



EPIC MEMORANDUM

To: Members of Congress
From: Paul Winfree, Matthew Dickerson, and Brittany Madni
Date: August 18, 2025
Subject: **Seizing the Reconciliation 2.0 Opportunity to Build on the Wins of the One Big Beautiful Bill**

President Donald J. Trump and Congressional leaders have an opportunity to use Reconciliation 2.0 to build on the wins enacted in the One Big Beautiful Bill.

WHY TO ENGAGE IN RECONCILIATION 2.0

A Decisive Win

The One Big Beautiful Bill Act (OBBA) is the most consequential conservative legislation in modern history. The OBBA:

- Achieved generational investments in border security;
- Preserved and expanded the 2017 tax cuts;
- Enacted a historic \$1.4 trillion in savings;
- Refocused welfare programs on the most vulnerable;
- Unleashed American energy dominance;
- Implemented regulatory reform to lower costs; and
- Defunded large abortion providers to protect life.

The OBBA was a decisive win, not only for its policy achievements, but also as proof that Congress can act quickly to deliver on the American people's top priorities. Now, it is up to the President and Congress to seize the momentum garnered from the OBBA and continue building a brighter, more fiscally sustainable future.

Challenges We Still Face

Unfortunately, even with the victories for the American people in the OBBA, our work is far from done. We must rebuild an economy that truly works for every American, while protecting the nation's financial foundation to ensure lasting resilience.

The federal government is rapidly running out of fiscal space. Maintaining sufficient fiscal space is critical in order to respond appropriately to a crisis. Without space between the fiscal limit and the current level of debt, elected officials will not have room to maneuver in the event of war, a natural disaster, or a recession.



Total federal spending is on a collision course with the fiscal red line. According to projections from the [Congressional Budget Office](#) (CBO) prior to President Trump taking office, spending as a share of the economy would grow from 23.4 percent in 2024 to 24.3 percent in 2034. Incorporating the CBO [analysis](#) of the OBBB, the law slows spending growth so that it reaches 23.8 percent of GDP in 2034. Of note, federal spending is still projected to outpace economic growth without additional action. As such, deficits will continue to be unsustainably high.

From 1969 to 2019, the federal government averaged a 2.9 percent deficit as a share of GDP. This ramped up during the pandemic spending spree, with deficits likely to be 6 percent or higher for the foreseeable future.

Demonstrating that President Trump and Congress are serious about reducing the key drivers of these astronomical deficit levels through a second reconciliation bill would send a critical signal to markets that could make it easier to lower interest rates. That would have the dual benefit of improving economic growth and reducing interest costs.

While the OBBB implemented some key reforms like work requirements, Medicaid continues to perpetuate inequities through a flawed financing structure. Under the existing design, the most vulnerable patients are treated as secondary to able-bodied working age adults. Right now, the federal government prioritizes limited taxpayer resources toward the Medicaid expansion population, rather than the traditional population the program was created to help. This is not only lopsided in terms of spending priorities, it also negatively impacts access to quality care for vulnerable Americans and incentivizes states to direct resources toward the expansion population, for which they receive more money.

Of course, there is also the perpetual challenge of government waste, fraud, and abuse. Improper payments across several major programs must be addressed. The federal government admitted to making at least [\\$162 billion in improper payments](#) in 2024. The Medicaid program alone likely issued [nearly \\$1.1 trillion in improper payments](#) over the last decade. As federal spending grows and programs expand, government waste also grows.

The Need to Take Advantage of the Reconciliation 2.0 Opportunity

Congress still has both the fiscal year 2026 and 2027 budgets available to use the powerful [reconciliation](#) process in the 119th Congress. Reconciliation is a significant tool because it allows changes in taxes and spending to be made by a simple majority, avoiding the Senate filibuster.

