



Reconciliation Watch: Senate Strategy and Timeline

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As the Senate enters a pivotal stretch ahead of the July 4th recess, this memo outlines the latest developments, key deadlines, and political dynamics shaping the reconciliation process and FY 2026 appropriations.

Senate Reconciliation Update

Timing

- The Senate is in session for four weeks in June and four weeks in July.
- Treasury has said the X date to increase the debt ceiling is “mid July” and this is the date most members/staff feel the Senate will use as their internal deadline.
- Could they pass the bill before the July 4th break? They could, but it will take a lot of pressure from President Trump to push Senate Republicans to move faster.
- Keep in mind President Trump and Speaker Mike Johnson have said the goal should be for Congress to pass the One Big Beautiful Bill by the Fourth of July recess.

Committee Markups

- A few Senate committees may mark up their respective reconciliation titles, while others will take theirs straight to the floor.
- We do not expect a markup in Finance, which has a 14-13 Committee ratio that includes Sen. Ron Johnson (WI). Majority Leader John Thune and Finance Chair Mike Crapo would rather deal with Johnson and his issues on the floor rather than give him another leverage point in a Finance markup.

Byrd Rule

- Byrd Rule — the process in the Senate of ensuring every provision complies with reconciliation guidelines, which limit the inclusion of non-budgetary provisions.
- At some point in the coming weeks, Republican and Democratic staff will sit down together with the Parliamentarian and go through the bill.
 - Think of it as a courtroom – R staff on one side, D staff on the other, with the Parliamentarian sitting in the middle as the judge and jury.
 - Staff will make their case on specific provisions and the Parliamentarian will issue a ruling, which can take a day or two in some instances.
- Byrd Rule challenges to provisions can happen once the bill is on the floor too.

Floor Process

- Once the bill is on the floor, under the rules of reconciliation, there are only 20 hours of debate equally divided followed by the vote-a-rama of amendments.
- Bringing the bill to the floor and passing the bill off the floor requires only a simple majority, allowing Republicans to control the process.
- The first time we will see the legislative text will be when the Senate begins consideration of the bill on the floor and Leader Thune lays down the Republican substitute amendment, which will be the Senate's version of reconciliation.

Senators to Watch

- With a 53-47 majority, Republicans can only afford 3 defections on the floor, allowing Vice President JD Vance to break the tie.
- Remember Sens. Rand Paul (KY) and Susan Collins (ME) voted against the Budget Resolution to start this process in April.
- Issues and concerns that have been publicly raised by Senators:
 - **Debt limit increase:** Rand Paul (KY), Ron Johnson (WI).
 - **Medicaid:** Josh Hawley (MO), Susan Collins (ME), Lisa Murkowski (AK), Shelley Moore Capito (WV), and Jim Justice (WV).
 - **Inflation Reduction Act's Green Energy Credits:** Lisa Murkowski (AK), John Curtis (UT), and Thom Tillis (NC).
 - **Making the tax cuts permanent:** Steve Daines (MT).

2026 Appropriations Deadline

Rep. Cole is writing to Trump's budget numbers, but any funding bill needs 60 in the Senate and this will all happen after Rs (presumably) put a \$4-5 trillion on the national debt, setting up an interesting debate.

Thursday, June 5, 2025

- Subcommittee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Military Construction, Veterans Affairs, and Related Agencies Bill
 - **10:30 a.m.** – Fiscal Year 2026 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Bill

Monday, June 9, 2025

- Subcommittee Markup:
 - **6:00 p.m.** – Fiscal Year 2026 Homeland Security Bill

Tuesday, June 10, 2025

- Subcommittee Markup:
 - **12:00 p.m.** – Fiscal Year 2026 Defense Bill (Classified)
- Full Committee Markup:
 - **2:00 p.m.** – Fiscal Year 2026 Military Construction, Veterans Affairs, and Related Agencies Bill, Subcommittee Allocations

Wednesday, June 11, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Bill

Thursday, June 12, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Homeland Security Bill

Friday, June 13, 2025

- Full Committee Markup:
 - **12:00 p.m.** – Fiscal Year 2026 Defense Bill

Monday, June 23, 2025

- Subcommittee Markup:
 - **5:30 p.m.** – Fiscal Year 2026 Interior, Environment, and Related Agencies Bill
 - **6:00 p.m.** – Fiscal Year 2026 Financial Services and General Government Bill

Tuesday, June 24, 2025

- Subcommittee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 National Security, Department of State, and Related Programs Bill
 - **10:30 a.m.** – Fiscal Year 2026 Legislative Branch Bill

Thursday, June 26, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Interior, Environment, and Related Agencies Bill, Fiscal Year 2026 Financial Services and General Government Bill

Friday, June 27, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 National Security, Department of State, and Related Programs Bill, Fiscal Year 2026 Legislative Branch Bill

Monday, July 7, 2025

- Subcommittee Markup:
 - **5:30 p.m.** – Fiscal Year 2026 Transportation, Housing and Urban Development, and Related Agencies Bill
 - **6:00 p.m.** – Fiscal Year 2026 Energy and Water Development and Related Agencies Bill

Thursday, July 10, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Transportation, Housing and Urban Development, and Related Agencies Bill, Fiscal Year 2026 Energy and Water Development and Related Agencies Bill

Monday, July 14, 2025

- Subcommittee Markup:
 - **6:00 p.m.** – Fiscal Year 2026 Commerce, Justice, Science, and Related Agencies Bill

Thursday, July 17, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Commerce, Justice, Science, and Related Agencies Bill

Monday, July 21, 2025

- Subcommittee Markup:
 - **5:00 p.m.** – Fiscal Year 2026 Labor, Health and Human Services, Education, and Related Agencies Bill

Thursday, July 24, 2025

- Full Committee Markup:
 - **10:00 a.m.** – Fiscal Year 2026 Labor, Health and Human Services, Education, and Related Agencies Bill

Random Fed Thoughts

Reuters [reported that the Fed is bracing for "difficult tradeoffs"](#) in the future, citing rising unemployment and increasing inflation. Or what old-timers used to call stagflation. It is also worth also noting that in March the Fed slowed their wind-down of QE by [reducing the amount of Treasuries they are allowing to roll off the books from \\$25 billion a month to just \\$5 billion a month.](#)

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