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Reconciliation Instructions in the FY 2022 Budget Resolution

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The Senate has released a [budget resolution](#) that provides the relevant committees with reconciliation instructions to advance President Biden's Build Back Better agenda. This budget resolution is **designed to allow for \$3.5 trillion in spending, fully offset by revenue and other savings**. The budget resolution **gives House and Senate committees a non-binding September 15 deadline** to submit reconciliation legislation to the House and Senate Budget Committees. The budget resolution **does not include a debt limit increase**.

Budget Reconciliation Process

The [budget reconciliation process](#) first requires Congress to pass a budget resolution, which provides reconciliation instructions to specific committees in the House and Senate. These instructions shape what Congress can include in the ultimate budget reconciliation bill. After the Budget Committee in a chamber merges together the legislation from all committees with reconciliation instructions, the combined package can proceed to floor consideration under reconciliation procedures. However, the Senate can bypass committee markups and take up a House-passed reconciliation bill.

Committee Instructions

The FY 2022 budget resolution provides **instructions to 13 House and 12 Senate committees**. No committees beyond those listed can write legislation for the reconciliation package, and the committees listed cannot include provisions outside of their jurisdiction. The spending levels listed in the reconciliation instructions provide the ceiling for how much the provisions written by each committee can cost.¹ The Senate Finance Committee and House Ways & Means Committee are instructed to reduce the deficit by at least \$1 billion. Once the bill comes to the Senate floor, the Senators cannot offer amendments that would cause the bill to violate the reconciliation instructions. (While the Senate amendment process is otherwise open, the House can restrict amendments.)

The reconciliation instructions themselves do not add up to the total spending in the eventual reconciliation bill (targeted at \$3.5 trillion) or the total deficit effect (expected to be close to zero). The \$225 billion difference between House and Senate reconciliation instructions reflects differences in committee jurisdiction and provides flexibility as the reconciliation bill is drafted.

¹ A committee can include spending and revenue provisions totaling more than its reconciliation instruction if, within its jurisdiction, it also finds sufficient spending cuts or revenue increases to bring the net change to the deficit within the cap.

Build Back Better Priorities in the Budget Resolution

While the actual text of the budget resolution only lists spending levels, Senate Democrats have provided a [list of policies that are intended to be included in the reconciliation legislation](#). The list is not binding. Priorities can be added or dropped as the reconciliation legislation is drafted as long as they fit within the reconciliation instructions in the budget resolution's text. This list of priorities largely overlaps with **priorities from President Biden's [American Jobs Plan \(AJP\)](#) and [American Families Plan \(AFP\)](#)**. It also **adds Medicare and Medicaid expansion, Medicare drug price negotiation, and immigration provisions**.

While the budget resolution generally reflects the Build Back Better agenda's scope, it reduces its size. The AJP and AFP proposed a combined \$4.4 trillion in spending and tax credits. A \$3.5 trillion budget reconciliation bill, in combination with the Infrastructure Investment and Jobs Act (IIJA), would provide **\$4.1 trillion in new spending** in the 10-year budget window across an even broader set of policy areas.

Congressional committees will have to make **difficult decisions on the size and length of programs** to fit within their reconciliation instructions. The resolution instructs the Senate Finance Committee to reduce the deficit by at least \$1 billion. However, Senate Democrats' accompanying [memo](#) clarifies that the Senate Finance Committee is intended to increase spending and tax credits by \$1.8 trillion while generating additional tax revenue and savings to offset that amount plus spending in other committees' jurisdictions. The AJP and AFP proposals for tax credits, home- and community-based care, and paid leave total more than \$1.8 trillion, before factoring in Medicare and Medicaid expansion or other Senate Finance priorities.

The reconciliation instruction for the House Education and Labor Committee is only \$779.5 billion. The AJP and AFP proposals that likely fall under House Education and Labor Committee jurisdiction (child care, child nutrition, pre-K, higher education, and workforce programs) exceed that amount by more than \$100 billion.

At the same time, the budget resolution may accommodate an even larger investment in housing than the AJP proposed. The Senate Banking Committee, which has jurisdiction over housing, has a reconciliation instruction of \$332 billion. The AJP proposed \$211.69 billion to build, preserve, and retrofit homes and commercial buildings.

