

# BUDGET RECONCILIATION

## An Illustrated Guide

Budget reconciliation, a process created by the Congressional Budget Act of 1974, allows for some spending, tax or debt limit bills to be considered in the Senate without being subject to the filibuster. We look at the process and how it may be used to pass President Biden's COVID relief plan.

## WHAT IT MEANS FOR BIDEN'S

## COVID-19 RELIEF PLAN

### TWO SHOTS AT RECONCILIATION THIS YEAR

Passage of the proposed 1.9 trillion dollar COVID recovery bill may only be the first of two times Democrats use the reconciliation process to pass a major Biden priority in 2021. Since no FY2021 budget was passed last calendar year, there is an opportunity to pass two budget resolutions this year (FYs '21 and '22) both of which could include reconciliation instructions.

The most discussed candidate for the second reconciliation slot is an infrastructure/COVID rebuilding bill. Senate Republicans were also able to use the multiple reconciliation bills approach in 2017.

### THE COMMITTEES AND CHAIRMEN TO WATCH

The major components of the Biden relief plan are an expansion of vaccination efforts, direct checks to households and state and local funding. But there is also spending for food assistance, small business lending, cybersecurity and much more. Democrats to watch who just claimed gavels include Sens. Wyden (Finance), Murray (HELP), Stabenow (Ag), Cantwell (Commerce) Cardin (Small Business) and Sanders (Budget).



### WHICH ASPECTS OF THE COVID BILL MIGHT NOT PASS MUSTER

Because of the Byrd Rule and other reconciliation limitations, parts of what the Biden administration would like to see in a relief package may not make it into the final bill that arrives on his desk.

Components that may not pass scrutiny could include a raise in the minimum wage or mandatory paid leave programs. In the past, reconciliation has also been used to modify mandatory rather than discretionary spending which could also place some limitations on the package.

### THE FINAL VOTE COUNT

Early indications are that Republicans in the Senate do not support the use of the reconciliation process to pass the COVID relief bill as it has been outlined thus far. Could the bill be split up into smaller bills? Could Republicans support a scaled down version? Will any of the 51 Democrats waver? Look for more updates from us soon.



#### VOTE-A-RAMA

When considering the budget resolution (and reconciliation bills), which are not subject to filibuster, any Senator can bring up amendments for rapid fire votes. This process, known as the vote-a-rama, tests lawmakers and may be particularly tough this year when they don't have direct access to staff.



#### PULLING THE TRIGGER

The Senate and House leaders (Schumer and Pelosi) start the process by bringing up and passing a budget resolution that includes reconciliation instructions, also known as reconciliation directives, for specific committees.



#### RECONCILIATION INSTRUCTIONS

The reconciliation instructions in the budget resolution don't tell the committees what legislative changes they should make. Instead, they direct them on the amount to increase or decrease spending or revenues and provide a target date to report a bill.



#### COMMITTEE WORK

Armed with reconciliation instructions, the committees craft the individual legislative pieces of the overall package. They then clear them through their committee and send back to the Budget Committee who combines the work into a larger bill. Importantly, this step can be skipped to save time by taking up the House-passed reconciliation bill.



#### THE BYRD RULE

In the mid-'80s, famed Senate institutionalist Senator Robert Byrd helped usher in **rules** that limit what legislative changes can be made via reconciliation. Generally speaking, these rules attempt to limit reconciliation to changes that impact spending and revenue. They also limit its use where changes would have an "incidental" impact on spending and revenue.



#### THE CBO SCORE

The Congressional Budget Office (CBO), which provides cost and budgetary impact projections on all bills, plays an even more important role on reconciliation bills. Their projection, or score, tells Congress whether the bill produced falls within the spending/revenue limits set in the reconciliation instructions. If it falls outside of the limits then changes to the bill are made.



#### THE PARLIAMENTARIAN

Because the Byrd Rule and other budgetary rules set up a number of tests on what can and cannot be done through reconciliation, the otherwise behind-the-scenes work of the Senate parliamentarian becomes pivotal. The current parliamentarian, Elizabeth MacDonough, will be charged with sorting through what is or is not "incidental" impact on spending and other murky questions with big implications.



#### FINAL PASSAGE

Once a reconciliation bill survives the committee process, the CBO score, a potential conference to resolve differences between the House and Senate, and scrutiny under the Byrd rule (aka the "Byrd Bath"), it is ready for consideration by both chambers. In the Senate, the bill needs only a simple majority to pass, hence the reason its quirky process and history are so important in an evenly split Senate.