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Budget Reconciliation Legislation in 2005

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Summary

The budget reconciliation process is one of the chief tools used by Congress during the past quarter-century to implement major changes in budget policy. Following a brief overview of the budget reconciliation process and the current budget policy context, this report provides information on the consideration of budget reconciliation legislation in 2005, during the first session of the 109th Congress.

Reconciliation is a two-stage process. First, reconciliation instructions are included in the budget resolution, directing the appropriate committees to develop legislation achieving the desired budgetary outcomes. The second step involves consideration of the resultant reconciliation legislation by the House and Senate under expedited procedures.

Consideration of the FY2006 budget resolution, H.Con.Res. 95, began in the House and Senate in March and came to a conclusion on April 28, 2005, with the House and Senate approving the conference report on the measure. The FY2006 budget resolution included reconciliation instructions expected to lead to the development of three different reconciliation measures: (1) an omnibus spending bill, involving recommendations from eight House and eight Senate committees, that would reduce mandatory outlays by about $35 billion over FY2006-FY2010; (2) a revenue bill that would reduce revenues by $70 billion over the same period; and (3) a bill that would increase the limit on the public debt by $781 billion. The omnibus spending bill would be reported, without any substantive revision, by the Budget Committees, while the revenue and debt-limit bills would be reported by the House Ways and Means and Senate Finance Committees.

Following a surge in spending for relief and reconstruction efforts associated with Hurricanes Katrina and Rita, Republican leaders in the House and Senate announced plans to achieve additional savings in mandatory outlays through the reconciliation process, and to pursue additional savings in annual appropriations acts and through other means. By informal agreement, the schedule for the beginning of reconciliation actions was delayed from September into late October in order to accommodate the need to address hurricane-related relief legislation and to achieve offsets for some of the additional spending.

The Senate Budget Committee reported the spending reconciliation bill, S. 1932 (the Deficit Reduction Omnibus Reconciliation Act of 2005) on October 27 and began its consideration on October 31. According to cost estimates prepared by the Congressional Budget Office, the eight Senate committees met or exceeded their reconciliation instructions, with net outlay savings of $39.114 billion over FY2006-FY2010. The House Budget Committee is schedule to meet on the spending reconciliation bill on November 3. According to CBO, the reconciliation submissions of the eight instructed House committees achieve outlay savings of $53.929 billion over five years, which exceeds by about $4 billion the revised level of savings requested by the House leadership.

This report will be developed as developments warrant.

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Overview of the Budget Reconciliation Process

The Congressional Budget Act of 1974 established the congressional budget process.[2] Under the act, the House and Senate are required to adopt at least one budget resolution each year (and have done so, except for FY1999, FY2003, and FY2005).[3] The budget resolution, which takes the form of a concurrent resolution and is not sent to the President for his approval or veto, serves as a congressional statement in broad terms regarding appropriate revenue, spending, and debt-limit policies, as well as a guide to the subsequent consideration of legislation implementing such policies at agency and programmatic levels. Budget resolution policies are enforced through a variety of mechanisms, including points of order.[4] The House and Senate Budget Committees, which were created by the 1974 act, exercise exclusive jurisdiction over budget resolutions and are responsible for monitoring their enforcement.

In developing a budget resolution, the House and Senate Budget Committees use various sources of budgetary information and analysis, including baseline budget projections of revenue, spending, and the deficit or surplus prepared by the Congressional Budget Office (CBO). A budget resolution typically reflects many different assumptions regarding legislative action expected to occur during a session that would cause revenue and spending levels to be changed from baseline amounts.

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[1] For an extensive discussion of the reconciliation process, see CRS Report RL33030, *The Budget Reconciliation Process: House and Senate Procedures*, by Robert Keith and Bill Heniff Jr.

[2] See Titles I-IX of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344; July 12, 1974; 88 Stat. 297-339), as amended and codified at 2 U.S.C. 621-692.

[3] For background information on budget resolutions, see: CRS Report RL30297, *Congressional Budget Resolutions: Selected Statistics and Information Guide*, by Bill Heniff Jr.

[4] The congressional budget process, and its enforcement procedures, are discussed in more detail in CRS Report 98-721, *Introduction to the Federal Budget Process*, by Robert Keith and Allen Schick. Also, see CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno.

Most revenue and mandatory spending,[5] however, occurs automatically each year under permanent law. Therefore, if the committees with jurisdiction over the revenue and mandatory spending programs do not report legislation to carry out the budget resolution policies by amending existing law, revenue and mandatory spending for these programs likely will continue without change. There are some notable exceptions to the permanency of revenue and mandatory spending laws, such as many of the tax cuts proposed by President George W. Bush and enacted in 2001 and 2003.

Discretionary spending, on the other hand, is provided annually in regular, supplemental, and continuing appropriations acts. The House and Senate, therefore, are assured an opportunity each year to consider discretionary spending within the context of budget resolution policies. The enforcement of budget resolution policies regarding discretionary spending relies, for the most part, on the ability to raise points of order against individual appropriations acts that violate the suballocations of discretionary spending made pursuant to Section 302(b) of the 1974 act.

The budget reconciliation process is an optional procedure that operates as an adjunct to the budget resolution process. 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. Under the reconciliation process, the House and Senate may compel their committees to develop legislation changing existing law. Accordingly, reconciliation can be a potent budget enforcement tool for a large portion of the budget.

Reconciliation is a two-stage process. First, reconciliation instructions are included in the budget resolution, directing the appropriate committees to develop legislation achieving the desired budgetary outcomes. If the budget resolution instructs more than one committee in a chamber, then the instructed committees submit their legislative recommendations to their respective Budget Committees by the deadline prescribed in the budget resolution; the Budget Committees incorporate them into an omnibus budget reconciliation bill without making any substantive revisions.

The second step involves consideration of the resultant reconciliation legislation by the House and Senate under expedited procedures. Among other things, debate in the Senate on any reconciliation measure is limited to 20 hours (and 10 hours on a conference report) and amendments must be germane and not include extraneous matter. The House Rules Committee typically recommends a special rule for the consideration of a reconciliation measure in the House that places restrictions on debate time and the offering of amendments.

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[5] *Mandatory spending*, also referred to as *direct spending*, is provided mainly in substantive law under the jurisdiction of the legislative committees, in contrast to *discretionary spending*, which is provided in annual appropriations acts under the jurisdiction of the House and Senate Appropriations Committees. Most direct spending programs are entitlements, such as Social Security, Medicare, federal civilian and military retirement, and unemployment compensation.

In cases where only one committee has been instructed, the process allows that committee to report its reconciliation legislation directly to its parent chamber, thus bypassing the Budget Committee. In some years, budget resolutions included reconciliation instructions that afforded the House and Senate the option of considering two or more different reconciliation bills. Once the reconciliation legislation called for in the budget resolution has been approved or vetoed by the President, the process is concluded; Congress cannot develop another reconciliation bill in the wake of a veto without first adopting another budget resolution containing reconciliation instructions.

As an optional procedure, reconciliation has not been used in every year that the congressional budget process has been in effect. Beginning with the first use of reconciliation by both the House and Senate in 1980, however, reconciliation has been used in most years. Congress has sent the President 19 reconciliation acts over the years; 16 were signed into law and three were vetoed (and the vetoes not overriden). **Table 1** provides a list of the 10 reconciliation acts presented to the President from 1990 (for FY1991 and subsequent years) to the present. Seven of the acts were signed into law and three were vetoed by President Bill Clinton.

