
House and Senate Pass Budget Resolutions

Before adjourning for the spring recess, the House and Senate passed budget resolutions providing a framework for federal spending and revenues for fiscal year 2008. The House and Senate both indicated strong support for fiscal discipline and will require that increases in entitlement spending and tax cuts be offset. The House budget resolution provides a spending cap of \$417.8 billion for domestic discretionary spending, which is a 3.3 percent increase over FY 2007. The Senate budget resolution provides \$412.7 billion, which is a 1.9 percent increase over FY 2007. Spending on domestic discretionary programs, such as affordable housing and Head Start, represents approximately 15 percent of the federal budget, which is \$2.9 trillion.

Both the House and Senate budget resolutions signaled strong support for the State Children's Health Insurance Program by committing new funding totaling \$50 billion over five years. Neither resolution specified the source of the new funding.

The Senate passed its budget resolution on March 23 by a 52-47 vote. Two Republicans, Senators Snowe and Collins of Maine, crossed party-lines and voted with the Democrats. The House passed its budget resolution on March 29 by a vote of 216-210.

The next step will be for the House and Senate to negotiate the differences between the two resolutions. The key issues to be worked out are

the differences in offsetting new costs, including the expansion of SCHIP funding and the extension of some tax cuts. Once the differences are negotiated, the House and Senate will vote again on the budget resolution. The budget resolution is a framework for federal spending and is not law and therefore the President does not need to sign it.

Once the budget resolution is finalized, the appropriations committees can begin working on the spending bills for FY 2008. If the House and Senate are unable to reach an agreement, the appropriations committees will begin working on the spending bills without the framework.

State Children's Health Insurance Program (SCHIP) to be Reauthorized

The budget resolutions in the House and Senate both indicated strong bi-partisan support for the State Children's Health Insurance Program (SCHIP), which is scheduled to expire on September 30, 2007. The program was created in 1997 to provide health insurance to children in families with low incomes that were just above the Medicaid eligibility limit. There are currently six million children and 639,000 adults enrolled in SCHIP and the current funding for the program is \$25 billion over five years. Both chairs of the House Energy and Commerce and Senate Finance Committees have indicated that the reauthorization of SCHIP is a priority.

The Democrats and some moderate Republicans have said that they would like to increase funding for outreach so that states have the resources to enroll the nearly nine million children who are uninsured but

eligible for either SCHIP or Medicaid. The Administration and many Republicans have indicated that they would like for SCHIP to return to its original mandate of insuring only children in households with incomes less than two hundred percent of the federal poverty level. Currently, 11 states enroll some adults (mostly parents of children enrolled in SCHIP and pregnant women) and 15 states enroll children in households above 200 percent of the federal poverty level. States usually impose cost sharing for these broader categories of people.

Advocates have been supporting an increase of \$60 billion over five years for SCHIP. The new funding would be used for outreach and expansion of mental health and dental services.

Several members of Congress have introduced bills in the 110th Congress that would reauthorize SCHIP. The chairs of the Senate Finance and House Energy and Commerce Committees, Senator Baucus (D-MT) and Congressman Dingell (D-MI), plan to begin scheduling hearings after the spring recess.

House Committee Passes Bill with New Affordable Housing Funds

The House Financial Services Committee voted on March 29, by a vote of 45-19, to reform government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, and to create an affordable housing fund. The affordable housing fund created in the Federal Housing Finance Reform Act of 2007 (H.R. 1427) would be funded by 1.2 basis points on each GSE's total outstanding mortgages. Congressional staff has estimated that this would raise \$500-600 million a year for grants to for-profit and nonprofit developers to produce, preserve, or rehabilitate housing for extremely low-income and very low-income households. The fund would be managed by the new GSE regulator. In 2007, 75 percent of the funds would go to Louisiana and 25 percent of the funds would go to Mississippi. In subsequent

years, the funds would be distributed by a formula to the states, Washington, D.C., federal territories and federally recognized tribes.

Chairman Frank (D-MA) has described the affordable housing fund as a down-payment on a yet to be created National Housing Trust Fund. Chairman Frank plans to identify other funding mechanisms in future housing legislation for the trust fund and anticipates introducing a National Housing Trust Fund bill early in May 2007.

The Federal Housing Finance Reform Act of 2007 should be on the House floor sometime during May. The Senate has not yet begun working on a GSE reform bill.

House and Senate Committees Pass Head Start Bills

The Senate Health, Education, Labor and Pensions Committee and the House Education and Labor Committee both passed Head Start reauthorization bills. The Senate committee passed S. 556 unanimously on February 14 and the House committee passed H.R. 1429 by a 42-1 vote on March 21. Although no votes have been scheduled on the House or Senate floors, reauthorization is expected to move quickly.

Currently, Head Start is funded at \$6.9 billion. Both the House and Senate bills would incrementally increase funding for Head Start from over \$7.3 billion in FY 2008 to "such sums as necessary" through FY 2012. Both bills provide for an increase in eligibility to children living in households at 130 percent of the federal poverty level.

Neither of the bills moves Head Start from the jurisdiction of the Department of Health and Human Services nor changes the focus of Head Start from school-readiness and family services.

An amendment to allow religiously affiliated providers to hire Head Start teachers and support staff based on religion was defeated in both the Senate and House committees.