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Budget Reconciliation

By Bloomberg Government Analysts
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About This Presentation

- **Reconciliation allows Congress to advance budget-related policies using expedited procedures that prevent a filibuster in the Senate**
 - The election of President Joe Biden and slim Democratic majorities in Congress mean reconciliation could be used to enact stimulus legislation and other Democratic priorities
- **The slides in this deck cover:**
 - Reconciliation rules and procedures
 - How Democrats could use the process
 - Previous laws enacted through reconciliation

Reconciliation Provides Fast-Track Process in Senate

- **House and Senate must first adopt a budget resolution with reconciliation instructions**
 - Resolutions direct committees to report “reconciliation” legislation to meet spending or revenue targets
 - The “blueprints” are internal documents that don’t go to president, can’t be vetoed
 - Debate on resolution limited to 50 hours in Senate, only a simple majority required for adoption
- **The resulting reconciliation bills are subject to expedited procedures**
 - Committees have deadlines to act; if more than one involved, Budget committees package together
 - Bills are protected from filibuster in the Senate as debate is limited to 20 hours
 - Only a simple majority is needed for passage
- **Provisions must be budgetary in nature to comply with the Byrd Rule**
 - Generally must affect mandatory spending or revenue, can’t increase deficit outside of budget period
 - 60 votes needed to overcome a point of order against “extraneous matters”

Democrats Eye Reconciliation to Pass Stimulus Bill

- **Biden administration is discussing \$1.9 trillion stimulus plan with lawmakers**
 - Pursuing a bipartisan measure first, which would need 60 votes in Senate
 - Some moderates wary of price tag, want narrower package with vaccine and testing funds
 - Congressional Democrats say they are ready to use reconciliation if can't get enough support
- **Process would limit elements of plan, because provisions must have budgetary effect**
 - Proposals such as increasing minimum wage likely to face challenges under Byrd rule
 - Senate parliamentarian makes final decision on each provision
- **Democrats could attempt two rounds of reconciliation this year, as GOP did in 2017**
 - Could use budget resolutions for both fiscal 2021 and 2022 to set up each
 - Could allow Democrats to pass other priorities, such as health care, climate, tax, or infrastructure

Elements of Biden's Stimulus Plan May Not Be Eligible

- **Spending, tax changes likely to comply**
 - \$1,400 direct payments to individuals
 - Expanded pandemic unemployment benefits
 - Changes to tax credits for children, child care, low-income workers, paid leave
 - 15% increase in SNAP benefits
 - Expanded ACA subsidies
 - Funding for states, health care, education, and more would likely have to be structured as mandatory, not discretionary, spending
- **Policy changes could face challenges**
 - Minimum wage increase to \$15 per hour
 - Employer requirements to provide paid leave, hazard pay to workers
 - OSHA authorization to issue worker protection standard
 - Further extensions of eviction and foreclosure moratoriums

21 Reconciliation Bills Enacted Since 1980s

- **Major policy initiatives have been enacted through reconciliation, including:**

| Law | Description |
|------------------------------------|--|
| Public Law 115-97 | Republicans' 2017 tax overhaul |
| Public Law 111-152 | Part of President Barack Obama's 2010 health-care law, which made changes to an initial bill (Public Law 111-148) and also changed student loan policies |
| Public Law 108-27 | President George W. Bush's 2003 tax cuts |
| Public Law 107-16 | Bush's 2001 tax cuts |
| Public Law 105-33 | President Bill Clinton's 1997 expansion of the children's health-care program |
| Public Law 104-193 | Clinton's 1996 overhaul of welfare programs |
| Public Law 99-272 | 1986 COBRA law letting employees keep health insurance after leaving a job |
| Public Law 97-253 | Reductions to farm programs, veterans' benefits, and food stamps |
| Public Law 97-35 | President Ronald Reagan's 1981 reductions in welfare and food stamps |

Four Reconciliation Bills Have Been Vetoed; One Didn't Advance

- **Presidents Bill Clinton, Barack Obama vetoed reconciliation bills from Republicans**

| Bill | Description |
|--|--|
| H.R. 3762 (114th Congress) | Obama vetoed a 2016 bill to replace key parts of the Affordable Care Act |
| H.R. 4810 (106th Congress) | Clinton vetoed a 2000 bill to reduce taxes for married couples |
| H.R. 2488 (106th Congress) | Clinton vetoed a 1999 bill to reduce individual tax rates |
| H.R. 2491 (104th Congress) | Clinton vetoed a 1995 Republican package of spending and tax cuts |

- **A 2017 reconciliation bill to “repeal and replace” the ACA ([H.R. 1628](#) in the 115th Congress), stalled after three Republican senators voted against it**

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