance Program (Formerly Known as the Food Stamp Program)

The President's FY12 budget request for the Supplemental Nutrition Assistance Program (SNAP) is \$73.2 billion, which is a \$5 billion increase over the FY11 CR level. SNAP is the primary source of nutrition assistance for 43 million low-income Americans. The President's budget includes a proposal to temporarily eliminate the time limits for certain working-age, low-income adults without dependents for an additional year. This proposal is aimed at helping to remove access barriers to SNAP and increase food purchasing power among some of the hardest-to-reach populations.

The Commodity Assistance Program

The budget request includes recommendations for FY12 funding levels for the Commodity Assistance Program (CAP), a program which distributes USDA commodities through multiple programs, including several programs that provide support to low-income older adults and people with disabilities, including the Commodity Supplemental Food Program (CSFP), the Emergency Food Assistance Program (TEFAP), and the Seniors Farmers Market Nutrition Program (SFMNP).

- Commodity Supplemental Food Program: This Program provides commodities to low-income elderly Americans; pregnant, postpartum, and breastfeeding women; infants; and children up to age six. The FY12 budget neutral request of \$177 million is a \$6 million increase over the FY11 CR level.
- Emergency Food Assistance Program: This initiative provides support to food banks and other programs assisting households with immediate, short-term, food assistance needs. The President's FY12 budget requests \$50 million for this program, the same as the FY11 CR level.
- Seniors Farmers Market Nutrition Program: This effort provides coupons for low-income seniors to buy fresh, unprepared foods at farmers' markets, roadside stands, and community-supported agriculture programs. The FY12 budget neutral request of \$21 million is the same as the FY11 CR level.

Healthy Food Financing Initiative

The FY12 budget request provides \$35 million for Healthy Food Financing Initiative to bring grocery stores and other healthy food retailers to underserved communities. According to the budget proposal, other funds for Rural Development and the Agricultural Marketing Service will be available to support USDA's portion of the Healthy Food Financing Initiative.

DEPARTMENT OF EDUCATION

Rehabilitation Act Program Consolidation

Workforce Innovation Fund

The FY12 President's budget requests funding for a wide range of programs that focus on improving educational, employment, and independent living outcomes for people with disabilities. In its proposal, the Administration requests \$30 million for an interagency Workforce Innovation Fund, which would be supplemented by proposed funding from the Departments of Education and Labor. This newly-established Fund would encourage innovation and support projects to improve service delivery and beneficiary outcomes for individuals with significant disabilities.

Workforce Investment Act Consolidation

Also part of the Workforce Investment Act reforms, the President's FY12 budget proposes the consolidation of nine Rehabilitation Act programs into three, with the goals of reducing duplication and administrative costs, while improving program management and accountability in the provision of rehabilitation and independent living services. The three newly-consolidated programs would be: (a) Vocational Rehabilitation State Grants; (b) Grants for Independent Living; and (c) National Activities to Improve Rehabilitation Services.

- Vocational Rehabilitation State Grants: The President's FY12 budget proposes consolidating the following Vocational Rehabilitation (VR) State Grants into one program: (a) Supported Employment; (b) Projects with Industry; (c) Migrant and Seasonal Farm Workers; and (d) In-Service Portion of VR Training. The proposed consolidation would be budget neutral, with overall flat funding for State Vocational Rehabilitation Grant Programs. The total FY12 request is \$3.1 billion. This request also includes \$37.4 million for grants to Indian Tribal Organizations.
- Grants for Independent Living: The President's FY12 budget proposes consolidating the following programs into a single Independent Living Program: (a) the Independent Living State Grants Formula Program; and (b) the Centers for Independent Living (CIL) Program. This proposed consolidation would be budget neutral, with overall flat funding for State Independent Living Programs. The total request is \$104 million.
- National Activities to Improve Rehabilitation Services Program: In order to improve planning, reduce duplication, and gain the flexibility to direct all program improvement resources, the President's FY12 budget combines the following three VR programs into one National Activities Program: (a) Demonstration and Training; (b) Evaluation; and (c) Program Improvement. This new Program would support national activities that improve the administration and effectiveness of programs and services authorized under the Rehabilitation Act. The proposed change would be budget neutral, and the total request is \$8 million.

National Institute on Disability and Rehabilitation Research

The National Institute on Disability and Rehabilitation Research (NIDRR) awards discretionary grants to research initiatives, demonstration projects, and related activities that focus on improving the lives of individuals with disabilities across the lifespan. The FY12 budget request includes funding for NIDRR continuation awards, as well as \$18.8 million for new grant activities.

Client Assistance State Grants

The Administration proposes \$12.3 million in level funding for Client Assistance State Grants, a program providing formula grants to states for the purpose of outreach, education, and advocacy.

Protection and Advocacy of Individual Rights Program

The Protection and Advocacy of Individual Rights (PAIR) Program funds state systems to protect and advocate for the legal and human rights of individuals with disabilities. The President's FY12 budget proposes level funding for this program at \$18.1 million.

Assistive Technology Programs

The President's budget requests level funding from the FY11 CR for assistive technology (AT) programs, to help to states improve AT devices and services for individuals with disabilities. The request includes \$25.7 million for the AT State Grant Program, \$4.3 million for the Protection and Advocacy for Assistive Technology Program, and \$1 million for technical assistance.

Educational Institutions

Under the President's FY12 budget request, the American Printing House for the Blind would receive level funding from FY11 CR at \$24.6 million. The National Technical Institute for the Deaf would receive \$65 million, a \$3.4 million decrease from the FY 2011 CR level, and Gallaudet University would receive \$118 million, representing a \$5 million decrease from the FY11 CR level.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Overview

HHS Aggregate Funding Request

The President's budget for the Department of Health and Human Services (HHS) totals \$891.6 billion, \$79.9 billion of which is discretionary budget authority, and therefore specifically addressed in the President's funding request. The remaining amount, \$811.7 billion, is composed of mandatory spending for entitlement programs, such as Medicare and Medicaid. While the President's HHS budget proposal would fund several new efforts, an array of existing HHS programs would either be eliminated or allowed to expire, in preparation for the Affordable Care Act (ACA) programs that, once implemented, would render the current HHS initiatives duplicative or obsolete.

