



# PRELIMINARY ANALYSIS OF THE CONTINUING RESOLUTION FOR FY11

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*As of April 18, 2011*

## INTRODUCTION

With Congress unable to pass a federal budget for fiscal year 2011 (FY11), the federal government has operated under a series of Continuing Resolutions (CR) since October 1, 2010, when FY11 began. On Friday, April 8, hours before unsuccessful budget negotiations were threatening to cause a temporary shuttering of the federal government's operations, the House, Senate and White House agreed on framework for constructing a final FY11 CR to fund the through September 30, 2011.

Subsequently, early Tuesday morning, April 12, House appropriators unveiled the compromise measure drafted to reflect the agreement reached by lawmakers (HR 1473). The spending bill contains \$28 billion in new cuts to federal discretionary spending. These reductions are in addition to the \$12 billion previously cut by the initial three CRs adopted by the 112<sup>th</sup> Congress, for a total of nearly \$40 billion in spending cuts in FY11. Aside from the specific reductions included in the compromise measure, the bill also includes an across-the-board reduction for all non-defense accounts of 0.2 percent. The House acted quickly on the spending measure, voting on April 14 260-167 to send the longer-term FY11 CR to the Senate, where a vote of 81-19 cleared the legislation for the President's signature. The following day, April 15, President Obama signed the fiscal 2011 spending package, the [Department of Defense and Full-Year Continuing Appropriations Act, 2011](#), into law.

With a focus on initiatives of particular interest to the aging and disability communities, NASUAD conducted a preliminary analysis of the compromise spending bill 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, and a program-level budget chart. If you have questions or concerns, or would like additional information, please contact NASUAD's Executive Director, Martha Roherty, at [mroherty@nasuad.org](mailto:mroherty@nasuad.org), or Lindsey Copeland, NASUAD's Director of Policy and Legislative Affairs at [lcopeland@nasuad.org](mailto:lcopeland@nasuad.org)

## PREFACE TO NASUAD'S ANALYSIS

In a more traditional federal budget cycle, as compared to the current FY11 process, Congress would likely pass regular appropriations bills, which provide discretionary funding to federal departments and agencies for a given fiscal year. These measures distribute funding for each department or agency among several accounts, and provide detailed directions to the departments and agencies on the distribution of funding among various programs within the account. However, since a regular bill was not enacted for FY11, Congress has funded the government through continuing resolutions, which do not provide federal agencies with explanatory statements or funding tables regarding account-level or program-level fund distribution, making it difficult to fully assess the impact of the FY11 spending measure.

Further complicating analysis of the CR is the bill's inconsistent fund allocation, with Congress enumerating FY11 funding at the program level in some instances, and setting funding at the account level in others. This discrepancy is significant because where the CR cites account-level funding without program-level funding, federal program administrators will have the discretion to decide how to absorb the cuts within the account. Additionally, the 0.2 percent across-the-board reduction will be taken at the account level, leaving administrators with the latitude and authority to apply these reductions to individual programs. Though currently an unknown, the impact of these decisions on the programs within an account could vary considerably, as some programs may be eliminated, while others receive level-funding. While the structure and content of the CR does not allow NASUAD to provide you with specific funding levels for many of the federal programs on which states rely, within 30 days of the CR's enactment, these agencies must release a spending or operating plan for FY11. These plans will contain more detail regarding program level funding than does the CR, and NASUAD will analyze this information as it is released.

For the purposes of this analysis, programs for which the FY11 funding level is not specified within the CR have been estimated by NASUAD to receive funding at their FY10 levels. Please note that since these discretionary programs fall under a non-defense account, they may be subjected to the 0.2 percent across-the-board cut from the FY10 level. As noted above, the manner in which these cuts will be absorbed is at the discretion of federal agency administrators. Since these decisions have yet to be released, NASUAD's preliminary analysis of the CR does not attempt to reflect a hypothesized distribution. As a result, the final FY11 funding level for many of these programs is likely to differ from the levels noted in this report, and NASUAD will update this analysis accordingly.

## DEPARTMENT OF AGRICULTURE

### *Food and Nutrition Services*

#### **Agriculture Appropriation\***

The longer-term FY11 CR will fund the Department of Agriculture at \$20 billion, which is \$3 billion below the FY10 enacted levels.

