



## **CRS Report for Congress**

# **Spending Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions**

Robert Keith  
Specialist in American National Government  
Government and Finance Division

Bill Heniff Jr.  
Analyst in American National Government  
Government and Finance Division

### **Summary**

During the more than 30 years that the congressional budget process has been in effect, the Senate Finance Committee has been subject to spending reconciliation directives in a budget resolution on 16 occasions. Fourteen instances involved directives to reduce spending, while the remaining two, for FY2002 and FY2004, instructed the committee to increase outlays (to accommodate related tax policy changes). In every instance but one, for FY1982, spending reconciliation directives to the committee were accompanied by revenue reconciliation directives.

The spending reconciliation directives varied in their time frame, from single-year coverage (in the FY1981 and FY1990 budget resolutions) to 11-year coverage (in the FY2002 and FY2004 budget resolutions). Further, the amount of required spending changes ranged from about \$100 million for a single year to about \$530 billion over seven years. The largest spending increase was directed in the FY2004 budget resolution (\$27.476 billion in outlays for 11 years, covering FY2003-FY2013), while the largest spending decrease was directed in the FY1996 budget resolution (\$530.359 billion for seven years, covering FY1996-FY2002).

This report will be updated as developments warrant. (For additional information, see CRS Report RS20870, *Revenue Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions*, by Robert Keith.)

The budget reconciliation process is an optional procedure under the Congressional Budget Act of 1974 (P.L. 93-344, as amended) that operates as an adjunct to the annual budget resolution process. The 1974 act first became effective for FY1976, and Congress

has completed action on at least one budget resolution each year, except for FY1999, FY2003, FY2005, and FY2007.

The chief purpose of the reconciliation process is to enhance Congress's ability to change current law in order to bring revenue, spending, and debt limit levels into conformity with the policies of the budget resolution. With respect to spending, reconciliation is focused on direct spending (also called mandatory spending), which derives from substantive law under the jurisdiction of the legislative committees and largely involves entitlement programs. Discretionary spending, on the other hand, is under the control of the Appropriations Committees and is subject to enforcement under different procedures. Roughly two-thirds of total annual spending is direct spending. Accordingly, reconciliation probably is the most potent budget enforcement tool available to Congress for a large portion of the budget.

Reconciliation is a two-stage process in which reconciliation directives are included in the budget resolution, directing the appropriate committees to develop legislation achieving the desired budgetary outcomes, and the resultant legislation, usually incorporated into an omnibus bill, is considered under expedited procedures in the House and Senate. No reconciliation legislation can be developed or considered unless a budget resolution containing reconciliation directives is adopted by both chambers.<sup>1</sup> Each directive to a committee is specified as discrete dollar amounts of spending (budget authority, outlays, or both), revenues, deficit reduction (any combination of spending and revenues), or the debt limit to be increased or reduced for a fiscal year or a range of fiscal years.

Reconciliation was first used by the House and Senate in calendar year 1980 for FY1981.<sup>2</sup> As an optional procedure, it has not been used every year. During the more than 30 years that the congressional budget process has been in effect, 18 reconciliation measures were enacted into law and three were vetoed.<sup>3</sup>

Since the inception of the congressional budget process, the Senate Finance Committee has been subject to spending reconciliation directives in a budget resolution on 16 occasions (see **Table 1**). Fourteen instances involved directives to reduce spending, while the remaining two, for FY2002 and FY2004, instructed the committee to increase outlays (to accommodate related tax policy changes). In all but one of these 16 instances, for FY1982, spending reconciliation directives to the committee were accompanied by

---

<sup>1</sup> The House and Senate sometimes have put budget enforcement procedures into effect in the absence of a budget resolution by means of a "deeming resolution." Although a deeming resolution has not been used to trigger action on a reconciliation measure, presumably this course of action remains an option for the House and Senate. If a consensus did not exist to support a budget resolution, however, it might likely not exist to support reconciliation legislation either. For more information on deeming resolutions, see CRS Report RL31443, *The "Deeming Resolution": A Budget Enforcement Tool*, by Robert Keith.

