

**BALANCING THE FEDERAL BUDGET:
EXAMINING PROPOSALS FOR A BALANCED
BUDGET AMENDMENTS**

HEARING

BEFORE THE

SUBCOMMITTEE ON THE CONSTITUTION AND
LIMITED GOVERNMENT

OF THE

COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES

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BALANCING THE FEDERAL BUDGET: EXAMINING PROPOSALS FOR A BALANCED BUDGET AMENDMENT

Wednesday, December 3, 2025

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON THE CONSTITUTION AND LIMITED GOVERNMENT

COMMITTEE ON THE JUDICIARY

Washington, DC

The Subcommittee met, pursuant to notice, at 10:09 a.m., in Room 2141, Rayburn House Office Building, the Hon. Chip Roy [Chair of the Subcommittee] presiding.

Present: Representatives Roy, Jordan, McClintock, Massie, Hageman, Grothman, Harris, Onder, Gill, Scanlon, Raskin, Jayapal, Neguse, Balint, and Kamlager-Dove.

Also present: Representative Schmidt.

Mr. ROY. The Subcommittee will come to order. Without objection, the Chair is authorized to declare a recess at any time.

We welcome everyone to today's hearing on balancing the Federal budget. I will now recognize myself for an opening statement.

Today, our national debt is at \$38 trillion and counting. In the time it took me to read that first sentence, the debt increased by over \$200,000. By this time tomorrow, we'll add \$6 billion more. By any calculation, our Nation's debt is staggering.

For generations, politicians here in Washington have shunned hard conversations about spending, choosing to max out our national credit card and leaving the next generation to foot the bill. Families across our Nation have to balance their budgets, and there's no reason their elected leaders shouldn't as well.

Americans know that debt comes with strings attached. It's no different for government. Every dollar we spend beyond our means today is a dollar and change we must repay tomorrow. The more America borrows, the more expensive every next borrowed dollar becomes. Indeed, annual Federal spending on interest, the price we pay for the last generation's fiscal indiscretion, is now one of the largest line items we have in the budget. We spend more on interest than we do on national defense. We spend more on interest than we do on Medicare. Republicans and Democrats will have different policy ideas and priorities, but surely, we can agree that a budget hamstrung by huge interest payments benefits nobody.

Our fiscal trajectory is alarming and unsustainable. Make no mistake, a reckoning will come. Indeed, America is already long down the road to a debt crisis. Financial markets have already grown—shown grave concerns about America’s long-term debt load. Higher than expected interest rates or other challenges could trigger a debt spiral. It’s happened to other countries throughout history. It could happen to us, and without changes, it will happen to us.

When that day of reckoning comes, it will be ugly. Spending cuts will be drastic and immediate, instead of targeted and phased in over a longer period. Massive tax hikes will take money out of your pocket, not to fund new services, but to pay for services already rendered. It is a matter of when, not if, unless we make changes now while we still can.

That’s why we’re having a hearing today about a balanced budget amendment. A balanced budget amendment would be a possible tool to beat back a future fiscal crisis. It could reduce the cost of living here and now.

The enormous Federal debt load is already driving up borrowing costs for all Americans—your mortgage, your car payment, and your student loans. We saw the disastrous effects of budget busting deficit spending during the catastrophic four years of the previous administration.

With the eager support of my Democratic colleagues in Congress, the Biden–Harris Administration approved \$4.7 trillion in new deficit spending, racking up \$8.5 trillion in new debt. Now, we have the worst inflation in 40 years.

When Biden and Harris took office in January 2021, inflation was at just 1.4 percent, and by the middle of their term, it was over nine percent. Inflation is a tax on everyone, but we all know who it hurts the most: The poor, the working class, seniors on fixed incomes, and American families who saw their expenses explode, but no similar increase in their salaries.

A balanced budget amendment is a long-debated tool that, if properly structured, could limit Washington’s inflationary overspending and ensure that future Federal outlays are funded with actual revenue, not debt and money printing. Indeed, a balanced budget amendment could build on the work we started with the One Big Beautiful Bill. We fought hard to ensure that we kept our promises of fiscal discipline.

A balanced budget amendment could force Congress to kick the habit of spending money we don’t have once and for all. I hope my colleagues on the other side of the aisle will join us in calling for a full debate and full consideration of a balanced budget amendment to get our fiscal house in order.

Believe it or not, there’s a long history of Democrats supporting balanced budget amendments, including former California Governor Jerry Brown. I hope that’s still the case today. Let’s have a good and honest debate on various proposals.

Some proposals allow Congress to approve deficit spending only by a supermajority vote and some delay the amendments’ effective date to allow for a softer landing. I hope that we’ll explore these finer points today with our expert panel.

The concept of a balanced budget amendment is simple and powerful. It's important that we get the details right. Many States have requirements that they must balance their budgets. The Federal Government should be similarly situated.

I will note, and I know some of my colleagues on both sides of the aisle will raise appropriately the question that, if you have a balanced budget amendment with exceptions, will Congress not drive a truck through those exceptions just as they currently do every time we vote on a debt ceiling increase? I say that to say that I'm not here to say that a balanced budget amendment is a panacea for irresponsible Members of Congress on both sides of the aisle that continue to blow our budget to smithereens. We have to have responsibility in Congress, and a balanced budget amendment will not make up for irresponsible Members of Congress who will exploit any loophole to spend money that we don't have and mortgage our children's future.

The reason we're here to talk about a balanced budget amendment is because something has to change. If we're going to do something, structure it properly. If we're going to do something, do something to actually put brakes on what Congress does.

That's what I hope we will debate today and have a full conversation about, because we've been talking about a balanced budget amendment for years, but every year, or every other year, or every few years, we literally disregard the current limit on our spending when we lift the debt ceiling, and we do it with regularity and with impunity.

Whatever we do today, whatever discussion we have today, whatever debate we have on a balanced budget amendment, let's recognize that we're \$38 trillion in the hole with no end in sight.

We should have a full debate on this and I look forward to having a discussion about a balanced budget amendment. With that, I will yield to the Ranking Member for her opening statement.

Ms. SCANLON. Thank you, Mr. Chair. Thank you to our witnesses for testifying today.

It's an interesting topic and one that has, certainly, at least superficial appeal, but the devil as always is in the details.

The decisions that Congress makes about the economy, about taxes, spending and budgets, are or should be decisions about our values, who we're fighting for, what kind of country we are or want to be, and the future we're trying to create for our children, which brings us to the topic of today's hearing—a balanced budget constitutional amendment, which at least in the proposals we've seen so far, seems to be a misguided proposal about how to address the often competing values and interests that have to be taken into account when crafting our national budget.

We all share the goal of developing smart, efficient fiscal policies in budgets, but for decades, Republican Presidents and Members of Congress have talked a big game about fiscal responsibility while enacting policies that have exploded the Federal deficit and the national debt.

It wasn't that long ago—not generations, as the Chair suggested—but only about 25 years when under the Clinton Administration, the U.S. had a balanced budget for multiple years, fueled in part by a combination of tax increases, spending cuts, and re-

duced military spending. Since then, in the early 2000s, and again during the first Trump Administration, Republicans have handed the ultra-wealthy huge tax breaks, eroding the Federal Government's revenue base and threatening our ability to fund essential programs that Americans rely on.

Time and again these policies have failed to produce the broader benefits for all Americans that the advocates of trickled down economics have promised, and instead these Republican policies have exploded the deficit, adding \$10 trillion to the national debt.

Despite this, this summer, Republicans once again doubled down permanently extending the Trump tax giveaways from his first administration, extending those giveaways to the wealthy in their one big ugly bill, further expanding the deficit and ballooning the national debt, as was just noted.

Now, after voting for that policy, our Republican colleagues are making a show of caring about fiscal responsibility, but don't be fooled, today's hearing is part of a decades-long orchestrated political effort to help corporations and the wealthiest people avoid paying their fair share. It's based on a theory that tries to convince people that reckless tax giveaways to the ultra-wealthy somehow stimulate investment and economic growth for everyone for the greater good. That's a lie that's been debunked again and again and again, for more than 50 years now, and one that's led to sky-high income inequality and the enshrinement of a corporate oligarchy in our society.

These tax policies, these giveaways have fueled the greatest rise in income inequality that our country has known, at least since the robber baron days, resulting in a continuing transfer of wealth from working and middle-class Americans to the wealthiest among us. We need look no further than the fact that the top one percent in our country pay a lower tax rate than all other Americans. This pathological dedication to trickle-down economics is outrageous. It betrays the values this country should stand for and which our budget should reflect.

If we want to shrink the deficit and lower the Nation's debt, we should be talking about a tax policy that gives relief to working families and makes the rich and corporations pay their fair share, rather than allowing them to reap even more profits by imposing the costs of their business on the American people, whether by paying substandard wages that force workers to rely on food stamps or subsidized healthcare to survive, or to force Americans to pick up the cost of industrial waste, dangerous products, or unsafe working conditions.

A tax policy that makes sure that everyone pays their fair share isn't a radical idea and should be the starting point of any serious discussion about bringing the two sides of the budget equation—taxes and revenue on the one hand, spending, including military spending, on the other. It takes a different kind of politics than what we are hearing today, one that believes that the purpose of government is to serve all Americans, not just the wealthy and well-connected.

The programs that our Republican colleagues have been only too ready to slash in their big ugly bill and with the political scam of a balanced budget amendment that they're pushing here, these

programs are critical to the health and well-being of the American people.

The majority of our yearly spending is mandatory, that is funds not subject to congressional appropriation and which must be paid, including Medicare, Medicaid, Social Security, veterans benefits, retirement programs for military service members, and retired Federal employees. These are vital programs that help our government keep its promises to the American people. Less than half our budget goes to discretionary spending, which is spending that Congress appropriates every year, and half of that money goes to defense spending.

We can make sure our national debt is on a sustainable path by investing wisely in the American people and taxing fairly. We can work to build an economy that grows from the middle out, not the top down. We can provide affordable healthcare and childcare, affordable housing, and make sure that every child gets a world-class public education, but that's not the focus of today's hearing.

Instead, the solution to the deficit problem they helped create is to propose constitutional amendments that force Congress to balance the budget on the backs of working and middle-class families, forcing cuts to essential benefits like Medicare and Social Security.

House Republicans have introduced at least six different proposed balanced budget amendments. Though they don't all share the same features, they have the same common goal: To continue to put their thumb on the scale to favor big business and billionaires over working and middle-class people, seniors, and our most vulnerable Americans.

A balanced budget amendment would shackle Congress and limit our flexibility to respond to changing economic conditions or crises with appropriate fiscal and budgetary policies.

As the Chair mentioned, many of these proposals would require a supermajority in Congress to raise revenue or raise the debt limit but not to cut spending. The Framers of our Constitution rejected the principle of requiring a supermajority for basic government functions because they believed it would shift power away from the American people's popular will to a determined minority.

Balanced budget proposals requiring a supermajority would allow an extremist minority to hold our Nation's economy and financial stability hostage. You only need to look at the chaos of the current Republican majority in the House to see what might be in store under such a proposed amendment. We've seen political brinksmanship over the debt ceiling and government funding. We've seen Speakers dethroned, and Federal budgets that slash healthcare and food assistance for Americans, while giving more handouts to billionaires and big business.

A balanced budget amendment would only make things worse, and this dysfunction would then be baked into our Constitution and democracy. I don't think that's what the American people want or need.

The bottom line is we don't need to amend the Constitution to balance the Federal budget. Our colleagues need to get their heads out of the sand and be willing to look at the revenue side of the equation.

During the nineties, under a Democratic President and a Republican-controlled Congress, the Federal Government ran budget surpluses without a balanced budget amendment. Our Republican colleagues control the House, the Senate, and the White House; if they wanted to do this, they could. Instead, they've chosen to make their No. 1 legislative priority this year a trillion-dollar handout to their billionaire buddies.

Our budget is not just numbers on a spreadsheet. It's the choices we make to invest in our neighbors, our communities, to provide opportunities for young people, to take care of the elderly and the most vulnerable, and to invest in American prosperity. If we really want a prosperous economy where everyone can get ahead, we need to abandon the misguided orthodoxy of trickle-down economics. Instead, we need to focus on policies that support children, family, communities, and our wider economy.

We don't need a balanced budget. We just need Congress to do the job the American people sent us to do.