The inclusion of reconciliation instructions in a budget resolution has not always resulted in House or Senate consideration of a reconciliation measure under the instructions. In 1996, the FY1997 budget resolution (H.Con.Res. 178) provided for three separate reconciliation measures dealing with: (1) "Welfare and Medicaid Reform and Tax Relief"; (2) "Medicare Preservation"; and (3) "Tax and Miscellaneous Direct Spending Reforms." A reconciliation measure reforming the welfare system was enacted in 1996 (P.L. 104-193), but the House and Senate did not act on the other two reconciliation measures provided for under the budget resolution.

Further, not every reconciliation measure considered by one chamber has been considered by the other chamber, or been regarded as a reconciliation measure when considered by the other chamber. In 2000, for example, the House considered and passed several reconciliation measures, but they were not considered by the Senate.[6]

Initial actions under reconciliation focused on deficit-reduction efforts. Consequently, the procedures were employed to achieve spending reductions and revenue increases on a net basis. In the latter part of the 1990s, particularly when large surpluses emerged in the federal budget for the first time in decades, the focus of reconciliation action was shifted to reducing revenues, which continued into the 2000s. In the FY2006 budget resolution, reconciliation directives entail reductions in both revenues and spending.

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[6] See CRS Report RL30714, *Congressional Action on Revenue and Debt Reconciliation Measures in 2000*, by Robert Keith.

Table 1. Reconciliation Resolutions and Resultant Reconciliation Acts: FY1991-FY2005

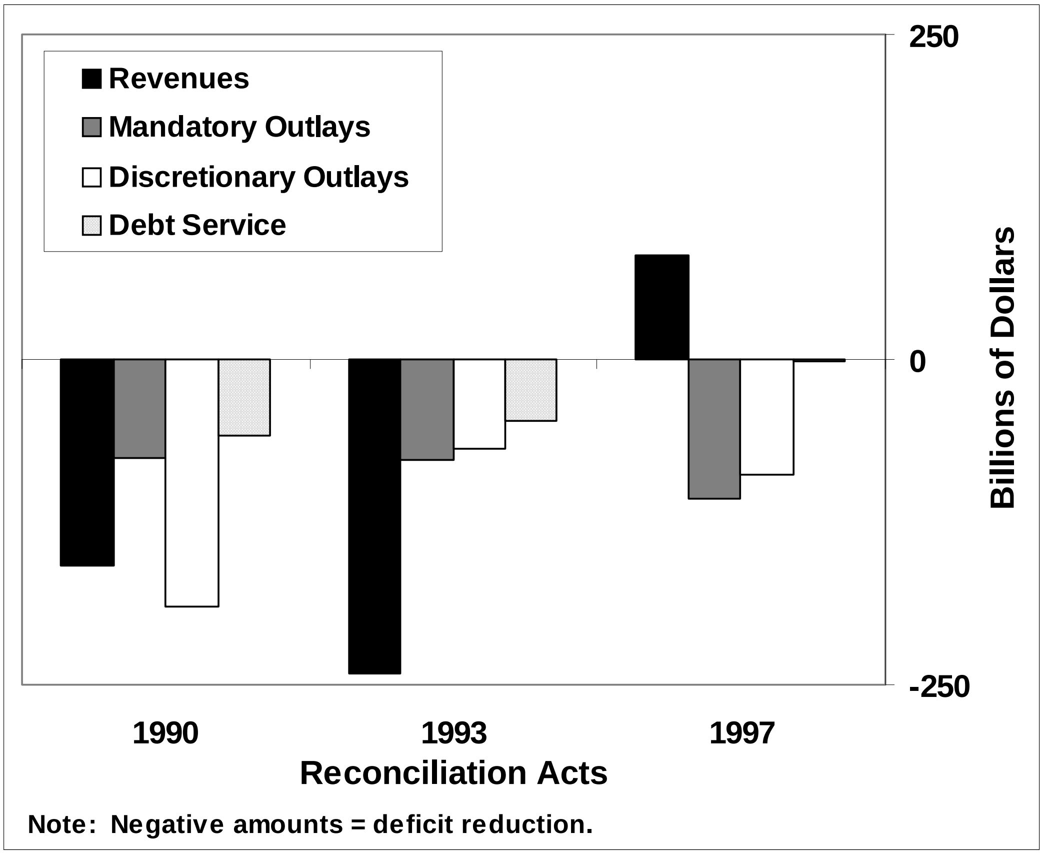
Fiscal Year	Budget Resolution	Resultant Reconciliation Act(s)	Date Enacted
1991	H.Con.Res. 310	Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508)	11-05-90
1994	H.Con.Res. 64	Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66)	08-10-93
1996	H.Con.Res. 67	Balanced Budget Act of 1995 (H.R. 2491)	12-06-95 (vetoed)
1997	H.Con.Res. 178	Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)	08-22-96
1998	H.Con.Res. 84	Balanced Budget Act of 1997 (P.L. 105-33)	08-05-97
		Taxpayer Relief Act of 1997 (P.L. 105-34)	08-05-97
2000	H.Con.Res. 68	Taxpayer Refund and Relief Act of 1999 (H.R. 2488)	09-23-99 (vetoed)
2001	H.Con.Res. 290	Marriage Tax Relief Reconciliation Act of 2000 (H.R. 4810)	08-05-00 (vetoed)
2002	H.Con.Res. 83	Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16)	06-07-01
2004	H.Con.Res. 95	Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27)	05-28-03

The three most recent years in which Congress used omnibus reconciliation legislation to achieve net deficit reduction occurred in the 1990s (one reconciliation act each in 1990 and 1993, and two in 1997). Over a five-year period, according to CBO, the Omnibus Budget Reconciliation Act of 1990 reduced the deficit by an estimated $482 billion; the Omnibus Budget Reconciliation Act of 1993 reduced the deficit by an estimated $433 billion; and in 1997, the Balanced Budget Act and the Taxpayer Relief Act together reduced the deficit by an estimated $118 billion.

In all three years, as shown in **Figure 1**, the reconciliation acts relied on net mandatory savings, amounting over five years to an estimated $75 billion in the 1990 act, $77 billion in the 1993 act, and $107 billion in the 1997 acts. With regard to revenues, however, the 1990 and 1993 acts reflected estimated net increases over five years of $158 billion and $241 billion, respectively, while the 1997 acts reflected an estimated net reduction of $80 billion over five years.

Five-year net savings in discretionary spending attributable to statutory limits, established in the 1990 act and extended in the 1993 and 1997 legislation, ranged from an estimated $69 billion (in the 1993 act), to $89 billion (in the 1997 acts), to $190 billion (in the 1990 act). Although estimates of savings in discretionary spending were included in the CBO assessments of the budgetary impact of the reconciliation measures, the discretionary savings actually occurred as the annual appropriations acts were enacted over the five-year period. Debt service savings accounted for the remaining deficit reduction.

Figure 1. Budgetary Components of Selected Reconciliation Acts



Sources: Prepared by the Congressional Research Service from data provided by the Congressional Budget Office in: (1) *The Economic and Budget Outlook: Fiscal Years 1992-1996*, January 1991, Table III-3, p. 66; (2) *The Economic and Budget Outlook: An Update*, September 1993, Table 2-2, p. 29; and (3) *The Economic and Budget Outlook: An Update*, September 1997, Table 10, p. 36, and Table 11, p. 40.

Note: The savings in discretionary spending shown here, which were attributable to statutory limits established in the 1990 act and extended in the 1993 and 1997 legislation, were included in the CBO assessments of the budgetary impact of the reconciliation measures, but the discretionary savings actually occurred as the annual appropriations acts were enacted over the five-year period.

