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Status of FY2025 Labor, Health and Human Services, and Education Appropriations: In Brief

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This report provides a brief summary of the status of FY2025 Labor, Health and Human Services, and Education (LHHS) appropriations as of the cover date of this report. It also provides background on the scope of the LHHS bill generally and the context for congressional appropriations decisions, including the submission of the President's budget request for FY2025 and budget enforcement in the absence of a budget resolution.

On May 23, 2024, the House Appropriations Committee voted to report its initial suballocations for all 12 subcommittees, including LHHS (30-22). As yet, the Senate Appropriations Committee has not published or reported its LHHS suballocation. Neither the House nor the Senate Appropriations Committee has voted to report its respective version of the LHHS bill.

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This report provides a brief summary of the status of Labor, Health and Human Services, and Education (LHHS) appropriations during the FY2025 appropriations cycle. It includes relevant congressional actions and a top-line comparison of discretionary funding enacted in FY2023 and FY2024, versus relevant FY2025 legislative proposals. It also provides background on the scope of the bill and context for congressional budgetary decisionmaking.

On May 23, 2024, the House Appropriations Committee voted to report initial (interim) FY2025 suballocations for all 12 subcommittees, including LHHS (30-22).¹ As yet, the Senate Appropriations Committee has not published or reported its LHHS suballocation. Neither the House nor the Senate Appropriations Committee has voted to report its respective version of the FY2025 LHHS bill.

Congressional clients may consult the LHHS experts list in CRS Report R42638, *Appropriations: CRS Experts*, for information on which analysts to contact at the Congressional Research Service (CRS) with questions on specific agencies and programs funded in the LHHS bill.

Scope of the LHHS Bill

The LHHS bill is the largest of the 12 annual appropriations bills when accounting for both mandatory and discretionary funding (\$1.4 trillion in FY2024).² It provides annually appropriated budget authority for the following federal departments and agencies:

- the Department of Labor (DOL);
- most agencies at the Department of Health and Human Services (HHS), except for the Food and Drug Administration (funded through the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill), the Indian Health Service (funded through the Department of the Interior, Environment, and Related Agencies appropriations bill), and the Agency for Toxic Substances and Disease Registry (funded through the Interior-Environment appropriations bill);
- the Department of Education (ED); and
- more than a dozen related agencies (RA), including the Social Security Administration (SSA), Corporation for National and Community Service, Corporation for Public Broadcasting, Institute of Museum and Library Services, National Labor Relations Board, and Railroad Retirement Board.

In general, mandatory funding represents more than 80% of the total LHHS bill, supporting annually appropriated entitlements such as Medicaid and Supplemental Security Income (SSI). Discretionary funds, which account for less than 20% of total funds in the bill, tend to be the

¹ The House Appropriations Committee suballocations have not yet been formally reported as of the cover date of this report, but have been published by the House Appropriations Committee at <https://appropriations.house.gov/sites/evo-subsites/repUBLICANS-appropriations.house.gov/files/evo-media-document/fy25-subcommittee-allocations-cole-1.pdf> and <https://appropriations.house.gov/events/markups/full-committee-markup-fiscal-year-2025-military-construction-veterans-affairs-and>.

² This is calculated based on the explanatory statement accompanying the FY2024 LHHS omnibus (P.L. 118-47) available in the *Congressional Record*, vol. 170, no. 51, book II, March 22, 2024, pp. H1886-H2070. The discretionary funding provided in the LHHS appropriations act is both provided and controlled by that act. The mandatory funding provided in the LHHS act is controlled by provisions in authorizing law. For definitions of these and other budget terms, see U.S. Government Accountability Office (GAO), A Glossary of Terms Used in the Federal Budget Process, GAO-05-734SP, September 1, 2005, <http://www.gao.gov/products/GAO-05-734SP>. (Terms of interest may include *budget authority*, *appropriated entitlement*, *direct spending*, *discretionary*, *entitlement authority*, and *mandatory*.)

focus of congressional debate during the appropriations process.³ This is because the appropriations process generally has little control over the amount of mandatory funding provided for appropriated entitlements; rather, the authorizing statute controls the program parameters (e.g., eligibility rules, benefit levels) that entitle certain recipients to payments. Consequently, the focus of this report generally is on the discretionary spending for LHHS programs and activities under various laws and proposals.

