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U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET

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RECONCILIATION PRIMER

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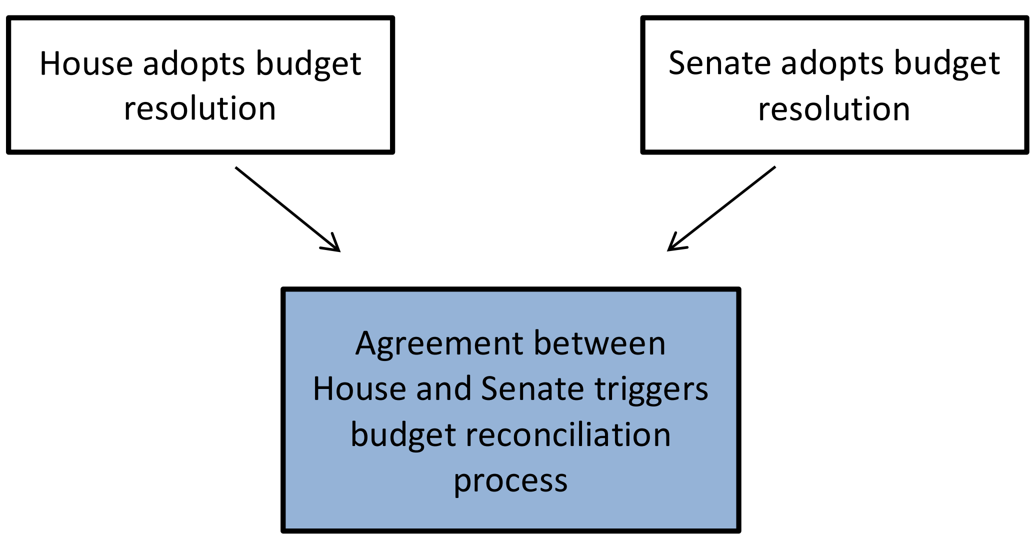
FY17 Budget: Next Steps

- Agreement between the House and Senate on a budget resolution triggers the budget reconciliation process.

Reconciliation

- The FY17 Budget would instruct authorizing committees to "reconcile" direct spending and revenue changes within their jurisdiction to meet budget targets.

- Reconciliation instructions would focus in the House and Senate on the key Congressional committees of jurisdiction over Obamacare.



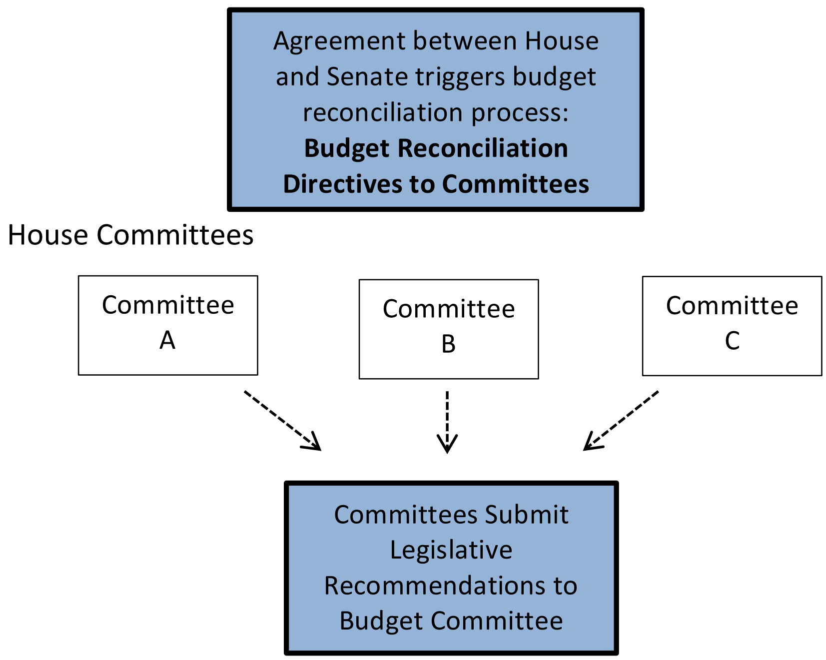
Reconciliation: Background

Section 310 of the *Congressional Budget Act of 1974* sets out a special procedure that allows Congress to direct one or more authorizing committees to produce legislation that changes direct spending, revenue, or the debt limit to bring these levels into compliance with budget resolution policies. Reconciliation directives must be included in a concurrent resolution on the budget adopted by both Houses to be valid.