Current Budget Policy Context

The House and Senate, as stated earlier, are required under the Congressional Budget Act of 1974 to reach agreement each year on a budget resolution that establishes a budget plan for at least five fiscal years — the upcoming fiscal year and the ensuing four fiscal years; changes in the current fiscal year may be made as well. During the 2005 session, for example, the budget resolution developed by the House and Senate covered FY2006 (which began on October 1, 2005) through FY2010, and included revisions for FY2005.

Many factors influence the development of a budget resolution, particularly the President's annual budget submission toward the start of the session. Development of the budget resolution, as well as the President's budget, involves the consideration of estimates of future spending, revenues, and the resultant deficit (or surplus) based on current law. These estimates are referred to as baseline budget projections, as prepared by the Congressional Budget Office (CBO), and current services estimates, as prepared by the Office of Management and Budget (OMB). The impact of congressional and presidential budgetary policies often is assessed by comparing revenue, spending, or deficit or surplus levels under such policies to the CBO and OMB baseline estimates.

This section provides background on budget policies for FY2006-FY2010 with respect to budget components targeted this year by the reconciliation process — the deficit, mandatory outlays, revenues, and the public debt limit. For each component, information is provided on baseline budget projections, the President's budget submission, and the congressional budget resolution.

Baseline Budget Projections

On January 25, 2005, CBO issued its annual report providing baseline budget projections, *The Budget and Economic Outlook: Fiscal Years 2006 to 2015*. The baseline budget projections were updated on March 8 in conjunction with the development of the FY2006 budget resolution; the updated March baseline is used in this report, unless otherwise indicated.[7] Current services estimates were prepared by OMB and submitted in February as part of the President's FY2006 budget.[8]

The Deficit. During the period encompassing the five fiscal years most recently completed before the current session began, FY2000-FY2004, the Federal Government incurred both surpluses and deficits, as shown in **Table 2**.

Table 2. Total Deficit or Surplus: FY2000-FY2004

(amounts in $ billions)

	2000	2001	2002	2003	2004
Current Dollars	236	128	-158	-378	-412
Constant FY2000 Dollars	236	125	-152	-354	-377
Percentage of GDP	2.4%	1.3%	-1.5%	-3.5%	-3.6%

Source: *Office of Management and Budget, Budget of the United States Government, Fiscal Year 2006, Historical Tables*, Feb. 7, 2005, Tables 1.1-1.3, pp. 21-26.

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[7] The March baseline budget projections are presented in: Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2006*, March 2005, Table 1-10, p. 23.

[8] Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006, Analytical Perspectives*, Feb. 7, 2005, Chapter 25 (Current Services Estimates), Table 25-1, pp. 389-404.

Measured in current dollars, the FY2000 surplus of $236 billion, which was the largest surplus since the end of World War II, steadily eroded, becoming by FY2004 the largest deficit since the end of World War II, at $412 billion. Measured in constant FY2000 dollars, the FY2004 deficit of $377 billion was still the largest post-war deficit, but it was $35 billion less than the current-dollar deficit for that year. As a percentage of Gross Domestic Product (GDP), the deficit rose from 1.5% for FY2002 to 3.6% for FY2004.

The largest post-war deficit, in current dollars, occurred in FY1992, at $290 billion; as a percentage of GDP, the largest post-war deficit occurred in FY1983, measuring 6.0%.

Both the CBO baseline budget projections and the OMB current services estimates indicated a sustained but declining deficit path in the coming years. As shown in **Table 3**, CBO projected that the FY2005 deficit would decline from the prior year to $365 billion.

Table 3. CBO and OMB Baseline Deficit Projections: FY2005-FY2010

(amounts in $ billions)

	2005	2006	2007	2008	2009	2010	2006-2010
Congressional Budget Office (March 2005 Baseline Budget Projections)							
Deficit	-365	-298	-268	-246	-219	-201	-1,232
Deficit (%age of GDP)	-3.0	-2.3	-2.0	-1.7	-1.5	-1.3	—
Office of Management and Budget (February 2005 Current Services Estimates)							
Deficit	-390	-361	-303	-251	-229	-207	1,351

Sources: (1) Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2006*, March 2005, Table 1-10, p. 23; (2) Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006, Analytical Perspectives*, Feb. 7, 2005, Chapter 25 (Current Services Estimates), Table 25-1, p. 390.

Note: Details may not add to totals due to rounding.

For the five-year period covering FY2006-FY2010, CBO projected a deficit of $298 billion for FY2006, declining gradually to $201 billion for FY2010. Over five years, the cumulative projected deficit amounted to $1.232 trillion. As a percentage of GDP, the baseline deficit was projected to decline from 2.3% to 1.3% over this period.

CBO noted that the statutory rules governing the preparation of baseline projections likely resulted in an understatement of spending for military operations in Iraq and Afghanistan by tens of billions of dollars, thereby understating the deficit for FY2006, and possibly later years as well.

The OMB current services estimates included higher deficit levels than CBO for each year, but followed the same trend of gradual decline reflected in the CBO projections.[9] OMB estimated a decrease in the deficit for FY2005 from the prior year's level, to $390 billion. Further, OMB projected the deficit to decline from $361 billion for FY2006 to $207 billion for FY2010. Over five years, the cumulative projected deficit amounted to $1.351 trillion.

Mandatory Outlays. Under the CBO baseline budget projections, mandatory outlays were projected to grow by $339 billion over the five-year period, from $1.385 trillion for FY2006 to $1.724 trillion for FY2010. In comparison, outlays for net interest were projected to grow by $93 billion, from $211 billion for FY2006 to $304 billion for FY2010, and discretionary outlays were projected to grow by $65 billion, from $915 billion for FY2006 to $980 billion for FY2010. As a percentage of GDP, mandatory outlays were projected to increase by FY2010 to 10.9% (an increase of 0.2% from FY2006). Outlays for net interest were projected to increase to 1.9% (an increase of 0.3%) and discretionary outlays were projected to decrease to 6.2% (a decrease of 0.9%).

The OMB projections for mandatory outlays showed an increase over the five-year period of $336 billion, nearly the same as the CBO projection. The OMB projections, however, showed higher levels of mandatory outlays for each fiscal year, rising to $1.752 trillion for FY2010.

Revenues. According to CBO, total revenues were projected to rise by $594 billion over the five-year period, from $2.213 trillion for FY2006 to $2.807 trillion for FY2010. As a percentage of GDP, revenues were projected to increase by FY2010 to 17.8% (an increase of 0.6% from FY2006).

OMB projected a greater increase in revenues, $663 billion, over the five-year period (rising to $2.841 trillion for FY2010).

Public Debt Limit. Finally, CBO projected the increases that would be needed in the public debt subject to statutory limit, which currently stands at $8.184 trillion. Although the revised debt-limit levels were not identified in the baseline projections published in March, the projections published in January indicated that the debt-limit level would amount to $8.529 trillion for FY2006, rising steadily to $10.847 trillion for FY2010.

The last four increases in the public debt limit, which occurred between 1997 and 2004, are shown in **Table 4**. The amount of increase ranged between $450 billion and $800 billion.

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[9] The OMB current services estimates, unlike the CBO baseline budget projections, were not prepared strictly in accordance with the baseline rules established in the Budget Enforcement Act (BEA). Accordingly, some of the differences in the amounts presented by OMB and CBO are attributable to conceptual differences, as discussed in CBO, *An Analysis of the President's Budgetary Proposals,* ibid., p. 17.