HHS Agencies

As an umbrella agency, HHS includes many agencies and programs of importance to NASUAD members, as well as to the larger aging and disability communities. Below, please find detailed summaries of the budget proposals for the Administration on Aging (AoA), the Centers for Medicare & Medicaid Services (CMS), and highlights from the proposed budgets for the Health Resources and Services Administration (HRSA), the Administration for Children and Families (ACF), the Centers for Disease Control (CDC), the National Institutes of Health (NIH), the Office of Civil Rights (OCR), the Office of the National Coordinator (ONC), the Office on Disability (OD), and the Substance Abuse and Mental Health Services Administration (SAMHSA).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

THE ADMINISTRATION ON AGING

Overview

AoA Aggregate Funding Request

The Administration's FY12 budget request for AoA is \$2.2 billion, representing an approximate \$500 million dollar increase over the FY11 CR level of \$1.5 billion. This increase is largely due to the initial boost that AoA's budget would receive under the President's proposal to transfer both the Community Service Employment for Older Americans Program (SCSEP), and the State Health Insurance Assistance Programs (SHIPs), to AoA. The budget request proposes \$450 million for SCSEP and \$47 million for the SHIPs. After adjusting for this one-time funding increase, the President's FY12 budget would increase AoA's funding by \$74.5 million over the FY11 CR level.

Highlights

In a February 14, 2011, briefing hosted by AoA to discuss the President's FY12 recommendations, the Assistant Secretary for Aging, Kathy Greenlee, highlighted five key areas in which AoA received additional support in President Obama's proposed budget, including funds for the implementation of the ACA-authorized Elder Justice Act; continued support for Caregiver Initiatives; recommended funding for the newly-established CLASS Office within AoA; as well as the transfer of several initiatives from other HHS agencies to AoA, such as the Community Service Employment for Older Americans Program; and the State Health Insurance Assistance Program.

- Support for the Elder Justice Act: The Administration indicated its support for the Elder Justice Act of 2010, authorized under the Affordable Care Act, by requesting \$16.5 million in new funding for State Adult Protective (APS) Services Demonstrations.
- Continued Support for Caregiver Initiatives: Under the Administration's proposed budget, the National Family Caregiver Support Program (NFCSP) would receive an increase of nearly \$40 million, resulting in a funding level of \$192 million for FY12.
- Placement of the CLASS Office within AoA: The President's budget requests \$120 million to finance the administrative expenses that the newly established Community Living Assistance Services and Supports Program (CLASS) Office within AoA is expected to incur in FY12.
- Transfer of Title V of the OAA to AoA: In his FY12 budget proposal, the President recommends transferring the Community Service Employment for Older Americans Program (SCSEP) from the Department of Labor (DOL) to the Administration on Aging. SCSEP is authorized under Title V of the Older Americans Act (OAA), and this transfer accounts for \$450 million in new funding in AoA's proposed budget.
- Transfer of the SHIPS from CMS to AoA: In addition to the transfer of SCSEP to AoA, President Obama's budget proposes to transfer the State Health Insurance Assistance Program (SHIPs), which have traditionally been administered at the state and local levels by the Aging Network, and funded through the Centers for Medicare & Medicaid Services (CMS).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

THE ADMINISTRATION ON AGING

Core AoA Services: Health and Independence

Home and Community Based Supportive Services

Under the President's budget, the Home and Community Based Supportive Services Program would receive a funding increase of \$48 million from the CR for FY11. Home and Community Based Supportive Services provide grants to states and territories using a formula based primarily on their share of the national population aged 60 and over. Services provided under this initiative include: transportation and case management, information and referrals, in-home personal care, homemaker assistance, adult day care, and physical fitness programs. Each state uses an intrastate funding formula to allocate the funds it receives through this program to its Area Agencies on Aging (AAA). AAAs, in turn, use their portion of the funds to provide the supportive services that best meet the needs of seniors in their planning and service areas.

Congregate Nutrition

The President's budget requests level funding for the Congregate Nutrition Program, in the amount of \$441 million. While the FY12 nutrition funding proposal is the same as in FY10 and FY11, in addition to the congressional appropriations made in FY10 and the FY11 CR, the nutrition programs also received stimulus dollars under the American Recovery and Reinvestment Act (ARRA), swelling the funding totals that these programs actually received. Specifically, the Congregate Nutrition Program was supplemented by \$65 million in ARRA funds, and Home Delivered meals received \$32 million, which was expended by December 30, 2010. Accordingly, in order to establish an accurate funding baseline for

FY10 and FY11, these ARRA funds should be combined with those appropriated by Congress, which brings the total funding for Congregate Nutrition over this time period to \$505 million. Since the ARRA stimulus dollars have now expired, the President's funding request for Congregate and Home Delivered Meal Programs in FY12 would result in a \$100 million decrease, when compared with the ARRA-enhanced allocations in prior fiscal years.

Home Delivered Nutrition Services

The President's FY12 budget requests level funding, \$218 million, for the Home Delivered Nutrition Services Program. Older Americans Act Title III C2 ([OAA Section 336](#)) authorizes meal provision and related nutrition services to older individuals who are homebound. Home delivered meals are often the first in-home service that an older adult receives, and the Program is a primary access point for the other home and community based services. In addition to meals, services funded under this initiative include nutrition screening; education; and nutrition assessments; as well as counseling, where appropriate. According to AoA's budget justification, the \$819 million in total nutrition funding in the President's budget would provide an estimated 193 million meals. This represents 36 million fewer home delivered meals when compared to the FY10 enacted level, primarily because of declining leveraged funds at the state and local levels during the economic downturn.

