



Congressional Procedures

Budget Reconciliation

- Budget reconciliation is a Congressional procedure to expedite the passage of specific Senate filibuster legislation.²⁴⁶ Budget reconciliation overrides the Senate’s 60-vote filibuster supermajority rule, allowing a simple majority of 51 votes (or 50 votes with the vice president serving as the tie-breaker) for passage.²⁴⁷ Budget reconciliation bills can deal with spending, revenue, and the federal debt limit.²⁴⁸ In order for budget reconciliation to occur, a budget resolution, which determines how much budget reconciliation can raise the deficit, must be drafted by the congressional authorizing committees.²⁴⁹ Policies unrelated to the budget are limited by the Byrd Rule, which bars budget reconciliation bills from increasing the federal deficit after 10 years or changing Social Security.²⁵⁰ Budget reconciliation was used to pass the Tax Cuts and Jobs Act (TCJA) in 2017²⁵¹ and the American Rescue Plan in 2021.²⁵²
- Speaker Mike Johnson (R-LA) and other GOP congressional leaders believe congressional Republicans fell short in 2017, using budget reconciliation exclusively on TCJA instead of expanding the scope of their efforts.²⁵³ Johnson advocates a whole-of-government approach, tasking nine GOP House committee chairs to produce policy wish lists for a potential 2025 Budget Reconciliation package.²⁵⁴ The package will include efforts to extend and expand the TCJA, and may also include border security and energy production initiatives.²⁵⁵

²⁴⁶ Richard Kogan, “Introduction to Budget ‘Reconciliation’ | Center on Budget and Policy Priorities,” Center on Budget and Policy Priorities, January 22, 2015, <https://www.cbpp.org/research/introduction-to-budget-reconciliation>.

²⁴⁷ Richard Kogan, “Introduction to Budget ‘Reconciliation’ | Center on Budget and Policy Priorities,” Center on Budget and Policy Priorities, January 22, 2015, <https://www.cbpp.org/research/introduction-to-budget-reconciliation>.

²⁴⁸ Richard Kogan, “Introduction to Budget ‘Reconciliation’ | Center on Budget and Policy Priorities,” Center on Budget and Policy Priorities, January 22, 2015, <https://www.cbpp.org/research/introduction-to-budget-reconciliation>.

²⁴⁹ “Policy Basics: Introduction to the Federal Budget Process | Center on Budget and Policy Priorities,” Center on Budget and Policy Priorities, March 7, 2003, <https://www.cbpp.org/research/federal-budget/introduction-to-the-federal-budget-process>.

²⁵⁰ “The Budget Reconciliation Process: The Senate’s ‘Byrd Rule,’” Everycrsreport.com (Congressional Research Service, February 19, 2004), <https://www.everycrsreport.com/reports/RL30862.html>.

²⁵¹ Tara Golshan, “The Republican Tax Reform Bill Will Live and Die by This Obscure Senate Rule,” Vox (Vox, November 14, 2017), <https://www.vox.com/policy-and-politics/2017/11/14/16634200/republican-tax-reform-byrd-rule>.

²⁵² Li Zhou and Ella Nilsen, “Senate Democrats Can Now Officially Pass More Bills with 51 Votes,” Vox (Vox, April 5, 2021), <https://www.vox.com/2021/4/5/22367832/senate-democrats-budget-reconciliation-filibuster>.

²⁵³ Kadia Goba, “Speaker Mike Johnson Promises a Republican Mega-Bill That Would Define Donald Trump’s Second Term | Semafor,” Semafor.com, May 29, 2024, <https://www.semafor.com/article/05/29/2024/speaker-mike-johnson-promises-a-republican-mega-bill-that-would-define-donald-trumps-second-term>.

²⁵⁴ Kadia Goba, “Speaker Mike Johnson Promises a Republican Mega-Bill That Would Define Donald Trump’s Second Term | Semafor,” Semafor.com, May 29, 2024, <https://www.semafor.com/article/05/29/2024/speaker-mike-johnson-promises-a-republican-mega-bill-that-would-define-donald-trumps-second-term>.

²⁵⁵ “Republicans Reckon Early with Their Reconciliation Limits,” POLITICO, June 12, 2024, <https://www.politico.com/newsletters/inside-congress/2024/06/12/republicans-reckon-early-with-their-reconciliation-limits-00163047?name=inside-congress&nid=0000014f-1646-d88f-a1cf-5f46b4be0000&nrid=2b6d5e9a-41bc-4151-a785-18b0356911ed&nid=630309>.

