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RECONCILIATION AND THE DEMOCRATS' HEALTH CARE BILL

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SUMMARY

The Democratic Majority appears poised to jam their health care bill through Congress using “reconciliation” – a fast-track procedure intended to align government spending and revenue with the levels in the congressional budget resolution. Reconciling laws to budget goals is intended to *control the size of government*.

While at the same time conceding their intent to misuse the reconciliation process, Democrats have attempted to excuse it by claiming: “it’s nothing new.” This is false; the use of reconciliation to force through an expansion in the size, scope, and cost of the Federal Government would mark an historic abuse of reconciliation, and would – in the words of Senator Byrd – place “political expediency” ahead of the American way of governing.

KEY POINTS

The Purpose of Reconciliation

- Reconciliation is a fast-track procedure intended principally to *control the growth of government*.
- A reconciliation bill is exempt from Senate filibuster, which requires 60 votes to overcome, so it can be passed on a wholly partisan, simple-majority vote. Both debate time and amendments are strictly limited.

The Democrats' Abuse

- Democrats appear intent on using reconciliation to jam through Congress a bill to create a new \$1-trillion entitlement and initiate the government takeover of health care.
- They made clear their intent to misuse the procedure – if their health care bill failed through regular order – by including reconciliation instructions in *last year's* budget, using *last year's* baseline (S.Con.Res. 13 – the FY2010 budget resolution). These instructions called for “deficit reduction” savings of *\$1 billion over 5 years* (this year’s deficit is *\$1.6 trillion*) for each of the following committees – Ways and Means, Education and Labor, and Energy and Commerce – all of which were instructed to submit a “health care” bill.

Fact Check: This is Not “Regular Order”

- Democrats have tried to justify their maneuver by claiming Republicans abused the process to push through tax cuts and other substantive legislation. This is a blatant mischaracterization of the facts.
 - The first reconciliation bill was in 1975, when a Democratic Senate used the procedure to reduce taxes.
 - It was employed to reduce taxes again in 1997, as part of the bipartisan balanced budget agreement – which yielded surpluses starting one year later.
 - The process also was used as part of the bipartisan balanced budget agreement to create the State Children’s Health Insurance Program – which passed with 85 votes in the Senate. That bill included net reductions in spending of \$106.9 billion over five years.
 - Congress used reconciliation for welfare reform in 1996, which in the end passed with 78 votes in the Senate and was signed by President Clinton. At the time, Sen. Exon, then Ranking Democrat on the Budget Committee, said: “[It is] our intent to keep this bill within the proper parameters of budget reconciliation.”
 - The 2001 tax cuts clearly did not expand government – and they were enacted at a time when all credible estimates showed the government collecting far more taxes than it needed.
 - In contrast, the Republican Majority chose *not* to use reconciliation for the 2003 Medicare prescription drug bill as the legislation was a vehicle for *policy* – not *budgetary* – changes, and thus would have been a clear abuse of the process.
- Reconciliation has never been used to force through huge increases in entitlement spending. This would be an historic first. It will also make sweeping changes in the health care sector – 17 percent of the U.S. economy – that will profoundly affect Americans’ lives.

BACKGROUND

- First reconciliation bill was a tax bill passed by the Senate in 1975; it was later vetoed.
- Reconciliation was used again in 1980 (at the end of the Carter administration) for an omnibus deficit reduction measure, the first time a reconciliation bill became law.
- In 1981, many of the spending proposals in President Reagan’s first budget were enacted through reconciliation (but not tax relief).
- Reconciliation became a common feature of the budget process during the 1980s and 1990s – when it was used principally for deficit reduction.
- In 1997, the bipartisan budget agreement produced two reconciliation bills: the Balanced Budget Act (reduced spending) and the Taxpayer Relief Act (reduced taxes).
- In 2001 and 2003, tax relief was enacted through reconciliation and had to be sunset to avoid a Byrd Rule point of order in the Senate.
- Recently (2007), Democrats used reconciliation to enact changes in the Federal student loan program and create numerous new entitlements, with little net budget savings.