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COMMITTEE ON THE BUDGET

CHAIRMAN DIANE BLACK

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DEFICT REDUCTION THROUGH RECONCILIATION

Reconciliation is a powerful tool used to change mandatory spending (i.e., spending not subject to appropriations) and revenue levels. Recently, reconciliation has been used for health care reform and tax reform. The real purpose of reconciliation is to change substantive law so that revenue and mandatory spending levels are brought into line with budget resolution policies.

Reconciliation can achieve real savings and deficit reduction. Historically, reconciliation has mostly been used to reduce deficits by restraining direct spending programs. Between fiscal years 1981 and 2010, Congress considered 14 deficit reduction reconciliation acts, most notably the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Balanced Budget Act of 1997, and the Deficit Reduction Act of 2005.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 resulted from reconciliation instructions to 11 authorizing committees in the Senate and 13 in the House. Both the Balanced Budget Act of 1997 and the Deficit Reduction Act of 2005 resulted from reconciliation instructions to eight authorizing committees in both Chambers.

RECONCILIATION BILLS ACHIEVING SIGNIFICANT DEFICIT REDUCTION

YEAR	MAJOR LEGISLATION
'96	Personal Responsibility and Work Opportunity Reconciliation Act
'97	Balanced Budget Act
'05	Deficit Reduction Act

All these laws included major spending reforms affecting various areas of the Federal budget including, but not limited to, Temporary Assistance for Needy Families, work requirements, Supplemental Security Income, Food Stamps, Medicare, Medicaid, the State Children's Health Insurance Program, student loan interest rates, Federal Deposit Insurance Corporation premium collections, and agricultural conservation programs.

Most recently, budget resolutions have instructed authorizing committees to each achieve $1 billion in deficit reduction. While such limited instructions may offer perceived flexibility to the committees, significant deficit reduction efforts are needed to tackle today's mounting debt. Bolder instructions are necessary to help guarantee that essential reforms and true deficit reduction are enacted.

What are the advantages to using reconciliation? Reconciliation is an expedited procedure that is only triggered by the adoption of a concurrent resolution on the budget. It typically includes provisions under the jurisdiction of multiple committees that are combined into a single omnibus bill when it is considered on the floor. In the Senate, such a bill is filibuster-proof, requiring only a simple majority (51 votes) to pass, and debate is limited to 20 hours. Reconciliation must also meet the requirements of the Senate's "Byrd Rule," which prohibits provisions that have no direct budgetary effect (i.e., a provision that has no impact on either mandatory spending or revenue).