

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:

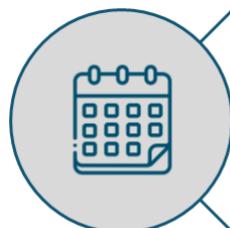
- Cannot be filibustered (so can be passed with a simple majority instead of 60 votes)
- Only subject to maximum of 12 hour debate
- Can only have “germane” amendments proposed

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**.