Congress must build on the victories in the OBBB this year. There are four important reasons why Congress must take advantage of the ability to enact Reconciliation 2.0:

1. Supporting the Trump Agenda through Legislative Action
2. Protecting Life
3. Fulfilling the Fiscal Framework
4. Revisiting Good Policies Left on the Cutting Room Floor from the OBBB



President Trump Needs Legislative Action to Support His Agenda

The first 200 days of President Trump's term have provided historic accomplishments. To ensure lasting wins for the American people, Congress must pass legislation codifying many of these priorities.

The American people gave President Trump unified majorities in the House and Senate because they expect action. The Republican majorities in the House and Senate are narrow. The legislative process can be difficult to navigate, particularly given historic levels of obstruction and resistance.

However, there are procedures that allow Congress to bypass that resistance. Congress has already successfully used its majorities to enact many vital legislative wins this year, including passing the OBBB through the budget reconciliation process, the [largest rescissions savings package](#) in history, and 16 [Congressional Review Act](#) (CRA) resolutions rolling back harmful regulations.

Congress has already invested a tremendous amount of time and energy learning the complex reconciliation process and how to navigate the [Byrd Rule](#) in the Senate. Both Congressional leadership and President Trump excelled where others predicted they would fail in using this budget tool to advance a conservative policy agenda. This is a highly specialized process that took many months to learn, particularly as it relates to the iterative nature of legislative redrafting while bill language goes through the Byrd Bath. Now that Members, committees, and staff have built up their human capital and technical skillsets on reconciliation, Congress should make use of that effort and keep the momentum going.

With the Reconciliation 2.0 opportunity, this powerful tool is once again available. **The best way for Congressional leaders to support the Trump legislative agenda in the face of resistance is to use reconciliation.**

Protect Life

The One Big Beautiful Bill prohibits taxpayer funding for big abortion providers. This was a [massive victory](#) that, for the first time ever, protected taxpayer money from going to large abortionists such as Planned Parenthood.

Unfortunately, the enacted moratorium on abortion funding only lasts one year.

The **expiration of the moratorium on July 5, 2026**, provides a clear and necessary deadline to enact another reconciliation bill to **prevent taxpayer dollars from subsidizing big abortion providers**. Without action, funding for Planned Parenthood will snap back into place.

Fulfill the Fiscal Framework

The budget resolution for the One Big Beautiful Bill included a [fiscal framework](#) ensuring that



the reconciliation bill would be fiscally responsible. This framework required revenue reductions exceeding \$2.5 trillion to be offset on a dollar-for-dollar basis by other savings. The House budget resolution included an assumption that “economic growth will average 2.6 percent over ten years—generating a substantial \$2.6 trillion in deficit reduction” due to pro-growth tax, deregulatory, energy production, and other policies.

Unfortunately, the final version of the OBBB fell about \$600 billion short of complying with the fiscal framework. This **\$600 billion shortfall** provides a clear and compelling reason to pursue **additional savings** in another reconciliation package. Smart savings combined with the OBBB will further boost economic growth.

The federal government’s deteriorating fiscal space presents a sobering reality. The federal debt of the United States has climbed to levels not seen since the immediate post-World War II period. This has practical implications for the federal government’s ability to rise to future challenges. In order to ensure that our narrowing fiscal space is preserved, and eventually increased, Congress must consider serious reforms to spending so outlays do not indefinitely outpace revenue growth. Only through statutory action can this pattern be redressed; administrative actions alone, while important, are insufficient in the face of surging autopilot spending and explosive debt.

Recover Pieces from the Cutting Room Floor and Use the Additional Time to Resolve Byrd Issues

President Trump correctly pushed Congress to send him the One Big Beautiful Bill by July 4, 2025, to deliver major wins quickly for the American people. This deadline meant that some provisions of the House-passed OBBB were not able to go through the full Byrd Bath to find compliant final versions of some priorities.