#### **The Commodity Assistance Program\***

The CR appropriates \$247 million in FY11 funding to the Commodity Assistance Program (CAP), a program which distributes USDA commodities through multiple programs, some of which provide support to low-income older adults and people with disabilities, such as the Commodity Supplemental Food Program (CSFP), the Emergency Food Assistance Program (TEFAP), and the Seniors Farmers Market Nutrition Program (SFMNP). The CR notes that the \$6 million previously included in the *Agriculture, Rural Development, FDA and Related Agencies Appropriations Act, 2010* (PL 111-80), should be applied to help offset this appropriation.\*

- 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 CR appropriates \$176 million, which is an increase in funding of \$5 million over the FY10 appropriation.
- Emergency Food Assistance Program: This initiative provides support to food banks and other programs assisting households with immediate, short-term, food assistance needs. The CR would level-fund this program at \$50 million, the same as the President's FY12 request.
- 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 compromise CR for FY11 provides flat funding of \$21 million.

## DEPARTMENT OF EDUCATION

### *Rehabilitation Act Program Consolidation*

#### **Education Appropriation\***

The Education Department receives a \$68.5 billion appropriation in the FY11 CR, compared to \$69.8 billion in FY10.

#### **Workforce Innovation Fund\***

The CR includes \$125 million that will remain available until the end of the fiscal year to carry out projects that demonstrate innovative strategies or replicate effective evidence-based strategies that align and strengthen the workforce investment system in order to improve program delivery and education and employment outcomes for program beneficiaries. The CR states, "that amounts shall be available for awards to States or State agencies that are eligible for assistance under any program authorized under the Workforce Investment Act of 1998 (WIA), consortia of states, or partnerships, including regional partnerships: *Provided further*, That the amount available to the Governor for

statewide activities shall not exceed 5 percent of the amount allotted to the State from the appropriation under this funding.”

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### *Overview*

#### **HHS Appropriation\***

The Continuing Resolution only provides funding for the discretionary programs included under the purview of the Department of Health and Human Services (HHS). Accordingly, most funding for mandatory programs, including Medicaid and Medicare, is not included in the CR. The funding appropriated to HHS in the FY11 CR is \$70.6 billion, \$4 billion below the FY10 level.

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 summaries of the impact of the Continuing Resolution for the Administration on Aging (AoA), 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), and the Substance Abuse and Mental Health Services Administration (SAMHSA).

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### THE ADMINISTRATION ON AGING

#### *Overview*

#### **AoA Appropriation\***

The CR appropriation for AoA is \$1,500,323,000, nearly \$16 million less than AoA received in FY10. According to House appropriators, AoA will indeed receive fewer discretionary funds than in the prior fiscal year, but the legislative language is unclear on how this reduction will be absorbed. Currently, it appears that \$10 million of the reduction is a result of the CR’s restriction on the amount of funds that may be available to ADRCs in FY10, and the remaining \$6 million is likely due to the CR’s exclusion of earmarks for Older Americans Act Title IV programs.

Of AoA-administered programs, only the Congregate, Home Delivered and Native American nutrition programs received specific appropriations in the CR. For the purposes of this analysis, programs for which the FY11 funding level is not specified within the CR have been estimated by NASUAD to receive funding at their FY10 levels. Please note that since these programs fall under a non-defense account, they may be subjected to a 0.2 percent cut from the FY10 level. Within 30 days of the CR’s enactment, federal agency administrators will release more information regarding the distribution of this account-level reduction across the individual programs within each account. As these decisions have yet to be made, NASUAD’s analysis of the CR does not attempt to reflect a hypothesized distribution, and the final funding level is likely to differ from the levels shown in this report; NASUAD will update this analysis accordingly.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**THE ADMINISTRATION ON AGING**  
*Core AoA Services: Health and Independence*

**Home and Community Based Supportive Services**

Under the CR, the Home and Community Based Supportive Services Program would receive level funding of \$368 million; the President's FY12 budget request would increase funding for these services to \$416 million. Home and Community Based Supportive Services provide grants to states and territories using a formula that is primarily based on the state's 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 the seniors in their planning and service areas.

**Congregate Nutrition\***

The CR appropriates level funding for the Congregate Nutrition Program, in the amount of \$441 million. While the CR 11 nutrition funding proposal is the same as FY10, the programs also received stimulus dollars under the American Recovery and Reinvestment Act (ARRA) in FY10, swelling the total amount of funds that were available to these programs through December 31, 2010 by \$65 million for the Congregate Nutrition Program and \$32 million for Home Delivered meals. The stimulus funds have since expired, and CR 11 does not seek to replace this lost revenue, resulting in a funding decrease of nearly \$100 million for the nutrition programs, despite the level appropriation.

**Home Delivered Nutrition Services\***

The CR appropriates 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.

**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 provides for \$161 million in funding.

**Native American Nutrition and Supportive Services\***

The Native American Nutrition and Supportive Services program receives the same funding in the CR as FY10, \$28 million.

### **Preventive Health Services**

The AoA Preventive Health Services Program receives level funding of \$21 million under the CR. 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 other services for vulnerable elders.

### **Aging Network Support Activities**

The CR for FY11 provides level funding Aging Network Support Activities. Among other projects, these support services provide assistance to the Eldercare Locator and Pension Counseling.

