



BUDGET COMMITTEE

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Policy Changes in Reconciliation Acts Enacted into Law: 1980-2007¹

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- ❖ 19 reconciliation bills have been enacted into law.
- ❖ Of these, 17 (89%) have cleared the Senate on a bipartisan basis (at least one member of the minority party voting 'Aye').
- ❖ The other 2 (11%) cleared on a straight party line vote (Vice President breaking 50-50 tie both times).
- ❖ In addition, the Senate considered reconciliation conference reports 3 other times, but those 3 were vetoed by the President. Of those, the Senate passed 2 on a pure party line vote, and the other one was bipartisan.

Omnibus Reconciliation Act of 1980

- First reconciliation bill to pass the House and Senate. Reduced FY1981 spending by \$4.632 billion and increased FY1981 revenues by \$3.645 billion.
- Spending changes: child nutrition subsidies; interest rates for student loans; "look back" COLA benefit provisions for retiring federal employees; highway obligational authority; railroad rehabilitation, airport development, planning, and noise control grants; veterans' burial allowances; disaster loans; Medicare and Medicaid; unemployment compensation; and Social Security."
- Revenue changes: mortgage subsidy bonds; payment of estimated corporate taxes; capital gains on foreign real estate investments; payroll taxes paid by employers; telephone excise taxes; and the alcohol import duty.
- Conference report passed Senate: 83-4

Omnibus Budget Reconciliation Act of 1981

- Reduced spending by \$130.6 billion over three years, covering FY1982-FY1984.
- Spending changes: health program block grants; Medicaid; television and radio licenses; Food Stamps; dairy price supports; energy assistance; Conrail; education program block grants; Impact Aid and the Title I compensatory education program for disadvantaged children; student loans; and the Social Security minimum benefit.
- **No major revenue changes.**
- Conference report passed Senate: 80-14

¹ This list does not include three reconciliation measures passed by the Congress, but vetoed by the president. These were the Balanced Budget Act of 1995 (passed Senate 52-47), the Taxpayer Refund and Relief Act of 1999 (passed Senate 50-49), and the Marriage Tax Relief Reconciliation Act of 2000 (passed Senate 60-34).

Tax Equity and Fiscal Responsibility Act of 1982

- Increased revenues by \$98.3 billion and reduced spending by \$17.5 billion over three years, covering FY1983-FY1985.
- Spending changes: Medicare, Medicaid, aid to families with dependent children (AFDC), child support enforcement (CSE), supplemental security income (SSI), unemployment compensation, and interest payments on U.S. savings bonds.
- Revenue changes: alternative minimum tax, medical and casualty deductions, pension contribution deductions, federal employee payment of the FICA tax for Medicare coverage, accelerated depreciation and investment tax credits, corporate tax payments, foreign oil and gas income, corporate tax preferences, construction deductions, insurance tax breaks, “safe-harbor leasing,” corporate mergers, withholding on interest and dividends, aviation excise taxes, unemployment insurance, telephone and cigarette excise taxes, and industrial development bonds.
- Conference report passed Senate: 52-47

Omnibus Budget Reconciliation Act of 1982

- Reduced spending by \$13.3 billion over three years, covering FY1983-FY1985.
- Spending changes: payments to farmers, dairy price supports, Food Stamps, inflation adjustments for federal retirees, lump-sum premiums for FHA housing insurance, user fees on Veterans Administration-backed home loans, veterans' compensation and benefits, and reduction in the membership of the Federal Communications Commission and the Interstate Commerce Commission.
- **No major revenue changes.**
- Conference report passed Senate: 67-32

Omnibus Budget Reconciliation Act of 1983

- Reduced spending by \$8.2 billion over four years, covering FY1984-FY1987.
- Spending changes: limitation and delay of federal civilian employee pay raises, delay of federal civilian and military retirement and disability COLAs, delay of veterans' compensation COLAs, and disaster loans for farmers.
- **No major revenue changes.**
- Passed Senate: 67-26