Reconciliation legislation must comply with the Byrd Rule in the Senate. The Byrd Rule includes six tests for every provision of the bill. The Byrd Rule can be highly subjective. Satisfying the Byrd Rule often requires many iterations of legislative language and substantive negotiations to ensure that every provision remains in compliance. This process is detail-oriented, iterative, and time consuming.

A second reconciliation process **will allow Senate committees more time to work through complicated Byrd Rule issues** and enact other Member and Administration priorities that were not able to be in the final enacted version of the OBBB.

Committees developed a strong understanding of Byrd Bath process and angles of attack against priority policies from the other side, as well as questions and concerns raised by the Parliamentarian during their discussions. Not only did they learn a lot about the way the process worked and how other parties engaged with and thought about the Byrd Rule, but they also learned a lot about challenges to specific individual provisions under the six Byrd tests. This is invaluable knowledge that must be built upon and utilized to advance core policy goals. It cannot be lost to time and committees should not give up the ground they have gained by

beginning the process in the OBBB Byrd Bath.



POLICY AGENDA FOR RECONCILIATION 2.0

Reconciliation 2.0 can continue the work of ushering in America's Golden Age. This policy agenda can protect life and American values, make America healthy again, reduce the cost of living and create American jobs, and support DOGE and codify President Trump's executive actions. All of these policy changes require legislative action.

Some of the policies that could be included in Reconciliation 2.0 include:

Protect Life and American Values

- Extend the prohibition of taxpayer funding for big abortion providers.
- Prohibit Medicaid funding for “gender transitions.”
- Impose an excise tax on higher education institutions that allow males to participate in women's sports.
- Hold sanctuary states accountable for enrolling illegal aliens on welfare.
- Invest in election security.

Make America Healthy Again

- End the Obamacare discrimination against vulnerable Medicaid recipients.
- Reduce the Medicaid FMAP floor that subsidizes large, wealthy states.
- End the special Medicaid subsidy FMAP treatment for Washington, DC.
- Enhance Health Savings Accounts (HSAs) to allow higher contributions, expand eligible medical expenses covered, and enable greater access to HSAs, including for veterans.
- Strengthen Medicare, including by maximizing flexibility in Medicare Advantage, implementing site-neutral reimbursement, and reforming uncompensated care and bad debt reimbursement.
- Improve Individual Coverage Health Reimbursement Arrangements (ICHRAs).

Reduce the Cost of Living and Create American Jobs

- Reduce or eliminate regulatory fines and fees that drive up costs.
- Eliminate remaining Inflation Reduction Act (IRA) green energy tax credits.
- Create Universal Savings Accounts to promote pro-family savings.
- Finish defunding the Consumer Financial Protection Bureau (CFPB).
- Reform the Highway Trust Fund to focus on worthwhile infrastructure.



Support DOGE and Codify President Trump's Executive Actions

- Ensure Food Stamps are provided only to those who meet federal income and asset rules by ending broad-based categorical eligibility.
- Reform federal bureaucrat compensation and retirement.
- Eliminate public sector student loan forgiveness.
- Reform taxpayer subsidies for multiemployer pension plans.
- Repeal the municipal bond tax exclusion.

While EPIC believes the above policies are attainable and would improve the deficit savings achieved by a Reconciliation 2.0 bill while supporting Americans' priorities, it is not a comprehensive list of all possible provisions to include. There are several important policy options that committees and leadership can and should contribute to this list, including items that were already well-researched and drafted during the course of building the OBBB. EPIC's intent by providing these policy options is to demonstrate that there is more work to do and a clear path forward on how to do it.

RECONCILIATION 2.0 CAN BUILD ON THE OBBB

President Trump, Speaker Mike Johnson, Senate Majority Leader John Thune, and the rest of the 119th Congress have done incredible work in a short amount of time this year. These leaders have set a high standard and proven just what they can accomplish for Americans. The OBBB, signed into law on July 4, 2025, is the most consequential legislation in modern history.

Reconciliation 2.0 is a vital opportunity to build upon this important work. This opportunity cannot be passed up.