



February 16, 2021

WHAT YOU NEED TO KNOW ABOUT

Budget Reconciliation and Pandemic Aid

PRO POINTS

- **Democrats are using budget reconciliation to muscle President Joe Biden's \$1.9 trillion coronavirus relief plan through Congress without any GOP support.** The powerful process has been used by both parties to evade the legislative filibuster and pass a sometimes expensive agenda with a simple majority, or 51 votes, in the Senate.
- **Both the House and Senate have already passed a budget resolution, or a fiscal road map, to unlock the reconciliation process.** Committees in both chambers are now pulling together the particulars of Biden's plan, including \$1,400 stimulus checks, a \$15 minimum wage increase and \$350 billion in state and local aid.
- **While Biden initially said he wanted lawmakers to negotiate a bipartisan package, Democratic leaders have all but abandoned the prospect of engaging enough Republicans, who've raised concerns about the overall price tag.** Congress is also under pressure to deliver more federal relief before unemployment benefits expire on March 14.

HOW WE GOT HERE

Congress passed four separate relief packages totaling roughly \$3 trillion at the onset of the pandemic. Bipartisan negotiations on another tranche of aid then stalled for eight months. Democrats pushed for another massive bill to bolster vaccine distribution, bail out state and local budgets and alleviate lingering unemployment, while Republicans stressed the need for more targeted legislation.

In December, Congress passed a fifth \$900 billion bipartisan package, which was coupled with \$1.4 trillion in annual spending. In January, Democrats won two Senate runoff races in Georgia, giving them a narrow majority in the upper chamber. With control of both chambers of Congress and the White House, Democrats can now use reconciliation to realize Biden's pandemic aid proposal and other long-held priorities.

WHAT'S NEXT

Every provision in a reconciliation bill must clear the so-called Byrd Rule, which limits items to those that have a significant effect on federal spending, revenues or the debt. In the Senate, an official adviser known as the parliamentarian will decide whether all of the pieces of Biden's plan comply with the rules.

Perhaps the biggest question is a \$15 minimum wage hike — a priority for the president and progressives. Democratic leaders are planning to include that wage boost in Biden's coronavirus package and see how the parliamentarian rules, although the proposal is already running into resistance from some moderate Senate Democrats.

Once the reconciliation package is finalized, both chambers can take it up under expedited procedures and send it to the president's desk. Separately, Democrats may later use reconciliation to force major climate and infrastructure investments.

Highlights of the Covid-19 relief package

The budget resolution passed by both chambers of Congress instructs committees to pull together pieces of Biden's \$1.9 trillion Covid relief package by Feb. 16, including \$1,400 stimulus checks, an extension of unemployment insurance with a \$400 weekly federal enhancement and \$350 billion in state and local aid. Here are highlights of financial aid amounts requested in the budget.

EDUCATION	LABOR	ENERGY	AGRICULTURE
\$170 billion	\$39 billion	\$4.5 billion	\$3.6 billion
for K-12 schools and \$40 billion for higher education	for the Child Care and Development Block Grant program	for the Low Income Home Energy Assistance Program	for USDA to support food supply chains scrambled by the pandemic

Sources: POLITICO staff reports



How budget reconciliation works

Democrats in Congress plan to use a powerful tool called budget reconciliation in order to pass President Joe Biden's \$1.9 trillion coronavirus relief plan without Republican support. The tool will ultimately allow Democrats to pass the package with a simple majority in the Senate, evading the Senate filibuster.

- 1 Both chambers pass a budget resolution — a fiscal roadmap that contains instructions to unlock the reconciliation process.