Thank you, Mr. Chair, and I yield back.

Mr. ROY. I thank the Ranking Member.

I will now recognize the Chair of the Full Committee, Mr. Jordan, for his opening statement.

Chair JORDAN. Thank you, Mr. Chair. I'll be brief.

The Ranking Member just said, and I quote, "a balanced budget amendment would shackle Congress." I think there are 30-some trillion reasons why that might not be a bad idea, frankly, and that's what this is about. She also said that the answer is to increase revenue, better known as raise taxes. That seems crazy to me as well.

I look forward to hearing from our witnesses. I appreciate the Chair for having this hearing. I yield back.

Mr. ROY. I thank Chair Jordan. I will now recognize the Ranking Member of the Full Committee, Mr. Raskin, for his opening statement.

Mr. RASKIN. Thank you, Chair Roy. Thanks to our witnesses for joining us today.

Our Republican colleagues have convened this hearing to discuss a constitutional change to solve a problem that they have created legislatively, which is gigantic runaway Federal budget deficits.

We don't need a constitutional amendment to legislatively balance the budget. We just need some old-fashioned fiscal discipline.

In the 1990s, President Clinton worked with a Republican-controlled Congress to eliminate the deficit, and they ran huge surpluses without the aid of a contrived balanced budget constitutional amendment or even rhetoric about a balanced budget amendment. They just did it.

Why can't Republicans who control the House of Representatives, the U.S. Senate, and the White House do the exact same thing today with control of every part of the government? If they want to balance the budget, just do it.

They could just take action on their own to make the hard decisions. Instead, they say, no, the real problem is we need to go out and get two-thirds of the House and two-thirds of the Senate and three-quarters of the States to do it, instead of just passing it by a Majority in the House, in the Senate, and in the White House.

Obviously, they lack the political will or the fiscal discipline to do it.

They think that maybe they can distract everybody now with this extremely stale and tired rhetoric about passing a constitutional amendment. We can't even get reporters to come and cover this charade anymore. They're practicing spectacular fiscal irresponsibility and budget recklessness, and then try to cover it up with the pathetic paper mache of a balanced budget amendment.

The problem of ballooning deficits returns whenever Republicans enjoy complete control of the political branches. This is one of the great ironies of our political rhetoric. When they are in control, the budget deficits are sore. It's the Democrats who always bring the deficits down.

They pass giant giveaways for wealthy corporations and billionaires. It was the policies of President George W. Bush and the GOP Congress that squandered the record budget surpluses of the Clinton years in the 1990s on tax cuts for the wealthy, even as the country was waging the staggeringly expensive no-end wars in Iraq and Afghanistan.

In 2017, President Trump and a Republican Congress passed the so-called Tax Cuts and Jobs Act, a law that increased the Federal deficit by \$1.9 trillion. This year they passed the obscenely ugly profligate law which will add a jaw-dropping \$4 trillion to the national debt because of its giveaways for corporations with political insider influence and billionaires, at the same time that they're stripping health insurance and food assistance from tens of millions of Americans to offset just a small part of the enormous cost of the tax breaks that they cut for wealthy elites.

We don't need to start finger painting on the Constitution to accomplish what our colleagues in the Majority simply don't have the political discipline and will to do.

You wanted a balanced budget, present a balanced budget and pass it. After voting for the most reckless recent increase in Federal spending, it's just, to me, way too little or way too late to have one more hearing on the idea of a balanced budget constitutional amendment. Something, by the way, which no other country in the world, or maybe it's a handful, but the vast majority of countries in the world don't need this to run their fiscal systems.

I yield back to you, Mr. Chair.

Mr. ROY. I thank Ranking Member Raskin.

Without objection, all other opening statements will be included in the record. We will now introduce today's witnesses.

The Honorable David M. Walker. Mr. Walker is the Chair of the Federal Fiscal Sustainability Foundation, a nonprofit organization that supports statutory and constitutional approaches to fiscal responsibility. He previously served as the Comptroller General of the United States, public trustee for Social Security and Medicare, and is the Chair of the Independent Audit Advisory Committee for the United Nations.

Mr. Kurt Couchman. Mr. Couchman is a Senior Fellow in fiscal policy at Americans for Prosperity, a nonprofit organization that advocates for economic opportunity, fiscal responsibility, and limited government. His work focuses on solutions to Federal and State budget and government challenges. He previously worked for

the Committee for a Responsible Federal Budget, as well as several other nonprofits, and is a House staffer.

Ms. Brittany Madni. Ms. Madni is the Executive Vice President of the Economic Policy Innovation Center, a nonprofit organization that advocates for policies that promote freedom and prosperity. Prior to joining EPIC, she served in a variety of roles with Members of the House and with the House Budget Committee.

Mr. Brendan Duke. Mr. Duke is the Senior Director for Federal fiscal policy at the Center on Budget and Policy Priorities, a nonprofit organization that advocates policies that expand economic opportunity and health security. He previously served as a Senior Policy Advisor on the National Economic Council in the Biden–Harris Administration.

We thank our witnesses for appearing today, and we'll begin by swearing you in. Would you please rise and raise your right hand.

Do you swear or affirm under penalty of perjury that the testimony you are about to give is true and correct to the best of your knowledge, information, and belief, so help you God?

Let the record reflect that the witnesses have answered in the affirmative.

Thank you. You're already seated.

Please know that your written testimony will be entered into the record in its entirety. Accordingly, we ask that you summarize your testimony in five minutes.

A reminder that you have your microphones on before you begin. With that, Mr. Walker, you may begin.

STATEMENT OF DAVID M. WALKER

Mr. WALKER. Chair Roy, Ranking Member Scanlon, the Members of the Constitution Subcommittee, thank you for the opportunity to testify on this important issue today.

Let me start at the outset, the Federal Government's financial condition is much worse than advertised. Many people focus on the level of Federal debt which now exceeds \$38 trillion; however, the debt is just the tip of our financial iceberg.

Total Federal liabilities and unfunded obligations exceed \$125 trillion and are growing faster than the economy. Our current level of debt to GDP is 123 percent, which is greater than the end of World War II, but the difference is, is at the end of World War II, it was coming down, now it's going up.

Today, over 75 percent of the annual budget is on autopilot, mandatory spending. We've written a blank check. In addition, net interest is now the second largest and fastest growing expense in the Federal budget for which we get nothing.

In my view, we must adopt a fiscal responsibility constitutional amendment if we want to restore and sustain fiscal sanity over time. A constitutional amendment is the only way to force Congress and the President to make the tough choices needed on both sides of the ledger to reduce overall debt burdens to a reasonable lower level of debt to GDP over the next 10–15 years and have mechanisms in place to make sure that we do not spin out of control again.

There are several approaches to taking—to deal with that constitutional need. Some advocate for a traditional balanced budget

approach by the ones—like the ones employed by the States. Others advocate for a principle-based balanced budget approach designed to achieve balance over a stated period of time. I and others prefer a debt-to-GDP-based approach, which is progrowth and does not dictate to the Congress how to solve the numerator challenge, but it says you've got to solve it. The latter two approaches have been used successfully by other countries. Importantly, irrespective of the approach that is employed, it must contain very limited exceptions and effective enforcement mechanisms.

As you know, there are two ways to achieve a constitutional amendment under Article V of the Constitution. Two-thirds of the House and Senate can pass an identical proposed approach, and three-quarters of the States must ratify it. Alternatively, two-thirds of the States can file an application for a convention of States to propose one or more amendments to the Constitution, and Article V says the Congress shall call the convention. It is nondiscretionary, ministerial duty, and then if the States can come up with an amendment, then three-quarters of the States have to ratify it.

The Federal Fiscal Sustainability Foundation, which I Chair, discovered over three years ago that enough States had filed applications for a convention dedicated solely to proposing a fiscal responsibility amendment as far back as 1979. Enough applications existed for 25 years, and most recently in 2016 and 2017, and yet Congress failed to call the convention.

Shockingly, the Congress never assigned responsibility to any party to receive, store, and count the applications until January 2015, when it was assigned to this Committee. To this Committee's credit, it began steps to update its records earlier this year. The National federalism Commission, which is an official interstate governmental body, worked with the Committee to bring its records up to date and they issued a report on Constitution Day of this year, which confirms what our foundation found, that there—enough applications existed, Congress should have called a convention many, many years ago. That was attended by Chair Jodey Arrington, Budget Committee Chair; the Hon. Bruce Lee, who is with us here today, who's head of the National federalism Commission, and I spoke at that press briefing.

Mr. Chair, with your permission, I would like to enter into the record the National Federalism Commission's report and an illustrative call resolution.

Mr. ROY. Without objection.

Mr. WALKER. Thank you.

The H.C.R. 15, which is sponsored by House Budget Committee Chair Jodey Arrington, is designed to right this wrong and to call the related limited convention. I expect the States will sue, if the Congress fails to act within a reasonable period of time. This issue would then have to be addressed by the Supreme Court. If that happens, it would be the biggest federalism case in the history of this great Nation.

In closing, let me be clear, in my view, we must adopt a constitutional amendment if we want to restore and sustain fiscal sanity at the Federal level. If the Congress can achieve the necessary support to pass a credible proposed amendment, then it should do so in a timely manner. If not, Congress needs to call a limited conven-

tion to propose a fiscal responsibility amendment and allow the States to exercise their constitutional right under Article V. Doing nothing is not an option.

Thank you, Mr. Chair.

[The prepared statement of Mr. Walker follows:]

House Judiciary Sub-Committee on the Constitution and Limited Government
 December 3, 2025
 Balancing the Federal Budget: Exploring Proposals for a Balanced Budget Amendment
 Hon. David M. Walker
 Former Comptroller General of the United States
 Chair, Federal Fiscal Sustainability Foundation

Chairman Roy, Ranking Member Scanlon, and Members of the Constitution Sub-Committee, thank you for the opportunity to testify today on this important topic. I have been fighting for fiscal sanity and sustainability for many years from different positions on the battlefield both within and outside of the federal government, including as Comptroller General of the United States and head of the GAO.

Let me state at the outset, the federal government's financial condition is worse than advertised. Many people focus on the level of federal debt, which is over \$38 trillion. However, that debt is just the tip of our financial iceberg. Total federal liabilities and unfunded obligations exceed \$125 trillion and are growing faster than the economy. Our current level of total debt/GDP is about 123%. That is a greater debt burden than at the end of World War II, and it is rising rather than declining after World War II. Today, over 75% of the annual budget is now on autopilot, for which we have written a blank check. Shockingly, net interest is now our second largest and fastest growing expense for which we get nothing.

The truth is, our federal finances have been out of control since 2002. For example, total debt/GDP was 59% as of September 30, 2002, versus 123% today. Mandatory spending, including net interest, has increased from about \$1.6 trillion in Fiscal 2002 to a projected \$5.1 trillion for Fiscal 2026. In addition, federal deficits have increased from \$158 billion to a projected \$1.8 trillion during the same period even though the United States is not currently engaged in any major armed conflicts as was the case in 2002.

In my view, we must adopt a fiscal responsibility Constitutional Amendment if we want to restore fiscal sanity and achieve fiscal sustainability. The debt ceiling is a bad joke and statutory approaches to constrain the growth of the federal government and mounting debt burdens have not stood the test of time. A Constitutional amendment is the only way to force Congress and the President to make the tough choices needed to reduce our overall debt burdens as a percentage of the economy to a lower and reasonable level over the next 10-15 years and have mechanisms in place to make sure it does not spin out of control again.

There are several types of approaches that could be taken in drafting such a Constitutional Amendment. Some advocate for a traditional balanced budget approach like the one employed by many states. Others advocate for a principles based balanced budget approach designed to achieve balance over a stated period of time. I and others prefer a debt/GDP based approach since it is pro-growth and does not dictate how to best address

the numerator challenge. Namely, how much of needed actions should be focused on reducing spending versus increasing revenues? The latter two approaches have been used successfully by other countries (e.g., Switzerland, Germany, Sweden). Importantly, irrespective of the approach that is employed, it must contain very limited exceptions and effective enforcement mechanisms.