Republicans may stop short of using budget reconciliation to repeal the Inflation Reduction Act (IRA) entirely, and they are unlikely to attempt another Affordable Care Act (ACA) repeal.²⁵⁶ With a Republican congressional majority, the biggest threat to their budget reconciliation ambitions is intra-party division, which could significantly hinder their legislative goals.

- Senate Minority Leader Mitch McConnell (R-KY) is an important actor in building the groundwork for a budget reconciliation package that extends the TCJA and boosts DoD funding.²⁵⁷ Senate Republicans regret perceived foot-dragging in early 2017, which they claim hampered their budget reconciliation effort. As a result, they are hoping to move fast with a fully formed strategy for budget reconciliation in 2025.²⁵⁸ Among House Republicans, in April 2024, the House Ways and Means Committee established ten Committee Tax Teams to study key provisions from the TCJA and identify legislative solutions to extend them.²⁵⁹ Some Republicans want to use a Republican Senate majority to extend the TCJA individual provisions without changing the corporate tax rate. Other Congressional Republicans think the corporate tax rate is too low and are interested in raising it.²⁶⁰ Another concept gaining traction in the GOP is canceling the employee retention tax credit and using that money to offset business tax credits that were eliminated to pay for the TCJA.²⁶¹

Congressional Review Act

- The Congressional Review Act (CRA) is a tool Congress can use to overturn specific federal agency actions. The CRA requires federal agencies to report the issuance of rules to Congress and provides Congress with unique procedures to consider legislation to overturn rules. If a CRA joint resolution of disapproval is approved by both chambers of Congress and signed by the president, or if Congress successfully overrides a presidential veto, the rule at issue cannot go into effect or continue in effect. A CRA joint resolution of disapproval must be introduced during a 60-days-of-continuous-session period beginning on the day Congress receives the rule.
- The first half of 2024 saw a race among federal agencies to finalize regulations, driven by the need to limit the impact of CRA efforts in the event of a Donald Trump victory and Republican control of Congress in 2025. Biden administration officials set a deadline of late May 2024 to conclude critical regulations.
- In 2017, Trump and congressional Republicans used the CRA to cancel 16 Obama administration rules. A 2025 Congressional Republican majority may be able to cancel the Federal Reserve and FDIC's Basel II endgame capital requirement rules via CRA. Republicans may also attempt to reverse Biden administration labor policies being advanced by the FTC and other agencies. Another potential target: Biden administration environmental rules, including restrictions on mercury from coal power stations and restrictions on carbon emissions from new gas power stations.

²⁵⁶ Kadia Goba, "Speaker Mike Johnson Promises a Republican Mega-Bill That Would Define Donald Trump's Second Term | Semafor," Semafor.com, May 29, 2024, <https://www.semafor.com/article/05/29/2024/speaker-mike-johnson-promises-a-republican-mega-bill-that-would-define-donald-trumps-second-term>.

²⁵⁷ Alexander Bolton, "McConnell Seeks Big Influence over Trump-Era GOP," The Hill (The Hill, June 18, 2024), <https://thehill.com/homenews/senate/4726473-mcconnell-seeks-big-influence-over-trump-era-gop/>.

²⁵⁸ Alexander Bolton, "McConnell Seeks Big Influence over Trump-Era GOP," The Hill (The Hill, June 18, 2024), <https://thehill.com/homenews/senate/4726473-mcconnell-seeks-big-influence-over-trump-era-gop/>.

²⁵⁹ "Ways & Means Chairman Smith and Tax Subcommittee Chairman Kelly Announce Tax Teams to Avert 2025 Tax Cliff – Ways and Means," House.gov, 2024, <https://waysandmeans.house.gov/2024/04/24/ways-means-chairman-smith-and-tax-subcommittee-chairman-kelly-announce-tax-teams-to-avert-2025-tax-cliff/>.

²⁶⁰ Tobias Burns, "Republicans Prepare to Fast-Track Tax Cuts in Reconciliation," The Hill (The Hill, May 29, 2024), <https://thehill.com/business/4684191-republicans-prepare-to-fast-track-tax-cuts-in-reconciliation/>.

²⁶¹ Tobias Burns, "Republicans Prepare to Fast-Track Tax Cuts in Reconciliation," The Hill (The Hill, May 29, 2024), <https://thehill.com/business/4684191-republicans-prepare-to-fast-track-tax-cuts-in-reconciliation/>.