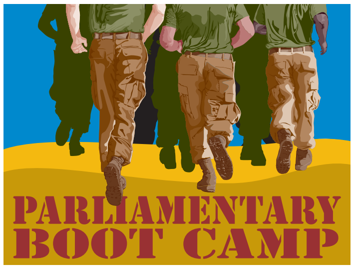

BASIC TRAINING

PARLIAMENTARY PROCESS, FACTS, AND STRATEGIES

The Reconciliation Process

The budget resolution is intended to be the overall spending blueprint for the Federal government. On the spending side of the ledger, there are two basic categories of spending: **discretionary** and **mandatory**. Discretionary spending is traditionally controlled through the targets set out in the budget resolution, and applied to the individual appropriations and authorization bills. In order to control mandatory spending, the budget process uses the **reconciliation process**. The reconciliation process makes it easier for Congress to change current law in order to bring revenue, spending, and debt-limit levels into conformity with the policies of the annual budget resolution. As an optional procedure, reconciliation has not been used in every year that the congressional budget process has been in effect.

Other significant changes in reconciliation practice have derived from the changing political and budgetary environment, or changes in precedent. Initial actions under reconciliation, for example, focused on deficit-reduction efforts. Consequently, the procedures were employed to achieve spending reductions and revenue increases on a net basis. In the latter part of the 1990s, particularly when large surpluses emerged in the federal budget for the first time in decades, the focus of reconciliation action was shifted to reducing revenues, which continued into the 2000s. Most recently, for FY2006, reconciliation directives entail reductions in both revenues and spending.

HOW RECONCILIATION WORKS

Reconciliation is a two-stage process. First, **reconciliation instructions** are included in the budget resolution, instructing the appropriate committees to develop legislation achieving the desired budgetary outcomes. A budget resolution can contain three separate sets of reconciliation instructions: (1) spending, (2) revenue, and (3) debt limit.[1] Each set of instructions may be moved separately as its own reconciliation bill, or combined. However, you cannot move more than one reconciliation bill of each type in each budget cycle.

If the budget resolution instructs more than one committee in a chamber, then the instructed committees submit their legislative recommendations to their respective Budget Committees by the deadline prescribed in the budget resolution; the Budget Committees incorporate them into an omnibus budget reconciliation bill without making any substantive revisions. In cases where only one committee has been instructed, the process allows that committee to report its reconciliation legislation directly to its parent chamber, thus bypassing the Budget Committee.

In the House, if a committee fails to meet its reconciliation target, either by date or amount, the Budget Committee cannot change the product that gets reported, but the Rules Committee could self-execute an amendment to provide for the reconciled savings. In the Senate, the failure to meet a reconciliation target gives rise to a motion to recommit to achieve those savings. Compliance is determined by the respective Budget committee.

The second step involves consideration of the reconciliation legislation by the full House and Senate under **expedited procedures**. Among other things, debate in the Senate on any reconciliation measure is limited to 20 hours (and 10 hours on a conference report) and amendments must be germane and

[1] The debt limit is usually adjusted as part of the budget resolution using the "Gephardt rule" which provides that adoption of the budget resolution also provides for an increase in the debt limit.

RECONCILIATION

RECENT BILLS

2008
- College Cost Reduction and Access Act of 2007

2006
- Deficit Reduction Act of 2005
- Tax Increase Prevention and Reconciliation Act of 2005

2004
- Jobs and Growth Tax Relief Reconciliation Act of 2001

2002
- Economic Growth Tax Relief Reconciliation Act of 2003

2001
- Marriage Tax Relief Reconciliation Act of 2000

2000
- Taxpayer Refund and Relief Act of 1999

1998
- Balanced Budget Act of 1997
- Taxpayer Refund and Relief Act of 1999

1997
- Personal Responsibility and Work Opportunity Reconciliation Act of 1996

House of Representatives
Committee on
RULES
REPUBLICANS

not include extraneous matter. The House Rules Committee typically recommends a special rule for the consideration of a reconciliation measure in the House that places restrictions on debate time and the offering of amendments.

THE "BYRD RULE"

The Byrd rule originated in 1985, as an amendment to the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985. The Senate adopted the amendment by a vote of 96-0. In this form, the Byrd rule applied to initial Senate consideration of reconciliation measures, but a short while later its coverage was extended to conference reports.

Senator Byrd explained that the basic purposes of the rule were to (1) protect the effectiveness of the reconciliation process (by excluding extraneous matter that often provoked controversy without aiding deficit reduction efforts) and (2) preserve the deliberative character of the Senate (by excluding from consideration under expedited procedures legislative matters not central to deficit reduction that should be debated under regular procedures).

EXCEPTIONS TO THE BYRD RULE

The Byrd rule provides that a provision that which originates in the Senate and does not produce a change in outlays or revenues will not be considered extraneous if the chairman and ranking minority members of the Budget Committee and the committee reporting the provision certify that:

1. the provision mitigates direct effects clearly attributable to a provision changing outlays or revenues and both provisions together produce a net reduction in the deficit; or
2. the provision will (or is likely to) reduce outlays or increase revenues—
   (1) in one or more fiscal years beyond those covered by the reconciliation measure, or
   (2) on the basis of new regulations, court rulings on pending legislation, or relationships between economic indices and stipulated statutory triggers pertaining to the provision,

   but reliable estimates cannot be made due to insufficient data.

THE BYRD RULE

WHAT IS EXTRANEOUS MATTER?

Under the Byrd Rule, a provision is considered extraneous to a reconciliation bill if —

1. It does not produce a change in outlays or revenues;
2. It produces an outlay increase or revenue decrease more or less than the committee's instruction;
3. It is outside of the jurisdiction of the committee that submitted the title or provision for inclusion in the reconciliation measure;
4. It produces a change in outlays or revenue which is merely incidental to the non-budgetary components of the provision;
5. It would increase the deficit for a fiscal year beyond the years covered by the reconciliation measure; or,
6. It recommends changes in social security.