Even though discretionary appropriations represent a relatively small share of the entire LHHS bill, the bill is typically the largest single source of nondefense discretionary funding for the federal government. (The Department of Defense bill is the largest single source of discretionary funding overall.)

Calculating Total LHHS Budget Authority

Budget authority is the amount of money a federal agency is legally authorized to commit or spend. Appropriations bills may include budget authority that becomes available in the current fiscal year, in future fiscal years, or some combination. Amounts that become available in future fiscal years are typically referred to as *advance appropriations* (e.g., the FY2024 LHHS appropriations act generally contains advance appropriations that become available in FY2025 and FY2026 for certain programs and activities). In addition, while new budget authority is generally subject to a variety of statutory and congressional rules that are intended to control the budget (i.e., budget controls), some budget authority may be effectively *exempted* from those controls, including budget authority for emergency requirements, health care fraud and abuse control, and continuing disability reviews and redeterminations.

The amount of LHHS budget authority can be tabulated in various ways. The total amount of budget authority provided in an appropriations bill (i.e., *total in the bill*) would be calculated regardless of the year in which the funding becomes available.⁴ In some cases, such as the 302(b) suballocations (discussed later), the total is based on *current-year appropriations* (i.e., the amount of budget authority available for obligation in a given fiscal year), which is calculated regardless of the year in which it was first appropriated.⁵ Additionally, budgetary totals may or may not include Congressional Budget Office (CBO) *scorekeeping and other adjustments* to reflect budget enforcement conventions and special instructions of Congress.⁶ Finally, calculations of LHHS budget authority might include or exclude budget authority that is *exempted* from budget controls.

Context for FY2025

Congressional development and consideration of annual appropriations traditionally is preceded by the submission of the President's budget request and the adoption of the congressional budget resolution. In addition, statutory discretionary spending limits on defense and nondefense spending are in effect for FY2025. Background related to these issues is provided below.

President's Budget Submission for FY2025

The Budget and Accounting Act of 1921 (P.L. 67-13), as amended, requires the President to submit an annual consolidated federal budget to Congress at the beginning of each regular

³ For an illustrative discussion of the distribution of funds among the different titles of the bill, and between discretionary and mandatory spending, see the summary of FY2024 Senate committee-approved LHHS appropriations on pages 7-11 of CRS Report R47936, *Labor, Health and Human Services, and Education: FY2024 Appropriations*.

⁴ Such figures include advance appropriations provided in the bill for future fiscal years, but do not include advance appropriations provided in prior years' appropriations bills that become available in the current year.

⁵ Such figures typically exclude advance appropriations for future years, but include advance appropriations from prior years that become available in the given fiscal year.

⁶ For more information on scorekeeping, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*. See also a discussion of key scorekeeping guidelines included in the joint explanatory statement accompanying the conference report to the Balanced Budget Act of 1997 (H.Rept. 105-217, pp. 1007-1014).

congressional session, not later than the first Monday in February. Many of the proposals in the President’s annual budget recommend changes to laws that govern mandatory spending levels or policies, which are typically established on a multiyear or permanent basis. Discretionary spending, however, which is roughly one-third of the federal budget,⁷ is decided and controlled each fiscal year through the annual appropriations process. While Congress is ultimately not required to adopt the President’s proposals or recommendations, the submission of the President’s budget typically initiates the congressional budget process and informs Congress of the President’s recommended spending levels for agencies and programs.⁸

The President’s budget request for FY2025 was submitted on March 11, 2024, about five weeks after it was due. At the time the FY2025 budget request was being developed, discretionary funding for FY2024 was being provided by a series of temporary continuing resolutions (CRs), instead of full-year appropriations acts. Consequently, both the Office of Management and Budget (OMB) and agency budget materials use estimates for FY2024 that are derived from annualized estimates of funding provided under FY2024 CRs (P.L. 118-15, P.L. 118-22, P.L. 118-35, and P.L. 118-40). In other words, they do not reflect the LHHS levels that were enacted on March 23, 2024, in Division D of the Further Consolidated Appropriations Act, 2024 (P.L. 118-47; FY2024 LHHS omnibus).