<sup>2</sup> The Senate considered a revenue-reduction bill for FY1976 (H.R. 5559) under reconciliation procedures in December 1975. It was initiated under a second budget resolution for that fiscal year and was not considered to be a reconciliation bill in the House; the bill did not become law.

<sup>3</sup> For an identification of individual reconciliation measures, see CRS Report RL30458, *The Budget Reconciliation Process: Timing of Legislative Action*, by Robert Keith.

revenue reconciliation directives.<sup>4</sup> In addition, three other budget resolutions included revenue reconciliation directives to the committee, but not spending reconciliation directives.

The spending reconciliation directives varied in their time frame, from single-year coverage (in the FY1981 and FY1990 budget resolutions) to 11-year coverage (in the FY2002 and FY2004 budget resolutions). Further, the amount of required spending changes ranged from about \$100 million for a single year to about \$530 billion over seven years. The largest spending increase was directed in the FY2004 budget resolution (\$27.476 billion in outlays for 11 years, covering FY2003-FY2013), while the largest spending decrease was directed in the FY1996 budget resolution (\$530.359 billion for seven years, covering FY1996-FY2002).

Reconciliation directives to the committee to reduce spending in the first 13 budget resolutions involved broad-scale efforts to reduce the deficit. In addition to the Finance Committee, at least several other Senate committees (and as many as 11 in one instance) also were subject to reconciliation directives in each budget resolution to reduce spending or to achieve deficit reduction. Deficit estimates during this period generally ranged from a little below \$100 billion to nearly \$300 billion per year.

The FY1998 budget resolution included reconciliation directives to the Finance Committee and other Senate committees to reduce spending in order to bring deficit levels down.<sup>5</sup> The resultant reconciliation measures, the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997, contributed to achieving a surplus of \$69 billion for FY1998, the first surplus in many years.

For the next three fiscal years, FY1999-FY2001, the budget remained in surplus before returning to a deficit. For FY2000 and FY2001, unlike the practice for the preceding two decades, the Finance Committee was subject only to revenue reconciliation directives; no spending reconciliation directives were included for the Finance Committee or any other committee. For FY2002, the reconciliation directives included a \$100 billion increase in outlays, as well as revenue reductions of \$1.250 trillion, over the period covering FY2001-FY2011. For FY2004, the reconciliation directives included a \$27.5 billion increase in outlays, as well as revenue reductions of \$522.5 billion, over the period covering FY2003-FY2013. The reconciliation directives to increase outlays were intended to accommodate related tax policy changes.

For FY2006, the budget resolution included reconciliation directives to the Finance Committee and other Senate committees to reduce spending by about \$35 billion over five years, covering FY2006-FY2010. In addition, the budget resolution also instructed the

---

<sup>4</sup> See CRS Report RS20870, *Revenue Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions*, by Robert Keith.

<sup>5</sup> See CRS Report RS22098, *Deficit Impact of Reconciliation Legislation Enacted in 1990, 1993, 1997, and 2006*, by Robert Keith.

committee to reduce revenues by \$70 billion over the same period, and to increase the limit on the public debt by \$781 billion.<sup>6</sup>