Consolidated Omnibus Budget Reconciliation Act of 1985

- Reduced the deficit by \$18.2 billion over three years, covering FY1986-FY1988.
- This reconciliation bill created the law that allows the jobless to purchase their employer sponsored health insurance policy after they are separated from their job. The law is known as “COBRA,” after the reconciliation act that created it.
- Other Spending changes: student loans, highway spending, veterans' medical care, Medicare, Medicaid, and trade adjustment assistance.
- Revenue changes: the cigarette tax, excise taxes supporting the Black Lung Trust Fund, unemployment tax exemptions, taxation of railroad retirement benefits, airline employee income subject to taxation, and the deduction of research expenses of multinational firms.
- Senate insisted on its amendment by voice vote.

Omnibus Budget Reconciliation Act of 1986

- Reduced the deficit by \$11.7 billion over three years, covering FY1987-1989.
- Spending changes: Medicare, Medicaid, agricultural income support payments, loan asset sales, federal employee retirement programs, federal subsidy for reduced-rate postage, federal financing for fishing vessels or facilities, retirement age limits, and elimination of the trigger for Social Security COLAs.
- Revenue changes: the tax treatment of the sale of the federal share of Conrail, commercial merchandise import fee, increased penalty for untimely payment of withheld taxes, denial of certain foreign tax credits, and the oil-spill liability trust fund.
- Conference report passed Senate: 61-25.

Omnibus Budget Reconciliation Act of 1987

- Together with an omnibus appropriations act (P.L. 100-202), the reconciliation act implemented \$76 billion in deficit reduction over FY1988 and FY1989.
- Spending changes: Medicare, Medicaid, agricultural target prices, farm income support payments, deferral of lump-sum retirement payments to federal employees, Postal Service payments into retirement and health benefit funds, the Guaranteed Student Loan program, Nuclear Regulatory Committee license fees, and National Park user fees.
- Revenue changes: home mortgage interest deduction, deduction of mutual fund expenses, 'completed contract' method of accounting, repeal of installment-sales accounting, 'master-limited' partnerships, and accelerated payments of corporate estimated taxes.
- Conference report passed Senate: 61-28.

Omnibus Budget Reconciliation Act of 1989

- Reduced the deficit by \$14.7 billion.
- Spending changes: Medicare, Medicaid, veterans' housing loans, agricultural deficiency payments and dairy price supports, the Supplemental Loans for Students (SLS) program, Federal Communications Commission and Nuclear Regulatory Commission fees, vaccine injury compensation amendments, and the Maternal and Child Health Block Grant program.
- Revenue changes: the exclusion for employer-provided education assistance, targeted-jobs tax credit, mortgage revenue bonds, self-employed health insurance, low-income housing credit, treatment of junk bonds, and research and experimentation credits.
- Final passage by voice vote. Senate passage: [87-7](#).

Omnibus Budget Reconciliation Act of 1990

- Reduced spending by \$281 billion and increased revenues by \$255 billion over FY1991-FY1995.
- This act included the Budget Enforcement Act of 1990, which included discretionary spending caps and PAYGO controls on direct spending and revenue.
- Spending changes: Medicare, Medicaid, agricultural loans, acreage reduction, deposit insurance premiums, mortgage insurance premiums, collection of delinquent student loans, OSHA penalties, aid to families with dependent children (AFDC), child support enforcement (CSE), supplemental security income (SSI), unemployment compensation, child welfare and foster care, Social Security, abandoned mines, Environmental Protection Agency, federal employee retirement and health benefits, veterans' compensation and disability payments, airport ticket fees, customs user fees, and tonnage duties.
- Revenue changes: individual income tax rates, the alternative minimum tax, limitation on itemized deductions, excise taxes on alcoholic beverages and tobacco products, motor fuel excise taxes, and Superfund tax extension.
- Conference report passed: [54-45](#).

