

CRS Report for Congress

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Budget Reconciliation Legislation: Development and Consideration

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Budget reconciliation is an optional two-step process, provided by the Congressional Budget Act (CBA) of 1974 (Titles I-IX of P.L. 93-344, 88 Stat. 297-332), that Congress may use to assure compliance with the direct spending, revenue, and debt-limit levels set forth in a budget resolutions agreed to by Congress. First, Congress includes reconciliation instructions in a budget resolution directing one or more committees to recommend changes in statute to achieve the levels of direct spending, revenues, and debt limit agreed to in the budget resolution. Second, the legislative language recommended by committees is packaged “without any substantive revision” into one or more reconciliation bills, as set forth in the budget resolution, by the House and Senate Budget Committees. In some instances, a committee may be required to report its legislative recommendations directly to its house. For more information on budget process, see [<http://www.crs.gov/products/guides/guidehome.shtml>].

Development of Reconciliation Legislation

The reconciliation process begins with the inclusion in a budget resolution of instructions to committees to change spending and revenue laws. The instructions typically indicate the committee(s) directed to recommend changes and a date by which the committee(s) must submit its recommended legislation to its respective Budget Committee. The House directives usually specify recommended levels of direct spending and revenue by committee, while the Senate directives usually specify the amount of change. 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.

If only one committee is required to recommend legislative changes, the committee reports its recommended legislation directly to its chamber. If more than one committee is directed to report legislative changes, which has often been the case, those

recommendations are submitted to the Budget Committees. The House and Senate Budget Committees are responsible for assembling the committee recommendations into one or more omnibus bills. The CBA does not allow the Budget Committees to make any substantive changes to these recommendations, even when they do not comply with the reconciliation instructions. Any lack of compliance, however, may be addressed during floor action, usually by an amendment offered to achieve compliance.

Consideration of Reconciliation Legislation

Once the Budget Committees report reconciliation legislation to their respective chambers, consideration is governed by special procedures. These special rules serve to limit what may be included in reconciliation legislation, to prohibit certain amendments, and to encourage its completion in a timely fashion.

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

Section 310(d) of the CBA bars the House or Senate from considering any amendment to a reconciliation bill that would increase the deficit. For example, an amendment that would increase spending above the level set forth in the bill must be offset by an equivalent amount of spending reductions, revenue increases, or a combination of both. However, Section 310(d)(2) provides that in the Senate an amendment to strike out a provision in the bill is always in order. Also, the Congressional Budget Act prohibits nongermane amendments to a reconciliation bill.

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 not more than 20 hours. After the 20 hours of debate has been reached, consideration of amendments, motions, and appeals may continue, but without debate. The Senate often will consider a substantial number of amendments. The CBA 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.

The congressional budget process timetable outlined in Section 300 of the CBA, as amended, sets June 15 as the deadline for Congress to complete action on any required reconciliation legislation. However, Congress frequently does not meet this deadline. Final action on reconciliation legislation usually depends on whether or not there is substantial agreement between Congress and the President on the substantive provisions.