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Q&A: Everything You Need to Know About a Budget Conference October 23, 2013

The bipartisan deal to end the government shutdown and avoid defaulting on our obligations passed Congress and was signed by the President on October 17th, temporarily resolving the fiscal impasse that shut down the government for 16 days. As part of the agreement, a budget conference was established to reconcile the House and Senate budget resolutions, and ideally find agreement on government funding levels and how to set the country on a fiscally sustainable long-term path. With attention rightfully turning to the budget conference committee, the Committee for a Responsible Federal Budget takes an in-depth look at the process and what it could accomplish:

What is a budget conference?

A budget conference is a process by which the House and Senate reconcile the budget resolutions they have each separately passed to arrive at one budget that each chamber agrees to adopt.

Over what time period will the conference negotiate?

The conferees for the budget conference were named on October 16. When the conferees were named, the House and Senate both set a non-binding deadline for the conference to report its recommendations by December 13, about one month before the government funding bill expires on January 15, 2014. The Chairman and Ranking Members of the House and Senate Budget Committees had a preliminary meeting on October 17. The first official meeting of the full conference is expected to occur during the week of October 28.

Who is in the budget conference?

The budget conference committee includes 29 lawmakers – 22 from the Senate and 7 from the House of Representatives. Of the Senate members, 12 are Democrats (including two independents caucusing with Democrats) and 10 are Republicans. Of the House members, 4 are Republicans and 3 Democrats. The conference committee is chaired by Congressman Paul Ryan (R-WI) and Senator Patty Murray (D-WA), and includes Representatives Diane Black (R-TN), James Clyburn (D-SC), Tom Cole (R-OK), Nita Lowey (D-NY), Tom Price (R-GA), and Chris Van Hollen (D-MD) and Senators Kelly Ayotte (R-NH), Tammy Baldwin (D-WI), Chris Coons (D-DE), Mike Crapo (R-ID), Mike Enzi (R-WY), Tim Kaine (D-VA), Angus King (I-ME), Lindsey Graham (R-SC), Charles Grassley (R-IA), Ron Johnson (R-WI), Jeff Merkley (D-OR), Bill Nelson (D-FL), Rob Portman (R-



OH), Bernie Sanders (I-VT), Jeff Sessions (R-AL), Debbie Stabenow (D-MI), Pat Toomey (R-PA), Mark Warner (D-VA), Sheldon Whitehouse (D-RI), Roger Wicker (R-MS), and Ron Wyden (D-OR).

How many people have to agree to the recommendations?

In order for the conference committee to offer recommendations, the proposal must be agreed upon by a majority of each chamber's representatives to the conference. In this case, 4 members from the House and 12 members from the Senate must agree upon the final proposal from the conference. If it obtains this support, it will then be sent to the Senate and House for a vote, where a simple majority will be required to pass the conference agreement as a budget resolution.

What is a budget resolution?

A budget resolution is a topline blueprint outlining intended revenue levels and spending by category for the coming fiscal year as well as future years. The blueprint does not mandate any specific policy changes and does not directly change government policy in any way. A concurrent budget resolution is not signed by the President and is not legally binding.

While a budget resolution does not, by itself, carry the force of law, it can establish rules in both chambers of Congress in ways that can make future laws easier to enact. A budget resolution can be an important component of any ultimate budget agreement for at least three reasons. First, budget resolutions give each committee an allocation for spending levels, including giving appropriators an allocation for how much to spend on discretionary programs and establishing process-based hurdles if those levels are exceeded. Second, budget resolutions can include a process known as reconciliation that requires the various committees to achieve a certain amount of deficit reduction and removes legislative hurdles (such as the filibuster in the Senate) for legislation that meets the given target and other criteria. And finally, concurrent budget resolutions can represent an important political agreement between the chambers (and in the case of divided government, the parties) on how to set future fiscal policy.

What cannot be decided in a budget resolution?

While a budget resolution allocates spending limits for committees of jurisdiction and may include instructions for savings that must be achieved, it does not determine the allocation of funds within that limit or dictate how any assumed savings can be achieved. Setting funding levels for specific discretionary programs within the overall spending allocations is a task designated to the House and Senate appropriations committees. A budget resolution also cannot directly enact policy changes for mandatory spending or revenue, although it can provide instructions to other Congressional committees to achieve a certain level of savings.



What happens after the budget conference?

If the conference committee is able to reach an agreement on spending levels and any other reforms or instructions, the final resolution would receive expedited, or “fast track,” consideration in Congress. That means that it can pass with only 51 votes in the Senate as opposed to the 60-vote margin typically needed to overcome a filibuster. After the resolution has been approved by both chambers, the respective appropriations committees may work on funding bills to fit within the spending caps laid out in the budget resolution. Also, if the budget resolution includes reconciliation instructions, the instructed committees must report legislation that complies with the instructions by the date specified in the budget resolution.

