



## ITCA Update June 10, 2025

This update focuses on the two significant Congressional activities currently underway. These include the development of the Senate reconciliation bill, and the 2026 Appropriations process.

**Reconciliation Process** The reconciliation process is a vehicle that allows an administration to pass its priorities when the House and Senate are of the same political party as the White House. It allows a bill to be passed in the Senate by a simple majority instead of needing the usual 60 votes for passage. The current process is being debated in the Senate after the House bill passed by one vote as the Memorial Day recess began.

The House bill, H.R. 1, includes \$3.75 trillion in tax cuts, about a \$300 billion cut in SNAP, about a \$700 billion cut in Medicaid and increases the Debt Ceiling by \$4 trillion. The Congressional Budget Office (CBO) recently released its analysis of the costs of the House bill projecting a \$2.4 trillion increase in the country's debt over 10 years. The CBO also projects the bill, if passed, would result in 11 million people losing their health insurance either from Medicaid or from the Affordable Care Act (ACA).

The reconciliation process is now in the hands of the Senate. Speaker of the House Johnson asked the Senate leadership to pass the House bill with no changes, which would have allowed the President to sign it into law immediately. However, the Senate does not have the 51 votes to pass the House bill, which is resulting in the development of a new Senate bill. Currently, there is significant disagreement on what will be included in the final Senate bill. Leadership plans for the bill to be completed by the July 4<sup>th</sup> recess and can only lose about 4 Republican votes to pass the bill. Some Senators want additional cuts, while others do not support the cuts in the House bill. There is also disagreement about whether the debt ceiling increase should be included in the bill and what tax cuts should be included. Some are suggesting that the bill be divided into two or three smaller reconciliation bills to facilitate passage of some of the provisions.

This week, specific Senate Committees are working with Senate leadership to develop the bill which then must be sent to the Senate Parliamentarian. The bill must be reviewed and provisions approved according to the Byrd Rule that requires all reconciliation provisions to have a fiscal component. It is not clear if the bill will be ready to go to the Senate floor by July 4<sup>th</sup>. Once passed by the Senate, this bill will go back to the House for consideration.

**FFY 2026 Appropriations Process** The Congress and the President have until midnight September 30<sup>th</sup> to agree to a final appropriations bill which will set specific funding levels for all

federal programs for the FFY 2026 year. FFY 2026 is from October 1, 2025 through September 30, 2026. This process began with the President's budget request sent to the Congress recently. The Congress considers this budget request but does not vote on it.

The next step is for the House and Senate Appropriations Committees to develop their funding levels for each federal program. The committees will also have to decide if they are willing to include any statutory changes necessary to meet some changes proposed in the President's budget request. It is not likely that the final bill will be completed by the deadline, given how late the process began this year. A Continuing Resolution (CR) will be necessary to keep the government open and allow more time for agreement to be reached after October 1, 2025. These FFY 2026 funds will be allocated in the Part C awards, July 1, 2026.

On May 30<sup>th</sup> the Office of Management and Budget (OMB) released an additional 1,224 pages of the President's budget request for FFY 2026. This document expands on the "skinny" budget released last month, adding more detail on requests for discretionary spending. Some additional information on 10-year estimates of federal spending, revenue, and deficits, as well as projections of economic growth, and interest rates still have not been released by the Administration. The rest of the budget information is expected to be released after the reconciliation process is completed.

**Department of Education IDEA Budget Request** The request for the Education Department for FFY 2026 is \$66.7 billion, a \$12 billion, or 15.3 percent reduction below FFY 2025 appropriation. The budget request includes a consolidation of seven of the eight programs under IDEA. According to the request, Part C, the Early Intervention program would continue to be separately funded at \$540 million, a freeze at the levels for both FFY 2024 and 2025. Included in the appendix to the President's request is additional language proposed for Part C that is similar to language in President Biden's budget request last year. The language is a state "may use funds appropriated under Part C of the IDEA to conduct child find, public awareness, and referral activities for an individual which is expected to become a parent of an infant with a disability (as that term is defined in section 632(5)), as established by medical or other records." Further, "any State electing to use funds under the preceding proviso shall ensure that, as soon as possible but not later than 45 days after the child's birth, it completes the referral and eligibility process under this part for that child."

**Budget Request for Health and Human Services** HHS proposes \$94.7 billion in discretionary budget authority for FFY 2026. According to the Budget request, HHS plans significant reorganization of the department. HHS plans to consolidate twenty-eight operating divisions to fifteen and close five of the "most costly" regional offices.

See the Member update from June 3<sup>rd</sup> for additional detail on the HHS and Department of Education budget request.