ITCA Update
June 23, 2025

The Congress has several significant priorities to accomplish on their summer agenda, despite the 4^{th} of July and August recesses that cut many working days from the Congressional calendar. This update focuses on two of these bills - the Senate reconciliation bill, and the pending mark-ups for the FFY 2026 Appropriations process.

Reconciliation Process The Senate's current efforts are focused on their version of the reconciliation bill. Despite major disagreements on the content of the bill, leadership is planning for the bill to be ready for Senate floor consideration this week. Once the Senate passes its bill, negotiations will continue with the House that passed its reconciliation bill right before the Memorial Day recess. Once the bill is finalized with passage by the full House and the full Senate, it goes to the President's desk to be signed into law. The President has indicated that he expects the bill to be ready for his signature by July 4^{th}. Despite the President's expectation, many are expressing concerns that negotiations could continue throughout the summer.

Among other things, the House bill 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) 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).

There remains significant disagreement on what will be included in the final Senate reconciliation bill. Leadership can only lose 3 Republican votes to pass the bill. There is disagreement over the following:

- Proposed program and tax cuts;
- Debt ceiling increase; and
- Breaking the overall bill into 2-3 smaller bills to ease passage.

Currently, Senate language cuts Medicaid by several hundred billion dollars more than the House version of the bill. The Senate bill would also put 2 million acres of public land in 11 states up for sale, drawing criticism from conservationists. The Senate language includes updates to the Child and Dependent Care Tax Credit and additional funding to help cover the cost of childcare. Other differences are the timelines for phasing out clean energy tax credits as well as how much tax deductions for state and local tax provisions should be available. The latest CBO analysis on the provisions in the Senate bill as being negotiated indicates the proposed changes would add $ 3.3 trillion to the debt.

While the final provisions are being negotiated among members of the Senate, these are being reviewed by the Senate Parliamentarian according to the Byrd rule. This rule requires all reconciliation policies to have a fiscal component which allows them to be passed by a simple majority instead of the usual 60 votes required in the Senate.

As this update was prepared, the Parliamentarian had ruled that two provisions of the plan to cut SNAP did not meet the rule and therefore could not be included in the final bill. Senate members are working on changes to the current SNAP provisions so these can be included in the final reconciliation bill. The current SNAP legislation includes exemptions through September 2030 for individuals experiencing homelessness, veterans, and young adults who were in foster care at the age of 18. The House bill retained those exceptions, but the current Senate provision would eliminate most exceptions.

Senate leadership is working to bring the bill to the Senate floor sometime this week. Behind the scenes, negotiations are occurring between House and Senate members to make it more likely the final Senate changes will be accepted by the House when the bill returns for their consideration.

FFY 2026 Appropriations Process Several of the twelve House appropriations subcommittees have begun to work on the development of bills that will fund the programs under their jurisdiction for the year starting October 1, 2025. The Labor, Health and Human Services, Education, and Related Agencies subcommittee is scheduled to mark-up its bill on July 21st. This subcommittee funds all education programs, including IDEA, as well as all health and labor programs. The full Appropriations Committee will consider these subcommittee funding proposals on July 24th before the August recess.

The Congress and the President have until midnight September 30th 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. The committees will also have to decide if they are willing to include any statutory changes to IDEA necessary to meet changes proposed in the President's budget request. It is not likely that the final bill will be completed by the deadline. 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.

Some federal agencies have released their Congressional Budget Justifications (CJs). These documents explain each agency's program priorities and funding needs specific to the President's budget request. Detail justification from the new agency Administration for a Healthy America within the Department of Health and Human Services (HHS) is located at: https://www.hhs.gov/sites/default/files/fy-2026-aha-cj.pdf. The justification for the newly consolidated Administration for Children, Families and Communities (ACFC) https://www.hhs.gov/sites/default/files/fy-2026-acfc-cj.pdf