



Reconciliation – What it Is and Why It Matters

Background

Congressional leadership has announced that they plan to use the Budget Reconciliation process to move their agenda forward this year in order to address tax policy, defense spending, immigration, energy and environment, and entitlement programs.

According to Center on Budget and Policy Priorities:

Congress sometimes uses a special legislative process called “reconciliation” to quickly advance high-priority fiscal legislation. Created by the Congressional Budget Act of 1974, reconciliation allows for expedited consideration of certain tax, spending, and debt limit legislation. In the Senate, reconciliation bills aren’t subject to filibusterⁱ and the scope of amendments is limited, giving this process real advantages for enacting controversial budget and tax measures. This paper addresses some frequently asked questions about reconciliation.

The Congressional Budget Act permits using reconciliation for legislation that changes spending, revenues, and/or the federal debt limit. On the spending side, reconciliation can be used to address most “mandatory” or entitlement spending — that is, programs such as Medicare, Medicaid, federal civilian and military retirement, SNAP (formerly known as food stamps), and farm programs — though the Budget Act specifically prohibits using reconciliation to change the Social Security program. Mandatory spending is determined by rules set in ongoing authorizing laws, so changing spending usually requires amending those laws.ⁱⁱ

Reconciliation is an important tool to move a policy priority because it only requires a simple majority in the Senate of 51 votes, rather than the 60 required to overcome a filibuster. Several major laws have been passed through this process, including the American Rescue Plan Act, the Affordable Care Act, and the legislation that created large tax cuts under President Trump’s first term.

Why it Matters

A reconciliation bill can be large in scope and cost. Estimates of the current reconciliation proposals for tax cuts and border security suggest that they may cost as much as \$5 trillion or more. The Congressional leadership has signaled that they want the final reconciliation legislation to include tax cuts for corporations and the highest earners, to be “cost neutral,” and not to add to the current federal deficit. Therefore, they will need to find cut other programs to

2025 Public Policy Forum

offset the cost of the policy changes they want to enact.ⁱⁱⁱ These funding cuts are expected to impact millions of low-income families who receive help for child care, health care, housing, TANF, Medicaid, and other supports.

ⁱ [About Filibusters and Cloture](#)

ⁱⁱ <https://www.cbpp.org/research/introduction-to-budget-reconciliation>

ⁱⁱⁱ For a list of possible programs to be cut under reconciliation, see: <https://www.politico.com/f/?id=00000194-74a8-d40a-ab9e-7fbc70940000>