What is the Byrd Rule?

The Byrd Rule restricts what can be included in reconciliation legislation in the Senate. At its core, the rule prohibits provisions that are viewed as “extraneous” to the budget. The Byrd Rule therefore prevents a reconciliation bill from containing non-budgetary provisions that supporters might otherwise wish to have an easier path to passage.

Under the Byrd Rule, a provision is considered extraneous if it:

1. Does not produce a change in outlays or revenues
2. Increases the deficit beyond the “budget window”
3. Makes changes to Social Security

It is because of the Byrd Rule that legislation to repeal and replace the Affordable Care Act (ACA) has not included purely regulatory changes to insurance markets that the ACA ushered in; such provisions would violate the Byrd Rule’s prohibition of non-budgetary provisions. The Byrd Rule has also led Congress to pass legislation that “sunsets” or expires within 10 years, in order to avoid the prohibition against increasing deficits beyond the budget window. The 2001 tax cuts are an example of when the Byrd rule drove the inclusion of this type of sunset in legislation.

Although the Byrd Rule only applies in the Senate, it can deter the House from including provisions in its reconciliation bill that are likely to violate the rule and be struck from the legislation in the Senate.

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2 Provisions also violate the Byrd Rule when they produce changes in outlays or revenues which are merely incidental to the non-budgetary components of the provision or the committee adding the provision is not in compliance with its instructions from the budget resolution or submits a provision that is outside of the jurisdiction of the committee.

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More about other budget terms, rules, and processes:

- Congressional Budget Resolution
Budget Window
Budget Reconciliation
Byrd Rule
PAYGO
Sequestration
Discretionary Spending Caps
Congressional Budget Office