When was the last time we had a budget conference?

The last budget conference took place in April 2009 (the budget resolution for Fiscal Year 2010). At that time, Democrats held majorities in both the House and Senate, so the resolutions were relatively similar. Among other things, the resolution provided reconciliation instructions for what would become the Health Care and Education Reconciliation Act, which was part of the Affordable Care Act. Since 2009 was the last time that both chambers passed a concurrent budget resolution, it is also the last time there was an opportunity to have a budget conference.

Where are the two sides starting from as we enter the new budget conference?

Both the House and Senate passed their own respective budget resolutions earlier this year. The House budget, put forward by Congressman Paul Ryan, generates savings entirely on the spending side – calling for \$1.8 trillion of savings through repealing the coverage expansions in the Affordable Care Act, close to \$900 billion from Medicare and Medicaid, \$950 billion in non-health mandatory reductions, and \$250 billion from discretionary programs beyond the sequester (although defense funding is returned to pre-sequester levels with the remainder cut from non-defense programs). The House budget also calls for a revenue-neutral tax reform that reduces tax preferences in order to reduce tax rates. The Senate budget, put forward by Senator Patty Murray, generates savings from both spending cuts and revenue increases. The budget calls for \$975 billion of savings from tax reform, \$275 billion from health care programs, \$75 billion of non-health mandatory reductions, and \$380 billion from discretionary spending in place of the \$940 billion sequester. It also includes \$100 billion of short-term stimulus, or new spending, measures. See a full comparison on our blog [here](#).

What is budget reconciliation?

Budget reconciliation is a process of expedited consideration for changes to mandatory spending programs or federal revenue. The budget resolution can provide reconciliation instructions to committees to achieve a certain level of savings. Lawmakers can pass a reconciliation bill with only a simple majority in the Senate. A special rule, known as the “Byrd Rule,” places several limits on what can be considered in the reconciliation process, prohibiting provisions that are not related to mandatory spending and revenues, that increase deficits



beyond the timeframe covered by the resolution, and that have no budgetary effect, among other limitations.

How has budget reconciliation been used before?

In total, 20 bills have been passed through reconciliation, including the 1990 Omnibus Budget Reconciliation Act, the Balanced Budget Act of 1997, the 2001 and 2003 tax cuts, and portions of the Affordable Care Act. Some of these efforts, such as the 1990 and 1993 Omnibus Budget Reconciliation Acts, have produced significant deficit reduction (each saved nearly \$500 billion over five years) while others, such as the 2001 and 2003 tax cuts, have increased deficits. See a full comparison on our blog [here](#).

How does the budget conference relate to the sequester?

The budget conference cannot directly repeal the sequester, but it can help build bipartisan agreement around modified discretionary spending levels and identify budget savings to help facilitate a separate bill to replace some or all of the sequester and increase discretionary spending levels above those imposed by the sequester (although the additional bill to repeal any part of the sequester would not be privy to the same fast-track procedures as a reconciliation bill, and therefore would likely require the support of 60 Senators to overcome a filibuster).

How does the budget conference relate to the debt limit?

The agreement in the Senate to establish a budget conference included a provision prohibiting the Senate from considering any proposal from the conference committee that provides for an increase in the statutory debt limit. Leaders have agreed to do this to prevent a debt ceiling increase being approved through the reconciliation process under the 51-vote threshold. This means that the debt limit will have to be dealt with on a separate track. However, an agreement on a plan to reduce deficits as part of the budget conference may facilitate action on separate legislation increasing the debt limit.

What should policymakers do now?

The budget conference is a perfect place to instruct the relevant committees to find long-lasting solutions to our long-term fiscal challenges and to diminish the frequency and intensity of the showdowns the country has become accustomed to in the last few years. Both the House and Senate budget resolutions this spring called for putting debt on a downward path as a share of the economy, and the same should be expected from the conference committee recommendations and any subsequent action.

Lawmakers should take advantage of the opportunity of having nearly two months to negotiate the details of a long-term plan, the support of many members of Congress and the White House, and the national attention that continues to focus on the country's unsustainable budget problems. Ultimately, the conference committee should instruct committees to replace at least



part of the sequester with significantly larger, permanent, and targeted reforms to our entitlement programs and the tax code.

For More Information, See the Following:

- Committee for a Responsible Federal Budget – [The Ryan and Murray Plans Side-by-Side](#)
- CRFB – [Past Uses of Reconciliation](#)
- CRFB – [Health Reform by Reconciliation: Maligned, Misunderstood, but Misused Is Up for Debate](#)
- Congressional Research Service – [The Congressional Budget Process: A Brief Overview](#)
- [Legislative Text of the Byrd Rule](#)
- House Budget Committee – [The Budget Process](#)