As you know, there are two ways to achieve a Constitutional amendment under Article V of the Constitution. Two-thirds of the House and Senate pass an identical proposed amendment and then three-quarters of the states must ratify it. This approach has been used in connection with all twenty-seven amendments to date. However, our nation's founders recognized that Congress may not act in connection with issues that need to be addressed so they provided the states with the right to propose amendments if Congress failed to act. Specifically, if two-thirds of the states file an application for a Convention to propose one or more amendments to the Constitution, the Congress **shall** call the convention. This is a non-discretionary and ministerial duty of the Congress. If a majority of the states can agree on a proposed amendment, it must be ratified by three-quarters of the states. Under Article V, Congress may choose the mode of ratification. In my view, the best mode of ratification is to hold individual state conventions of delegates pledged to vote for or against any proposed amendment. That method is the closest thing our country has to a referendum of the people. This method was successfully used to achieve ratification of the 21st Amendment, which repealed prohibition.

The Federal Fiscal Sustainability Foundation (FFSF), which I chair, discovered over three years ago that enough states had filed applications for a Convention dedicated solely to proposing a balanced budget or fiscal responsibility amendment as far back as 1979. Enough active applications existed for 25 years (i.e., 1979-2003) and again in 2016 and 2017 and yet the Congress failed to call the convention.

Shockingly, the Congress never assigned responsibility to any party or entity to receive, store, and count state applications until January 2015, when the House rules assigned the responsibility to the House Judiciary Committee (Committee). The Committee started performing the function in that year but did not have all the historical applications.

This Committee began to take steps to bring its records up to date earlier this year. Specifically, the National Federalism Commission (NFC), which is an official inter-state governmental body, began working with the Committee in early 2025 to help bring all the Committee's state application records up to date. The NFC started with fiscal responsibility related applications, but they plan to continue with all other subject applications. Their work confirmed FFSF's findings and the NFC issued a related report to the Committee in September. That report was the subject of a press briefing this past Constitution Day (i.e., September 17). House Budget Committee Chair Jodey Arrington, NFC Executive Director W. Bruce Lee, and I spoke at that press briefing.

H.C.R. 15, which is sponsored by House Budget Committee Chairman Jodey Arrington, is designed to right this past wrong, and to call the related limited Convention. That legislation is within the jurisdiction of this committee, and I respectfully request that you move it forward. I expect the states will sue if the Congress fails to act within a reasonable period of time. The issue would then have to be addressed by the Supreme Court. If that happens, it would be the biggest federalism case in the history of our great nation.

Let me be clear, we MUST adopt a Constitutional amendment if we want to restore and sustain fiscal sanity at the federal level. If the Congress can achieve the necessary support to pass a credible proposed amendment, then it should do so in a timely manner. If not, Congress needs to call a limited Convention and allow the states to exercise their Constitutional right to do so under Article V. Doing nothing is not an option!

In closing, we are currently mortgaging the future of our country and American families at or near a record rate and have been doing so for too long. This is irresponsible, unethical, and immoral. We must take steps to change course if we want to Keep America Great, and if we want the future for mainstream Americans to be better than the past. Adopting a fiscal responsibility Constitutional Amendment and enacting a statutory Fiscal Sustainability Commission are two essential steps to accomplishing those objectives. I hope that the members of this sub-committee will support these efforts.

Thank you again for the opportunity to testify. I would be happy to answer any questions that you may have.



September 17, 2025

Congressional Article V Memorial Analysis Explanation Document Fiscal Integrity & Plenary State Applications for an Amending Convention

Introduction: In January 2025, the Phoenix Correspondence Commission (PCC) (later renamed the National Federalism Commission - NFC) entered into an agreement that the House Judiciary Committee to bring all of the Committees Memorial Records of state resolutions requiring Congress to call an Article V Constitution Amending Convention up-to-date.

In the 114th Congress (beginning January 3, 2015) the House adopted a rule that state calls for an Article V amending convention be directed to the chair of the Committee on Judiciary and that the Clerk would organize those calls by State of origin and year of receipt. Prior to that time, to the best of our knowledge, there was no consistent, organized process for receipt and organization of those calls.

In January 2025, it was agreed that the Congressional Records held by the Judiciary Committee should be consistent and concurrent with State records on those calls. The PCC/NFC (Commission) was created in 2017 as the only formal government agency to represent the States on federalism and related Article V matters. The Commission would focus on such calls from the inception of our country to current date, and it the Commission would take a topical focus. The Commission began on the topical area of national fiscal integrity because of the far ranging impact of the fiscal health or insolvency of our nation.

The accompanying analysis covers the topical area fiscal integrity calls (such as balanced budget amendment) and plenary calls from the States since our founding to the current date.

Details to Understand the Analysis Document:

1) Explanation of the Columns:

- A) State: *Calls are listed alphabetically by State.*
- B) Call Description/Year: *Specific State Calls by State in a chronological order of oldest to most recent.*
- C) Number of States with Current Active Calls: *This indicates if that State Call is still active as of today. The running total indicates the number of States with a current active call, not the number of State Resolutions. For example a State may have two active calls, but only one State is counted here.*
- D) On Record with Congress by State: *Indicates if Congress has a record of this call. The running total again counts the number of states, not the number of resolutions.*
- E) Congressional Record Document Link: *This is the internet link to the recorded Congressional memorials related to this resolution. A separate link may also be provided if this resolution was later rescinded or sunset and was recorded with Congress. If the recession is not recorded with Congress, a link will be provided in Column J.*
- F) Congressional Acknowledgement of Receipt by State: *This indicates if Congress acknowledged receipt of the State's submission of the Article V resolution. Again, the running tally is by State.*

G) State Record of Article V submission to Congress by State: This is the States' record of a matching resolution. The tally row is by State.

H) State Record Document Link for Article V Call: The internet based links to the States' Records.

I) State/Federal Records which Do Not Match: Do the State and Federal Records match? A checked box indicates NO match between State and Federal records. An unchecked indicates the records match. The running tally row shows the number of records that DO NOT match.

J) Was Call Rescinded or Sunset (Date): Indicates if that particular State resolution was rescinded or had a sunset clause and the date of that recession or sunset.

K) Notes: A general notes field for unusual information about this State resolution.

L) Plenary Call: This represents the number of states that have at some point in time passed a plenary application for an Article V convention. These are calls where the state requested an Article V amending convention, but did not specify a particular topic. These are sometimes referred to as "open" or "general" calls.

M) Specific Call: This represents the number of states that have at some point in time passed an Article V application which deal with a specific topic – in this case fiscal integrity.

N) Multiple Call: This represents the number of states that have at some point in time passed an Article V application which covers more than one subject, such as term limits and fiscal integrity. Some of these calls require all of the subjects be discussed at an amending convention. In other calls, the topics are specifically separable.

O) Active Calls as of December 31, 1979: This represents the number of states that had fiscal/plenary applications that were active as of that date. For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.)

P) Active Calls as of December 31, 1982: This represents the number of states that had fiscal/plenary applications that were active as of that date. For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.)

Q) Active Calls as of December 31, 2000: This represents the number of states that had fiscal/plenary applications that were active as of that date. For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.)

R) Active Calls as of December 31, 2009: This represents the number of states that had fiscal/plenary applications that were active as of that date. For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.)

S) ****Active Calls between April 26, 2016 to August 2, 2017**: This represents the number of states that at some point between these dates had fiscal/plenary applications that were active. Please see timeline graph at the bottom on the analysis chart. **THIS IS DIFFERENT FROM OTHER COLUMNS WHICH ARE DATE SPECIFIC.** For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.) See Note 6 below.

T. Active Calls as of December 31, 2018: This represents the number of states that had fiscal/plenary applications that were active as of that date. For this purpose, only the oldest, active application from a specific state is tallied. (Any column title which is highlighted in blue tallies the number of states. If the color is green, it indicates that the 34 threshold was achieved.)

2) The totals set forth in columns O through T represent the total number of single, multiple and plenary applications active at the designated point in time. There is some disagreement within the academic community as to the proper mechanism for aggregating balanced budget, fiscal responsibility, multiple subject, and plenary applications. The weight of modern scholarship seems to acknowledge that plenary applications should be aggregated with specific applications. The analysis attached incorporates a broad interpretation of aggregation in keeping with the Founders' expressed intent that Congress' duty under the Article V state-initiated amendment process is mandatory and non-discretionary. Congress' discretion in assessing aggregation and the rules for such aggregation are matters which may need to be resolved and may ultimately require Court interpretation.

3) There are some states which have passed multiple applications which address an open, balanced budget or fiscal responsibility application. For those states with multiple active applications, only the oldest active application was included for that state in the counts set forth in columns O through T. The analysis does not duplicate within its count multiple applications from a single state.

4) Some applications contained sunset clauses or were ultimately rescinded by a subsequent legislative act of a given state. This analysis honors those sunsets and rescissions and removes an application from "active" status as of those expiration dates.

5) We have provided counts for the years 1979 and 1982 because some within the Article V community assert as this analysis supports that, using the proper aggregation mechanism, the threshold for calling a convention for a balanced budget/fiscal responsibility amendment was first reached in 1979 and peaked in 1982. It is noteworthy that the 34 threshold was achieved or exceeded between February 5, 1979 to March 9, 2004.

6) ** We have provided the count from 2016 to 2017 in Column S. As of April 26, 2016 the count of 34 was achieved again. It then grew to 36 on March 13, 2017 and then dipped back to 34 until August 2, 2017.

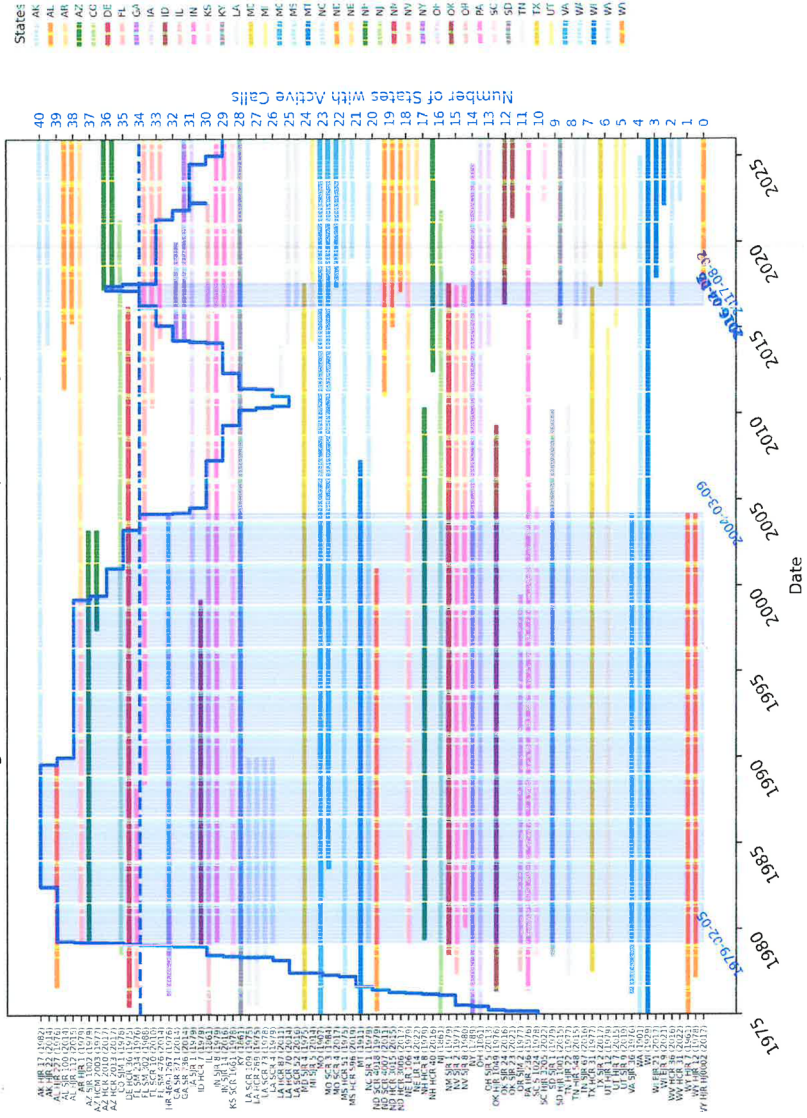
7) The terms "application", "call", "memorial", or "resolution" are used interchangeably.