On May 22, 2024, a package of amendments to the FY2025 budget request was submitted by the President to Congress.⁹ The one LHHS-related amendment—to an ED general provision—was not estimated to have a budgetary effect.

FY2025 Discretionary Spending Levels and Appropriations Committee Allocations

For FY2025, the discretionary spending levels in appropriations measures are enforceable by both statutory and procedural means. Statutory budget enforcement is through the discretionary spending limits for FY2025 in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177), as amended. These statutory limits are enforced through sequestration: largely across-the-board reductions made to the category of spending that is in excess of the limit (defense or nondefense), to eliminate the excess spending.¹⁰ Procedural budget enforcement is primarily associated with the budget resolution, which provides a process for the House and Senate to agree on budgetary targets ahead of consideration of spending and revenue legislation. These targets are enforced through points of order.

Certain spending is effectively exempt from these limits (commonly referred to as adjustments to those limits). In recent years, adjustments that have been applied to LHHS appropriations are for emergency requirements, to accommodate new budget authority for specified “program integrity” initiatives at HHS (health care fraud and abuse control), the SSA (continuing disability reviews

⁷ Congressional Budget Office (CBO), *The Budget and Economic Outlook: 2023 to 2033*, p. 21, <https://www.cbo.gov/system/files/2023-02/58848-Outlook.pdf>.

⁸ For more information, see CRS Report R47019, *The Executive Budget Process: An Overview*.

⁹ The package of amendments was published at <https://www.whitehouse.gov/wp-content/uploads/2024/05/FY-2025-Budget-Amendment-Package.pdf>.

¹⁰ For more information, see CRS Insight IN12168, *Discretionary Spending Caps in the Fiscal Responsibility Act of 2023*. The Fiscal Responsibility Act of 2023 (FRA; P.L. 118-5) also contains procedures by which these limits might be temporarily or permanently adjusted in the case of a continuing resolution (CR). For a summary of these adjustments, see CRS Insight IN12183, *The FRA’s Discretionary Spending Caps Under a CR: FAQs*.

and redeterminations), and for DOL to fund reemployment services and eligibility assessments conducted by the states related to unemployment compensation.¹¹

Statutory Spending Limits

The current statutory limits on discretionary spending were enacted as part of the Fiscal Responsibility Act of 2023 (FRA; P.L. 118-5) on June 3, 2023. The FRA amended the BBEDCA to provide limits on defense discretionary (all discretionary spending under budget function 050) and nondefense discretionary (all other discretionary spending) for FY2024 and FY2025.¹² All funding in the LHHS bill is subject to the nondefense limit. The statutory limit on nondefense discretionary spending for FY2025 is \$710.688 billion. This is a \$7 billion (+1%) increase relative to the FY2024 nondefense discretionary spending limit. (Conformance with this limit is calculated as the net of any Congressional Budget Office [CBO] scorekeeping adjustments, and prior to any adjustments to the limits pursuant to BBEDCA authorities.¹³) For LHHS programs and activities, the FRA also provided for adjustments to the nondefense spending limit for health care fraud and abuse control, continuing disability reviews and redeterminations, and reemployment services and eligibility assessments, up to a specified amount of funding for FY2025.¹⁴ The maximum amount of funding allowed for these FY2025 LHHS adjustments is \$2.531 billion, an \$83 million (+3%) increase over FY2024.

Appropriations Committee Allocations Under the Budget Resolution

The budget resolution process dates back to the Congressional Budget Act of 1974, and is used each year to impose a limit on total discretionary spending available to the appropriations committees (commonly referred to as a 302(a) allocation) and subsequently, limits on spending under the jurisdiction of each appropriations subcommittee (referred to as 302(b) suballocations).¹⁵

As of the cover date of this report, there has been no House or Senate action on a FY2025 budget resolution.¹⁶ For the purposes of providing 302(a) allocations and budgetary aggregates for the consideration of FY2025 appropriations, as well as other matters that would have been traditionally associated with the budget resolution, the FRA directed the chair of the Senate

¹¹ For further information on how these generally function, see Appendix A in CRS Report R47936, *Labor, Health and Human Services, and Education: FY2024 Appropriations*.

