

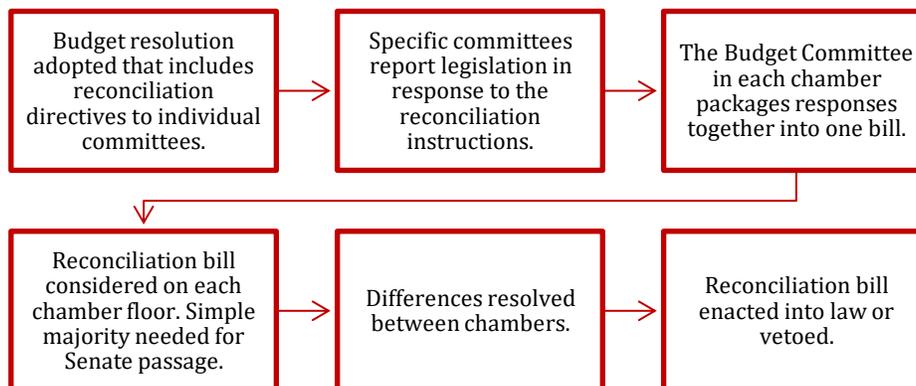


TRP SPECIAL REPORT: AN UPDATE ON BUDGET RECONCILIATION

— **WHAT'S THE LATEST?** With Democrats eyeing additional pathways forward to clinch legislative victories, the Senate Parliamentarian has offered clearer guidance on their options for averting a filibuster through the budget reconciliation process. Senate Parliamentarian Elizabeth MacDonough ruled last week that Majority Leader Chuck Schumer (D-NY) will not be able to sideline Republicans by recycling the fiscal year (FY) 2021 budget resolution unless he can secure the support of at least one GOP Senator on the evenly divided Budget Committee — something that is highly unlikely given strong Republican opposition to President Joe Biden's spending proposals. While Democrats were hopeful to utilize an obscure Budget Act provision to double-dip into this year's budget resolution, the Parliamentarian's ruling will likely encourage Democrats to move onto a resolution for FY 2022 instead.

— **WHAT DOES THIS MEAN?** The ruling only means the maneuver will not work under the Senate's current political makeup. In the future, if the Senate's majority party holds more seats, multiple shots at the filibuster workaround could be doable. However, there would need to be a concrete reason — such as an economic downturn — to revisit a prior budget resolution, according to the Parliamentarian's ruling. With this new information, Congressional Democrats will look to start on a FY 2022 budget resolution to serve as another reconciliation vehicle to pass legislation on a host of policy priorities that have failed to gain bipartisan support, such as infrastructure, tax reform, health care, education, and climate change, among others.

— **HOW DOES THE BUDGET RECONCILIATION PROCESS WORK?** The budget resolution, and the subsequent reconciliation instructions that it directs, requires only a simple majority for approval.



— **WHAT'S NEXT?** The House is expected to begin drafting a budget resolution in July. While the process may take longer in the evenly split Senate, using FY 2022 rather than a second bite at FY 2021 allows Congress to work beyond the September 30 government funding deadline. Even if a budget resolution is not adopted until the fall, Congress will effectively have all of FY 2022 to work through the reconciliation process. Given the benefits of the simple majority vote threshold, there is a clear path forward for reconciliation to be used for FY 2022, and perhaps again for FY 2023.