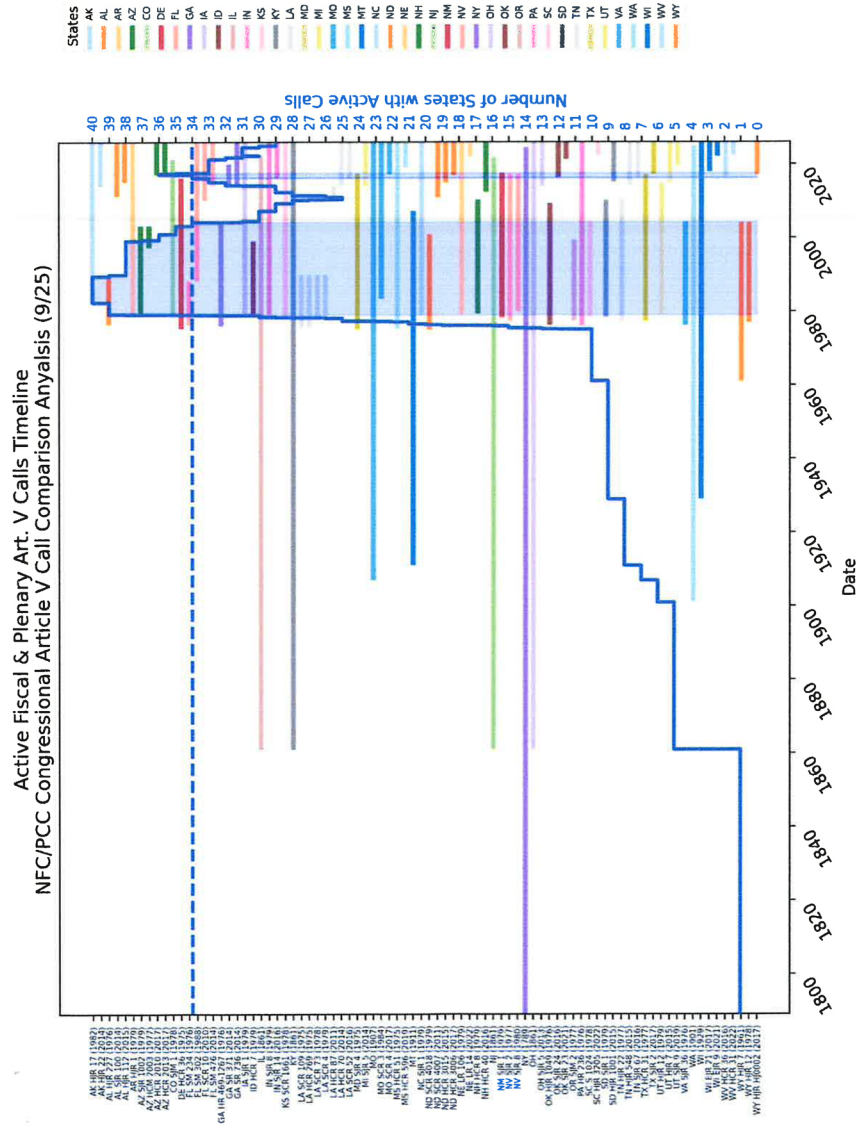
8) The attached timeline graphs were generated by Python code for the purposed of visually demonstrating periods of time the 34 state threshold was met. Code is available at: https://github.com/NFCCommission/art_v_call_counter

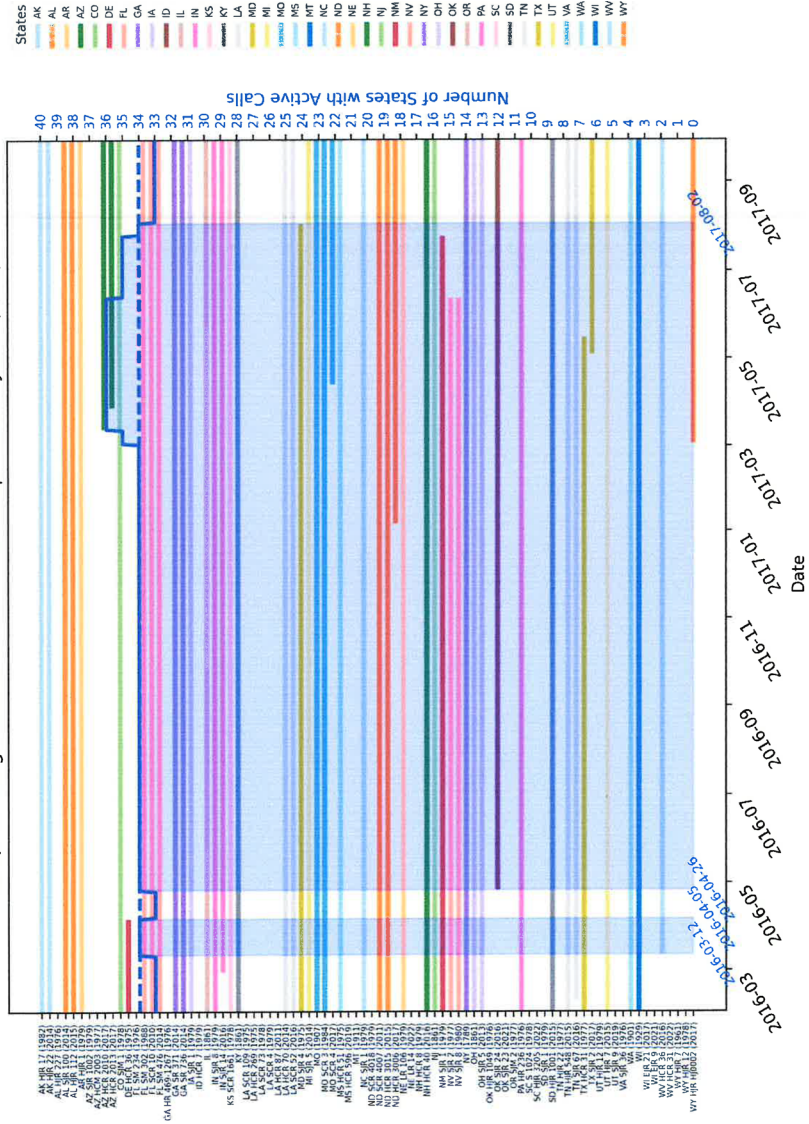
9) This analysis was performed expressly at the request of the House Judiciary Committee and represents the most extensive, comprehensive analysis of Article V state applications for an amending convention related to the subject of a balanced budget/fiscal responsibility amendment ever performed.

The NFC welcomes any constructive feedback on its identification of fiscal-related applications, state submissions/certifications, Congressional acknowledgments, active status, rescissions, sunsets or other legislative developments that might affect the analysis offered herein. We are also investigating the potential of older plenary applications around the time of 1832 to 1929 in the states of Illinois, Indiana, Iowa, Kansas, North Carolina, Oklahoma, Oregon, South Carolina, Texas, and Wisconsin. However, these applications do not change the overall totals of achieving the current count of the 34 state thresholds in this report. We welcome the information of others in all of these matters.

Active Fiscal & Plenary Art. V Calls Timeline
NFC/PCC Congressional Article V Call Comparison Analysis (9/25)







**Illustrative Resolution Calling a Convention for Proposing Amendments
Pursuant to Article V of the U.S. Constitution
To Consider and Propose Amendments Addressing
a Balanced Budget and Fiscal Responsibility
Within the Federal Government**

WHEREAS, Article V of the Constitution of the United States provides that upon receipt of applications from two thirds of the legislatures of the several states, Congress shall call a convention of the states for proposing amendments; and

WHEREAS, the Judiciary Committee of the U.S. House of Representatives has been tasked to perform an analysis of all Article V “applications” passed by the individual states since 1789 to determine if such a threshold for calling a convention has been met; and

WHEREAS, the Judiciary Committee has worked with the National Federalism Commission, a governmental entity created by the states in 2017 for the purpose, among other things, of assisting Congress in its monitoring of Article V applications; and

WHEREAS, the House Judiciary Committee has been provided reliable documentation reflecting that for the periods 1979 through 2003 and 2016-2017, the threshold (34 state applications) for calling an Article V amendments convention was met by states submitting applications for an Article V convention for the related purposes of proposing a balanced budget or fiscal responsibility

Illustrative Resolution Calling a Convention for Proposing Amendments -p.2-

amendment to the Constitution and/or for broader purposes which encompassed a balanced budget or fiscal responsibility amendment; and

WHEREAS, under Article V, upon receipt of applications from two thirds of the legislatures of the several states on the same or similar topic, Congress is mandated to call a convention for proposing amendments;

NOW THEREFORE, pursuant to Article V of the Constitution of the United States, Congress hereby invites the states, consisting of commissioners chosen and authorized in the manner that each respective state legislature determines, to meet in convention on the [*e.g.: 17th day of September, 2026 in the city of Philadelphia, Pennsylvania*] to consider and/or propose amendments limited to the topic of providing for the balancing of the budget-fiscal responsibility within the federal government.

Should any such convention propose an amendment not reasonably within the scope of this limited call by Congress, such amendment will be considered merely a recommendation to the Congress, and Congress will not assign a method for ratification for such a proposed amendment or refer such an amendment out to the states for ratification.

The House Judiciary Committee, in coordination with the National Federalism Commission, shall be responsible to facilitate for the states the arrangements for carrying out such a convention.

Mr. ROY. Thank you, Mr. Walker, for your testimony. Mr. Couchman, you may begin.

STATEMENT OF KURT COUCHMAN

Mr. COUCHMAN. Chair Roy, Ranking Member Scanlon, and the Members of the Committee, thank you for inviting me to discuss balanced budget amendments to the Constitution and related statutory upgrades. I am a Senior Fellow in fiscal policy at Americans for Prosperity. We are the premier grassroots advocacy organization transforming policy around the country to empower every American to pursue their version of the American Dream.

Congress should be the Federal Government's premier policy-making body. The best practices I'll discuss, including a BBA, are neutral, practical tools to help Congress improve budgeting, governance, and the exercise of legislative powers generally.

Weak Federal budgeting hurts us: Higher inflation and interest rates, lower worker pay, polarized politics, and the risks of debt crisis and default. The budget process is usually just something to survive, not a robust and inclusive framework for considering tradeoffs.

Many countries and U.S. States have gotten into debt trouble and got back out with policies to reduce borrowing and with better governance, including debt constraints. Nearly all U.S. States and prosperous countries now have balanced budget rules.

I'll discuss BBA design, statutory complements, and how the House passed a BBA in 1995.

Most constitutional provisions are broad principles. Congress applies those principles to modern circumstances through normal legislation. Any new provision should apply indefinitely as well. Annual balance is the original sin of most BBA proposals. Revenue varies a lot from year to year, so locked-in spending, especially outlays to revenue, would mean major uncertainty or, more likely, push Congress to waive the rules a lot. Many BBAs try to compensate for annual balance but create other problems.

A simpler BBA, such as the principles-based BBA from Representative Moran and Senator Husted, may attract the most consensus. It would first require balance, quote, "which may occur over more than one year"; second, let two-thirds of Congress approve emergency spending; and third, allow 10 years to reach full or primary balance after ratification.

Primary balance requires about half as much deficit reduction as full balance. Implementing legislation for a principles-based BBA could start with Representative Emmer and then-Senator Braun's Responsible Budget Targets Act to support stable, predictable, neutral and flexible policymaking.

It would set up annual revenue-linked spending targets for structural primary balance, balance in the budget, except interest over the medium term. Emergency spending would usually be offset over the following six years. The spending caps would adjust for automatic stabilizers, revenue changes, and more. Automatic enforcement would help Congress stay the course.

Instead of the ineffective sequester model, however, a more sophisticated incremental approach would be more reasonable, politically sustainable, and binding. A real budget that includes all the

Committees and empowers all Members would help Congress meet targets and do so much more. In addition to appropriators diligently stewarding their 26 percent of spending, 16 Committees responsible for direct spending and revenue, including this one, could manage their portfolios as well.

Representative Blake Moore's Comprehensive Congressional Budget Act is a roadmap to effective annual budgeting. Finally, Representative Arrington and Panetta's Prevent Government Shutdowns Act would support a more bottom-up Congress that can more easily trim the fat.