The reconciliation bill would need \$3.5 trillion in revenue and savings to fully offset spending. Most, but not necessarily all, of that would come from Senate Finance and House Ways & Means jurisdiction. The Biden Administration laid out more than \$3.5 trillion in revenue raisers in the AJP and AFP.

Reconciliation Instructions by House and Senate Committee

The following table lists reconciliation instructions for Senate and House committees, including a general description of policies within each committee's jurisdiction. Jurisdictions of House and Senate committees do not match up exactly, so the reconciliation instructions for similarly named committees can be quite different.

Even if an issue is within a committee's jurisdiction, the provision that a committee drafts still must comply with all other budget rules, including the Byrd Rule. Otherwise, the provision can be struck down by a point of order on the Senate floor.

Senate Committee	Amount in \$ billions	House Committee	Amount in \$ billions
Finance Paid leave, ACA expansion, Medicaid expansion, Medicare expansion, long-term care, health equity, tax policy (incl. tax credits and raising tax revenue)	-1.000	Ways and Means Paid leave, ACA expansion, Medicaid expansion, Medicare expansion, long-term care, health equity, tax policy (incl. tax credits and raising tax revenue)	-1.000
Health, Education, Labor, and Pensions (HELP) Pre-K, child care, higher education, school infrastructure, health equity, public health, workforce development, labor enforcement, Civilian Climate Corps	726.380	Education and Labor² Pre-K, child care, higher education, school infrastructure, workforce development, labor enforcement, Civilian Climate Corps, child nutrition	779.500
Banking, Housing, and Urban Affairs Affordable housing, public housing, community development	332.000	Financial Services³ Affordable housing, public housing, community development, small business credit	339.000
Energy and Natural Resources (ENR) Clean energy, climate research, Department of Interior	198.000	Energy and Commerce⁴ Clean energy, clean water, energy efficiency, climate research, electric vehicles, EPA, health equity, public health, broadband	486.500
Agriculture, Nutrition, and Forestry Agriculture, rural development, Civilian Climate Corps, child nutrition	135.000	Agriculture⁵ Agriculture, rural development, Civilian Climate Corps	89.100

² The House Education and Labor Committee has jurisdiction over child nutrition but less extensive health jurisdiction than the Senate HELP Committee.

³ The House Financial Services Committee has jurisdiction for some small business credit programs in the Senate Small Business Committee jurisdiction.

⁴ The House Energy and Commerce Committee has overlapping jurisdiction with the Senate HELP, ENR, Commerce, and EPW Committees.

⁵ The House Agriculture Committee does not cover child nutrition programs.

Judiciary Immigration, public safety	107.500	Judiciary Immigration, public safety	107.500
Commerce, Science, and Transportation Technology, research, manufacturing, economic development, coastal resiliency, National Science Foundation, broadband	83.076	Science, Space and Technology⁶ Technology, research, National Science Foundation	45.510
Environment and Public Works Clean water, clean energy, energy efficiency, economic development, electric vehicles, EPA	67.264	Transportation and Infrastructure⁷ Electric vehicles, economic development, coastal resiliency	60.000
Homeland Security and Governmental Affairs (HSGAC) Federal buildings, federal vehicle fleet, federal procurement, cybersecurity, border security	37.000	Oversight and Reform⁸ Federal buildings, federal vehicle fleet, federal procurement	7.500
Small Business and Entrepreneurship Small business programs	25.000	Small Business⁹ Small business programs	17.500
Indian Affairs¹⁰ Native American programs	20.500	Natural Resources¹¹ Native American programs, Department of Interior	25.600
Veterans' Affairs VA facilities	18.000	Veterans' Affairs VA facilities	18.000
		Homeland Security Cybersecurity, border security	0.500

⁶ The House Science Committee has narrower physical infrastructure jurisdiction than the Senate Commerce Committee.

⁷ The Transportation and Infrastructure Committee does not have jurisdiction over the EPA.

⁸ Cybersecurity and border security fall under the House Homeland Security Committee.

⁹ Some small business credit programs fall under the House Financial Services Committee.

¹⁰ The Senate Indian Affairs Committee has jurisdiction for many Native Americans programs that are spread across committees in the House.

¹¹ The House Natural Resources Committee overlaps with both the Senate ENR and Indian Affairs Committees.