Omnibus Budget Reconciliation Act of 1993

- Reduced spending by \$145 billion and increased revenues by \$241 billion over FY1994-FY1998.
- This bill included the Clinton-era top rates on income taxes of 39.6 percent and 36 percent.
- Spending changes: Medicare, Medicaid, Food Stamps, auction of the radio spectrum, student loan programs, veterans' benefits, agricultural price supports, crop insurance, liabilities of the Postal Service, and Nuclear Regulatory Commission fees.
- Revenue changes: a fuels tax increase, maximum individual income tax rates, maximum corporate income tax rate, small business tax incentives, empowerment zones, and unemployment insurance surtax.
- Conference report passed: [50-50, VP voted yea](#)

Personal Responsibility and Work Opportunity Reconciliation Act of 1996

- Reduced spending by \$54.6 billion over FY1997-FY2002.
- This was the vehicle for the bipartisan welfare reform that created the TANF program as a replacement for prior welfare programs.
- Spending changes: temporary assistance for needy families (TANF), work requirements, supplemental security income (SSI), child support enforcement (CSE), restrictions on benefits for illegal aliens, Child Care and Development Block Grant, child nutrition, Food Stamps, teenage pregnancies, and abstinence education.”
- **No major revenue changes.**
- Conference report passed: [78-21](#).

Balanced Budget Act of 1997

- Reduced spending by \$127 billion of FY1998-FY2002.
- This act created the predecessor to Medicare Advantage plans – the Medicare+Choice program. This act also created the State Children's Health Insurance Program (CHIP) that provides health care coverage to low-income, uninsured children in families otherwise ineligible for Medicaid. The Balanced Budget Act of 1997 also contained the Budget Enforcement Act of 1997, which extended the discretionary spending limits and pay-as-you-go requirement for legislation enacted through FY2002. Lastly this act created the Sustainable Growth Rate (SGR) to constrain the growth Medicare physician expenditures. This is routinely circumvented (the “doc fix”) to avoid the accumulated reductions in payments to physicians that would comport with the SGR’s formula.
- Spending changes: Medicare, Medicaid, children's health initiative, electromagnetic spectrum auction, Food Stamps, temporary assistance to needy families (TANF), supplemental security income (SSI), increased contributions to the Civil Service Retirement System, subsidized housing, and veterans' housing.
- **No major revenue changes.**
- Conference report passed: [85-15](#)

Taxpayer Relief Act of 1997

- Reduced revenues by \$100 billion over FY1998-FY2002.
- This act created the child tax credit.
- **No major spending changes.**
- Revenue changes: child tax credit, education tax incentives (including the HOPE tax credit, the lifetime learning credit, and education savings accounts), home office deductions, capital gains tax cut, the ‘Roth IRA,’ gift and estate tax exemptions, corporate alternative minimum tax repeal, renewal of the work opportunity tax credit, and the airline ticket tax.
- Conference report passed: [92-8](#)

Economic Growth and Tax Relief Reconciliation Act of 2001

- Reduced the projected surplus by \$1.349 trillion over FY2001–FY2011.
- This was the first of President Bush’s major tax cut proposals that created a new tax rate structure with rates of 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
- **No major spending changes.**
- Revenue changes: individual income tax rates, the ‘marriage penalty,’ child tax credit, estate and gift taxes, individual retirement accounts and pensions, charitable contributions, education incentives, health insurance tax credit, flexible spending accounts, research and experimentation tax credit, and adoption tax credit and employer adoption assistance programs.
- Conference report passed: [58-33](#).

