

Budget Reconciliation and the 117th Congress: What You Need to Know

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Welcome to reconciliation

- The Senate filibuster's 60-vote threshold is an obstacle for the Biden administration to pass sweeping legislation under the traditional legislative process
- To avoid the filibuster, congressional Democrats are advancing a sizable COVID-19-related relief package using the budget reconciliation process
- In short: budget reconciliation provides the Senate the ability to fast-track certain types of legislation with only 51 votes

Timeline for FY21 Budget Reconciliation

February 2021

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
				House and Senate adopt FY21 budget resolution with reconciliation instructions to 12 committees		
7	8	9	10	11	12	13
	12 House committees markup to comply with reconciliation instructions					
14	15	16	17	18	19	20
		Deadline for House committees to comply with reconciliation instructions	House Budget Committee meets to markup and compile 12 individual bills into one reconciliation package			
21	22	23	24	25	26	27
	House Rules Committee meets to adopt rule for floor consideration and determine which (if any) amendments will be considered		House consideration/adoption of reconciliation package			

March 2021

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
	Target for Senate consideration of reconciliation package					
7	8	9	10	11	12	13
14	15	16	17	18	19	20
Enhanced unemployment insurance from Dec. 29 COVID package expire						Day 60 of Biden presidency
21	22	23	24	25	26	27

Is the current COVID-19 package the only time Congress will use reconciliation?

- Reconciliation may be used once each fiscal year. Because Congress has yet to pass a budget resolution for the current year, they have two budget resolutions available to them (FY 2021, FY2022)
- The current reconciliation package is focused on COVID-19 relief
- The second reconciliation package will likely involve significant tax changes, infrastructure and climate spending, and a general economic stimulus

Reconciliation basics

- The Budget Act charges each chamber's Budget Committee with annually passing a budget resolution
 - The resolution may give committees reconciliation instructions (spending targets) to report legislation that increases or decreases a specified amount of revenue or mandatory spending
 - The Budget Committees send the committee package to the floor
- In the Senate, consideration of the reconciliation package is time limited, is not subject to a filibuster, and can pass with a majority vote
- Previous reconciliation examples:
 - Trump administration's Tax Cuts and Jobs Act of 2017
 - Some of the Obama administration's Affordable Care Act

Are there limitations on the use of reconciliation?

- The Budget Act prohibits the reconciliation package from containing "extraneous matters." In the Senate this can be enforced via a point of order under the "Byrd Rule"
- Matters are considered extraneous if they do not change outlays or revenues or the changes in outlays or revenue are "merely incidental" to goals of the provision
- This subjective decision is made by the Senate parliamentarian
- If the parliamentarian rules that a matter is extraneous, this ruling only can be overridden with 60 votes.

Items likely to survive a point of order and invocation of the Byrd Rule

- Most tax treatment – whether raising or lowering corporate and/or individual tax rates
- Federal purchases
- Medicare and Medicaid
- Federal civilian and military retirement
- SNAP (formerly known as food stamps)

Items likely to be struck from a reconciliation package

- Minimum wage increase
- DC statehood
- Insurance regulations
- Social Security
- Conservation programs
- OSHA penalties
- Direct FDIC to develop a risk-based insurance program
- Abstinence education
- Gun reform measures

Outlook – what does this mean for you?

- With narrow majorities in both chambers, the Biden administration and congressional Democrats will use reconciliation to enact their policy goals
- The scale of these bills will be massive
- For those with a policy interest in reconciliation, the best strategy is to engage with members and staff as early in the process as possible



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