Nutrition Services Incentive Program

Under Section 311 of the OAA, the Nutrition Services Incentive Program (NSIP) provides awards to states and Indian Tribal Organizations that efficiently deliver nutritious meals to older adults. This funding can only be used to provide meals, and cannot be used to pay for other nutrition-related services, or for administrative costs. State Agencies on Aging and Indian Tribal Organizations may choose to receive part, or all, of this support in the form of USDA foods. The USDA foods portion of NSIP is funded through a transfer of funds from AoA to the Food and Nutrition Service's (FNS) Food Distribution Division. The CR for FY11 provided for \$161 million in funding, and the request for FY12 remains the same.

Native American Nutrition and Supportive Services

In the FY12 request, the Native American Nutrition and Supportive Services program receives the same funding as the CR for FY11, in the amount of \$28 million.

Preventive Health Services

The AoA Preventive Health Services Program would again receive level funding of \$21 million under the President's FY12 proposed budget. This Program provides grants to states and territories to fund programs that focus on educating older adults about the role that healthy lifestyles and behaviors can have in preventing or delaying chronic disease and disability, with the goal of reducing the need for more costly medical interventions in the future. Qualifying activities include information and outreach; health screenings and risk assessments; physical fitness; health promotion; and medication management. These activities are carried out at multi-purpose senior centers, meal sites, and other community based settings, as well as through individualized counseling and services for vulnerable elders.

Chronic Disease Self-Management Program

For the first time, the President's budget proposes new stand-alone funding for Chronic Disease Self-Management Grant Programs (CDSMP), in the amount of \$10 million for FY12. The CDSMP funds would

be distributed as competitive grants to states, and interagency agreements allowing CMS to evaluate the impact of CDSMP on participant health care utilization would be required.

Community Service Employment for Older Americans

The Community Service Employment for Older Americans (SCSEP) Program would move from the Department of Labor to the Administration on Aging under the Administration's proposal. The Senior Community Service Employment Program, authorized by Title V of the Older Americans Act, is a federally-sponsored community service employment and training program for unemployed, low-income individuals, ages 55 and older. The Administration's FY12 budget requests \$450 million in funding for this program, a \$150 million decrease in the FY10 and FY11 requests of \$600 million. *(For additional information on SCSEP, please see the analysis under Department of Labor subheading)*

Aging Network Support Activities

The proposed budget includes a decrease of \$250,000 from the FY11 CR level for Aging Network Support Activities. These support services provide assistance to the Eldercare Locator and Pension Counseling, among other projects.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

THE ADMINISTRATION ON AGING

Caregiver Support

National Family Caregiver Support Programs

As supported by AoA and Vice President Biden's initiative, *Supporting Middle Class Families*, the President's budget would increase funding for the National Family Caregiver Support Program (NFCSP). Under the FY12 request, NFCSP would receive \$192 million, an increase of nearly \$40 million from the FY11 CR. According to AoA, an estimated 43.5 million Americans provide unpaid care to someone 50 years of age and older. The NFCSP offers a range of services to support family caregivers, including providing information about available services; assistance to caregiving in gaining access to services; individual counseling and training for the caregiver; respite care; and supplemental services.

Native American Caregiver Support Program

In the President's budget, the Native American Caregiver Support Program receives a proposed increase in funding over the CR for FY11, raising the level to \$8 million for FY12.

Alzheimer's Disease Supportive Services Program

The President's budget recommends level funding from the FY11 CR level of \$11 million for the Alzheimer's Disease Demonstration Grants Program. This initiative helps to ensure that AoA's core programs expand the availability of diagnostic and support services to persons with Alzheimer's, as well as to their families and caregivers.

Lifespan Respite Care Program

The Administration proposes an additional \$7 million in funding for the Lifespan Respite Care Program, which supports respite for family members of individuals with special needs. This request is a \$2.5 million increase from the FY11 CR level, bringing the total FY12 request for the Program to \$10 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE ADMINISTRATION ON AGING
Protection of Vulnerable Adults

Adult Protective Services

\$17 million in new funding is requested for the Adult Protective Services (APS) Program, as enacted under the Affordable Care Act (ACA). Under the Elder Justice section of the ACA, \$100 million was authorized, but not appropriated, for APS. These new grants will provide \$15 million in funding to help test best practices in the states on APS, and will allow AoA to hire staff to work on APS issues nationally. \$1.5 million of the funding will be dedicated to Native American Adult Protective Services programs.

Long-Term Care Ombudsman

The Long-Term Care Ombudsman program would receive a funding increase of \$5 million in the President's budget, for a total FY12 funding request of \$22 million.

Prevention of Elder Abuse, Neglect and Exploitation

For FY12, the Administration proposes \$5 million in level funding for the Prevention of Elder Abuse and Neglect. This Prevention Program is designed to improve strategic planning and direction in programs, activities, and research that are related to elder abuse awareness and prevention.

Senior Medicare Patrol Programs

For FY12, the Administration proposes \$12.7 million in funding for the Senior Medicare Patrol Program (SMP), which is a reduction of \$467,000 from FY10, but level from the FY11 CR.

Elder Rights Support Activities

Elder Rights Support Activities include a combination of programs and resource centers that provide the necessary information, training, and technical assistance support that AoA and states need to fulfill their shared mission to maintain the health and independence of older Americans. The President's budget requests level funding for these initiatives at \$4.1 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE ADMINISTRATION ON AGING
Consumer Information, Access & Outreach

Aging and Disability Resource Centers

In his FY12 budget request, the President proposes what appears to be a decrease in funding to the Aging and Disability Resource Centers (ADRCs), from \$23 million to \$13 million. However, this request is in addition to the \$10 million in mandatory spending that was appropriated for ADRCs by the Affordable Care Act. Since mandatory spending is not included in the President's budget request, this proposal would actually result in level funding for ADRCs in FY12.

State Health Insurance Assistance Programs

The State Health Insurance Assistance Programs (SHIPs) have traditionally been under the direction of the Centers for Medicare & Medicaid Services (CMS), but under the President's budget request, the SHIP

program would move under the direction and leadership of AoA. The FY12 proposal for \$47 million is a flat funding request from the FY11 CR level.