In 1995, the House of Representatives passed, and the Senate nearly passed, an annual balanced BBA. The special rule for the House floor set up a queen-of-the-hill competition. The most popular BBA would be the text for final passage. Substitute amendments began with more ideological versions and finished with the consensus BBA that passed 300–132. Despite flaws, it failed by just one vote in the Senate. Better BBAs exist now, and reviving BBA competition on the House floor can show the way forward. A well-crafted BBA would encourage sound budgeting and would help Congress take up the additional tools to strengthen fiscal democracy.

Thank you for the opportunity to share these thoughts, and I look forward to the discussion.

[The prepared statement of Mr. Couchman follows:]

Well-Crafted Balanced Budget Rules Support Sound Governance
Kurt Couchman, Senior Fellow in Fiscal Policy, Americans for Prosperity
Subcommittee on the Constitution and Limited Government, Committee on the Judiciary
U.S. House of Representatives
Balancing the Federal Budget: Examining Proposals for a Balanced Budget Amendment
December 3, 2025

Chairman Roy, Ranking Member Scanlon, and members of the subcommittee:

Thank you for the invitation to discuss a well-crafted balanced budget amendment (BBA) to the Constitution and related statutory upgrades. These are proven, neutral, practical tools that can help Congress improve budgeting, governance, and democracy itself. They can make congressional service more rewarding by extending the practical ability to exercise all legislative powers. The right kind of BBA can both support responsible budgeting and push Congress to fix itself.

Federal fiscal stress already undermines American prosperity and opportunity. The federal debt burden pushes up inflation and interest rates, crowds out investments that boost workers' pay, polarize politics, and risk debt crisis and default. All Americans suffer from poor federal budgeting.

Many countries and U.S. states have faced similar challenges. Some have defaulted. Cross-ideological coalitions have made recovery possible through the policy changes needed to reduce borrowing and by improving their governing systems. Congress still has a narrowing window to prevent crisis.

Fortunately, newer proposals for a BBA and related statutes avoid the challenges of earlier attempts, as I discuss in a recent book.¹ In particular, a *Principles-based BBA* would let Congress enact implementing legislation to smooth budgeting over the business cycle and accommodate automatic stabilizers, emergency spending, and changes in revenue policy.

Congress should act soon to defuse the debt bomb, strengthen its legislative powers, and chart a thoughtful, well-considered path to sustainable finances. If, however, a debt crisis overtakes Congress, such solutions can help America bounce back faster and stronger.

This testimony has four parts. First, it reviews the growing federal debt burden's harm to the American people and the risks of worse. Second, it discusses the art of drafting a BBA. Third, it considers implementing legislation and an effective budget process. Finally, it draws lessons for today from the competition that helped the House pass a BBA in 1995.

¹ Kurt Couchman, *Fiscal Democracy in America: How a Balanced Budget Amendment Can Restore Sound Governance*, Palgrave Macmillan, 2025.

Excessive federal debt already hurts Americans, risks greater harm

Federal debt held by the public equals gross domestic product (GDP), the sum of all goods and services produced in the United States each year. The high and rising debt burden imposes steep costs and vulnerabilities.

Excessive spending and borrowing have caused most of recent years' high inflation. The federal government borrowed so much and so fast that the Federal Reserve had to monetize it, especially after the \$1.9 trillion *American Rescue Plan Act of 2021*.²

A high government debt burden pushes up interest rates and slows economic growth. World Bank researchers estimated that economically advanced countries lose 0.017 percentage points of annual economic growth for each percentage point increase in the debt burden above 77 percent of GDP.³ That suggests America foregoes four-tenths of a percent of real growth each year, which compounds rapidly.⁴

"Any great power that spends more on debt servicing than on defense risks ceasing to be a great power," says Ferguson's Law.⁵ In Fiscal Year (FY) 2025, \$1.03 trillion in federal net interest outlays exceeded \$868 billion in Department of Defense outlays, and only \$1.57 trillion in outlays for Social Security was higher.⁶

Interest expense as a share of revenue is the highest since at least the Second World War. It exceeds the heights of the late 1980s through the mid-1990s that drove repeated rounds of usually bipartisan deficit reduction and nearly propelled a BBA to state legislatures for ratification.

The major credit ratings agencies have downgraded the federal government's credit rating or outlook.⁷ Several Treasury auctions have been weak,⁸ and the city of Chicago just showed that indulging fiscal fantasies has a price.⁹ Even longtime deficit doves like former Biden advisor Jared

² Kurt Couchman and Ilana Blumsack, "[Bidenflation Blame Game: How Big-Spending Politicians Scapegoat Business](#)," Americans for Prosperity, June 2024.

³ Thomas Grennes, Mehmet Caner, and Fritz Koehler-Geib, "[Finding the Tipping Point – When Sovereign Debt Turns Bad](#)," World Bank, July 30, 2010.

⁴ Committee for a Responsible Federal Budget, "[Income Growth Would Slow By One-Third Due to Rising Debt](#)," May 28, 2024.

⁵ Sir Niall Ferguson, "[Ferguson's Law: Debt Service, Military Spending, and the Fiscal Limits of Power](#)," Hoover Institution, February 21, 2025.

⁶ Congressional Budget Office, "[Monthly Budget Review: Summary for Fiscal Year 2025](#)," November 10, 2025.

⁷ Yun Li, "[Moody's downgrades United States credit rating, citing growth in government debt](#)," *CNBC*, May 16, 2025.

Fitch Ratings, "[U.S. Fiscal Outlook Remains Challenging Despite Near-Term Revenue Boost](#)," June 18, 2025. S&P Global, "[U.S. 'AA+/A-1+' Sovereign Ratings Affirmed; Outlook Remains Stable On Steady, Albeit High, Deficits](#)," August 18, 2025.

⁸ Gertrude Chavez-Dreyfuss, "[Investors wary of Treasury's 30-year bond auction after recent disappointments](#)," *Reuters*, September 10, 2025.

⁹ "[Editorial: The bond vigilantes are coming for the city of Chicago. Is the mayor paying heed?](#)" *The Chicago Tribune*, November 24, 2025.

Bernstein have concluded that the federal government is “inviting a debt shock.”¹⁰ A BBA is, in fact, in the interests of all Americans – Democrats,¹¹ Republicans, and independents.

The U.S. Congressional Budget Office, the U.S. Government Accountability Office, and virtually all independent observers agree that the U.S. Government’s fiscal path is unsustainable. Most hesitate to predict the timing of a debt shock, but all expect the risks to grow as the debt burden increases.

Collapsing fiscal space coarsens American politics as well. Future Congresses cannot make good on every promise made by earlier Congresses.¹² Many members of Congress know what must be done, but many do not know how to do it and survive politically. Institutional changes including a BBA can provide the right kinds of political cover and empowerment to protect the highest valued activities while foregoing those we can do without.

Best practices from the states and abroad can restore federal fiscal health and rejuvenate democracy within Congress. Members of Congress have introduced most of them already.

Designing a constitutional rule to control the debt

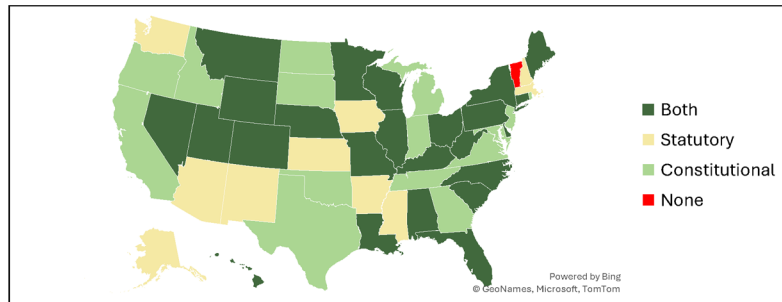
A fiscal responsibility rule has two basic elements: 1) the balance norm and 2) exceptions to the rule. If the budget is far from balance, another piece is needed: 3) a transition.

Nearly every state requires operating budget balance (Figure 1). Their forms vary, they apply at different stages of the process, and are constitutional, statutory, or both. Restoring access to bond markets at better interest rates when emerging from debt crises – and even default – in the 1840s and 1870s was a key driver. A constitutional component strengthens the commitment to sound budgeting by limiting allowable borrowing to specified circumstances.

¹⁰ Jared Bernstein, “[Biden’s Chief Economist: The Chart That Convinced Me Our Debt is a Serious Problem](#),” *The New York Times*, July 9, 2025.

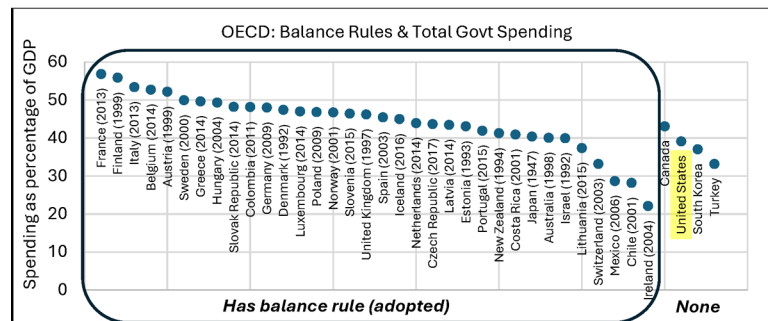
¹¹ Kurt Couchman, “[A Balanced Budget Amendment is in Democrats’ Interests](#),” *DC Journal*, October 2, 2025.

¹² C. Eugene Steuerle, *Dead Men Ruling: How to Restore Fiscal Freedom and Rescue Our Future*, Century Foundation, 2014.

Figure 1: State requirements for operating budgets¹³

Source: NASBO

Most economically advanced countries must balance their budgets as well (Figure 2). Like U.S. states, they have used policy changes and institutional upgrades to reduce budget pressures. The rules vary but usually have constitutional provisions with details in statute. Notably, countries with balanced budget rules tend to have stable or declining debt burdens except during emergencies but different visions for the size and scope of government.

Figure 2: Balanced budget rules are standard in the OECD¹⁴

Source: IMF, OECD

¹³ National Association of State Budget Officers, *Budget Processes in the States, 2021*, Table 9: Balanced Operating Budget Requirements, p. 61.

¹⁴ IMF Fiscal Affairs Department, "Fiscal Rules Dataset, 1985-2024," September 2025. OECD, "General government spending," accessed November 29, 2025.

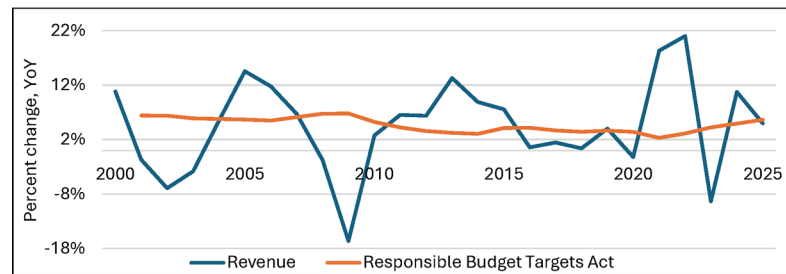
A general balance rule may be most appropriate for the U.S. Constitution as well. After all, many existing constitutional provisions are eternal principles that Congress fits to the country's changing needs by enacting and amending statutes.

A clear set of principles may help the American people hold Congress accountable. More complicated, specific rules are more difficult to understand and can create more room for creative evasion. Constitutional provisions need not be textually “ironclad” to have a powerful influence on the behavior of public officials.

Principles may also be more able to attract and sustain the broad consensus needed to amend and uphold the Constitution. After all, the standard amendment path of two-thirds of both houses of Congress to propose and three-fourths of state legislatures to ratify is only available to widely supported and well-drafted ideas.

The American people overwhelmingly support a BBA. A 2023 poll found that 80 percent of Americans support “a constitutional amendment that would require a balanced budget within 10 years.”¹⁵ Many economists have cautioned, however, that balance should be over the business cycle rather than every year.¹⁶ Revenue is volatile, but smoothing spending over the medium term can harmonize policy stability with the rule of law (Figure 3).

Figure 3: Structural balance allows greater stability than annual balance



Source: CBO, author's calculations

Most introduced BBAs would require annual balance based on “outlays.” So has every version voted on by Congress. Congress does not control outlays directly – when funds leave the federal

¹⁵ Harvard-Harris Poll, July 2023 Key Results, p. 57.