Table 4. Public Debt-Limit Increases: 1997-2004
(amounts in $ billions)

Date of Increase	Public Law Number	Amount of Increase	Revised Limit
08-05-1997	105-33	450	5,950
06-28-2002	107-199	450	6,400
05-27-2003	108-24	984	7,384
11-19-2004	108-415	800	8,184

Source: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006, Historical Tables*, Feb. 7, 2005, Table 7.3, pp. 121-124.

President Bush's FY2006 Budget

Initial Budget Submission (February). President George W. Bush submitted his budget particularly for FY2006 to Congress on February 7, 2005. The President's budget focused on deficit reduction, noting his goal of reducing the $521 billion deficit originally projected for FY2004 (amounting to 4.5% of GDP) in half by FY2009.[10] Under the President's proposals, as shown in **Table 5**, the deficit would be reduced over a five-year period, from $390 billion for FY2006 (3.0% of GDP) to $207 billion for FY2010 (1.3% of GDP), a level below the 40-year historical average of 1.7% of GDP.

Table 5. President Bush's FY2006 Budget: February 2005 Submission
(amounts in $ billions)

	2006	2007	2008	2009	2010	2006-2010
Deficit	-390	-312	-251	-233	-207	1,393
Deficit (Percentage of GDP)	-3.0	-2.3	-1.7	-1.5	-1.3	—
Mandatory Outlay Savings	-5	-9	-7	-9	-8	-39
Revenue Reduction	— [a]	-3	-21	-49	-32	-106

Source: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006*, Feb. 7, 2005, Summary Tables S-1 and S-6, pp. 343 and 352-359.
Note: Details may not add to total due to rounding.
a Less than $500 million.

[10] Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006*, "Overview of the President's 2006 Budget," p. 3.

Compared to the OMB current services estimates, the President's proposals would increase the deficit in three years (by $29 billion for FY2006, $9 billion for FY2007, and $4 billion for FY2009) while leaving it unchanged in the other two years. In the net, the President's proposals would increase the deficit by $42 billion over the five-year period, compared to the current services baseline.

The President's budget recommendations encompassed three major policies. First, discretionary spending would be restrained throughout the five-year period, reflecting more than 150 reductions and terminations for FY2006 in non-defense programs.[11] For FY2006, discretionary budget authority would increase over the prior year by 5% for the Defense Department and 3% for homeland security (non-Defense Department) activities, and would decrease by 1% for all other operations of the federal government. Overall, total discretionary budget authority for FY2006 would increase by 2.1%, a level lower than the expected rate of inflation. For FY2007-FY2010, total discretionary budget authority would increase by between 1% and 3% each year, well below recent averages.

Second, mandatory outlays would be reduced over the five-year period by $62 billion, reflecting programmatic reforms amounting to $55 billion and user fee proposals amounting to $7 billion.[12] Taking into account outlay increases of $23 billion associated with certain tax proposals (e.g., health tax credits), the net reduction in mandatory outlays would amount to $39 billion over five years. The net reduction would eliminate more than 10% of the $330-plus billion growth in mandatory outlays projected by OMB and CBO in the baseline during FY2006-FY2010.

Third, revenues would be reduced in the net by $106 billion during the five-year period.[13] Half of the revenue decreases during this period, $53 billion, would be attributed to making permanent certain tax cuts enacted in the revenue reconciliation acts of 2001 and 2003, which dealt with the dividends and capital gains tax rate structures, expensing for small business, and other matters.

President Bush's February budget submission did not reflect additional discretionary spending for operations in Iraq and Afghanistan for FY2006, nor did it reflect his proposals regarding changes in the Social Security program involving the establishment of individual accounts.

Mid-Session Review (July). On July 13, 2005, President Bush submitted to Congress the required Mid-Session Review (MSR) of his FY2006 budget.[14] The MSR revealed some significant changes in the budget since the initial February submission, as shown in **Table 6**. The annual deficit levels dropped by between $37

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[11] President's FY2006 *Budget*, ibid., Summary Table S-2, p. 344.

[12] President's FY2006 *Budget*, ibid., Summary Table S-6, pp. 348-353.

[13] President's FY2006 *Budget*, ibid., Summary Table S-7, pp. 354-359.

[14] Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006, Mid-Session Review*, July 13, 2005.

billion and $89 billion, and the cumulative five-year deficit dropped by $326 billion (from $1.393 trillion to $1.067 trillion).

Table 6. President Bush's FY2006 Budget: July 2005 Mid-Session Review

(amounts in $ billions)

	2006	2007	2008	2009	2010	2006-2010
Deficit	-341	-233	-162	-162	-170	1,067
Deficit (Percentage of GDP)	-2.6	-1.7	-1.1	-1.1	-1.1	—
Mandatory Outlay Savings	-3	-9	-8	13	44	37
Revenue Reduction	— [a]	-2	-20	-50	-33	-104

Source: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006, Mid-Session Review*, July 13, 2005, Table 1, p. 6, and Tables S-6 and S-7, pp. 28-35.

Note: Details may not add to total due to rounding.

[a]Less than $500 million.

The $326 billion reduction in the cumulative deficit was explained by economic and technical reestimates amounting to $464 billion in deficit reduction (mainly higher revenues due to a strengthened economy and the resultant lowering of debt service costs), offset in part by policy proposals involving $138 billion in higher outlays (mainly Social Security personal accounts and additional war funding for FY2006). The levels associated with the President's recommendations regarding savings in mandatory outlays in reductions in revenue were barely changed by the Mid-Session Review. The five-year savings in mandatory outlays were reduced by $2 billion, from $39 billion to $37 billion, and the five-year reduction in revenues also was lowered by $2 billion, from $106 billion to $104 billion.

The FY2006 Budget Resolution

Consideration of the FY2006 budget resolution began in the House and Senate in March and came to a conclusion at the end of April. Following a brief legislative history of the budget resolution, this section provides a summary of overall budget resolution policies.

Legislative History. The House Budget Committee reported H.Con.Res. 95 on March 11, 2005 (H.Rept. 109-17), and the Senate Budget Committee reported S.Con.Res. 18 on the same day, but without a written report.[15]

[15] House Budget Committee, *Concurrent Resolution on the Budget — Fiscal Year 2006* (to accompany H.Con.Res. 95), H.Rept. 109-17, Mar. 11, 2005. The Senate Budget Committee issued a committee print, *Concurrent Resolution on the Budget, FY 2006* (committee print (continued...)

The House considered H.Con.Res. 95 on March 16 and 17 under the terms of a special rule, H.Res. 154, which had been reported by the House Rules Committee (H.Rept. 109-19, March 15, 2005). Four amendments made in order under the special rule were offered and defeated: (1) an amendment in the nature of a substitute, offered by Representative Jeb Hensarling on behalf of the Republican Study Committee, by a vote of 102-320; (2) an amendment offered by Representative David Obey, ranking minority member of the House Appropriations Committee, by a vote of 180-242; (3) an amendment in the nature of a substitute, offered by Representative Melvin Watt on behalf of the Congressional Black Caucus, by a vote of 134-292; and (4) an amendment in the nature of a substitute, offered by Representative John Spratt, ranking minority member of the House Budget Committee, by a vote of 165-264.

After action on the amendments was completed, the House passed H.Con.Res. 95 by a vote of 218-214.