Medicare Enrollment Assistance

In FY10, \$30 million was available to help states enroll low-income seniors into Medicare. That mandatory funding was made available using funds from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund. There is no amount specified in the proposed budget, but funds may still be available under the Trust Fund allocation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

THE ADMINISTRATION ON AGING

Innovation and Administration

Program Innovation

The President's budget proposes a funding decrease of \$16.3 million to AoA's Program Innovation Grants, down from \$27.8 million in the CR for FY11 to \$12 million in FY12. This initiative has traditionally funded demonstration seed grants to enhance the Aging and Disability Resource Centers and Evidence-Based Disease Prevention Programs, both of which would move out of the Program Innovation Center and into their own funding stream under the President's proposal. This portion of AoA's budget has also funded the Nursing Home Diversion Grants under the Community Living Incentives Program, and there is no continued funding in the President's budget request for that initiative.

Community Living Assistance Services and Supports (CLASS) Program Administration

In early 2011, HHS Secretary Kathleen Sebelius announced that AoA would be the agency within HHS responsible for administering the ACA-authorized Community Living Assistance Services and Supports (CLASS) Program. The President's FY12 budget requests \$120 million for administrative expenses related to AoA's management of the CLASS Program.

AoA Program Administration

A total of \$24 million is proposed in the FY12 budget for program management and support activities, as well as to better address the needs of the growing aging population. This is an increase of \$4.5 million over the CR for FY11. Assistant Secretary on Aging Kathy Greenlee, in a February 14 budget briefing, indicated that she hopes to increase the number of AoA's full-time employees (FTEs) to better reflect the increased workload of the agency, and that AoA will concentrate on providing additional support to its regional offices.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

Overview

In the FY12 budget request, the Administration's proposals for the Centers for Medicare & Medicaid Services (CMS) focus primarily on three key themes, (a) program integrity efforts; (b) sun setting an array of programs; and (c) various changes intended to foster programmatic and administrative efficiencies, including changes that anticipate ACA implementation. In addition to an array of legislative

and regulatory proposals, the President's budget provides for the implementation of several ACA provisions.

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicare

Medicare Spending

The Medicare program accounts for 62.3 percent, or \$777 billion, of CMS' FY12 net outlays under the President's proposal. Currently, gross spending is expected to total \$548 billion in FY12. The President's budget request assumes that in FY12, 41.4 million Medicare beneficiaries will be older individuals, 8.7 million beneficiaries will be persons with disabilities, and Medicare's total enrollment will reach 50.1 million, a 1.6 percent increase over FY11 enrollment levels. The net result of the President's Medicare proposals would result in a \$17 billion increase in 2012 Medicare spending.

Legislative Proposals

The President's budget proposal includes a two-year extension of the current Medicare physicians' reimbursement rates, which the budget offsets, in part, by extending the zero percent Sustainable Growth Rate (SGR) update. For FY12, the projected cost of providing physicians with relief from the scheduled SGR cuts for ten years is \$18 billion, totaling \$369,853 billion from FY12 through FY21. The budget also would make changes to the Medicare Quality Improvement Organizations (QIO) Program, with savings targeted to help offset physician payment relief through 2012. Key QIO contract changes include: (a) redrafting the geographic scopes of work; (b) expanding the pool of eligible QIO contractors to encourage competition; and (c) extending the contract length from three to five years. Other physician payment relief offsets include promoting lower pharmaceutical costs, expanding Medicare Program Integrity efforts, and improving Medicare operations by dedicating Electronic Health Record (EHR) penalties to "improving Medicare program financing."

Administrative Proposals

The Medicare portion of the HHS budget would also leverage administrative policy changes and achieve savings through efficiencies.

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicaid

Medicaid Spending

For FY12, the President's budget proposal assumes 5 million beneficiaries ages 65 and older, 9.7 million beneficiaries with a disability, and a remaining enrollment composed of children, adults and territory enrollment, bringing the total FY12 Medicaid enrollment projection to 57 million. Under current law, the federal share of Medicaid outlays for FY12 is expected to reach \$269.3 billion; with the President's proposed changes, spending is projected to reach \$269.0 billion.

Legislative Proposals

The President's budget proposal would extend authorization and funding for the Qualified Individuals (QI) Program at a cost of \$495 million. This Program impacts beneficiaries with incomes between 120 and 135 percent of the federal poverty level (FPL) by allowing states to purchase Medicare Part B premium costs for qualified individuals, offsetting this cost through reimbursements from Medicare Part B. The budget request also proposes to establish a hold-harmless provision for federal poverty guidelines, under which the poverty guidelines would only be adjusted if there were an increase in the Consumer Price Index for All Urban Consumers (CPI-U). To protect access to Medicaid, this budget neutral proposal would treat the poverty guidelines in a similar manner as the annual cost-of-living adjustments (COLA) for Social Security benefits. Also of note is the President's proposal to limit Medicaid reimbursement for Durable Medical Equipment (DME) to Medicare payment levels, resulting in an estimated \$210 million savings in FY12.

Administrative Proposals

No Medicaid administrative proposals are included in President's FY12 budget request.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

Program Integrity

Medicare, Medicaid and CHIP Program Integrity

Medicare and Medicaid Program Integrity efforts are a critical component of the President's HHS budget proposal. The budget plan would invest an additional \$270 million in new discretionary funds above the FY10 level, allocating these new resources among CMS, the HHS Office of Inspector General, and the U.S. Department of Justice. The Administration has also scored several legislative changes that would strengthen program integrity in the Medicare, Medicaid, and Children's Health Insurance (CHIP) programs, which are estimated to result in \$1.4 billion in program savings in FY12, and \$32.2 billion in total program savings over the next ten years.

