What is reconciliation?

Congressional budget committees use the reconciliation process to ensure tax laws and mandatory spending programs are revised according to the budget resolution's revenue and spending targets. The reconciliation process is a way to fast-track revenue and spending legislation into becoming law.

Reconciliation legislation is passed through an expedited process. First, Congress passes a budget resolution containing "reconciliation instructions" telling congressional committees how much they need to change their revenue and spending to conform to a new budget resolution. The committees' responses are then bundled by the House and Senate budget committees into a single reconciliation bill for consideration in each chamber.

Reconciliation bills are subject to special rules in the Senate. Debate on reconciliation bills is limited to 20 hours. If the law is free of points of order, it can be passed in the Senate by a simple majority; the 60 votes necessary to shut off a filibuster are not required. Any member, however, can raise a point of order against a reconciliation bill if it violates the spending and revenue targets in the budget resolution or other budget rules and laws. Sixty votes are needed to overcome a point of order. The House can set procedural rules on any legislation, including reconciliation bills, by adopting a special "rule" determined by the House Rules Committee. Debate is limited in the House to whatever time the Rules Committee allows.

The House and Senate both established rules which prohibit the use of reconciliation bills for legislation that increases the federal deficit. In 2011, the House replaced its rule with one that placed no restriction on revenue provisions that increase deficits, but prohibited reconciliation bills that would increase mandatory spending. The content of reconciliation laws is limited in the Senate by the Byrd rule, which generally disallows items that do not affect outlays or revenue. The Byrd rule also prohibits initiatives that would increase the deficit beyond the fiscal years covered by the budget resolution.

EXAMPLES

Policymakers have passed 20 budget reconciliation bills since they first used the procedure in 1980. In 2001, for example, the Senate could not muster the 60-vote super-majority necessary to pass the Bush tax cuts so it passed the legislation instead as a reconciliation bill with 58 yea votes. However, to avoid abrogating the Byrd rule, which disallows bills that increase the deficit beyond the budget resolution's window, the tax cuts were scheduled to expire after ten years.

More recently, the Congress used reconciliation to pass the Health Care and Education Reconciliation Act of 2010. This bill was responsible for various student loan reforms and changes to the Patient Protection and Affordable Care Act, which was signed into law 7 days earlier.

FURTHER READING

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