The Senate began consideration of S.Con.Res. 18 by unanimous consent on March 14. Consideration of the measure continued on March 15 and 16, culminating with its passage, as amended, on March 17, by a vote of 51-49. The Senate considered about 70 amendments, agreeing to dozens of them.

The House and Senate convened a conference on their competing versions of the budget resolution, with H.Con.Res. 95 serving as the conference vehicle. The conferees met on April 27 and the conference report was filed the next day.[16] The House agreed to the conference report on April 28, by a vote of 214-211, and the Senate agreed to it the same day, by a vote of 52-47.

Overall Budget Resolution Policies. In terms of overall budget resolution policies, the House and Senate began the conference from positions of fundamental agreement. The budget resolutions reported by the House and Senate Budget Committees hewed fairly closely to the general contours of the President's budget proposals. Both resolutions employed a five-year time frame covering FY2006-FY2010, with revisions included for the current fiscal year, FY2005, as well. The three main pillars of budget policy, as reflected in the reported budget resolutions, involved significant restraint on the growth of discretionary spending, a more modest curtailment of the growth of mandatory spending, and further reductions in revenues, although at a more modest level compared to the actions taken in 2001 and 2003.

While the House agreed to the budget resolution reported by the House Budget Committee without change, the Senate revised the version reported by its Budget Committee. Although dozens of amendments were adopted in the Senate, many of them involved precatory language (i.e., sense-of-the-Senate statements) or procedural matters rather than changes in spending or revenue levels. Some significant changes were made in budget levels, including to reconciliation instructions (as discussed

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[15] (...continued)
to accompany S.Con.Res. 18), S.Prt. 109-18, 2005, in lieu of a written report.

[16] *Concurrent Resolution on the Budget for Fiscal Year 2006*, conference report to accompany H.Con.Res. 95, H.Rept. 109-62, Apr. 28, 2005.

below), but the basic outline of budget policy recommended by the Senate Budget Committee remained intact.

The positions of the House, the Senate, and the final conference agreement regarding several key components of the budget plan are presented in **Table 7**. With regard to the cumulative deficit over the five-year period, the differences between the House ($1.359 trillion) and the Senate ($1.450 trillion) were relatively modest; the conference agreement essentially split the difference ($1.400 trillion). House-Senate differences regarding total mandatory outlays and total revenues for the five-year period were even more narrow. Again, the conference agreement essentially split the difference ($9.401 trillion) with respect to total mandatory outlays over five years. In the case of total revenues, the House-Senate difference was negligible ($23 billion), and the conference agreement ($12.440 trillion) was within $1 billion of the House position.

Table 7. Selected Components of the FY2006 Budget Resolution: House, Senate, and Conference Levels

(amounts in $ billions)

	House	**Senate**	**Conference**
Deficit for FY2006	-376	-368	-383
Deficit for FY2006-FY2010	-1,359	-1,450	-1,400
Total Mandatory Outlays for FY2006-FY2010	9,374	9,432	9,401
Total Revenues for FY2006-FY2010	12,441	12,418	12,440

Source: Conference report to accompany H.Con.Res. 95, *Concurrent Resolution on the Budget for Fiscal Year 2006*, H.Rept. 109-62, Apr. 28, 2005, pp. 50-67.

Reconciliation Directives in the FY2006 Budget Resolution

The FY2006 budget resolutions reported by the House and Senate Budget Committees, and adopted by the House and Senate, included reconciliation directives for multiple reconciliation measures.

Initial House Action

The House Budget Committee reported the FY2006 budget resolution, H.Con.Res. 95, on March 11, 2005. As reported, the budget resolution contained two sets of reconciliation instructions to House committees in Section 201 (see **Table 8**).

Table 8. Initial Reconciliation Instructions: House

(amounts in $ billions)

House Committee	Reported and Passed	
	FY2006	**FY2006-FY2010**
Spending (Mandatory Outlays) (***submission date: September 16***)		
Agriculture	-0.797	-5.278
Education and the Workforce [a]	-2.097	-21.410
Energy and Commerce	-0.630	-20.002
Financial Services	-0.030	-0.270
Judiciary	-0.123	-0.603
Resources	-0.096	-1.413
Transportation and Infrastructure	-0.012	-0.103
Veterans' Affairs	-0.155	-0.798
Ways and Means**	-3.907	-18.680
Total	**-7.847**	**-68.557**
Revenues (***reporting date: June 24***)		
Ways and Means Committee	-16.623	-45.000

Source: House Budget Committee, *Concurrent Resolution on the Budget — Fiscal Year 2006* (to accompany H.Con.Res. 95), H.Rept. 109-17, Mar. 11, 2005, pp. 69-71 and 136-137.

Section 201(a) instructed nine House committees to submit reconciliation recommendations to the Budget Committee that would reduce mandatory outlays by $7.847 billion in FY2006 and $68.557 billion in FY2006-FY2010. In addition, Section 201(b) instructed the Ways and Means Committee to report a reconciliation bill reducing revenues by not more than $16.623 billion in FY2006 and $45.000 billion in FY2006-FY2010. The net effect of the spending and revenue reconciliation instructions on the deficit estimates was a decrease of $23.557 billion over the five-year period.

The House Budget Committee contemplated a schedule in which the revenue reconciliation bill would be considered first, before the August recess, and the spending reconciliation bill would be considered second, after the August recess.

The submission deadline for the spending reconciliation recommendations was September 16, 2005; the reporting deadline for the revenue reconciliation measure was June 24.

Each of the four amendments made in order during initial House consideration of the budget resolution would have modified or eliminated the reconciliation instructions for FY2006-FY2010 recommended by the House Budget Committee. The Hensarling amendment would have increased the savings in mandatory outlays to more than $125 billion and the revenue reductions to about $106 billion; the Obey amendment would have added revenue increases of nearly $26 billion, intended to be targeted at wealthy taxpayers; and the Watt and Spratt amendments would have eliminated the reconciliation instructions completely. As indicated earlier, all of the amendments were defeated; subsequently, the House agreed to the budget resolution without having made any changes in the reconciliation instructions as reported by the Budget Committee.

Initial Senate Action

The Senate Budget Committee reported its version of the FY2006 budget resolution, S.Con.Res. 18, on March 11, 2005.[17] The reconciliation instructions included in the budget resolution as reported by the Senate Budget Committee differed in several respects from the instructions in the budget resolution agreed to by the House (see **Table 9**).

First, Section 201(a) of S.Con.Res. 18 included instructions to seven committees to achieve savings in mandatory outlays of $4.244 billion in FY2006 and $32.042 billion in FY2006-FY2010, less than half the five-year amount recommended by the House. Second, Section 201(b) of the measure included instructions to the Senate Finance Committee to reduce revenues by $14.939 billion in FY2006 and $70.154 billion in FY2006-FY2010, about $25 billion more over five years than the amount recommended by the House. Third, Section 201(c) of the measure recommended an increase in the statutory limit on the public debt of $446.464 billion, an issue the House did not address in reconciliation. The net effect on the deficit estimates of the spending and revenue reconciliation instructions reported by the Budget Committee was an increase of $23.557 billion over the five-year period.

Finally, the Senate Budget Committee proposed to reverse the timing of legislative action compared to the House's recommendation, imposing an earlier submission date for spending reconciliation recommendations (June 6, instead of September 16 in the House) and a later reporting date for revenue reconciliation legislation (September 7, instead of June 24 in the House). The reporting date for the reconciliation measure pertaining to the public debt limit was September 16.