Legislative Proposals

The budget includes legislative proposals to address program integrity, several of which impact the Medicare program, such as an initiative to recover erroneous payments made to Medicare Advantage (MA) Plans, and pre-payment reviews for all power wheelchair claims. Additionally, under Medicaid, the Administration proposes a phase-down of the Medicaid provider tax threshold, from six percent in FY14 to 3.5 percent in FY17; as well as efforts to strengthen third party liability; and cost-reduction initiatives, such as implementing cost-saving legislative pharmacy proposals.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

Efficiencies and Economies

State Grants and Demonstrations

The FY12 budget proposal suggests funding for new programs, while allowing others to expire, or sunset. The President proposes \$100 million for the ACA-authorized initiative, Incentives for Prevention of Chronic Diseases in Medicaid, a program that is effective from FY11 to FY15, and under which states

would provide incentives to beneficiaries upon their successful completion of qualifying prevention programs. The President's proposal would also extend the Money Follows the Person Demonstration (MFP) at \$449 million through 2012, and would continue Long-Term Care Partnership funding in the amount of \$3 million, to support expansion activities. The President's budget includes a new \$20 million proposal, the Wireless Innovation Fund (WIN), which would finance the experimentation and development of emerging wireless technologies in the health care sector. Meanwhile, the Ticket to Work Medicaid Infrastructure Grant (MIG) Program would be allowed to expire; in FY11, MIG activities received \$47 million in funding.

New Health Insurance Protections and Programs

The budget proposes funding for other ACA provisions including: (a) State Exchange Grants, to be funded at \$400 million in FY12; (b) the Pre-Existing Condition Insurance Plan (PCIP) Program, to receive \$1.6 billion in FY12; and funding for (c) the Early Retiree Reinsurance Program (ERRP), \$1.38 billion in FY12.

Program Management

The President also requests \$4.4 billion in FY12 for CMS program management activities, representing a \$1 billion increase from FY10 funding levels. As above, several of these activities were authorized under the ACA, including: (a) a total request of \$333 million for the National Medicare Education Program, which provides funding for 1-800-Medicare, *Medicare and You* educational materials, a variety of improvements to www.medicare.gov, and a media campaign; and (b) an increase of \$53 million for survey and certification.

Center for Medicare and Medicaid Innovation

With an emphasis on strategies to improve quality while achieving efficiencies, the Administration requests \$965 million to fund the Center for Medicare and Medicaid Innovation (CMMI).

DEPARTMENT OF HEALTH AND HUMAN SERVICES **HEALTH RESOURCES AND SERVICES ADMINISTRATION** *Access to Care and the Health Care Workforce*

Overall Funding

The FY12 budget proposes \$9 billion for the Health Resources and Services Administration (HRSA), representing a net increase of \$975 million above the FY10 program level. HRSA is charged with improving access to health care for those in medically underserved areas, and with enhancing the capacity of the health care workforce.

Geriatrics and Elder Care

The budget proposal includes \$54 million, an \$11 million increase over FY10, for an effort to educate students and health care practitioners about the care of older individuals.

Health Centers

The Administration's FY12 budget requests \$3.3 billion for the Community Health Center Fund; this is in addition to the \$1.2 billion in mandatory spending provided through the ACA's Community Health Center Fund.

Traumatic Brain Injury

The HRSA budget request includes level funding of \$10 million for Traumatic Brain Injury (TBI) Grants to states.

State Health Care Workforce Development Grants

The President's budget requests \$51 million in funding for State Health Care Workforce Development Grants, which were funded at \$6 million in FY10, but the budget does not request specific funding for the State Health Care Workforce Development Grants Prevention Fund.

State Health Access Grants

The Administration has indicated that the ACA will address needs previously covered by State Health Access Grants. Therefore, the President's FY12 budget eliminates the \$74 million in funding this Program received in FY10.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

Block Grants and Energy Assistance

Community Services Block Grant

The Administration's FY12 budget proposes reducing funds for the Community Services Block Grant (CSBG) Program from \$700 million to \$350 million. Additionally, under the President's budget request, Community Action Agencies would be required to apply competitively for CSBG Program Awards.

Low-Income Heating, Energy and Assistance Program

The FY12 budget proposal includes a 50 percent reduction to the Low-Income Heating, Energy and Assistance (LIHEAP) Program, which would reduce funding from \$4.5 billion to \$1.98 billion, a decrease of \$2.5 billion below FY10 levels, but the same amount as provided in FY08 and previous years. The President's budget also includes \$590 million for the Contingency Fund, the same as in FY10.

Social Services Block Grant

The President requests level funding for the Social Services Block Grant (SSBG) program, in the amount of \$1.7 billion.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL

Health Promotion and Disease Prevention

Preventive Health and Health Services Block Grant

In its FY12 budget request, the Administration notes that the activities previously funded by the Preventive Health and Health Services Block Grant (PHHSBG) could be more effectively implemented through the Comprehensive Chronic Disease Prevention and Health Promotion Grant Program, and the Community Transformation Grant Program. Therefore, the President's budget request eliminates the \$100 million that PHHSBG received in FY10, and includes \$1.2 billion, an increase of \$236 million above FY10, for Chronic Disease and Health Promotion. This is in addition to the \$460 million in mandatory funding that will support these activities through the ACA's Prevention Fund.

Health Promotion Activities

Additionally, the President's budget proposes to incorporate the Health Promotion Activities administered by the Centers for Disease Control (CDC) into the Administration's new approach to preventing chronic diseases through the new Comprehensive Chronic Disease Prevention Program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL INSTITUTES OF HEALTH

National Institute on Aging

National Institute on Aging

The President's FY12 budget requests \$32 billion for the National Institutes of Health (NIH), which includes an additional \$20 million for the National Institute on Aging over the FY10 and FY11 CR levels, bringing the total funding request for the National Institute on Aging to \$1.13 billion.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CIVIL RIGHTS

Olmstead Enforcement

Olmstead Enforcement

The President's budget requests \$47 million in funding for the Office of Civil Rights (OCR), the HHS lead in Olmstead enforcement activities, which is a \$6 million increase over the FY10 level.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF THE NATIONAL COORDINATOR