¹⁶ Ryan Bourne, “Economists Oppose a Strict Balanced Budget Rule. Could the US Adopt a Sophisticated One?” Cato Institute, November 13, 2017.

government – which would add management challenges to annual balance as compared to “expenditures” or another general term.

Numerous provisions that narrow a BBA’s appeal derive in part from the original sin of annual balance: excluding major programs, turning off balance during economic weakness, supermajorities to raise revenue or spend beyond some share of GDP, including the statutory debt limit, authorizing impoundments, prohibiting court intervention, and more.¹⁷ Alternatives exist.

Multiple emergency thresholds can undermine a balance rule’s integrity, and in some cases, they could create a perverse incentive for military actions. Constitutionalizing the statutory requirement for the president to propose a budget could alter the balance of powers. Little time to reach balance would intensify the costs of the transition to balance.

Several BBA proposals are not hindered by these challenges. Rep. Jodey Arrington’s *Business Cycle BBA*¹⁸ (BCBBA) would 1) limit expenditures to the average revenue of the three prior years, adjusted for inflation and population, 2) allow emergency spending with two-thirds support in both houses, and 3) specify a 10-year path to balance after ratification. Spending would be much more stable and predictable than under annual balance and would even be slightly countercyclical. An early version of the BCBBA had broad, bipartisan support including 14 Democrats and 46 Republicans.¹⁹

Rep. Nathaniel Moran and Senator Jon Husted’s *Principles-based BBA* (PBBA)²⁰ would simply 1) require balance with mechanics to be specified by statute, 2) allow emergency spending with two-thirds support in both houses, and 3) give Congress 10 years to reach balance after ratification. The core of PBBA’s implementing legislation could be Rep. Tom Emmer and then-Senator Mike Braun’s *Responsible Budget Targets Act*,²¹ which would set up a glide path to structural primary balance.

Structural balance means balance over the medium term or over the business cycle, and primary balance excludes interest costs. The combination of the PBBA and the RBTB would resemble Switzerland’s effective and popular debt brake. The BCBBA and the PBBA would let Congress choose full or primary balance, which would require about half as much deficit reduction as full balance. Balance with the PBBA could mean three concurrent cycles: 1) structural balance for

¹⁷ Kurt Couchman, “[Revisiting the Balanced Budget Amendment: Toward Designs Without Defects](#),” Americans for Prosperity, November 2023.

¹⁸ Rep. Jodey Arrington, “[Arrington Introduces Balanced Budget Amendment](#),” February 9, 2024.

¹⁹ Rep. Justin Amash, H.J.Res.81, “[Proposing a balanced budget amendment to the Constitution of the United States](#),” introduced October 14, 2011.

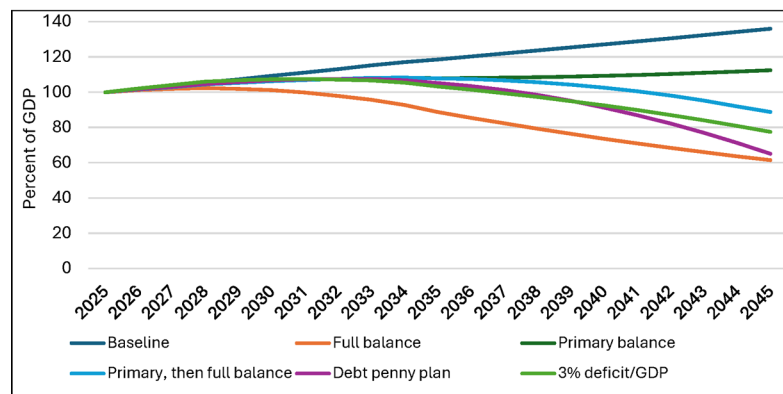
²⁰ Rep. Nathaniel Moran, “[Congressman Nathaniel Moran Reintroduces Constitutional Amendment to Balance the Federal Budget](#),” July 23, 2025. Sen. Jon Husted, “[Husted introduces constitutional amendment to balance the federal budget](#),” November 24, 2025. Kurt Couchman, “[Introducing the Principles-based Balanced Budget Amendment](#),” Americans for Prosperity, November 24, 2025.

²¹ Kurt Couchman, “[What is the Responsible Budget Targets Act?](#)” Americans for Prosperity, June 21, 2023.

normal activities, 2) immediate spending and subsequent offsets for emergencies, and 3) financing capital investments up front with payments over assets' useful lives.

A 10-year glide slope to primary balance is consistent with recent calls for a 3-percent-of-GDP deficit target and at least one way to implement Rep. Tom McClintock's proposed debt limit amendment (Figure 4).²² A path to primary balance would nearly stabilize the debt-to-GDP ratio in a decade, and Congress could later target primary surpluses to reduce debt drag further.

Figure 4: Debt scenarios for selected budget targets, 2025-2045



Source: CBO LTBO, author's calculations

A BBA needs a safety valve for emergencies. The Constitution's standard and highest legislative supermajority of two-thirds in both houses, such to as to override a veto, would let Congress respond quickly without being a frequently used loophole.

Finally, the federal government's new borrowing is about \$2 trillion per year, or about \$1 trillion excluding interest expenses. It will take time for Congress to close that gap, and the American people should get to affirm or adjust which policymakers make those choices. A ten-year transition to balance after ratification would let that happen. Of course, Congress could and should move toward balance faster than the outer boundaries set by a BBA.

²² Rep. Tom McClintock, H.J.Res.9, "[Proposing an amendment to the Constitution of the United States prohibiting the United States Government from increasing its debt except for a specific purpose by law adopted by three-fourths of the membership of each House of Congress](#)," introduced January 3, 2025. The "Debt Penny Plan" would, each year, require Congress to reduce the projected debt-to-GDP ratio by one percentage point by the end of the following five-year period.

Statutory upgrades complement a BBA and let Congress keep faith

Most provisions of the Constitution depend on Congress passing statutes to say how those principles should apply to modern life. A newly enacted balanced budget provision would rely on statutes for definitions and duties, mechanics for balance and exceptions, and perhaps automatic enforcement. A *Principles-based BBA* would, by definition, leave the most scope for Congress to implement.

The *Responsible Budget Targets Act*'s gradual transition to structural primary balance is an exceptionally well-designed approach to statutory budget targets. It would provide stable, predictable, countercyclical, neutral, and comprehensive guidance for the federal budget. Total non-interest spending would grow with a rolling, five-year average of GDP growth, and that growth rate would slow, cumulatively, after primary deficits and increase after primary surpluses. That debt brake would reset when the budget first reaches primary balance. Emergency spending offsets would occur over the following six years. The spending targets would accommodate automatic stabilizers, changes in revenue policy, and more.

Automatic enforcement should abandon the ineffective, “goofy meat axe” of sequester that has nominally applied to caps on annually appropriated spending and has purportedly enforced the *Statutory Pay-As-You-Go Act of 2010*. A more credible way would spread budgetary savings around and over a longer period with a series of small, incremental adjustments to a wide variety of parameters in existing statute.²³

Beyond direct implementing legislation, Congress' underlying budget process is outdated and deeply dysfunctional. Most members have little opportunity to contribute to the annual budget work. Problems fester without the possibility of resolution. Decisions that committees could handle get pushed to leadership and reinforce a bipolar culture. Regular opportunities for responsible, bipartisan dealmaking are thin. These results flow from poor institutional frameworks.

Rep. Blake Moore's *Comprehensive Congressional Budget Act*²⁴ would unleash Congress' vast potential to solve problems while strengthening democracy within the body. In addition to the Appropriations Committees managing the 26 percent of spending that is “discretionary,” the sixteen committees with direct spending and revenue jurisdiction would also manage their portfolios. The Budget Committees would bundle other committees' contributions and send the annual budget act to the floor.

²³ Kurt Couchman, “[Why incremental adjustments are a better approach to automatic budget enforcement](#),” Americans for Prosperity, March 23, 2023.

²⁴ Rep. Blake Moore, “[U.S. Representatives Moore and Gluesenkamp Perez introduce legislation to reform the congressional budget process](#),” January 11, 2024. Kurt Couchman, “[What is the Comprehensive Congressional Budget Act?](#)” Americans for Prosperity, September 5, 2024.

A comprehensive budget would give Congress a politically viable, practical ability to meet reasonable targets while empowering all members to pursue their priorities in often-bipartisan deals across the budget. After all, nearly 90 percent of federal health subsidies are outside of the annual appropriations bills, as are most income support programs and the entire tax code.

More immediately, Rep. Jodey Arrington and Jimmy Panetta's *Prevent Government Shutdowns Act* would help Congress focus on the art of the possible instead of engaging in brinksmanship and claiming leverage that does not exist.²⁵ The bill would largely return to the pre-Carter Administration practice of continuing programs until new appropriations are enacted while keeping Congress in Washington, D.C., until that work is done. Automatic continuing appropriations are a powerful tool to foster a strong, bottom-up legislature. Earning members' votes for budget legislation increases their buy-in and makes trimming the fat easier.

Congress has many other ways to modernize the budget process and to support more regular authorizations.²⁶ Many of those options are less directly connected to implementing a balanced budget amendment, however, and will not be discussed here.

Re-building broad support for a BBA and related statutes

Finally, the House of Representatives passed a BBA in 1995 on a strongly bipartisan vote.²⁷ 72 Democrats and most Republicans voted for final passage in the House. It was the first and only time that a BBA cleared the two-thirds threshold in the House.

More recently, in 2011, BBA proponents would strategize in the office of a senior House Republican. One attendee suggested floor votes on multiple BBAs, but the host said the 1995 experience showed that multiple votes would let Democrats divide their votes to keep any BBA from passing.

Maybe that's not the right lesson. Maybe members getting to vote first for a preferred version made it easier to vote for the consensus BBA as well.

The 1995 process started with a House Judiciary Committee markup. It added conservative provisions to H.J.Res.1 and ended only when remaining amendments largely rehashed topics that had already been considered. The Senate Judiciary Committee did likewise.

The special rule for the floor established a competitive, queen-of-the-hill process: the most popular substitute amendment becomes the text for final passage. The rule put the Judiciary-amended-to-

²⁵ Rep. Jimmy Panetta, "[Rep. Panetta Co-Leads Bipartisan, Bicameral Effort to Prevent Future Government Shutdowns](#)," November 3, 2025. Kurt Couchman, "[What Leverage? Shutdown fights don't get results](#)," *The Hill*, September 27, 2023.

²⁶ Kurt Couchman and Graham Owens, *Building Up Congress: A Pocket Guide*, Americans for Prosperity, November 6, 2025.

²⁷ Kurt Couchman, "[BBA competition in the House can rebuild broad support](#)," Americans for Prosperity, August 20, 2025.

be-conservative BBA first, then four Democrat-proposed versions, and finally the traditional BBA as introduced. In other words, they moved from more ideological versions to one that attracted more consensus and passed 300-132.²⁸

The House-passed BBA went to the Senate, where the Judiciary Committee had already marked up S.J.Res.1.²⁹ After robust floor consideration, 12 Senate Democrats including then-Senator Joe Biden joined all Republicans except Oregon Senator Mark Hatfield to support it. H.J.Res.1 was one vote away from being proposed to state legislatures.

That BBA had substantial shortcomings including annual balance and multiple emergency thresholds, however, that do not apply to today's next-generation proposals. These include Rep. Arrington's *Business Cycle BBA*, Rep. Moran and Senator Husted's *Principles-based BBA*, and perhaps Rep. McClintock's debt limit amendment proposal.

To begin the process of rebuilding bipartisan support for a constitutional fiscal rule, the House could again employ a queen-of-the-hill competition. More ideological proposals could be considered first, and those more likely to attract consensus could be considered toward the end. In this way, members of Congress could rediscover which proposals have the broadest appeal and build on them in the years to come.

In conclusion: Which future will Congress choose?

The federal government's debt burden already hurts Americans through higher inflation and interest and lower opportunity and prosperity. The growing debt risks a bond market reckoning with potentially dire consequences for the American people. The actions of their representatives in Congress will determine whether the conditions of the American Dream – peace, freedom, and prosperity – survive, or if the future is decline.

Federal budgeting is long overdue for modernization. New approaches to balanced budget amendments to the U.S. Constitution and statutory upgrades bring hope that Congress can revive itself, become a better place to serve, and solve a wide variety of pressing problems.