The Senate, unlike the House, agreed to amendments that changed the reconciliation instructions recommended by the Budget Committee. On March 17,

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[17] The committee issued a print in lieu of a report: Senate Budget Committee, *Concurrent Resolution on the Budget, Fiscal Year 2006* (committee print to accompany S.Con.Res. 18), S.Prt. 109-18, 2005.

the Senate adopted three amendments that revised both the spending and revenue reconciliation instructions. First, the Senate adopted Bingaman (for Smith) Amendment #204, by a vote of 52-48. The amendment struck the spending reconciliation instructions to the Finance Committee in Section 201(a)(6) and added to the budget resolution a provision establishing a reserve fund of $1.5 million for the creation of a 23-member Bipartisan Medicaid Commission. It had been widely assumed that the Finance Committee would consider reductions in Medicaid spending in order to meets its instruction of $15.036 billion in savings over five years; consequently, the amendment was seen as a means of protecting the Medicaid program from spending cuts.

Table 9. Initial Reconciliation Instructions: Senate

(amounts in $ billions)

Senate Committee	Reported		Passed	
	FY2006	**FY2006-FY2010**	**FY2006**	**FY2006-FY2010**
Spending (Mandatory Outlays)				**(*submission date: June 6*)**
Agriculture, Nutrition, and Forestry	-0.171	-2.814	-0.171	-2.814
Banking, Housing, and Urban Affairs	-0.030	-0.270	-0.030	-0.270
Commerce, Science, and Transportation	-0.008	-2.576	-0.008	-2.576
Energy and Natural Resources	-0.033	-2.658	-0.033	-2.658
Environment and Public Works	-0.014	-0.112	-0.014	-0.112
Finance	-1.784	-15.036	0	0
Health, Education, Labor, and Pensions	-2.204	-8.576	-2.204	-8.576
Total	**-4.244**	**-32.042**	**-2.460**	**-17.006**
Revenues				**(*reporting date: September 7*)**
Finance Committee	-14.939	-70.154	-19.016	-128.580
Statutory Debt Limit				**(*reporting date: September 16*)**
Finance Committee		+446.464		+446.464

Sources: (1) Senate Budget Committee, *Concurrent Resolution on the Budget, Fiscal Year 2006* (committee print to accompany S.Con.Res. 18), S.Prt. 109-18, 2005, p. 43; and (2) S.Con.Res. 18, as reported, Mar. 11, 2005, pp. 28-30; and (3) S.Con.Res. 18, as passed by the Senate, Mar. 17, 2005, pp. 28-30.

The second amendment that the Senate adopted on March 17 was Bunning Amendment #241, by a vote of 55-45. The amendment, which increased the revenue reduction under reconciliation by $4.8 billion for FY2006 and $63.9 billion for FY2006-FY2010, was characterized by Senator Bunning as accommodating the repeal of a 1993 increase in the taxation of Social Security benefits.

Finally, the Senate adopted on March 17 Kennedy Amendment #177, as modified, by a vote of 51-49. The amendment decreased the instruction to reduce revenues by $723 million for FY2006 and $5.474 billion for FY2006-FY2010, offsetting spending increases for education programs.

The Senate also considered and rejected several other amendments that would have modified the reconciliation instructions. In particular, the Senate rejected Cantwell Amendment #168, by a vote of 49-51. The amendment, which would have struck the instruction in Section 201(a)(4) to the Energy and Natural Resources Committee to reduce outlays by $2.658 billion over five years, was characterized by Senator Cantwell as precluding the opening of the Arctic National Wildlife Refuge (ANWR) to oil exploration.

In the net, the amendments that the Senate adopted decreased the total outlay reduction over five years by $15.036 billion, from the reported level of $32.042 billion to $17.006 billion, and increased the total revenue reduction over five years by $58.426 billion, from the reported level of $70.154 billion to $128.580 billion. By scaling back the outlay reductions and boosting the revenue reductions required by the reconciliation instructions, the Senate dramatically changed the net effect of reconciliation on the total deficit estimate over the five-year period. While the reconciliation instructions in the budget resolution as reported by the Senate Budget Committee would have increased the deficit in the net by about $38 billion over five years, the instructions in the resolution as passed by the Senate would have increased the deficit in the net by about an additional $73 billion over that period, or about $111 billion in total.

Conference Agreement

The conferees reported their agreement on H.Con.Res. 95 on April 28, 2005. In addition to the separate spending and revenue reconciliation measures that each chamber had proposed, the conferees agreed to a third reconciliation measure, on the public debt limit, as had been proposed by the Senate.

In the case of the spending and revenue reconciliation measures, the conferees found a middle ground between the positions of the two chambers (see **Table 10**), which was close to the levels reported by the Senate Budget Committee.

With respect to savings in mandatory outlays, the conferees recommended reconciliation instructions to eight House and eight Senate committees, requiring total savings of $34.658 billion over FY2006-FY2010.[18] This was about half the

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[18] For two committees, the House Education and Workforce Committee and the Senate (continued...)

amount of savings recommended by the House ($68.557 billion) and about twice the amount of savings recommended by the Senate ($17.006 billion). The House's reconciliation instructions had involved nine House committees and the Senate's instructions had involved seven Senate committees; in the final instructions, the House Veterans' Affairs Committee was dropped and the Senate Judiciary Committee was added.

Table 10. Reconciliation Instructions for FY2006-FY2010: Summary of House, Senate, and Conference Amounts

(amounts in $ billions)

Reconciliation Instructions for FY2006-FY2010	House Passed	Senate Passed	Conference Agreement
Changes in Mandatory Outlays	-68.557	-17.006	-34.658
Changes in Revenues	-45.000	-128.580	-70.000
Change in Statutory Debt Limit	[none]	+446.464	+781.000
Net Effect on Deficit	*-23.557*	*+111.574*	*+35.342*

Source: *Concurrent Resolution on the Budget for Fiscal Year 2006* (conference report to accompany H.Con.Res. 95), H.Rept. 109-62, Apr. 28, 2005, pp. 11-14 and 68-71.

Note: Negative sign (-) denotes a decrease; positive sign (+) denotes an increase.

Table 11 presents more detailed information on the reconciliation instructions included in the conference agreement.

Table 11. Reconciliation Instructions in the Conference Agreement on the FY2006 Budget Resolution

Committee	Amount ($ billions)	
	FY2006	FY2006-FY2010
Spending (Mandatory Outlays)	**(*submission date: September 16*)**	
House Agriculture	-0.173	-3.000
House Education and the Workforce [a]	-0.992	-12.651
House Energy and Commerce	-0.002	-14.734
House Financial Services	-0.030	-0.470
House Judiciary	-0.060	-0.300

[18] (...continued)
Health, Education, Labor, and Pensions Committee, the period of savings includes FY2005 as well.

Committee	Amount ($ billions)	
	FY2006	**FY2006-FY2010**
House Resources	—	-2.400
House Transportation and Infrastructure	-0.012	-0.103
House Ways and Means [b]	-0.250	-1.000
Total for House Committees	**-1.519**	**-34.658**
Senate Agriculture, Nutrition, and Forestry	-0.173	-3.000
Senate Banking, Housing, and Urban Affairs	-0.030	-0.470
Senate Commerce, Science, and Transportation	-0.010	-4.810
Senate Energy and Natural Resources	—	-2.400
Senate Environment and Public Works	-0.004	-0.027
Senate Finance	—	-10.000
Senate Health, Education, Labor, and Pensions [a]	-1.242	-13.651
Senate Judiciary	-0.060	-0.300
Total for Senate Committees	**-1.519**	**-34.658**
Revenues		**(*reporting date: September 23*)**
House Ways and Means Committee	-11.000	-70.000
Senate Finance Committee	-11.000	-70.000
Statutory Debt Limit		**(*reporting date: September 30*)**
House Ways and Means Committee	+781.000	
Senate Finance Committee	+781.000	

Source: *Concurrent Resolution on the Budget for Fiscal Year 2006* (conference report to accompany H.Con.Res. 95), H.Rept. 109-62, Apr. 28, 2005, pp. 11-14 and 68-71.