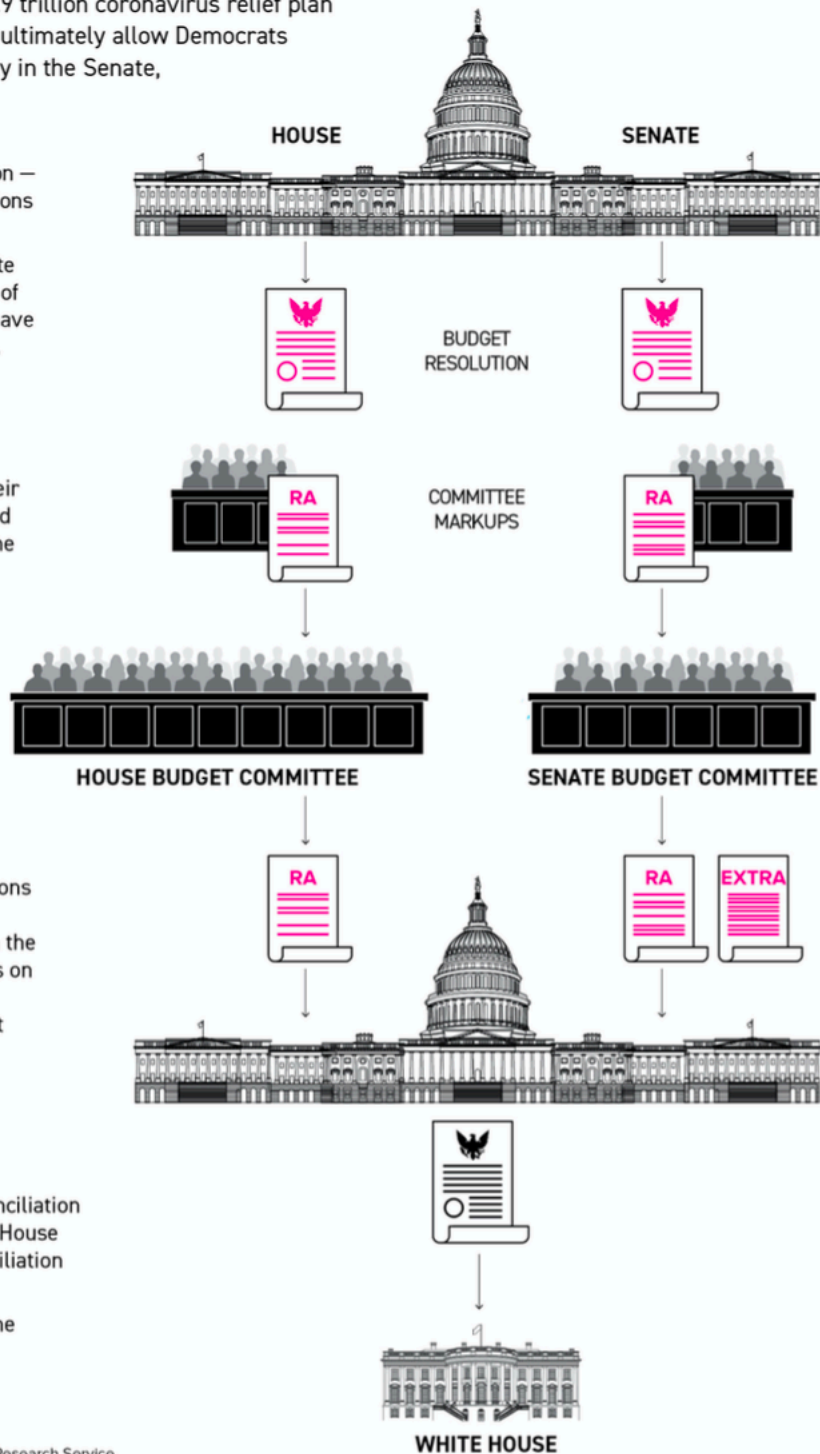
The resolution directs House and Senate committees to pull together the pieces of reconciliation legislation, which must have a significant effect on federal spending, revenues, or the debt.

- 2 House and Senate committees draft their parts of the bill, mark them up and send their legislative recommendations to the Budget Committees.

- 3 In the Senate, the Budget Committee starts hashing out whether any provisions run afoul of the Byrd Rule — which prohibits any "extraneous language" in the reconciliation package — or restrictions on what can be included in reconciliation legislation. The committees then report the bill to the full chamber.

- 4 Each chamber then considers the reconciliation bill under expedited procedures. If the House and Senate each pass the same reconciliation bill, it is sent to the president.

After it has been signed or vetoed by the president, the process concludes.



Sources: House of Representatives, Senate, Congressional Research Service



POWER PLAYERS

- **House Speaker Nancy Pelosi:** Pelosi must work with the new administration and Senate Democrats to assemble a pandemic relief package that satisfies both progressives and moderates, ensuring lockstep support from Democrats in the lower chamber.
- **Senate Majority Leader Chuck Schumer:** With almost no room for error, the new majority leader must also ensure that the reconciliation package has uniform support from Senate Democrats in order to pass it without Republican support.
- **Senate Parliamentarian Elizabeth MacDonough:** First named to the position in 2012, MacDonough is now in the influential role of ruling on which provisions are ultimately eligible for reconciliation legislation and which will get tossed aside.
- **Senate Budget Chair Bernie Sanders:** The progressive stalwart is leading the charge on the minimum wage hike, arguing that it belongs in reconciliation legislation in part because it will reduce the number of people who rely on federal assistance.