These are already proven, practical tools to restore sound governance. Yet the question remains: can members of Congress work together proactively to lead America to a better tomorrow, or must we live through avoidable pain and suffering first?

²⁸ U.S. House of Representatives, [Roll Call 51](#), on H.J.Res.1 (104th Congress), January 26, 1995.

²⁹ Sen. Robert Dole, "[S.J.Res.1. A joint resolution proposing an amendment to the Constitution of the United States to require a balanced budget](#)," introduced January 4, 1995.

Mr. ROY. Thank you for your testimony, Mr. Couchman. Ms. Madni, you may begin.

STATEMENT OF BRITTANY MADNI

Ms. MADNI. Chair Roy, Ranking Member Scanlon, the Members of the Subcommittee, thank you for inviting me to testify today.

It is a particular honor to be before this Subcommittee given the critical moment in our Nation's conscience when we are called on to address a growing fiscal crisis that threatens our constitutional prerogatives.

We are \$38.4 trillion in debt. To put this into context, our debt translates to approximately \$288,000 per household across America. More than 60 percent of this total occurred over the past 18 years. We've added more debt during and since the Obama Administration than over the prior 2.5 centuries, including the Revolutionary War, the Civil War, and two World Wars. This is wildly unsustainable.

Our Founding Fathers would be aghast. They just fought a war because the Kingdom of Great Britain didn't know how to balance its books, and mad King George wrongly thought that the solution would be to raise taxes on the colonies. I'll spoil the story for you; it didn't end well for the British or the tea drinkers.

What the Founding Fathers learned in a tangible way is that debt is dangerous. It is dangerous because it removes the ability of the government to adjust in times of need or respond to an existential threat. It leads to squeezing the pocketbooks of the people beyond reason. It is inflationary.

It is dangerous, perhaps most interestingly to the Subcommittee, because it implies that government has gotten so large, so unwieldy, so involved in people's daily lives that the only way to sustain it is to bankrupt future generations, not only through excessive taxation, but through excessive intervention in personal lives.

I want to tie the Committee's constitutional jurisdiction to its limited government jurisdiction by encouraging Members to think holistically about a balanced budget amendment, not just as a means of balancing the budget on paper or staving off the debt crisis my colleague Dr. Paul Winfree warned us is coming, but, most importantly, of making government spending match the people's priorities. This is inherently American, and it's inherently tied to the principles of limited government and individual liberty.

We all know the Federal budget is bloated. It's rife with waste, fraud, and abuse. For example, GAO recently reported that the Federal Government has made nearly \$3 trillion in improper payments since 2003. Over the past decade, we estimate that Medicaid alone issued more than \$1 trillion in improper payments.

Not all government waste—spending is blatantly corrupt, wasteful, or fraudulent, though. Much of it is just not necessary, which means it's not necessary for Congress to take money from the American workers to fund.

Is every dollar the Federal Government spends improving individual liberty within the bounds of limited government? This is a foundational budget question Madison reminds us to consider in *Federalist 41*.

According to the **Federal Register**, there are 444 Federal agencies right now all funded by the taxpayer. Not only does all that spending come out of Americans' paychecks, it often works against them with regulations and distortionary government subsidies. Given the purpose of our mission, balance must be designed for the sake of the people, not simply as an accounting mechanism. This year the Federal Government will take \$5.2 trillion in revenues from the American people and spend \$7 trillion, passing \$1.9 trillion in debt to future taxpayers.

A major part of the problem is that mandatory spending has grown from 33 percent of outlays in 1964 to 73 percent in 2024. That means Congress does not actually review 73 percent of what it spends each year. It's on autopilot and it's unacceptable.

The cost of our debt is rising exponentially. Interest payments this year will equal \$1.22 trillion, or \$9,200 per household. Our \$1.22 trillion interest payment is larger than the GDP of most countries. It is about the size of Saudi Arabia's entire economy. Our debt is out of control because spending is beyond reason. A balanced budget amendment would require lawmakers to regularly examine whether spending matches Americans' priorities or not.

Why do I believe a balanced budget amendment is necessary? Because I was here a decade ago as a staffer, bright-eyed and bushy-tailed, believing we could get this done. I was wrong.

In early 2016, I was working for a Member of the Subcommittee, Mr. McClintock. He charged me with working on a memo on ways to restore budget discipline. I would like to read to you from that memo that he published in 2016 and sent to his colleagues. He said, "The budget now before us"—remember, this is 2016—"spends \$1.07 trillion and balances in 2026, but only if we summon the discipline to stick to the budget in future years that has alluded us again this year." Maintaining budget discipline becomes particularly crucial given the deteriorating economic picture.

Well, Congress certainly did not maintain budget discipline. It's 2026, and our deficit is not zero dollars but \$2 trillion.

A balanced budget amendment is an important safeguard for Congress to consider building into the Constitution itself. You should consider three main priorities when doing so: (1) Do not abdicate your Article I powers; (2) remember that we have a spending problem, not a revenues problem; and (3) it must have an effective enforcement mechanism.

Thank you, and I look forward to your questions.

[The prepared statement of Ms. Madni follows:]



Testimony by Brittany Madni
Executive Vice President
Economic Policy Innovation Center

**Balancing the Federal Budget:
Examining Proposals for a Balanced Budget Amendment**

Committee on the Judiciary
The Subcommittee on the Constitution and Limited Government
U.S. House of Representatives
December 3, 2025

Chairman Roy, Ranking Member Scanlon, and Members of the Subcommittee, thank you for inviting me to testify today.

It is a particular honor to join *this* subcommittee given the critical moment in our nation's conscience when we are called upon to address a growing fiscal crisis that threatens our constitutional prerogatives.

We are \$38.4 trillion in debt.¹

To put this into context, our debt translates to approximately \$288,000 per household across America. More than 60 percent of this total amount (in real, inflation-adjusted terms) occurred over the past 18 years, since the Obama Administration took office. We have added more debt during and since the Obama Administration than over the prior two and a half centuries, including the Revolutionary War, Civil War, and two World Wars.

This is wildly unsustainable, and it continues to grow at an alarming rate.

A Founding Question

Our Founding Fathers would be aghast – but I fear they may not even be surprised. In fact, they were exceedingly concerned about the detriment caused by high national debt. They just fought a war because the Kingdom of Great Britain didn't know how to balance its books and Mad King George thought – wrongly, I might add – that the solution would be to raise revenues by raising taxes on the colonies.

I'll spoil the story for you. It didn't end well for the British. Or for tea drinkers.

What the Founding Fathers learned in a quite tangible way is that debt is dangerous.² It is dangerous because it removes the ability of the government to

¹ U.S. Department of the Treasury, FiscalData, "America's Finance Guide: Debt," <https://fiscaldata.treasury.gov/americas-finance-guide/national-debt/> (accessed December 2, 2025).

² Dr. Paul Winfree, Economic Policy Innovation Center "America's Overwhelming Debt: Not the Founding Fathers' Vision," July 3, 2025, <https://epicforamerica.org/federal-budget/americas-overwhelming-debt-not-the-founding-fathers-vision/> (accessed December 2, 2025).

adjust in times of need or respond to an existential threat. It is dangerous because it leads to squeezing the pocketbooks of the people beyond reason. It is dangerous because it is inflationary.

It is dangerous – perhaps most interestingly to this subcommittee – because it implies that government has gotten so large, so unwieldy, so involved in the people’s daily lives that the only way to sustain it is to deficit spend.

In other words, a failure to balance the budget is not just about what we see on CBO’s spreadsheets. It’s a signifier of the growing scope and scale of government interference.

You invited me here today to talk about a potential Balanced Budget Amendment to the Constitution. I recognize that the Constitutional jurisdiction of this Subcommittee is ostensibly the main topic of the day given that we are discussing an amendment, but I would like to encourage the Members at the dais to reframe your thinking. Because first, I would like to address the other part of this Subcommittee’s jurisdiction: the “Limited Government” piece.

What is the purpose of this debate? Is it to have balance on paper? We can achieve that with accounting and appropriations gimmicks.

Or is the purpose to stave off the debt spiral my colleague Dr. Paul Winfree warns us is coming? Because we can do that with simple cuts – they may not be politically popular, but the math would work. And Dr. Winfree is certainly right to warn us of the major negative implications of that coming fiscal crisis.

But I would like to start us not with the “what if” and “how” questions. Rather, I’d like us to first consider the “why” of this hearing.

I suggest to you that the purpose of “balancing the budget” is to make government spending match the peoples’ priorities. That activity is inherently American and inherently tied to the philosophy of limited government and individual liberty.

We all know the federal budget is bloated. It is rife with waste, fraud, and abuse. For example, GAO recently reported that the federal government has made

nearly \$3 trillion in improper payments since 2003.³ In fiscal year 2024, the biggest offenders, as has been the trend, were major autopilot spending programs, including Medicare and Medicaid. Together, those accounted for over half – 53 percent – of government-wide improper payments. Simply addressing this major problem would be a step in the right direction toward balance.

But there is an underlying, more nuanced problem we must tackle in any balanced budget debate. There is simply too much government. Not all of it is blatantly corrupt or wasteful or fraudulent. In fact, much of it is just not necessary for the government to do – which means it is not necessary for Congress to fund.

Is every outlay of Americans' dollars a prudent way to act within the bounds of individual liberty and limited government? This is the foundational question to consider when budgeting.

In Federalist 41, Madison reminds us to be cognizant of the limitations built into the Constitution, writing:

“THE Constitution proposed by the convention may be considered under two general points of view. The FIRST relates to the sum or quantity of power which it vests in the government, including the restraints imposed on the States. The SECOND, to the particular structure of the government, and the distribution of this power among its several branches. Under the FIRST view of the subject, two important questions arise: 1. Whether any part of the powers transferred to the general government be unnecessary or improper? 2. Whether the entire mass of them be dangerous to the portion of jurisdiction left in the several States? Is the aggregate power of the general government greater than ought to have been vested in it?”⁴

³ U.S. Government Accountability Office, “Improper Payments: Information on Agencies’ Fiscal Year 2024 Estimates,” March 11, 2025, <https://www.gao.gov/products/gao-25-107753> (accessed December 2, 2025).

⁴ James Madison, *Federalist Papers*, “Federalist No. 41,” <https://guides.loc.gov/federalist-papers/text-41-50#s-lg-box-wrapper-25493409>.

According to the Federal Register, there are 444 federal agencies at present.⁵ Each and every one of these agencies and all of their activities and employees are funded by the taxpayer. Is it possible that all of that unrestrained power is necessary and proper for the federal government to exercise? I would readily argue the opposite.

Every dollar spent grows the government. And that grows incursions into the lives and freedoms of the American people. It is an overextension not only of our means – and we will get to that very important part of the discussion –, but also of what the government can and should do.

Ultimately, any debate on a balanced budget must be seen as a moral and philosophical fight against the tyranny from within. Freedom must prevail, and that begins with taxpayers not being manipulated into handing it over along with the contents of their wallets.

Balancing for the Sake of the People

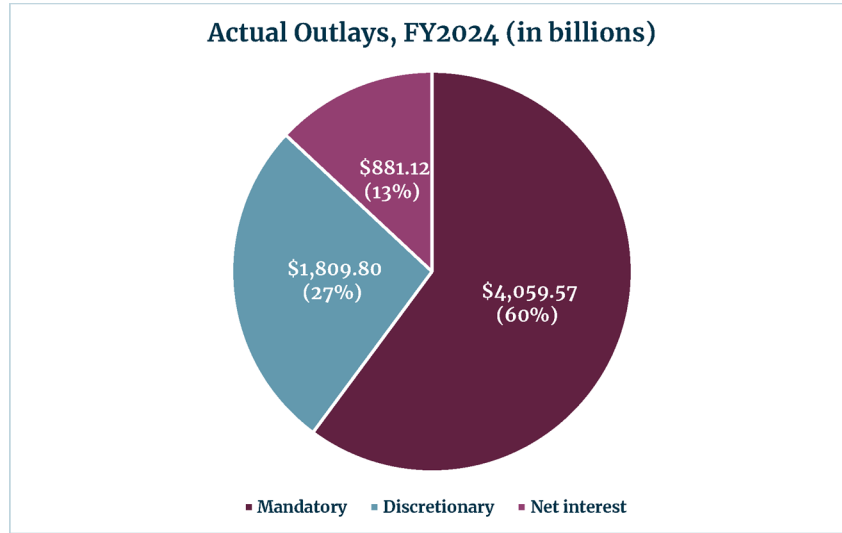
Given the purpose of our mission, balance must be designed for the sake of the people, not simply as an accounting mechanism. That should guide *what* is balanced programmatically, but the question of *how much* is needed is relatively clear.