¹² Prior to the FRA, statutory limits on discretionary spending had been in effect from FY2012 through FY2021 (having expired at the end of FY2021). These limits were initially established in 2011 by the amendments made by the Budget Control Act of 2011 (BCA; P.L. 112-25) to the BBEDCA, but they were subsequently revised several times over the course of their effective period. For a summary of these changes, see CRS Insight IN11148, *The Bipartisan Budget Act of 2019: Changes to the BCA and Debt Limit*.

¹³ The FRA includes a provision described as incentivizing Members to enact regular full-year appropriations legislation. The FRA states that in the event that a CR is in effect on January 1 of 2024 or 2025 for any budget account, the discretionary spending limits for that fiscal year are automatically revised. The revision would result in an increase in nondefense discretionary budget authority and a decrease for defense discretionary spending levels when compared with the original levels. Under such a scenario, a sequester order would be issued on April 30 of 2025. The FRA states that the revised limits would revert to the original FRA limits if full-year appropriations were enacted before April 30. For more information, see CRS Insight IN12183, *The FRA's Discretionary Spending Caps Under a CR: FAQs*.

¹⁴ The FRA also provided for a designation for emergency requirements, which would generally be available for funding under the purview of any appropriations act (not just LHHS).

¹⁵ For further information, see CRS Report R47388, *Enforceable Spending Allocations in the Congressional Budget Process: 302(a)s and 302(b)s*.

¹⁶ The House Budget Committee voted to report a FY2025 budget resolution on March 7, 2024, but the measure has not yet been reported.

Budget Committee to enter those amounts into the *Congressional Record* not later than May 15, 2024. These were published in the Senate on May 14, 2024.¹⁷ The FRA did not include a similar provision for the House.¹⁸

Generally, the next step in the appropriations process is for each of the appropriations committees to adopt suballocations from the total amount allocated to them. These 302(b) suballocations provide a limit on current-year (i.e., FY2025) appropriations within each subcommittee’s jurisdiction and incorporate any applicable scorekeeping adjustments made by CBO.¹⁹ On May 23, 2024 the House Appropriations Committee voted to approve draft (“interim”) suballocations for all 12 subcommittees, including LHHS (30-22).²⁰ As yet, the Senate Appropriations Committee has not published or reported its LHHS suballocation. These suballocations are displayed in **Table 1**.

FY2025 LHHS Legislative Action

Table 1 displays the CBO estimate of enacted LHHS discretionary appropriations for FY2023 and FY2024, alongside the FY2025 draft House suballocation for LHHS. The amounts shown for “regular discretionary appropriations” do not include any funding that is subject to program integrity adjustments or emergency designations. The amounts shown represent current-year budget authority subject to the spending limits and take into account any applicable CBO scorekeeping adjustments. Under this method of estimating the bill, the FY2025 draft House suballocation is \$7.8 billion (-4%) less than FY2024 enacted, and \$20.8 billion (-10%) less than FY2023 enacted. With regard to the House reductions, it could not be determined based on the suballocations alone the extent to which these reductions would be achieved via rescissions to previously enacted funding and other related budgetary mechanisms, versus reducing the amount of LHHS funding that would be newly enacted for FY2025.

As mentioned previously, certain LHHS appropriations, such as those allowed for program integrity funding or designated as for emergency requirements, are effectively exempt from the discretionary spending limits (see discussion in the “FY2025 Discretionary Spending Levels and Appropriations Committee Allocations” section). The “adjusted appropriations” total in the table includes funding under these adjustments, plus “regular discretionary appropriations.” (Note that the draft House Appropriations Committee report on FY2025 suballocations for LHHS only presents an aggregate total for the three LHHS “program integrity” adjustments.) Most recently, the FY2024 enacted emergency-designated appropriations for LHHS totaled \$531 million.²¹ The House suballocation for LHHS did not include any FY2025 funding for emergency requirements.

¹⁷ “Budget Enforcement Levels,” *Congressional Record*, daily edition, vol. 170, no. 83 (May 14, 2024), pp. S3679-S3670.

¹⁸ For more information, see CRS Insight IN12353, *Discretionary Spending: Setting a Topline Amount for FY2025 Appropriations*.

¹⁹ Such suballocations are commonly revised throughout the appropriations process to reflect changing budgetary priorities.

