NASDDDS

Budget Reconciliation Process Overview

Budget reconciliation is a special process that makes it easier to pass legislation. It differs from the regular budget process in a few ways:

Regular Budget Process

Budget resolution

- Non-binding blueprint
- Passed by House and Senate Budget Committees
- Passed by full House and Senate
- Goes to conference, if necessary
- Enacting legislation (annual appropriations bills are passed through regular order, and can be subject to filibuster)

Budget Reconciliation Process

Budget resolution

- Includes a binding "reconciliation directive" instructing one or more committees to produce legislation by a specific date that meets certain spending or tax targets
- Committees included in the directive produce appropriations bills to achieve the targeted reduction (or increase).
- Those bills are combined into a single reconciliation bill, which is not subject to regular order (no filibuster)

What is the budget reconciliation process?

1. Budget resolution with reconciliation instructions
2. Committees develop policies to meet targets, which are combined into bill
3. Full chambers pass reconciliation bill
4. Differences between chambers are resolved
5. President signs reconciliation bill into law.

Why use budget reconciliation?

In the **House**, the reconciliation bill:

- There is no filibuster
- Special instructions are often added to the legislation to ease procedural obstacles.

In the **Senate**, the reconciliation bill:

- Cannot be filibustered (so can be passed with a simple majority instead of 60 votes)
- Only subject to maximum of 12 hour debate
- Can only have "germane" amendments proposed

What are budget reconciliation limitations?

Limited scope

- Changes to federal revenues
- Changes to direct mandatory federal spending
- Changes to the federal debt limit

One use per year

- Each type of change can only be addressed in one bill per year
- One interpretation of the law concludes that only one budget resolution with reconciliation instructions of any kind can be passed each budget cycle

Instructions expire

- Reconciliation instructions expire at the end of the relevant fiscal year

Byrd rule

- Provisions must have direct budget impacts
- Senators can challenge any provision
- Senate Parliamentarian decides (can be overruled by a 3/5 vote)

What is the Byrd Rule?

The Byrd rule prohibits the inclusion of "extraneous" measures, meaning those that:

- Do not produce a change in outlays or revenues;
- Produce an outlay increase or revenue decrease when the instructed committee is not in compliance with its instructions;
- Are outside the jurisdiction of the committee that submitted the title or provision for inclusion in the reconciliation measure;
- Produce a change in outlays or revenues which is merely incidental to the nonbudgetary components of the provision;
- Would increase the deficit for a fiscal year beyond those covered by the reconciliation measure (usually a period of 10 years); or,
- Recommend changes in Social Security.