Enhancing Technology

Health Information Technology

The President is requesting a \$17 million dollar increase over FY10 for the Office of the National Coordinator (ONC), to foster the proliferation of Health Information Technology (HIT) use, bringing the ONC's budget request to \$78 million for FY12.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE ON DISABILITY

Overview

Improving Health and Wellness for Individuals with Disabilities

The President's budget requests \$1.4 million for the HHS Office on Disability (OD), a \$500,000 increase from the FY11 CR level. The OD oversees the implementation and coordination of programs and policies that enhance the health and well-being of people with disabilities. This increased funding would support additional full-time employees (FTEs) at OD, as well as the Office's continued efforts to modernize HHS' 508 Compliance and Disability Hiring Initiative, and OD's crucial lead role in the implementation of HHS' Community Living Initiative.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION**

Block Grants

Mental Health Block Grant

For FY12, the Administration proposes to increase the Substance Abuse and Mental Health Services Administration's (SAMHSA) Mental Health Block Grant funding from \$421 million in FY10 to \$435 million.

Substance Abuse Block Grant

The President's budget also requests an increase in SAMSHA's Substance Abuse Block Grant funding, from \$1.455 billion in FY10 to \$1.494 billion in FY12.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Housing for the Elderly and for Persons with Disabilities

Section 202 Reductions

The President's FY12 budget request proposes to reduce funding to programs under the Department for Housing and Urban Development's (HUD) Section 202 Supportive Housing for the Elderly Program, from \$825 million to \$757 million, representing a \$68 million decrease compared with FY11 CR levels. The proposed reductions include decreased funding to programs that provide new housing construction for both seniors and persons with disabilities, reflecting the Administration's policy of encouraging capital partnerships in the construction of new units.

Section 202 Initiatives

The FY12 budget provides \$259 million to renew and amend operating subsidy contracts for existing Section 202 housing, and includes \$387 million in new awards to expand the number of housing units assisted by the Section 202 program. In addition, the budget provides \$91 million to support service coordinators who work on-site to help residents obtain critical services, such as benefits counseling; and \$20 million for converting elderly housing units to assisted living facilities and service-enriched housing.

Section 202 Supportive Housing for the Elderly Act of 2010

Building on the recently-enacted Section 202 Supportive Housing for the Elderly Act of 2010 (P.L. 111-372), the Administration is seeking further reforms through its FY12 budget request, to maximize the use of the funding for new construction. These initiatives focus on effectively leveraging and targeting investments based on need, and on providing residents access to key services required to age in place or live independently.

Section 811 Reductions

The FY12 budget proposes to reduce funding for HUD's Section 811 Supportive Housing for Persons with Disabilities, to \$196 million, a decrease of \$104 million from FY11 CR levels.

Section 811 Initiatives

The President's request would provide funding to several Section 811 initiatives, including \$111 million to eligible non-profit organizations for the development of new housing units, and \$85 million for Project Rental Assistance Contracts (PRAC) to support 19,107 units.

Frank Melville Supportive Housing Act of 2010

The Frank Melville Supportive Housing Act of 2010 (P.L. 111-374) authorizes the Housing of Urban Development (HUD) to allocate Section 811 operating assistance to states that demonstrate an integrated health care and housing approach in serving disabled households. Under the new law, HUD will delegate authority to allow these states to identify and fund supportive housing projects that are in line with state-specific priorities. To qualify, projects must be fully leveraged with other capital resources, and only require Section 811 for operating assistance.

DEPARTMENT OF LABOR

Employment for Older Adults and Individuals with Disabilities

The Community Service Employment for Older Adults Program

The Community Service Employment for Older Americans program, also known as the Senior Community Service Employment Program, or SCSEP, is authorized under Title V of the Older Americans Act (OAA). The Program offers part-time, work-based training to low-income individuals aged 55 and older, at non-profits or government agencies, in order to prepare participants for entry or re-entry into the workforce. The statutory goals of the program are to foster individual economic self-sufficiency, provide community service opportunities for low-income seniors, and increase their participation in unsubsidized employment.

Transferring SCSEP to AoA

The Administration proposes transferring the SCSEP from the Department of Labor (DOL) to the Department of Health & Humans Services' (HHS) Administration on Aging (AoA), reasoning that such a move would result in better coordination between SCSEP and other programs designed to benefit low-income seniors. The FY12 budget proposes \$450 million in funding for SCSEP, which represents a two-fold reduction: (a) a decrease of \$150 million from the President's FY11 request of \$600 million; and (b) a decrease of \$375 million from the enacted FY10 level of \$825 million, which includes a one-time special appropriation of \$225 million to supplement American Reinvestment and Recovery Act (ARRA) efforts.

Office of Disability Employment Policy

The President's budget requests level funding from FY10, \$39 million, to support the Office of Disability Employment Policy's (ODEP) work in developing and promoting the implementation of policy that improves employment opportunities and outcomes for people with disabilities. The FY12 budget request would enable ODEP to continue several specific projects, including: (a) the Disability Employment Initiative; (b) the Employment First Initiative; and (c) the Add-Us-In Initiative. The President's request would also support new activities at ODEP, such as efforts to develop practices that improve the ability of workers with disabilities to access technologies and transportation, as well as ODEP's role in fostering an interagency collaboration to support mature workers with disabilities.

DEPARTMENT OF TRANSPORTATION

Surface Transportation and Livable Communities

Surface Transportation Authorization

The authorizing legislation for federal surface transportation programs, the *Safe, Accountable, Flexible, Efficient Transportation Equity Act*, also known as SAFETEA-LU, (PL 109-59), expired on September 30, 2009. To continue funding highway, transit, and highway safety programs in the absence of a long-term SAFETEA-LU reauthorization, Congress has since enacted a series of short-term SAFETEA-LU extensions; the most recent of which is slated to expire on March 4, 2011. To address the need for more permanent legislation, the President's budget includes a \$556 billion proposal to authorize surface transportation programs for six years. For FY12, the President requests approximately \$112 billion to fund this proposal, which is a \$70 billion increase over the FY11 CR level.