[a]The reconciliation instructions to the House Education and the Workforce Committee and the Senate Health, Education, Labor, and Pensions Committee for FY2006 and FY2006-FY2020 also encompass FY2005.

[b]The reconciliation instructions to the Ways and Means Committee are “to reduce the deficit,” which may include reductions in outlays, increases in revenues, or a combination of the two.

Subsequent Changes in Budget Policy Affecting Reconciliation

Beginning in September 2005, Congress and the President have enacted various measures intended to provide relief to the victims of Hurricane Katrina and Hurricane

Rita and to fund reconstruction activities.[19] Legislative efforts in this area are expected to continue this session and into the next. Republican leaders in the House and Senate and others have expressed concern about the impact of these relief and reconstruction efforts on the federal deficit and have indicated that they would develop plans to enact offsets to the relief costs.

On October 6, 2005, Speaker of the House J. Dennis Hastert issued a press release on a plan developed by House Republican leaders.[20] In commenting on the plan, Speaker Hastert noted:

> Hurricanes Katrina and Rita have dealt a severe blow to our nation, both in terms of human and economic losses. We can and will recover, but it will require some serious belt-tightening throughout the federal government. House Republican leadership, Committee Chairmen and key members of the conference have worked together to come up with a proposal we believe can accomplish this task. In order to maintain our commitment to deficit reduction, we are proposing to move a mid-session Budget Amendment for the <u>first time in almost 30 years</u> (1977). The Amendment will increase the total amount of savings which can help pay for these unexpected costs. (emphasis in the original)

The "Hastert Plan" has four elements, according to the Speaker's press release:

- an increase of $15 billion or more in the mandatory savings required to be achieved through the budget reconciliation process, from about $35 billion for FY2006-FY2010 to at least $50 billion for that period, as well as the "dollar-for-dollar" offset of any new mandatory spending for disaster relief included in reconciliation legislation;

- continued restraint on discretionary spending, including an additional across-the-board cut in discretionary spending for FY2006;

- packages of additional rescissions to further help offset reconstruction costs; and

- the permanent elimination, through "deauthorization," of programs already "zeroed out" in the current appropriations process.[21]

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[19] Hurricane Katrina made landfall in Louisiana, Mississippi, and Alabama on August 29, 2005 (after impacting Florida on August 25), and Hurricane Rita made landfall in Louisiana and Texas on September 24. CRS reports on different aspects of this issue are listed on the CRS Web page [http://www.crs.gov] under the Current Legislative Issues term "Disaster — Hurricanes."

[20] Speaker's Press Office, *Speaker Hastert Comments on Republicans' Initial Spending Cut Proposal*, Oct. 6, 2005, available on the Web at [http://www.speaker.gov]

[21] For more information on this topic, see CRS Report RL33127, *Speaker Hastert's Plan to Offset Spending: A Procedural Perspective,* by Robert Keith.

As announced by the Speaker, the plan does not indicate what portion or amount of costs are to be offset. The Speaker's press release stated that the first step in implementing the plan may be the consideration of a revised budget resolution for FY2006 in the coming days.[22] House action on a revised budget resolution tentatively was scheduled for Thursday, October 20, but action was postponed and has not yet been rescheduled.[23]

According to a preliminary assessment made by the Senate Budget Committee on October 24, 2005, the five-year costs stemming from these measures, covering FY2006-FY2010, are estimated at $70.913 billion. Most of the relief costs — $62.3 billion — are attributable to two emergency supplemental appropriations acts, P.L. 109-61 and P.L. 109-62. The Senate Budget Committee's preliminary assessment does not reflect several measures also enacted into law in September and October, still pending in the House or Senate, or expected to be considered at a later time. These measures could increase the costs for hurricane-related relief by tens of billions of dollars.

In the meantime, seven of the eight House committees were informed by the Republican leadership that they should work toward achieving, in the aggregate, an additional $15 billion in five-year savings through their reconciliation recommendations. Although the increased savings amounts for each committee have not been announced officially, media reports indicate that the House Ways and Means and Education and Workforce Committees were expected to achieve most of the increased savings, roughly an additional $7 billion and $5 billion, respectively.[24]

By informal agreement, the schedule of reconciliation actions in the House was delayed to accommodate these developments. The House Budget Committee announced that it would markup the spending reconciliation bill during the first week in November, and the instructed committees were expected to make their submissions to the Budget Committee during the prior week. Action on the revenue reconciliation bill and the debt-limit reconciliation bill is expected to occur after initial action on the spending reconciliation bill has been completed.

In the Senate, the Republican leadership announced its support for enacting offsets, but has not specified a comprehensive plan to do so or indicated any intent to consider a revised budget resolution. On September 12, Senate Majority Leader Bill Frist and Senate Budget Committee Chairman Judd Gregg issued a joint statement indicating that, in order to allow "the Congress and the committees to

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[22] Procedures for revising a budget resolution are discussed in CRS Report RL33122, *Congressional Budget Resolutions: Revisions and Adjustments*, by Robert Keith.

[23] See: (1) "Leaders Delay Budget Vote in House," by Susan Davis and Peter Cohn, *CongressDaily AM*, Oct. 20, 2005; (2) "Senate Panel Looks to Finish Cuts Oct. 24; Blunt Plans to Try Again on Amendment," by Jonathan Nicholson, *BNA Daily Report for Executives*, no. 203, Oct. 21, 2005, p. G-9; and (3) "Blunt Won't Gamble on Budget Votes," by Alexander Bolton, *The Hill*, Oct. 21, 2005.

[24] See, for example, "House Looking to Two Committees to Boost Reconciliation Spending Cut Totals," by Jonathan Nicholson, in BNA's *Daily Report for Executives*, no. 206, Oct. 26, 2005, p. G-14.

address the immediate concerns related to the recent hurricane and not be encumbered by budget reconciliation requirements in the near term," the Senate Budget Committee would not meet to markup the spending reconciliation bill until October 26.[25]

On September 27, Senate Majority Leader Frist, Budget Committee Chairman Gregg, and other members of the Republican leadership, wrote to the chairmen of the committees subject to reconciliation instructions, asking them to recommend spending reductions "above and beyond" those already called for under the instructions as part of the offset efforts. In addition, the leadership also sent letters to the chairmen of non-reconciled committees, encouraging them to find savings within their committee's jurisdiction as well.[26] Specific amounts of additional savings for the committees were not identified in the correspondence.

Reconciliation Legislation in 2005: Legislative History

Under the revised schedule for reconciliation actions, the Senate initiated action on the spending reconciliation measure in late October, with the House expected to follow suit in early November. Action on the two other reconciliation measures is expected to occur later in the session.

