The Hot Topic: Federal Budget!

Hello CAN Coordinators we hope everyone is enjoying the start of the school year and the autumn season! Special Education Policy has a number of focus areas that are all important but one of the most highlighted topics that continues to be discussed throughout Congressional Sessions focuses around FEDERAL BUDGET. But what is the exact process of sorting out a Federal Budget? In this edition, we will go over a brief introduction to a process that is one of the most highlighted in special education.

We will explain the process in five steps:

- the President's annual budget request, the kick off to the budget process;
- the congressional budget resolution - how it is developed, what it contains, and what happens if there is no budget resolution;
- how the terms of the budget resolution are enforced in the House and Senate;
- budget "reconciliation," an optional procedure used in some years to facilitate the passage of legislation amending tax or entitlement law; and
- statutory deficit-control measures - spending caps, pay-as-you-go requirements, and sequestration.

Step One: The President's Budget Request

The process starts when the President submits a detailed budget request for the coming fiscal year, which begins on October 1. First, it tells Congress what the President recommends for overall federal fiscal policy. Second, the President's budget lays out his relative priorities for federal programs - how much he believes should be spent on defense, agriculture, education, health, and so on. The third role of the President's budget is signaling to Congress the President's recommendations for spending and tax policy changes. Next up, Congressional resolutions.

Step Two: The Congressional Budget Resolution

Next, Congress generally holds hearings to question Administration officials about their requests and then develops its own budget plan, called a "budget resolution."
This work is done by the House and Senate Budget Committees, whose primary function is to draft and enforce the budget resolution. Once the Budget Committees pass their budget resolutions, the bills go to the House and Senate floors, where they can be amended (by a majority vote). A House-Senate conference then resolves any differences, and the budget resolution for the year is adopted when both houses pass the conference report. Congress is supposed to pass the budget resolution by April 15, but it often takes longer. In recent years it has been common for Congress not to pass a budget resolution at all. When that happens, the previous year's resolution, which is a multi-year plan, stays in effect, although the House, the Senate, or both can and typically do adopt special procedures to set spending levels.

**Step Three: Enforcing the Terms of the Budget Resolution**

The main enforcement mechanism that prevents Congress from passing legislation that violates the terms of the budget resolution is the ability of a single member of the House or the Senate to raise a budget "point of order" on the floor to block such legislation. In some recent years, this point of order has not been particularly important in the House because it can be waived there by a simple majority vote on a resolution. However, the budget point of order is important in the Senate, where any legislation that exceeds a committee's spending allocation - or cuts taxes below the level allowed in the budget resolution - is vulnerable to a budget point of order on the floor that requires 60 votes to waive.

**Step Four: Budget Reconciliation**

*What is a reconciliation bill?* A reconciliation bill is a single piece of legislation that typically includes multiple provisions (generally developed by several committees), all of which affect the federal budget - whether on the mandatory spending side, the tax side, or both. A reconciliation bill, like the budget resolution, cannot be filibustered by the Senate, so it only requires a majority vote to pass.

*How does the reconciliation process work?* If Congress decides to use the reconciliation process, language known as a "reconciliation directive" must be included in the budget resolution. The reconciliation directive instructs committees to produce legislation by a specific date that meets certain spending or tax targets. (If they fail to produce this legislation, the Budget Committee chair generally has the right to offer floor amendments to meet the reconciliation targets for them, a threat which usually produces compliance with the directive.) The Budget Committee then packages all of these bills together into one bill that goes to the floor for an up-or-down vote, with limited opportunity for amendment. After the House and Senate resolve the differences between their competing bills, a final conference report is considered on the floor of each house and then goes to the President for his signature or veto.
Step 5: Statutory Deficit-Control Measures

PAYGO. Under the 2010 Statutory Pay-As-You Go (PAYGO) Act, any legislative changes to taxes or mandatory spending that increase multi-year deficits must be "offset" or paid for by other changes to taxes or mandatory spending that reduce deficits by an equivalent amount. Violation of PAYGO triggers across-the-board cuts ("sequestration") in selected mandatory programs to restore the balance between budget costs and savings.

Discretionary funding caps. The 2011 Budget Control Act (BCA) imposed limits or "caps" on the level of discretionary appropriations for defense and for non-defense programs in each year through 2021. Appropriations in excess of the cap in either category trigger sequestration in that category to reduce funding to the capped level.

BCA sequestration. On top of any sequestration triggered by PAYGO or funding cap violations, the BCA also requires additional sequestration each year through 2021 in discretionary and select mandatory programs, split evenly between defense and non-defense funding.

Resources:
Glossary of Terms
Budget Laws and Processes


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