



Budget Reconciliation 101

What is budget reconciliation?

Budget reconciliation is a legislative budget procedure that enables Congress to make sweeping changes to taxes and entitlement programs (like SNAP—formerly known as food stamps—Medicaid, and Medicare). Reconciliation bills have special fast-track privileges that allow them to more easily pass through Congress. They cannot be filibustered in the Senate, and there's limited opportunity for amendment.

How could budget reconciliation affect struggling families' ability to put food on the table?

Reconciliation is an easy way for Congress to dramatically cut critical low-income entitlement programs like SNAP and Medicaid. Unfortunately, Congress can (and has) used this tool to cut low-income programs and enact massive tax cuts without paying for them.

How does it work?

1. The House and Senate each pass an identical budget resolution. A budget resolution sets the overall framework for the federal budget. It doesn't officially become law, so the president doesn't sign it, and it needs only a simple majority in the Senate to pass. The budget resolution can include reconciliation instructions, directing one or more committees to pass a bill with policy changes that will meet certain spending or revenue targets. It is left to the committees to decide what those changes look like.
2. Those congressional committees specified by the budget reconciliation instructions draft and pass legislation that meets those spending and revenue targets. This legislation includes policy changes to taxes and/or entitlements (programs like Medicare, Medicaid, and SNAP*)—policies that can be difficult politically to change.
3. The various bills from the different committees get com-

Bread for the World considers reconciliation an arcane budget procedure and a cloaked threat to anti-hunger advocacy.

ined into one, two, or three big reconciliation bills, which the House and Senate must both pass in identical form. In addition to tax and entitlement changes, Congress can use budget reconciliation to raise the debt limit, allowing the U.S. government to pay its bills. This reconciliation bill gets special fast-track procedures to enable it to pass through Congress more easily because the policies included are often controversial.

- Most bills require 60 votes in the Senate to end debate and prevent a filibuster. A reconciliation bill has limited debate, cannot be filibustered, and needs only a simple majority—51 votes—to pass.
 - Amendments are limited. Amendments that cost money are generally prohibited unless they are offset. Senators can block amendments unrelated to reconciliation's primary purpose of budget policy.
4. After passing both the House and Senate, the reconciliation bill goes to the president for his signature or veto.
 5. If the president signs the bill, it becomes law. If the president vetoes the bill, Congress can override the veto. If Congress cannot override the veto, the reconciliation process is over unless Congress passes a new budget resolution.

What's at stake?

Three critical anti-poverty and anti-hunger programs are vulnerable in budget reconciliation:

- SNAP
 - Medicaid
 - Refundable tax credits for low-income families—the earned-income tax credit and the child tax credit.
- These are entitlement and tax policies, which budget reconciliation can target. They are effective programs that play a huge role in reducing poverty in the United States.
- As the country's most important anti-hunger program, SNAP helps more than 46 million low-income people put

food on the table each month. In 2013, SNAP helped lift 3.7 million people out of poverty.

Medicaid provided health coverage for 67 million low-income individuals in 2012, including 32 million children.

Similarly, the earned-income and child tax credits move more people out of poverty in the United States than any other program, aside from Social Security. In 2013, those two tax credits moved 9.4 million people out of poverty, including 5 million children, and boosted the incomes of an additional 22 million people who are poor.

Given the special fast-track privileges of budget reconciliation, Congress is able to cut these programs much more easily than normal. With the growing attacks on all of these programs in recent years, there is reason to be concerned.

A presidential veto offers some protection, but there's no guarantee. Budget reconciliation can enter into serious budget negotiations among the House, Senate, and the White House. At that point, elected officials are jockeying for a variety of priorities, and ending hunger is not always at the top of the list.

What are past examples of budget reconciliation bills?

Over the past 35 years, Congress has enacted 20 reconciliation bills. Examples:

- Big spending cuts in the 1980s under President Reagan
- Deficit-reduction legislation in the 1980s and 1990s
- 1996 welfare reform
- 1997 Children's Health Insurance Program
- The 2001 and 2003 Bush tax cuts
- The Affordable Care Act in 2010

All major bipartisan budget agreements over the past 30 years have adhered to the core principle that deficit reduction must not increase poverty and must protect low-income entitlement programs from cuts. Congress should continue to adhere to this principle in any budget reconciliation bills.

For more on how the federal budget is established, see [Bread for the World's Budget 101](#) fact sheet.

WHAT CAN YOU DO?

Urge Congress to prioritize and protect critical anti-poverty initiatives in any budget reconciliation bill, especially programs like SNAP (formerly known as food stamps), Medicaid, and tax credits for low-income families (the earned-income and child tax credits).

Endnotes

* Social Security is an entitlement program but explicitly exempt from reconciliation.