Jobs and Growth Tax Relief Reconciliation Act of 2003

- Reduced revenues by \$349.667 billion over FY2003-2013.
- This was the second of President Bush’s major tax cut proposals that accelerated the phasing in of certain policies enacted in EGTRRA and lowered tax rates on capital gains and dividends.
- **No major spending changes.**
- Revenue changes: the acceleration of certain previously-enacted tax reductions (including expansion of the child tax credit and the 10% bracket), increased bonus depreciation and section 179 expensing, taxes on dividends and capital gains, the Temporary State Fiscal Relief Fund, and special estimated tax rules for certain corporate estimated tax payments.
- Conference report passed: [50-50, VP voted yea](#)

Deficit Reduction Act of 2005

- Reduced spending by \$38.810 billion over FY2006-FY2010
- Spending changes: Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), student loan interest rates and lenders' yields, electromagnetic spectrum auction, digital television conversion, grants for interoperable radios for first responders, low-income home energy assistance program (LIHEAP), Federal Deposit Insurance Corporation premium collections, agricultural conservation programs, Katrina health care relief, and Pension Benefit Guarantee Corporation (PBGC) premiums.
- **No major revenue changes.**
- Senate concurred with House amendment with an amendment: [50-50, VP voted yea](#)

Tax Increase Prevention and Reconciliation Act of 2005

- Reduced revenues by \$69.960 billion FY2006-FY2010.
- **No major spending changes.**
- Revenue changes: tax rates on dividends and capital gains, the alternative minimum tax for individuals, delay in payment date for corporate estimated taxes, controlled foreign corporations, FSC/ETI binding contract relief, elimination of the income limitations on Roth IRA conversions, and withholding on government payments for property and services.
- Conference report passed: [54-44](#).

College Cost Reduction and Access Act of 2007

- Reduced spending by \$752 million over FY2007-FY2012.
- Spending changes: affected provisions relating to lenders and borrowers involved with the Federal Family Education Loan program and the William D. Ford Direct Loan program.
- **No major revenue changes.**
- Conference report passed: [79-12](#)

Major Policy Changes Enacted Outside of Reconciliation

Emergency Economic Stabilization Act of 2008 (10/3/2008)

Created the TARP program, among other provisions.

[Public Law 110-343](#)

Post-9/11 Veterans Educational Assistance Act of 2008 (06/30/2008)

The Post 9/11 GI Bill provides financial support for education and housing to honorably discharged veterans having served on or after September 11, 2001 or veterans discharged with a service-connected disability. The Post 9/11 GI Bill pays for tuition based upon the highest in-state tuition charged by an educational institution in the state where the educational institution is located. Passed as part of the Supplemental Appropriations Act of 2008.

[Public Law 110-252](#)

Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (12/8/2003)

The Medicare Modernization Act (MMA) led to the establishment of Medicare part D, the prescription drug benefit, which was the single largest expansion of Medicare in the program's history. In addition, the bill also established Medicare Advantage plans, means-tested Medicare Part B premiums and created health savings accounts (or HSAs).

[Public Law 108-173](#)

Homeland Security Act of 2002 (11/25/2002)

Created the Department of Homeland Security (DHS) into which TSA was incorporated.

[Public Law: 107-296](#)

Sarbanes–Oxley Act of 2002 (7/30/2002)

Created new financial regulations and auditing requirements for corporations in the aftermath of several corporate scandals.

[Public Law 107-204](#)

No Child Left Behind (1/8/2002)

Expanded funding and established significant federal regulations for K-12 education.

[Public Law 107-110](#)

Clean Air Amendment Act of 1990 (11/15/1990)

Among many other changes to the Clean Air Act, the 1990 law established an acid rain control program and required a state run control program for the operation of major sources of air pollution.

[Public Law 101-549](#)

Americans with Disabilities Act of 1990 (7/26/1990)

Among other provisions, expanded stringent anti-discrimination protections to persons with disabilities and imposed accessibility requirements on new construction projects.

[Public Law 101-336](#)

Tax Reform Act of 1986 (10/22/1986)

A sweeping tax reform characterized by rate reductions paired with simplification and base broadening.

[Public Law 99-514](#)

Economic Recovery Tax Act of 1981 (8/13/1981)

Significant tax rate cut, including the reduction of the top rate from 70% to 50%.

[Public Law 97-34](#)

Department of Energy Organization Act (8/4/1977)

Created the Department of Energy, which assumed the responsibilities of several existing agencies.

[Public Law 95-91](#)