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# **Budget Reconciliation Legislation: Development and Consideration**

**Bill Heniff Jr.**

Analyst on Congress and the Legislative Process

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The budget reconciliation process is part of the fiscal framework established by the Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, 2 U.S.C. 601-688), as amended. The principal aim of this framework is to enhance Congress's coordination of spending, revenue, and debt limit legislation through the adoption and enforcement of a concurrent resolution on the budget (commonly referred to as the budget resolution). The budget reconciliation process, in particular, is intended to facilitate the consideration and enactment of legislation that implements, in whole or in part, the budget policies reflected in the budget resolution. Perhaps most significantly, the process establishes special procedures that have allowed the Senate to get to a vote on passage on budget reconciliation legislation without first having to demonstrate supermajority support (i.e., without invoking cloture with a three-fifths vote).<sup>1</sup>

The process consists of two phases. The first phase entails the House and Senate agreeing to a budget resolution that includes directives to one or more committees to develop legislative recommendations to achieve certain budget outcomes. The second phase involves the development and consideration of budget reconciliation legislation pursuant to these directives.

## Development of Reconciliation Legislation

The reconciliation process begins with directives in a budget resolution instructing committees to report legislation that changes existing spending and revenue laws. The directives typically identify the instructed committees, specify the amounts by which spending and revenue laws are to be changed by fiscal year periods, and set a date by which the committees must report reconciliation legislation. Reconciliation directives may also specify the amount by which the statutory limit on the public debt is to be changed and instruct the House Ways and Means Committee and the Senate Finance Committee to recommend such a change.

The dollar amounts in reconciliation directives are based on assumptions about existing policies and the budgetary impact of certain policy changes. In some instances, the assumed changes in existing laws are printed in the committee or conference report accompanying a budget resolution. Committees, however, are not bound by these assumptions or suggestions.

Each instructed committee develops legislative recommendations to meet its reconciliation directives. If one committee is instructed, the committee reports its legislative recommendations to its parent chamber directly. If two or more committees are instructed, the committees submit their legislative recommendations to their respective Budget Committees. In the latter case, the legislative recommendations are packaged “without any substantive revision” into an omnibus budget reconciliation bill by the House and Senate Budget Committees, even when they do not comply with the reconciliation directives. Any lack of compliance, however, may be addressed during floor action, usually by an amendment offered to achieve compliance.

## Consideration of Reconciliation Legislation

Once reported in the House or Senate, many of the standard floor procedures and practices, as well as the general rules applicable to all budgetary legislation, apply to budget reconciliation legislation. Consideration of budget reconciliation legislation, however, is also governed by

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<sup>1</sup> For further information on the budget reconciliation process, see CRS Report R44058, *The Budget Reconciliation Process: Stages of Consideration*; and CRS Report RL33030, *The Budget Reconciliation Process: House and Senate Procedures*.

special procedures provided by the Budget Act. These procedures are generally intended to limit what may be included in reconciliation legislation, prohibit certain amendments, and encourage completion of the bill in a timely fashion.<sup>2</sup>

First, Section 310(g) of the Budget Act prohibits the consideration of any reconciliation legislation, or any amendment to a reconciliation bill, recommending changes to the Social Security program. In the Senate, Section 313 of the Budget Act, commonly referred to as the Byrd rule, prohibits extraneous matter in a budget reconciliation bill. Under the Byrd rule, extraneous matters include, among others, those that would have no direct budgetary effect, increase spending or decrease revenue when a committee is not in compliance with its reconciliation instructions, or increase the deficit (or reduce the surplus) for a fiscal year beyond those covered by the reconciliation legislation.<sup>3</sup>

In both the House and Senate, amendments to a reconciliation bill must be germane. In addition, Section 310(d) of the Budget Act bars the consideration of any amendment to a reconciliation bill that would increase the deficit. Specifically, an amendment that would increase spending above or reduce revenues below the projected amounts in the bill must be offset by an equivalent amount of spending reductions, revenue increases, or a combination of both.

During floor action on reconciliation legislation, the Senate and House follow different procedures and practices. In the Senate, debate on a budget reconciliation bill—and on all amendments, debatable motions, and appeals—is limited to 20 hours. While debate time is limited, consideration of the budget reconciliation bill is not. After all debate time has expired or has been yielded back, Senators may continue to offer amendments and other motions but may not speak about them. The Senate often will consider a substantial number of amendments in this situation.<sup>4</sup>

The Budget Act does not provide any debate limitations on a reconciliation bill in the House. The House, however, regularly adopts a special rule establishing the time allotted for debate and what amendments will be in order. The House special rule typically has allowed for consideration of only a few major amendments.

## Author Contact Information

Bill Heniff Jr.  
Analyst on Congress and the Legislative Process  
wheniff@crs.loc.gov, 7-8646

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<sup>2</sup> For more detailed information on the restrictions applicable to budget reconciliation legislation, see CRS Report R43885, *Points of Order Limiting the Contents of Reconciliation Legislation: In Brief*.

<sup>3</sup> For further information on the Senate's Byrd rule, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate's "Byrd Rule"*.

<sup>4</sup> For further information on Senate consideration of budget reconciliation legislation, see Congressional Distribution Memorandum, *Selected Information on Initial Consideration of Budget Reconciliation Legislation in the Senate* (available to congressional clients from the author on request).