In general, reconciliation directives include:

- the amount of budgetary change to be achieved;
- the time period over which such budgetary change should be measured; and
- a deadline by which the authorizing committees must report legislation.

When more than one authorizing committee receives reconciliation directives, each committee considers a bill to comply with these directives as it would any other bill, but the legislative text and other materials are submitted to the Committee on the Budget instead of being reported to the House.



The Committee on the Budget then incorporates all submissions together, without any substantive revision, into a single bill and reports it to the House. If the reconciliation directive instructs only a single authorizing committee, then that committee's bill is reported directly to the House and is not submitted to the Committee on the Budget.

Reconciliation: In the House & Senate

In the House

The House Committee on the Budget determines whether an authorizing committee is in compliance with its reconciliation directives and relies on the Congressional Budget Office's estimates when determining compliance. Under section 310 of the *Congressional Budget Act of 1974*, authorizing committees must comply with reconciliation directives.

The Committee on Rules reports a rule governing the consideration of a reconciliation bill. If an authorizing committee does not comply with its directives, the Committee on Rules may make in order amendments that achieve required budgetary changes pursuant to section 310(d)(5) of the *Congressional Budget Act of 1974*.

In the Senate

A reconciliation bill is a privileged measure in the Senate. Distinct from most Senate bills, debate is limited to 20 hours and only requires a simple majority to pass (51 votes) rather than the 60 votes otherwise required to invoke cloture and cut off debate.

The 'Byrd Rule' (section 313 of the *Congressional Budget Act of 1974*) limits the content of a reconciliation bill. Under the Byrd Rule, provisions that are considered extraneous can be stricken from the bill unless 60 Senators vote to waive it. If a provision is found to violate the Byrd Rule, it is removed from the bill or conference report unless 60 Senators vote to waive it.

The Senate 'Byrd Rule'

Conference Considerations

The 'Byrd Rule' (section 313 of the *Congressional Budget Act*) prohibits the consideration of extraneous provisions as part of a reconciliation bill. The definition of what constitutes an extraneous provision is set forth in the *Congressional Budget Act*, but is subject to interpretation by the presiding officer (who relies on the Senate parliamentarian).

The Byrd Rule applies only in the Senate, but has a profound effect on what provisions can ultimately pass Congress. The Byrd Rule is not self-enforcing: a point of order must be raised at the appropriate time to enforce the rule. If a point of order is raised against a provision as extraneous and if 60 Senators vote to waive the Byrd rule, the provision may remain. Otherwise, it will be removed from the bill or conference report.

If a point of order is raised and sustained with respect to a conference report, then the conference report is sent back to the House with the stricken provision or provisions removed. The House may then pass the reconciliation bill as modified, amend it and send it back to the Senate, or decline to consider it.

Byrd Rule Test

Section 313(b)(1) of the *Congressional Budget Act* sets forth six definitions of what is considered extraneous under the Byrd Rule.

A provision may be considered extraneous if it:

- Does not produce a change in outlays or revenue.
- Increases outlays or decreases revenue *and* does not meet its (that is, the instructed committee) reconciliation instructions.
- Is outside the jurisdiction of the reporting committee (note, this does not apply to conference reports).
- Produces budgetary effects which are merely incidental to the non-budgetary components of the provision.
- Increases the deficit during a fiscal year after the 10-year budget window (in this case, after fiscal year 2026).
- Changes Social Security.

The Senate 'Byrd Rule'

Exceptions

Section 313(b)(2) of the *Congressional Budget Act* allows exceptions from the Byrd Rule for Senate-originated provisions that the Chair and Ranking Member of the Senate Committee on the Budget and the Chair and Ranking Member of the Reporting Committee certify meet one or more of the following criteria:

Byrd Rule Exceptions

- The effects of the provision are clearly attributable to a provision changing outlays or revenue, and both provisions together produce a net reduction in outlays.
- The provision will result in a substantial reduction in outlays or a substantial increase in revenue during fiscal years after the fiscal years covered by the reconciliation bill.
- The provision will likely reduce outlays or increase revenue based on actions that are not currently projected by the Congressional Budget Office for scorekeeping purposes.
- The provision will likely produce a significant reduction in outlays or increase in revenue, but due to insufficient data such effects cannot be reliably estimated.

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