### **National Family Caregiver Support Programs**

As supported by AoA and Vice President Biden's initiative, *Supporting Middle Class Families*, the President's FY12 budget would increase funding for the National Family Caregiver Support Program (NFCSP) by \$38 million over FY10. In the CR, the NFCSP received level funding from FY10, \$154 million.

### **Native American Caregiver Support Program**

The Native American Caregiver Support Program received level funding in the CR in the amount of \$28 million.

### **Alzheimer's Disease Supportive Services Program**

The CR provides level funding 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**

Under the CR, the Lifespan Respite Care Program receives level funding from FY10, \$3 million.

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **THE ADMINISTRATION ON AGING**

*Protection of Vulnerable Adults*

### **Adult Protective Services**

In the CR, there is no specific funding provided for the Adult Protective Services 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.

### **Long-Term Care Ombudsman**

The Long-Term Care Ombudsman program receives \$17 million in the CR, level funding from FY10.

### **Prevention of Elder Abuse, Neglect and Exploitation**

The CR provides \$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**

The CR provides level funding for the Senior Medicare Patrol program in the amount of \$13.2 million.

### **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 CR provides 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\***

The CR notes that the total funding for ADRCs during FY11, under the CR or any other Act, may not exceed the amount obligated to ADRCs in FY10 from the \$1.5 billion appropriated to AoA by the *Consolidated Appropriations Act of 2010* (PL 111-117). Of this appropriation, AoA obligated \$14 million to ADRCs in FY10. ADRCs received additional funding in FY10 under the Affordable Care Act, which provided \$10 million in mandatory spending for ADRCs for each of fiscal years 2010 through 2014. However, the language in the CR appears to prohibit ADRCs from receiving total funds in excess of \$14 million in FY11, functionally eliminating \$10 million from AoA's overall budget.

### **Medicare Enrollment Assistance**

The CR provides \$30 million level funding for this program, which helps 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.

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **THE ADMINISTRATION ON AGING**

*Innovation and Administration*

### **Program Innovation**

The CR includes level funding of \$28 million for program innovations at AoA. This initiative has traditionally funded demonstration seed grants to enhance the Aging and Disability Resource Centers, Evidence-Based Disease Prevention Programs, and Nursing Home Division Grants. The CR also includes language prohibiting funding for certain parts of the Public Health Service Act related to chronic disease self-management activity grants.

### **Chronic Disease Self-Management Program**

Traditionally, the Chronic Disease Self-Management Grant Program (CDSMP) has been a part of the Evidence-Based Disease Prevention Program. CDSMP received \$27 million in funding under the ARRA Prevention and Wellness Fund, which will expire in April, 2012. The President's FY12 budget request proposes new stand-alone funding for CDSMP in the amount of \$10 million for FY12; there is no similar appropriation for CDSMP in the CR.

### **AoA Program Administration**

In the CR, a total of \$20 million in flat funding is included for program management and support activities, as well as to better address the needs of the growing aging population.

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **HEALTH RESOURCES AND SERVICES ADMINISTRATION**

*Access to Care and the Health Care Workforce*

### **HRSA Appropriation\***

The CR proposes \$6.27 billion for the Health Resources and Services Administration (HRSA), which is a decrease in funding of \$1.2 billion over FY10. 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. There is little guidance within the CR regarding the overall cuts to the programs within HRSA including Geriatrics and Elder Care, Community Health Centers, State Health Care Workforce Development Grants and the Traumatic Brain Injury Grants.

### **State Health Access Grants\***

The CR eliminates \$74 million in funding for the State Health Access Grants. In his FY12 budget request, the President indicated that the ACA will address needs previously covered by State Health Access Grants.

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **ADMINISTRATION FOR CHILDREN AND FAMILIES**

*Block Grants and Energy Assistance*

### **Community Services Block Grant\***

The CR gives the Administration for Children and Families \$703 million for making payments under the Community Services Block Grant Act (CSBG), but allocates \$23.3 million of this for sections 680 and 678E(b)(2) of the Act. Of this, \$18 million is for 680(a)(2), which gives the Secretary the discretionary authority to make competitive grants for community economic development activities; at least \$5 million is for 680(a)(3)(B) which authorizes the Secretary to make grants for rural community development activities; and the remainder would go to 678E(b)(2), which relates to the Secretary's accountability and reporting requirements. According to the Senate Labor, Health, Human Services and Education Appropriations Committee, "CSBG is a core source of funding for local community action agencies that provide a variety of services for low-income populations," and the CR's \$680 million for the block grants is \$20 million less than FY10 enacted, but \$285 million more than HR1.

