



## Insight

# Unpacking the Senate's Updated Budget Resolution

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## Executive Summary

- Senate Budget Committee Chairman Lindsey Graham (R-SC) has released an updated version of the Senate's fiscal year (FY) 2025 budget resolution that, if adopted, would unlock the pathway for reconciliation legislation to implement some of President Trump's domestic policy agenda.
- The updated budget would address border security, energy policies, the expiration of the 2017 tax cuts, and President Trump's 2024 campaign proposals in "one big, beautiful bill"; it includes reconciliation instructions to 10 Senate committees that would allow up to \$2 trillion of new borrowing over the FY 2025-2034 budget window, as well as instructions to 11 House committees that would allow up to \$3.3 trillion of new borrowing.
- The budget adopts a "current policy baseline," which effectively hides the \$3.8 trillion cost of extending the 2017 tax cuts; including this implicit cost increases the amount of borrowing that would be allowed under the budget to \$5.8 trillion.
- The budget would increase the debt ceiling by \$5 trillion.

## Introduction

Senate Budget Committee Chairman Lindsey Graham (R-SC) has released an [updated version](#) of the Senate's fiscal year (FY) 2025 budget resolution that, if adopted, would unlock the pathway for reconciliation legislation to implement some of President Trump's domestic policy agenda. The updated version embraces the "one big, beautiful bill" approach to address border security, energy, the expiration of the 2017 tax cuts, and the tax proposals put forth by the president during the 2024 campaign (the Senate was previously

eyeing a two-bill approach to enact President Trump's agenda).

As written, the budget would allow up to \$2 trillion of new borrowing over the FY 2025-2034 budget window. Yet its reliance on a “current policy baseline” to score the fiscal impact of the budget hides \$3.8 trillion of costs from making the Tax Cuts and Jobs Act of 2017 (TCJA) permanent. Accounting for this implicit cost increases the maximum amount of borrowing to \$5.8 trillion.

## **The Updated Senate Budget Resolution**

The Senate budget resolution includes reconciliation instructions to 10 Senate committees and 11 House committees to either increase or reduce budget deficits by a target amount over the FY 2025-2034 budget window. The committees are required to submit their reconciliation measures to their respective chamber's Budget Committee by May 9, 2025.

In the aggregate, the instructions to the Senate committees would allow up to \$2.0 trillion of new borrowing, while the instructions to the House committees would allow up to \$3.3 trillion of new borrowing (the House portion of the Senate budget adopts the [House-passed FY 2025 budget resolution](#)). Notably, the budget relies on a current policy baseline to score its fiscal impact, which assumes that all temporary policies are actually permanent. Thus, it effectively hides the \$3.8 trillion cost of making the TCJA permanent. After accounting for this implicit cost, the Senate budget would allow up to \$5.8 trillion of new borrowing over the FY 2025-2034 budget window.

In the Senate committees, the largest instruction goes to the Finance Committee, which is instructed to increase deficits by no more than \$1.5 trillion over the FY 2025-2034 budget window. In addition, the budget resolution places a \$175-billion cap on deficit increases for the Homeland Security and Government Affairs Committee and the Judiciary Committee, \$20 billion for the Commerce, Science, and Transportation Committee, and \$1 billion for the Environment and Public Works Committee. It also instructs four committees to craft reconciliation measures that reduce budget deficits on net by \$1 billion each in the Agriculture, Nutrition, and Forestry Committee; the Banking, Housing, and Urban Affairs Committee; the Energy and Natural Resources Committee; and the Health, Education, Labor and Pensions Committee.

The big difference between the updated budget resolution and the original budget put forth in February is the inclusion of a \$1.5-trillion reconciliation instruction to the Finance Committee to craft the tax portion of the reconciliation legislation, which includes a permanent extension of the TCJA, and the tax proposals put forth by President Trump during his 2024 presidential campaign. The Senate originally planned to enact President

Trump's agenda in two bills: one that addressed border security and energy policies and one that addressed taxes. The original Senate budget aimed to address the former.

The updated budget includes a \$5-trillion increase in the statutory debt limit, from \$36.1 trillion to \$41.1 trillion.