**Table 1. Spending Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions: FY1976-FY2007**

Fiscal Year	Congress/ Session	Budget Resolution <sup>a</sup>	Conference Report (H.Rept.)	Amount of spending decrease (-) or increase (+) <sup>b</sup> (in millions of dollars)	Instructions to change revenues?
1976	94/1	H.Con.Res. 466	94-698	[no spending reconciliation directives]	Yes
1977	[no reconciliation directives]				
1978	[no reconciliation directives]				
1979	[no reconciliation directives]				
1980	[no reconciliation directives]				
1981	96/2	H.Con.Res. 307	96-1051	FY1981: -900 (BA); -2,200 (O)	Yes
1982	97/1	H.Con.Res. 115	97-46	FY1981: -212 (BA); -286 (O) FY1982: -4,394 (BA); -9,218 (O) FY1983: -4,563 (BA); -10,744 (O) FY1984: -4,675 (BA); -11,589 (O)	No
1983	97/2	S.Con.Res. 92	97-614	FY1983: -1,106 (BA); -4,429 (O) FY1984: -1,444 (BA); -5,564 (O) FY1985: -1,740 (BA); -5,976 (O)	Yes
1984	98/1	H.Con.Res. 91	98-248	FY1984: -400 (O) FY1985: -500 (O) FY1986: -800 (O)	Yes
1985	[no reconciliation directives]				
1986	99/1	S.Con.Res. 32	99-249	FY1986: -3,307 (O) FY1987: -7,951 (O) FY1988: -10,908 (O)	Yes
1987	99/2	S.Con.Res. 120	99-664	FY1987: -850 (O) FY1988: -1,495 (O) FY1989: -1,790 (O)	Yes
1988	100/1	H.Con.Res. 93	100-175	FY1988: -1,600 (O) FY1989: -3,150 (O) FY1990: -4,450 (O)	Yes
1989	[no reconciliation directives]				
1990	101/1	H.Con.Res. 106	101-50	FY1990: -2,300 (O)	Yes
1991	101/2	H.Con.Res. 310	101-820	FY1991: -3,015 (O) FY1991-FY1995: -55,883 (O) FY1991: -2,000 (DR) FY1991-FY1995: -20,000 (DR)	Yes
1992	[no reconciliation directives]				
1993	[no reconciliation directives]				

<sup>6</sup> For additional information on reconciliation actions for FY2006, see CRS Report RL33132, *Budget Reconciliation Legislation in 2005-2006 Under the FY2006 Budget Resolution*, by Robert Keith.

Fiscal Year	Congress/ Session	Budget Resolution <sup>a</sup>	Conference Report (H.Rept.)	Amount of spending decrease (-) or increase (+) <sup>b</sup> (in millions of dollars)	Instructions to change revenues?
1994	103/1	H.Con.Res. 64	103-48	FY1994: -2,346 (O) FY1994-FY1998: -35,157 (O)	Yes
1995	[no reconciliation directives]				
1996	104/1	H.Con.Res. 67	104-159	FY1996: -15,328 (O) FY1996-FY2000: -272,974 (O) FY1996-FY2002: -530,359 (O)	Yes
1997	104/2	H.Con.Res. 178	104-612	<i>First Set of Directives</i> <sup>c</sup> FY1997: -260 (O) FY1997-FY2002: -98,321 (O) FY2002: -36,578 (O)  <i>Second Set of Directives</i> <sup>c</sup> FY1997: -6,800 (O) FY1997-FY2002: -158,000 (O) FY2002: -52,803 (O)  <i>Third Set of Directives</i> <sup>c</sup> FY1997: -3,639 (DR) FY1997-FY2002: -23,184 (DR) FY2002: -4,121 (DR)	Yes
1998	105/1	H.Con.Res. 84	105-116	FY2002: -40,911 (O) FY1998-FY2002: -100,646 (O)	Yes
1999	[no budget resolution]				
2000	106/1	H.Con.Res. 68	106-91	[no spending reconciliation directives]	Yes
2001	106/2	H.Con.Res. 290	106-577	[no spending reconciliation directives]	Yes
2002	107/1	H.Con.Res. 83	107-60	FY2001-FY2011: +100,000 (O)	Yes
2003	[no budget resolution]				
2004	108/1	H.Con.Res. 95	108-71	FY2003-FY2013: +27,476 (O)	Yes
2005	[no budget resolution]				
2006	109/1	H.Con.Res. 95	109-62	FY2006-FY2010: -10,000 (O)	Yes
2007	[no budget resolution]				

**Source:** Conference reports on budget resolutions, FY1976-FY2006.

- a. Each budget resolution listed was the first, or sole, budget resolution for the fiscal year, except for FY1976 (H.Con.Res. 466 was the second budget resolution for that year).
- b. BA = budget authority; O = outlays; and DR = deficit reduction (any combination of outlay reductions and revenue increases).
- c. The three sets of interdependent directives allowed for the consideration of up to three different reconciliation bills to allow maximum legislative flexibility; the outlay and deficit reduction amounts are not necessarily additive.