**Low-Income Heating, Energy and Assistance Program\***

The CR maintains the base formula grant to states, providing level funding for the Low-Income Heating, Energy and Assistance (LIHEAP) block grant program in the amount of \$4.5 billion. The CR also includes \$200 million for the Contingency Fund, a decrease in \$390 million from FY10.

**Social Services Block Grant**

The CR provides \$1.7 billion in level funding for the Social Services Block Grant (SSBG) program.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR DISEASE CONTROL**

**CDC Appropriation\***

The CR provides \$5.66 billion for the Centers for Disease Control and Prevention, a \$730 million cut from the FY10 level, and \$681 million above the HR1 level.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
NATIONAL INSTITUTES OF HEALTH**

**NIH Appropriation\***

The CR provides \$30.7 billion for the National Institutes of Health (NIH), including \$300 million for the Global Fund. The CR reduces NIH funding by \$260 million below the FY10 level, but includes \$1.4 billion more for NIH than HR1. HR1 also eliminated the \$300 million to the Global Fund. Included in the reduced funding is a \$210 million pro-rata reduction in all of the Institutes, Centers, and Office of the Director accounts within NIH.

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

**SAMSHA Appropriation\***

The CR appropriates \$3.4 billion to the Substance Abuse and Mental Health Services Administration (SAMSHA), which is \$45 million below the FY10 enacted level and \$155 million below the President's FY12 request. The CR is not explicit on the funding that will go directly to the mental health and substance abuse block grant initiatives, but \$40 million is designated for the National Child Traumatic Stress Initiative, and no funds will be available for the National All Schedules Prescription Electronic Reporting System.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
*Housing for the Elderly and for Persons with Disabilities*

**HUD Appropriation\***

Under the CR, the Department of Housing and Urban Development will receive \$41.2 billion in discretionary funds.

**Section 202 Housing for the Elderly\***

The CR includes \$400 million for HUD's Supportive Housing for the Elderly program, Section 202 of the Housing Act of 1959, up to \$100 million of which will be available for capital advance and project-based rental assistance awards. This funding level represents a decrease of \$425 million from FY10 funding levels.

**Section 811 Housing for the Disabled\***

The CR includes \$150 million for HUD's Supportive Housing for Persons with Disabilities, Section 811 of the Cranston-Gonzalez National Affordable Housing Act, a decrease of 50 percent of the funding for this program. Of this amount, \$50 million will be available for capital advances and project-based rental assistance contracts, and up to \$32 million will be available for amendments or renewal of tenant-based assistance contracts that were entered into prior to FY07.

**DEPARTMENT OF LABOR***Employment for Older Adults and Individuals with Disabilities***Labor Appropriation\***

In the FY11 CR, the Department of Labor receives a \$12.7 billion appropriation, compared with \$13.5 billion in FY10.

**Community Service Employment for Older Americans\***

The Senior Community Service Employment Program (SCSEP), authorized by Title V of the Older Americans Act, is a federally-sponsored community service employment and training program for unemployed, low-income individuals, age 55 and older. The CR provides \$450 million in funding for this program, the same amount proposed by the President in his FY12 budget request. This funding level represents a decrease of \$375 million from the FY10 enacted level of \$825 million, which included a special one-time appropriation of \$225 million to supplement American Reinvestment and Recovery Act (ARRA) efforts. Under the President's FY12 budget request, this program would be moved to AoA. The CR makes no similar transfer.

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE***Service opportunities to meet community needs***CNCS Appropriation\***

The CR provides \$1.08 billion for the Corporation for National and Community Service, a cut of \$72 million from the FY10 level, but \$952 million above HR1.

**DEPARTMENT OF TRANSPORTATION***Surface Transportation and Livable Communities***Transportation Appropriation\***

The CR includes \$68 billion in resources for the Department of Transportation, including \$13.8 billion in discretionary budget authority and \$54.2 billion of obligation limitations.

**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. On March 4, 2011, the President signed into law the *Surface Transportation Extension Act of 2011* (P.L. 112-5), a measure to extend SAFETEA-LU through the end of FY11. The extension authorizes funding for surface transportation programs, including Transit Formula Grants (formerly Formula and Bus Grants), at FY10 levels through September 30. The CR permanently rescinds \$8.2 billion in funds from the amounts authorized, not appropriated, under SAFETEA-LU for carrying out High Priority Projects that are not allocated for the projects listed in Section 1702 of the Act.

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

Under the 2011 CR, Transit Formula Programs will remain at FY 10 levels of \$8.34 billion.

*\* FY11 funding specified within the CR. In the absence of a direct appropriation, NASUAD estimates CR11 funding that is level from FY10. These numbers do not reflect the CR's 0.2% across the board cut for all non-defense account level spending.*

## 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.
  - o ***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,
  - o ***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 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. As 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.