### **Senate Committee Reconciliation Instructions in the Senate's FY 2025 Budget Resolution**

<b>Committee</b>	<b>Updated Senate Budget</b>	<b>Original Senate Budget</b>	<b>Increase or Decrease Deficits?</b>
Agriculture, Nutrition, and Forestry	-\$1 billion	-\$1 billion	Decrease
Armed Services	\$150 billion	\$150 billion	Increase
Banking, Housing, and Urban Affairs	-\$1 billion	no instruction	Decrease
Commerce, Science, and Transportation	\$20 billion	\$20 billion	Increase
Energy and Natural Resources	-\$1 billion	-\$1 billion	Decrease
Environment and Public Works	\$1 billion	\$1 billion	Increase
Finance	\$1,500 billion	-\$1 billion	Increase
Health, Education, Labor, and Pensions	-\$1 billion	-\$1 billion	Decrease
Homeland Security and Government Affairs	\$175 billion	\$175 billion	Increase
Judiciary	\$175 billion	\$175 billion	Increase
<b>Total</b>	<b>\$2,017 billion</b>	<b>\$517 billion</b>	
<b>Gross Deficit Increases</b>	<b>\$2,021 billion</b>	<b>\$521 billion</b>	

<b>Gross Deficit Decreases</b>	<b>-\$4 billion</b>	<b>-\$4 billion</b>	
<b>Hidden Cost from Current Policy Baseline</b>	<b>\$3.8 trillion</b>		
<b>Total with Current Policy Baseline</b>	<b>\$5.8 trillion</b>		

Source: Senate Budget Committee.

The Senate budget resolution maintains the reconciliation instructions in the House-passed budget. The budget would allow up to \$3.3 trillion of new borrowing over the FY 2025-2034 budget window. This is the net effect of \$4.8 trillion of deficit increases and \$1.5 trillion of deficit reductions. The largest instruction of \$4.5 trillion goes to the Ways and Means Committee to craft the tax portion of the reconciliation legislation, which includes a permanent extension of the TCJA, and the tax proposals put forth by President Trump during his 2024 presidential campaign.

The budget places a \$100-billion cap on net deficit increases for the Armed Services Committee, \$90 billion for the Homeland Security Committee, and \$110 billion for the Judiciary Committee. It also instructs seven committees to craft reconciliation measures that cut spending on net by \$230 billion in the Agriculture Committee, \$330 billion in the Education and Workforce Committee, \$880 billion in the Energy and Commerce Committee, \$1 billion each in the Financial Services and Natural Resources Committees, \$50 billion in the Oversight and Government Reform Committee, and \$20 billion in the Transportation and Infrastructure Committee.

The Senate budget maintains the \$4-trillion increase in the statutory debt limit, from \$36.1 trillion to \$40.1 trillion, in the House-passed budget.

### **House Committee Reconciliation Instructions in the Senate's FY 2025 Budget Resolution**

<b>Committee</b>	<b>Updated Senate Budget</b>	<b>House-Passed Budget</b>	<b>Increase or Decrease Deficits?</b>
Agriculture	-\$230 billion	-\$230 billion	Decrease
Armed Services	\$100 billion	\$100 billion	Increase

Education and Workforce	-\$330 billion	-\$330 billion	Decrease
Energy and Commerce	-\$880 billion	-\$880 billion	Decrease
Financial Services	-\$1 billion	-\$1 billion	Decrease
Homeland Security	\$90 billion	\$90 billion	Increase
Judiciary	\$110 billion	\$110 billion	Increase
Natural Resources	-\$1 billion	-\$1 billion	Decrease
Oversight and Government Reform	-\$50 billion	-\$50 billion	Decrease
Transportation and Infrastructure	-\$10 billion	-\$10 billion	Decrease
Ways and Means	\$4,500 billion	\$4,500 billion	Increase
<b>Total</b>	<b>\$3,298 billion</b>	<b>\$3,298 billion</b>	
<b><i>Gross Deficit Increases</i></b>	<b><i>\$4,800 billion</i></b>	<b><i>\$4,800 billion</i></b>	
<b><i>Gross Deficit Decreases</i></b>	<b><i>-\$1,502 billion</i></b>	<b><i>-\$1,502 billion</i></b>	

Sources: House Budget Committee and Senate Budget Committee.

## The Bottom Line

The updated Senate budget resolution shows that the House and Senate are still on very different pages over how to enact President Trump's agenda. These differences will need to be resolved in conference or amendments between the House and Senate.