PAYGO

Consistent with the final proposals released by the bipartisan National Commission on Fiscal Responsibility and Reform at the end of 2010, the President recommends treating all surface transportation spending as mandatory, thereby subjecting legislation funding surface transportation programs to PAYGO requirements.

Transportation Trust Fund

The authorization proposal outlined in the budget request would also expand the existing Highway Trust Fund into a new Transportation Trust Fund with four accounts: one for highways; one for transit; one for high-speed passenger rail; and one for a National Infrastructure Bank.

Transit Formula Grants (Formerly Known as Formula and Bus Grants)

Also as part of the Administration's surface transportation authorization proposal, the President's budget requests \$7,692 million to fund a series of grants that reflect the Administration's priorities of transportation safety, livable communities, and place-based development; this request is a reduction of \$651 million from the CR for FY11. Additionally, the surface transportation authorization proposal would also change the name of the Formula and Bus Grants Account to the Transit Formula Grants Account, and merge programs into formula grant programs.

Consolidated Specialized Transportation Grant Program

Through the authorization proposal, the Administration seeks to establish the *Consolidated Specialized Transportation Grant Program* at a mandatory funding level of \$405 million. This new program would merge three existing grant programs for people who are older or who have a disability, specifically: the Elderly Individuals and Individuals with Disabilities Program (5310); the New Freedom Program (5317); and the Job Access and Reverse Commute Program (5316).

Livable Communities Program

The Administration proposes a new Livable Communities Program, requesting \$4.1 billion in FY12 to fund projects such as multi-modal transportation; as well as hubs and streets that accommodate pedestrian, bicycle, and transit access. The program would include (a) a new \$3.4 billion, formula-based program to enable recipients to deliver transportation projects that benefit quality of life to rural and urban areas; (b) a new \$500 million competitive grant program to promote innovative, multi-modal, and

multi-jurisdictional highway projects; and (c) a \$200 million discretionary grants program to support metropolitan and transportation planning capacity-building.

Transit Expansion and Livable Communities Program

Contingent upon the passage of the President’s proposed surface transportation authorization legislation, the Administration proposes to establish a new Transit Expansion and Livable Communities Program, which would be funded at \$3.5 billion for FY12. The initiative includes programs dedicated to expanding transit systems and making communities more livable and sustainable, including \$3.2 billion for the Capital Investment Grants Program; \$140 million for Planning Programs; \$50 million for the new Livable Communities Demonstration Grants; \$28 million for Transit in the Parks; and \$15 million for Tribal Transit. Of the amount for Capital Investment Grants, \$1 billion is part of a short-term, up-front \$50 billion economic boost, reflecting the Administration’s interest in growing transit services nationwide.

Livable Communities Administration

In an effort to coordinate the Department of Transportation’s various Livable Communities initiatives, the President’s FY12 budget requests \$10 million to establish the Livable Communities Division as part of the Office of the Secretary (OST) within DOT.

SOCIAL SECURITY ADMINISTRATION

Administrative and Legislative Proposals

Administrative Proposals

The Administration's FY12 budget requests \$12.5 billion for the Social Security Administration (SSA), an increase of almost \$1 billion from the FY11 CR level. This increase would fund SSA's efforts to lower their initial claims backlog; and would establish a Disability Research Center through the SSA's Research Office, which would work with researchers and across federal agencies to improve the quality of disability research.

Legislative Proposals

The Administration's budget also includes a legislative proposal to reauthorize the Section 234 Disability Demonstration authority for five years, in order to fund programs such as the proposed Disability Work Incentives Simplification Pilot (WISP), which gives SSA beneficiaries more flexibility to work without losing their benefits.

THE FEDERAL BUDGET PROCESS

Overview

The federal budget process is an annual activity that formally begins when the President sends his budget request to Congress in February. Upon receiving the President's budget proposal, the House and Senate begin the work of constructing the federal budget, first by developing their own spending proposals in the form of budget resolutions, and then by passing subsequent legislation to fund the federal government, also referred to as appropriations bills. Once Congress passes the spending bills, the President must still sign them into law in order for them to take effect. Final approval of the appropriations bills by the President signals the end of the annual federal budget process.

THE FEDERAL BUDGET PROCESS

The President's Budget Request

The Role of the President's Budget Request

The President's budget request is not binding on Congress. Rather, it seeks to inform lawmakers throughout the process of constructing the federal budget by setting a framework for overall federal fiscal policy, outlining relative priorities for federal programs, and recommending spending and tax policy changes. Since Congress, and not the Administration, is the primary authority over federal revenue and spending policy, it is through the congressional appropriations process that funding levels will ultimately be set.

- Federal Fiscal Policy: The President's budget provides Congress with an outline of the Administration's federal fiscal policy by recommending the spending levels and tax revenues to which the federal government should adhere in the coming fiscal year, with the difference between the two representing a projected deficit or surplus.
- Federal Program Priorities: The President's proposal sets specific funding levels for individual federal programs, allowing the request to functionally inform Congress of the Administration's federal program priorities, for both the applicable budget cycle and in the longer-term.
- Spending and Tax Policy Changes: The annual budget submitted by the President must outline how much funding the Administration recommends for each discretionary program, and the President has the flexibility to propose changes to entitlement programs and the tax code.
 - **Discretionary Funding**: In the budget request, the President must request a specific funding level for discretionary, or appropriated, programs. These programs, which comprise approximately one-third of all federal spending, fall under the jurisdiction of the House and Senate appropriations committees, and require annual spending renewals in order to operate,
 - **Mandatory Funding**: The President is not required to propose changes to mandatory or entitlement programs such as Medicare, Medicaid and Social Security, if the Administration determines no changes are necessary. However, alterations to these programs that are not dependent on annual appropriations may be included in the President's budget request.

- **Revenue Changes:** The President may include changes to the tax code in the budget request, and any proposal that would increase or decrease taxes is reflected in projected federal revenue for the applicable fiscal years, relative to what would otherwise be collected.