Spending Reconciliation Legislation

Initial Senate Action. The Senate Budget Committee met on October 26, 2005, and ordered the omnibus spending reconciliation bill, S. 1932 (the Deficit Reduction Omnibus Reconciliation Act of 2005), reported by a party-line vote of 12-10. The bill was reported the following day, without a written report.[27]

According to the Senate Budget Committee, the submissions from the instructed committees exceeded the outlay savings required by the instructions in the aggregate by $4.649 billion for FY2006 and $4.456 billion for FY2006-FY2010. The FY2006 outlay savings totaled $6.168 billion, compared to instructions totaling $1.519 billion; the FY2006-FY2010 outlay savings totaled $39.114 billion, compared to instructions totaling $34.658 billion. All eight of the instructed committees met or exceeded their instructions for FY2006 and exceeded their instructions for FY2006-FY2010. A summary of the Congressional Budget Office's scoring of the savings by committee is presented in **Table 12**.

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[25] The statement is available on the website of the Senate Budget Committee (Republican) at [http://www.senate.gov/~budget/republican/] under "News Room."

[26] Examples of the letters, as well as a Sept. 28, 2005 press release issued by Budget Committee Chairman Gregg on the subject, are available on Senate Budget Committee website, cited above.

[27] In lieu of a written report, the Senate Budget Committee issued a print, *Deficit Reduction Omnibus Reconciliation Act of 2005*, S.Prt. 109-37, October 2005.

Table 12. Summary of CBO Scoring of Senate Committee Spending Reconciliation Submissions

(amounts in $ billions)

Senate Committee	Instructions		Submissions	
	FY2006	FY2006-FY2010	FY2006	FY2006-FY2010
Agriculture, Nutrition, and Forestry	-0.173	-3.000	-0.196	-3.014
Banking, Housing, and Urban Affairs	-0.030	-0.470	-0.030	-0.570
Commerce, Science, and Transportation	-0.010	-4.810	-0.010	-5.984
Energy and Natural Resources	—	-2.400	0.000	-2.501
Environment and Public Works	-0.004	-0.027	-0.004	-0.030
Finance	—	-10.000	-0.819	-10.006
Health, Education, Labor, and Pensions [a]	-1.242	-13.651	-5.015	-16.431
Judiciary	-0.060	-0.300	-0.094	-0.578
Total	**-1.459**	**-34.658**	**-6.168**	**-39.114**

Source: Senate Budget Committee, *Deficit Reduction Omnibus Reconciliation Act of 2005*, S.Prt. 109-37, October 2005, pp. 8-12.

[a]The reconciliation instructions to the Health, Education, Labor, and Pensions Committee for FY2006 and FY2006-FY2020 also encompass FY2005.

The Senate began consideration of S. 1932 on October 31.

Initial House Action. The House Budget Committee is scheduled to meet to consider reporting the spending reconciliation bill on November 3.

Although the spending reconciliation measure has not yet been reported by the House Budget Committee, the reconciliation submissions of the eight instructed committees have been scored by CBO. As shown in **Table 13**, each of the committees has met or exceeded (substantially exceeded, in some instances) its instructions for FY2006-FY2010. The submissions of two committees in particular, Education and Workforce and Ways and Means, exceed the required five-year savings by $7.771 billion and $7.048 billion, respectively. The combined savings from all eight committees, amounting to $53.929 billion over five years, exceeds the leadership's request for an additional $15 billion in outlay savings.

Table 13. Summary of CBO Scoring of House Committee Spending Reconciliation Submissions
(amounts in $ billions)

Senate Committee	Instructions		Submissions	
	FY2006	FY2006-FY2010	FY2006	FY2006-FY2010
Agriculture	-0.173	-3.000	-0.567	-3.650
Education and the Workforce [a]	-0.992	-12.651	-7.678	-20.422
Energy and Commerce	-0.002	-14.734	+2.832	-17.077
Financial Services	-0.030	-0.470	-0.030	-0.470
Judiciary	-0.060	-0.300	-0.076	-0.428
Resources	—	-2.400	-0.006	-3.678
Transportation and Infrastructure	-0.012	-0.103	-0.030	-0.156
Ways and Means	-0.250	-1.000	-0.100	-8.048
Total	**-1.269**	**-34.658**	**-5.655**	**-53.929**

Source: Congressional Budget Office, "Cost Estimates for Reconciliation Legislation." Cost estimates for committees are available individually on the CBO website at [http://www.cbo.gov/publications/collections/reconciliation.cfm]

[a]The reconciliation instructions to the House Education and the Workforce Committee for FY2006 and FY2006-FY2020 also encompass FY2005.

The House is expected to consider the spending reconciliation measure during the week of November 7-11.

Revenue Reconciliation Legislation

[There is no action to report yet on revenue reconciliation legislation in the House or Senate.]

Debt-Limit Reconciliation Legislation

[There is no action to report yet on debt-limit reconciliation legislation in the House or Senate.]

Products on Selected Policy Issues Addressed in Reconciliation

The reconciliation legislation being developed and considered in the House and Senate addresses a wide range of policy issues. For information on the specific policy proposals recommended by the instructed committees, the reader is directed to the print issued (in lieu of a report) by the Senate Budget Committee, and the forthcoming report of the House Budget Committee.[28] In addition, the reader is directed to the cost estimates prepared by CBO for each of the committee submissions; these estimates briefly summarize the policy proposals.[29]

The Congressional Research Service also has prepared reports and issue briefs on major issues addressed in reconciliation legislation; they are identified on the CRS website under the Current Legislative Issues term "Reconciliation, Budget" and are available at [http://www.crs.gov]. The CRS reports and issue briefs posted on the website so far are listed below by major category; additional products will be listed as they become available.

Agriculture and Nutrition

CRS Report RS22086, *Agriculture and FY2006 Budget Reconciliation*, by Ralph M. Chite.

Arctic National Wildlife Refuge (ANWR)

CRS Report RS22304, *ANWR and FY2006 Budget Reconciliation Legislation*, by Bill Heniff Jr. and M. Lynne Corn.

"Byrd Amendment" on Anti-Dumping

CRS Report RL33045, *The Continuing Dumping and Subsidy Offset Act ("Byrd Amendment")*, by Jeanne J. Grimmett and Vivian C. Jones.

Deposit Insurance

CRS Report RS20724, *Federal Deposit and Share Insurance: Proposals for Change*, by William D. Jackson.

Medicare and Medicaid

CRS Report RL33121, *Medicaid Issues for the 109th Congress*, by Jean Hearne.

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[28] Senate Budget Committee, *Deficit Reduction Omnibus Reconciliation Act of 2005*, S.Prt. 109-37, October 2005; the print is not yet available online. The House Budget Committee report will be cited when it becomes available.

[29] Congressional Budget Office, "Cost Estimates for Reconciliation Legislation." Cost estimates for committees are available individually on the CBO website at [http://www.cbo.gov/publications/collections/reconciliation.cfm]

Outer Continental Shelf Leasing

CRS Issue Brief IB10149, *Outer Continental Shelf: Debate Over Oil and Gas Leasing and Revenue Sharing*, by Marc Humphries.

SCHIP (State Children's Health Insurance Program)

CRS Report RL33130, *Budget Reconciliation: Projections of Funding in the State Children's Health Insurance Program*, by Chris L. Peterson.

Spectrum Auction and Fees

CRS Report RS22306, *Spectrum Auctions and Deficit Reduction: FY2006 Budget Reconciliation*, by Linda K. Moore and Lennard G. Kruger.

Student Loans

CRS Report RS22308, *Student Loans and FY2006 Budget Reconciliation*, by Adam Stoll.

Welfare

CRS Issue Brief IB10140, *Welfare Reauthorization: Overview of the Issues*, by Gene Falk, Melinda Gish, and Carmen Solomon-Fears.