

BUDGET/APPROPRIATIONS UPDATE

The following is an update of Congressional action on Appropriations and Budget issues affecting adult education.

BUDGET

The Congressional Budget and Impoundment Control Act of 1974, as amended, requires Congress to adopt an annual budget resolution. Usually, the budget resolution is Congress's response to the President's budget. The budget resolution must cover at least five fiscal years: the upcoming fiscal year plus the four subsequent fiscal years. The budget resolution sets total new budget authority and outlay levels for each fiscal year covered by the resolution. It also distributes federal spending among 20 functional categories, such as national defense, agriculture, and transportation, and sets similar levels for each function. The resolution also includes revenue floors for each fiscal year. Total new budget authority and outlays are distributed among both the House and Senate committees with jurisdiction over spending, thereby setting spending ceilings for each committee. The budget resolution is never sent to the President, nor does it become law. It does not provide budget authority or raise or lower revenues, but is instead a guide for Congress to use as it considers various budget bills, including appropriations and tax measures. The Congressional Budget Act provides an April 15 deadline for final congressional adoption of the budget resolution. However, Congress frequently does not meet this deadline. **Both the House and Senate have passed the FY 2006 Budget.**

APPROPRIATIONS

Each year, the House and Senate, using the Budget Resolution for guidance, enact 13 or more appropriations measures providing funds for numerous activities, including defense, transportation, education, homeland security and crime.

The House of Representatives passed legislation appropriating funds for fiscal year 2006 for the Departments of Labor, Health and Human Services and Education (H.R. 3010) on June 24, 2005, by a vote of 250-151. It contained level funding for adult education programs and \$200 million for Even Start.

The Senate passed its version of this legislation on October 27, 2005 by a vote of 93-3. Adult education received level funding. Even Start was zero-funded.

The House and Senate will soon meet in conference to iron out the differences between the two versions of this legislation. Because the two versions contain level funding for adult education, it is expected that the final bill agreed to by the conferees will level fund adult education. Family literacy organizations are urging a funding level of \$225 for Even Start.

It is also expected that the House and Senate will reduce spending by subjecting appropriations bills to across-the-board cuts which could amount to one or two percent or more. Some appropriations bills, such as those providing defense spending, may be exempt to such an across-the-board cut.

BUDGET RECONCILIATION

The Budget Act of 1974 established the reconciliation process to give Congress a means of addressing mandatory spending (also called direct spending) – which, unlike discretionary spending, is not subject to regular annual review.

The process starts in the budget resolution, which establishes deficit reduction targets for certain committees, and requires legislation to reduce rates of direct spending for programs in those committees' jurisdiction.

A reconciliation directive specifies only the change in spending. The committees of jurisdiction have full authority to determine specific policy reforms and submit legislation as they judge appropriate, so long as they achieve the savings required.

Each reconciled committee must submit this legislation to the Budget Committee by a specified date – in this year's case, the date was moved from September 16th to October 28th to accommodate hurricane relief efforts.

In addition to the legislation, committee submissions include a cost estimate (which must be made by the Congressional Budget Office). The Budget Committee receives and combines reconciled committees' legislation into a comprehensive measure – a reconciliation bill – to implement the instructions. The Budget Committee then marks up this package and reports it to the House. The Budget Committee may not make any substantive change to the legislative language submitted by an authorizing committee.

The Senate passed their budget reconciliation bill on November 3. The House bill is expected to be considered by the full House of Representatives the week of November 7, after which there will be a conference to iron out the differences.

Of interest to the adult education community is the inclusion in the House bill of welfare reform legislation. There are two key issues which we hope will be addressed in conference:

1. **Superwaiver**: The House bill includes Program Demonstration Projects, which permit a Governor to coordinate a variety of programs, including adult education, to create innovative programs to assist welfare participants. It would permit a Governor to alter application procedures, reporting requirements, performance standards and program and individual eligibility requirements of local programs. While the Secretary must approve proposed projects, there are a number of inadvertent effects that would negatively affect State's operations and management.

2. Period for full time participation in education and training. The House bill permits individuals to participate in education and training programs full time for up to four months on a case-by-case basis. As with all participants in adult education, there is a wide range in skills and individuals vary in the time they need to achieve the educational skills required to participate in training and obtain and retain employment. Although individuals can participate part-time in education and training activities for up to 5 years, there is a concern that many individuals with low levels of literacy will not be prepared to enter work or to participate in training activities with a four month cap of full time participation.

The Senate did not include welfare reform provisions in their budget reconciliation bill. However, the welfare reform bill considered by the Senate Finance Committee did not include sueprwaiver provisions and allowed up to six months participation in full time education and training programs.

Prepared by staff of the National Coalition for Literacy for members of the Coalition
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