THE FEDERAL BUDGET PROCESS

The Congressional Budget Resolution

The Role of the Congressional Budget Resolution

Traditionally, the budget resolution is developed in response to the President's budget request, and takes into consideration the Administration's recommendations, as well as the budget justifications offered by federal agencies and Administration officials. The budget resolution is designed to guide Congress through the remainder of the budget cycle. Once it is passed, the terms of the budget resolution are enforceable in both chambers through points of order.

The congressional budget resolution has no legal or statutory authority; instead, it represents an agreement between the House and the Senate on budget priorities, as well as a framework to guide all of Congress' subsequent budgetary actions for the applicable budget cycle. When Congress is unable to pass a budget resolution, the House and Senate must pass a continuing resolution (CR), authorizing the previous year's resolution to remain in effect in order to keep federal government operational.

Since the budget resolution is not a law, it does not have any impact on federal spending. Thus, Congress must still enact separate legislation to fund the federal government, whether or not a budget resolution is in place to inform this process.

The Congressional Budget Resolution Process

Upon receiving the President's budget request, Congress begins the work of crafting a congressional budget resolution. As required by the *Congressional Budget and Impoundment Control Act of 1974* (the Congressional Budget Act), the House and Senate Budget Committees are responsible for drafting and submitting a five-year budget resolution by April of each year.

Once the House and Senate Budget Committees have developed their drafts, the resolutions go to their respective floors, where a majority vote is necessary in order to amend the measure. Upon passage in each chamber, any differences between the two resolutions must be reconciled by members of the House and Senate through conference. Having a done so, both houses must then vote to approve the final version in order for it to take effect. Once cleared, the result is a concurrent congressional resolution. Though it has no legal or statutory authority, the terms of the budget resolution are enforceable in the House and Senate against individual appropriations, as well as entitlement and tax bills, through points of order.

To enforce the budget resolution, any member of the House or Senate may raise a budget point of order to block legislation that violates the terms of the measure. Since the budget resolution limits discretionary spending, points of order are usually brought to challenge legislation that exceeds a committee's spending allocation. Additionally, tax or entitlement bills, the cost of which is determined by a score from the Congressional Budget Office (CBO), must fit within the spending limit for each year.

that is projected in the budget resolution. Bills which operate outside of these parameters may trigger a budget point of order. In the House, a point of order may be waived by a simple majority, but in the Senate, 60 votes are required to defeat the challenge.

Since it carries no legal authority, the budget resolution does not directly allocate federal funds making the passage of spending legislation a necessary next step in the federal budget cycle. Occasionally, as in FY11, Congress is unable to pass a budget resolution, and must move forward with the business of funding the government without this agreement in place. Thus, with or without a budget resolution, in order to fund the federal government, Congress must pass appropriations bills.

THE FEDERAL BUDGET PROCESS

The Appropriations Process

The Role of Appropriation Bills

Both the House and Senate have Appropriations Committees that are divided into subcommittees, and each subcommittee is responsible for producing an appropriation bill setting funding levels for individual government programs. The appropriation bills actually provide the funding for the discretionary spending programs that are outlined in the budget resolution.

Appropriation bills usually begin in the House, where the full Appropriations Committee votes on the spending bill that is developed by the individual subcommittee before sending the measure to the full House for a vote. The Senate traditionally considers appropriations measures after the House has passed them, and the process is largely similar, if less extensive, in the upper chamber. Once the Senate passes its appropriations bill, the two chambers then work to resolve any differences between their bills, returning the consolidated legislation to both chambers for final approval. Once the bills clear Congress, they are sent to the President for his signature or veto. Upon Presidential approval, the spending bills are enacted and the funds are released accordingly.

The Appropriations Process

The budget resolution is structured according to approximately 20 budget functions, or categories of spending, which often cut across agency lines. Since the role of the budget resolution is to provide Congress with a blueprint for budget development, and not to implement spending policy, its functional categories have little correlation to congressional committee jurisdiction, and are instead used to organize types of spending within the federal government's various accounts.

Since the budget resolution frames spending in terms of functional categories rather than in terms of spending for specific agencies or programs, the amounts set in the resolution must still be allocated to the House and Senate Appropriations Committees, which have jurisdiction over all discretionary spending programs.

To facilitate this process, the report that accompanies the budget resolution includes a 302(a) allocation, which distributes the spending totals that are categorized by function in the resolution by congressional committee instead. Each Appropriations Committee receives a single 302(a) allocation, which it then distributes among its 12 subcommittees, each of which is responsible for creating one appropriations bill. These subsequent distributions are known as 302(b) sub-allocations, and are the source from which

subcommittees determine funding levels for the various programs and projects over which they have jurisdiction.

Once the appropriations subcommittees receive their sub-allocation, they begin to develop their respective appropriations bills, which are eventually sent to the Appropriations Committee, and then to the full chamber for a vote. To avoid a point of order challenge to the legislation, the funding included in appropriations bills must fit within the 302(a) allocation given to the Appropriations Committee, as well as the corresponding 302(b) sub-allocations. If a point of order is raised, it may be waived by a simple majority in the House; but in the Senate, 60 votes are required to defeat the challenge.

Additionally, the House and Senate each have in effect a rule requiring that all entitlement increases and tax cuts be fully offset. This Pay-As-You-Go, or PAYGO, requirement is triggered by legislation seeking to reduce taxes or increase entitlement spending. In the Senate, any such measure that is not offset is subject to a point of order, which can only be waived by the vote of 60 Senators. In the House, if a member raises a point of order, the bill is automatically defeated, unless the House Rules Committee previously waived PAYGO requirements as part of the broader measure.

Traditionally, spending bills originate in the House, and are then sent to the Senate, which often brings its own version to the floor. If there are differences between the two versions, members of the House and Senate will form a conference committee to revise the bill and return it to both chambers for final approval. Once Congress passes the spending bills, the President must still sign them into law in order for them to take effect. Final approval of the appropriations bills by the President signals the end of the annual federal budget process.