July 5, 2017

Congressional Procedure for Budget Reconciliation

Congress is required to adopt at least one budget resolution every year to establish its budgetary goals for the upcoming fiscal year(s), effectively initiating the budget process. This resolution is for internal purposes only and is a concurrent resolution, which means it is nonbinding, cannot become law and is not signed by the president. Therefore, if the budget resolution requires any changes to existing spending, revenue or debt limit law(s), those must be enacted in separate, but supplementary legislation — through budget reconciliation.

Because the optional budget reconciliation process is the main avenue for Congress to change funding laws, and it may consider those changes under expedited procedure, the Congressional Research Service describes reconciliation as "probably the most potent budget enforcement tool available to Congress for a large portion of the budget." It was first established with the passage of the Congressional Budget Act of 1974. Congress has passed 24 reconciliation bills since the first one passed in 1980, and 20 have gone into effect. Four were vetoed.

THE BUDGET RECONCILIATION PROCESS

Senate and House Budget committees draft budget resolution that is passed by both chambers. Reconciliation is officially triggered if the resolution includes reconciliation directives, which specify:

- Which committee(s) should report reconciliation legislation,
- The date by which the committee(s) should report,
- The dollar amount of budgetary change that should be in the resulting reconciliation legislation, and
- The time period over which the impact of this budgetary change should be measured.
- They might also specify the type of budgetary change that should be reported as well as other procedural provisions, contingencies and nonbinding language concerning policy or programmatic direction.

HOUSE | SENATE

House Budget Committee | Senate Budget Committee

Budget resolution

The budget resolution can direct any committee with jurisdiction over spending, revenue or the debt limit to report reconciliation legislation.

The Senate Finance and House Ways and Means committees are frequently assigned directives, because they have jurisdiction over major direct spending programs, as well as revenue and debt limit legislation.

House Ways and Means | Senate Finance

The appropriate committee drafts its reconciliation legislation and then holds a markup and votes on how to report its legislation or recommendations under normal legislative procedure.

RA | RA

If a committee has been given more than one directive — such as a directive to increase revenue and decrease spending — it may write separate recommendations.

RA1 | RA2

RA1 | RA2 | RA3

Senate custom allows up to three measures to be considered in one bill under expedited procedure, as long as there is only one measure each for spending, revenue and the debt limit.

If the resolution instructs more than one committee in either chamber, the committees then submit their legislative recommendations to their chamber's Budget Committee by a specified deadline.

The Budget Committee then combines all recommendations into one omnibus budget reconciliation bill but may not make substantive revisions.

House Budget Committee | Senate Budget Committee

At this point in the Senate, the Budget Committee also checks whether any provisions include extraneous language in violation of the Senate's Byrd Rule (explained below), which in 1990 was permanently incorporated into the Congressional Budget Act. Although the Budget Committee cannot revise a reconciliation bill or delete measures that may violate the Byrd Rule, it can include a list of provisions it considers to be extraneous.

The Budget Committee then holds a business meeting and votes to report the bill, but may not suggest amendments. If only one committee has been assigned, it can bypass the Budget Committee and report its reconciliation bill directly to the full chamber.

RA | RA | EXTRA

It is then placed on each chamber's legislative calendar.

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

RA

HOUSE | SENATE

Each chamber then considers the reconciliation bill under expedited procedures.

In the House, the Rules Committee usually recommends special parameters that restrict debate time and amendments. If the committee hasn't adequately addressed the resolution's directives, the Rules Committee can make adjustments so that the reconciliation bill complies with the original budget resolution.

In the Senate, debate is limited to 20 hours (10 hours on a conference report) that must be equally divided and controlled by the majority and minority parties. Even if the time has expired, senators may continue to offer amendments and make other motions or appeals, but may no longer debate. This is often referred to as a "vote-a-rama." Amendments must be germane and may not include any extraneous items.

RA

Under the Byrd Rule, any Senator may introduce an amendment striking an extraneous measure or raise a point of order against it.

OR

If the committee hasn't adequately addressed the resolution's directives, a senator can move to recommit the bill back to that committee with instructions to then report it back again to the full Senate with an amendment.

If there are disagreements, both chambers resolve differences through a conference committee or an amendment exchange.

Conference committee

OR

HOUSE | SENATE

RA | RA

Amendment exchange

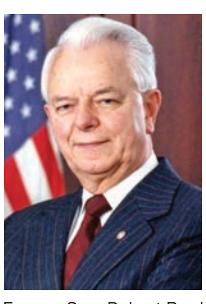
RA | RA

If the House and Senate each pass the same reconciliation bill, it is sent to the president.

RA | RA

After it has been signed or vetoed by the president, the process concludes. Congress cannot write another reconciliation bill after failing to override a veto without adopting a new budget resolution that then triggers and restarts the process.

What Is the Byrd Rule?



Former Sen. Robert Byrd (D-W.Va.)

The Byrd Rule prohibits any "extraneous language" in the reconciliation package, whether in the portion reported by committee or in a subsequent amendment. From the floor, any Senator may introduce an amendment striking an extraneous measure or raise a point of order against it. The presiding officer determines whether the measure, provision or amendment is in order or is stricken. The Senate can only waive the Byrd Rule with three-fifths approval (60 votes if all 100 senators are present).

A provision is considered to be extraneous if it falls under one or more of the following six definitions:

- It does not produce a change in outlays or revenues or a change in the terms and conditions under which outlays are made or revenues are collected;
- It produces an outlay increase or revenue decrease when the instructed committee is not in compliance with its instructions;
- It is outside of the jurisdiction of the committee that submitted the title or provision for inclusion in the reconciliation measure;
- It produces a change in outlays or revenues which is merely incidental to the non-budgetary components of the provision;
- It would increase the deficit for a fiscal year beyond the "budget window" covered by the reconciliation measure; or
- It recommends changes in Social Security.

Note: Exceptions for Byrd Rule not listed.

Sources: House of Representatives, Senate, Congressional Research Service (Budget Reconciliation Measures Enacted Into Law: 1980-2010 and The Budget Reconciliation Process series, including "Stages of Consideration," "Timing of Legislative Action" and "The Senate's 'Byrd Rule'")

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