

Publications

This Week From the Hill (February 16 – February 22, 2025)

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PUBLISHED

02/17/2025

SOURCE

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Each week while Congress is in session, our [Policy](#) team delivers a key update to highlight a topical benefits, health, or retirement news item from the Hill, such as a newly introduced bill, a summary of a committee hearing, or another hot-button matter.

Republican leadership in the House and Senate continue to move forward with their plans to pursue their tax and spending priorities using the budget reconciliation process. The first step in that process is for Congress to pass a budget resolution with instructions for Congressional committees to approve policy changes that achieve the spending and revenue targets in the budget.

On February 13, the House Budget Committee voted to approve a budget resolution in a party line vote (21-16). The resolution directs the House Ways & Means Committee to produce tax legislation that increases the deficit by no more than \$4.5 trillion. However, that number may be reduced if the other authorizing committees cannot generate savings of at least \$2 trillion. Overall, the plan allows for an increase of up to \$3.3 trillion in the deficit over a decade.

The Ways & Means Committee is primarily focused on extending expiring provisions of the *Tax Cuts and Jobs Act* (“TCJA”). However, President Trump and other members of Congress have called for other tax policy changes that could come with a substantial cost, including exempting tipped income, overtime, and Social Security benefits from income taxes. A full extension of TCJA costs in excess of the Ways & Means Committee’s budget allocation of \$4.5 trillion, and that allocation could be reduced if other committees are not able to generate sufficient savings. Some lawmakers have started exploring a temporary, five-year extension of TCJA as a way to hit budget targets, although Senate Finance Committee Chairman Mike Crapo (R-ID) and eight Republican members of his committee sent a [letter](#) calling for permanent tax changes and warning against “temporary tax relief.”

The other committees will be challenged to find the spending reductions necessary to hit the proposed budget allocations. For example, the Energy and Commerce Committee must find \$880 billion of savings. With jurisdiction over healthcare, the most obvious place for the Committee to find savings is the federal health programs, in particular Medicaid. However, President Trump pledged not to cut Medicare, and Medicaid changes often have significant implications for state budgets.

House leadership is reportedly targeting the week of February 24 for a floor vote on the budget resolution. If the resolution passes, the House committees would begin the process of developing legislation consistent with the budget allocations. The Senate is also working on a separate version of a budget resolution, which will likely be quite different from – and will have to be reconciled with – what the House has produced to date. The Senate Budget Committee advanced along party lines (11-10) a budget resolution with reconciliation instructions on February 12. Senate Republican leadership has chosen to pursue two separate budget reconciliation bills with the first focused on border security, energy, and defense spending priorities with tax reform being considered at a later time, pursuant to a second budget resolution.

Importantly, the current continuing resolution funding much of the federal government expires on March 14, 2025. House and Senate appropriators are actively discussing options, and it is likely that Congress will have to consider another continuing resolution to fund the government on a temporary basis while lawmakers work on a closing spending solution for the 2025 fiscal year. In addition, Congress will need to consider legislation suspending the debt limit sometime this year, either part of budget reconciliation legislation or otherwise.

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