²⁰ The House Appropriations Committee suballocations have not been formally reported, but they have been published by the committee at <https://docs.house.gov/meetings/AP/AP00/20240523/117367/HMKP-118-AP00-20240523-SD003.pdf>.

²¹ Section 301 of Division B of P.L. 118-50, related to eligibility for certain benefits, does not have a definite dollar amount for those benefits specified. (See CBO, *CBO Estimate for H.R. 8035, Ukraine Security Supplemental Appropriations Act, 2024, As Posted on the website of the House Committee on Rules on April 17, 2024*, April 19, 2024, https://www.cbo.gov/system/files/2024-04/hr8035_Ukraine_Security_Supplemental_Appropriations_Act_2024.pdf). For this funding, CRS relies on the CBO (continued...)

Table I. LHHs Discretionary Appropriations: Comparison of FY2023 Enacted, FY2024 Enacted, FY2025 House and Senate Appropriations Committee Initial 302(b) Suballocations

(budget authority in billions of dollars)

	FY2023 Enacted	FY2024 Enacted	FY2025 Draft House Committee "Interim" Suballocation	FY2025 Senate Suballocation
Regular discretionary appropriations	207.367	194.434	186.586	—
Adjustments:				
Program Integrity	2.345	2.447	—	—
Health Care Fraud and Abuse Control (non-add)	0.576	0.604	—	—
Continuing Disability Reviews and Redeterminations (non-add)	1.511	1.578	—	—
Reemployment Services and Eligibility Assessments (non-add)	0.258	0.265	—	—
Emergency requirements ^a	9.434	0.531	—	—
Adjusted appropriations	219.146	197.412	186.586	—

Source: The FY2023 Enacted amounts are from CBO, Report on the Status of Discretionary Appropriations, Fiscal Year 2023, U.S. Senate (as of June 3, 2023), <https://www.cbo.gov/system/files/2023-07/FY2023-Senate-2023-06-03.pdf> (except that, for consistency with later years, this table excludes certain prior-year emergency-designated funds pursuant to Section 103 of the Fiscal Responsibility Act of 2023 [P.L. 118-5]). FY2024 Enacted amounts are from CBO, Report on the Status of Discretionary Appropriations, Fiscal Year 2024, U.S. Senate (as of April 23, 2024), <https://www.cbo.gov/system/files/2024-05/FY2024-Senate-2024-04-23.pdf>. The FY2025 House Appropriations Committee draft suballocations are as published at <https://docs.house.gov/meetings/AP/AP00/20240523/117367/HMKP-118-AP00-20240523-SD003.pdf>. The distribution of amounts for Program Integrity adjustments are from CRS analysis of the FY2023 LHHs omnibus and FY2024 LHHs omnibus.

Notes: Amounts reflect current-year discretionary budget authority subject to spending limits. "Regular discretionary appropriations" totals exclude funds for which special rules apply under the spending limits (e.g., funds for certain program integrity activities and emergency requirements); those funds are included under the "Adjustments" table heading. The table excludes funds that are exempted from the spending limits (i.e., those provided under authorities in the 21st Century Cures Act [P.L. 114-255], and the prior-year emergency-designated advance appropriations in Division J of P.L. 117-58 and Division B of P.L. 117-159, pursuant to Section 103 of the Fiscal Responsibility Act of 2023 [P.L. 118-5]).

- a. Several emergency-designated appropriations during this period have no definite dollar amount specified (e.g., the budgetary effects of Section 301 of Division B of P.L. 118-50, related to eligibility for certain benefits, see CBO, *CBO Estimate for H.R. 8035, Ukraine Security Supplemental Appropriations Act, 2024*, As Posted on the website of the House Committee on Rules on April 17, 2024, April 19, 2024, <https://www.cbo.gov/>

estimates in the *Status of Discretionary Appropriations* report series, which may be subject to change depending on various programmatic and economic factors.

- b. system/files/2024-04/hr8035_Ukraine_Security_Supplemental_Appropriations_Act_2024.pdf). For this indefinite emergency-designated funding, CRS relies on the CBO estimates in the *Status of Discretionary Appropriations* report series, which may be subject to change depending on various programmatic and economic factors.

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