In fiscal year 2025, the Congressional Budget Office projects we will bring in \$5.2 trillion in revenues, but outlay \$7.0 trillion. That leaves us with a deficit of \$1.9 trillion.⁶

A major part of the problem is that mandatory (or, “autopilot”) spending has grown from 33 percent of outlays in fiscal year 1964 to 73 percent in fiscal year 2024. That means, including net interest payments, Congress does not actually review 73 percent of what it spends in taxpayer money each year.

⁵ National Archives and Records Administration, Federal Register, “List of Agencies,” <https://www.federalregister.gov/agencies> (accessed December 2, 2025).

⁶ Congressional Budget Office, “Budget,” <https://www.cbo.gov/topics/budget> (accessed December 2, 2025).



Source: Author's chart using CBO baseline data.⁷

This is certainly a worrying prospect if we are expecting the government to only exercise necessary and proper authorities. Quite the opposite – there seems to be little to no oversight of the scope and scale of government.

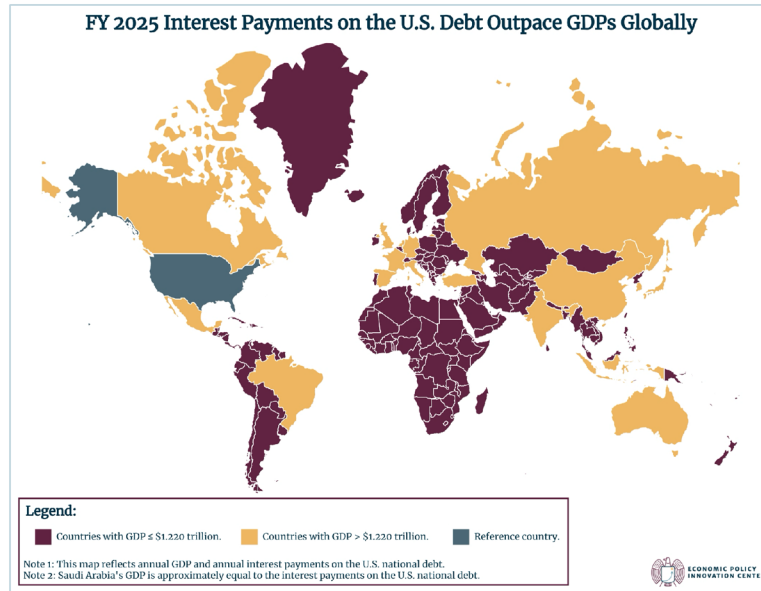
This alone – not to mention our \$38 trillion debt picture – should precipitate Congressional action on a Balanced Budget Amendment.

Adding to this quandary is just how much taxpayers are being forced to spend to make interest payments on our national debt. The U.S. Department of the Treasury pegs fiscal year 2025 interest payments at \$1.22 trillion.⁸ There are

⁷ Congressional Budget Office, 10-Year Budget Projections, January 2025, <https://www.cbo.gov/data/budget-economic-data#3> (accessed December 2, 2025).

⁸ U.S. Department of the Treasury, FiscalData, “America’s Finance Guide: Debt,” <https://fiscaldata.treasury.gov/interest-expense-avg-interest-rates/> (accessed December 2, 2025).

only 16 countries in the world – other than the United States itself – with GDPs greater than our interest payments.⁹



Our debt is out of control because our spending is beyond reason.

If nothing else, a Balanced Budget Amendment would push Representatives of our Republic to critically and thoughtfully reexamine, on a regular basis, whether our spending matches Americans' priorities, is within taxpayers' means, and is in line with the limited government promises of the Founders.

Why do I believe this somewhat severe way of handling imbalance is necessary? Because I was here as a staffer 10 years ago, bright-eyed and bushy-tailed, believing that the budget resolution alone could get us to balance.

⁹ Brittany Madni, Economic Policy Innovation Center, "Interest Payments on the Debt Outpace Most Countries' GDPs," December 3, 2025, <https://epicforamerica.org/federal-budget/interest-payment...t-countries-gdps/> (accessed December 3, 2025).

I'm not too proud to admit that I was wrong.

In early 2016, I was working for a Member of this Subcommittee, Congressman McClintock. He charged me with working on a memo he later released to his colleagues on ways “to restore budget discipline” while we were considering the fiscal year 2017 budget resolution. I would like to read to you from that memo, which Mr. McClintock published on March 3, 2016.¹⁰ He wrote:

“The budget now before us spends \$1.070 trillion and balances in 2026 – but ONLY if we summon the discipline to stick to the budget in future years that has eluded us again this year. Maintaining budget discipline becomes particularly crucial given the deteriorating economic picture.”

As everyone in this room knows, Congress did not, in fact, maintain the budget discipline necessary to balance by 2026. Here we sit today, a few months into fiscal year 2026, and our deficit is not \$0. No, it is about \$2 trillion.

I share this as a cautionary tale as a realist, but also as a willful optimist. Because there is a pathway out of this: a Balanced Budget Amendment that *requires* fiscal discipline even when it is politically unsavory.

A Balanced Budget Amendment is an important tool for fiscal restraint. Unfortunately, we have come to a point where we cannot trust that Congress or a future president has the political fortitude to make difficult decisions and reduce spending.

It is time to consider ways to build that safeguard into the Constitution itself – or risk undermining the entire document.

Pitfalls to Avoid

¹⁰ U.S. Congressman Tom McClintock, U.S. House of Representatives, Memorandum to Interested Colleagues, “Rules changes to restore budget discipline,” March 3, 2016, <https://mcclintock.house.gov/newsroom/press-releases/rules-changes-to-restore-budget-discipline>.

Congress should consider three major pitfalls to avoid when drafting a Balanced Budget Amendment.

1. Abdicating Article I powers.
2. Failing to remember that we have a spending problem, not a revenues problem.
3. Lacking any real enforcement mechanism.

Protecting Article I. There have been several iterations of Balanced Budget Amendments proposed in recent years. Some of those require a presidential signature on the annual Congressional budget, converting the budget resolution into a budget act. This would reduce the Congressional prerogative of the power of the purse significantly, abdicating spending and revenue authority to the Executive. The more this occurs, the less the people are in control through their elected Representatives.

A Spending Problem, Not a Revenues Problem. Some will argue that a Balanced Budget Amendment can be achieved not only by limiting spending, but by raising revenues. Let me be clear: we have a spending problem, not a revenues problem. The federal government is overextended and raising revenues ostensibly to “balance” is not balancing the budget with the intention of the people in mind whatsoever. It is, instead, an excuse to tax more and grow government more. Taxes for this purpose are theft with the intent of causing further harm by using those same dollars to infringe upon personal liberty, and should be admonished as such. Every dollar in deficit spending is a future tax.

Giving It Teeth. This is perhaps the greatest challenge in constructing a responsible Balanced Budget Amendment. Without an enforcement mechanism, what is to hold Congress to account? There must be an automatic response in place that limits – not just in theory, but in practice – spending.

These are the main three pitfalls to avoid. There are other considerations that must be settled, such as how quickly an amendment should take effect, whether balance should be annual (as I believe) or on another timeline, and whether we should consider the debt to GDP ratio rather than outlays to revenues. All of these are valid questions, but none matters if the first three concerns I have

presented – and the ultimate “why” I discussed earlier – are not established as the foundation before the rest of the details are drafted.

Conclusion

As we approach America’s 250th anniversary, I encourage you to have the heart of a scrappy startup once again. Let’s not be like the British following the French and Indian War, so desperate to get out from under their crushing debt they restricted freedom and raised the taxes that spurred a revolution in a failed attempt to hold onto monarchical power.

Big government through big spending was not the answer in 1776, and it is not the answer in 2026.

Let’s instead follow the advice of Thomas Jefferson, who wrote, “I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution.” He was speaking, of course, about a new article to be added to the Constitution – one that limited the federal government’s borrowing power, which he rightfully saw as a means to overspend and overexert the power of the government.

A government that spends too much insists upon itself. Instead, we should insist that government bend to the will of the people.

We have grave challenges in front of us. But we also have an opportunity. Now is the moment to advance a responsible Balanced Budget Amendment that emphasizes fiscal restraint, reasserts Article I, admonishes raising taxes as a cure-all, holds the government accountable, and potentially, saves the country.

Thank you, and I look forward to your questions.

Mr. ROY. Thank you for your testimony, Ms. Madni. Mr. Duke, you may begin.

STATEMENT OF BRENDAN DUKE

Mr. DUKE. Thank you, Chair Roy, Ranking Member Scanlon, and the Members of the Subcommittee. My name is Brendan Duke, and I am the Senior Director for Federal Budget Policy at the Center on Budget and Policy Priorities. CBPP is a nonpartisan research and policy institute that advances Federal and State policies to help build a Nation where everyone has the resources they need to thrive and share the Nation's prosperity.

Any constitutional amendment to require annual balanced budgets would be highly ill-advised and a risky way to address the Nation's long-term fiscal problems. It would threaten significant economic harm while raising a host of problems for Social Security and Medicare.

Let me first begin with an overview of our fiscal outlook. Analyses typically focus on government spending and revenue as shares of the economy. In 2024, revenue was 17 percent of GDP, which is around the same level as in 1984. Programmatic spending, on the other hand, has grown 1.5 percentage points since 1984. Social Security and Medicare are responsible for more than 100 percent of the increase in spending because the country has gotten older. That's nobody's fault. I'm sure everyone on this Committee wishes they had the same knees or back they did 40 years ago. Similarly, we all wish we had the same demographics in ratio of working-age Americans to retirees that we had 40 years ago, but we don't.

The combination of population aging and basic arithmetic means we will face a choice between raising revenue past the 17 percent of GDP levels set when the country was much younger or making drastic cuts to programs. The past several months has shown how much harm would be caused to vulnerable Americans and how difficult it would be if the government relied solely on massive spending cuts to balance the budget.

The Trump administration has attempted, often illegally, to close whole agencies, engaged in mass layoffs, and refused to spend congressionally appropriated funds with little or no savings to show for it. Similarly, the giant mega bill passed this summer adds \$3.4 trillion to the deficit as it extends tax cuts tilted to the wealthy, despite cutting SNAP and Medicaid by about 20 percent by 2034. This will cause millions of low-income families to lose the ability to afford the high cost of groceries or go to the doctor when they're sick, cuts that a vast majority of the public staunchly opposes.

The retirement of the baby boom was a predictable and predicted development, but at the beginning of the 21st century, we had a fiscal system that would deliver adequate projected revenue to meet our needs. Rounds of unpaid-for tax cuts ruined that.

Take a look at CBO projections for 2025 that were made right before most of the Bush tax cuts were made permanent in 2012, and before anyone even thought of the Trump tax cuts, and compare them to the actual 2025 values. The 2025 deficit is much higher than projected in 2012, despite programmatic spending being lower than projected. The reason the deficit rose is revenues came in far lower than projected as a result of those unpaid-for tax cuts.

Importantly, Social Security, Medicare, and other health programs, such as Medicaid and premium tax credits, also came in below CBO's 2012 projections.

What all this ultimately shows is it's entirely possible to meet our commitments to seniors while ensuring millions of low- and moderate-income Americans have healthcare and can afford food if we are willing to raise the revenue to do so.

The most serious concern about a balanced budget amendment, aside from any cuts to critical programs, is it would exacerbate and prolong recessions. During economic downturns, consumers and businesses spend less, which in turn causes further job loss. The drop in tax collections and increases in unemployment insurance and other benefits that occur automatically cushion the blow to the overall economy and individuals involved by keeping purchases of goods and services from falling more.

A constitutional balanced budget amendment, however, effectively suspends this automatic stabilization. That would launch a vicious spiral. A weak economy would lead to higher deficits, forcing more spending cuts and tax heights, which would weaken the economy further. It would also be unconstitutional for Social Security and Medicare to draw down their reserves to pay promised benefits without running a surplus in the rest of the government, because that's still deficit spending, spending money that was not collected in the same year, so we would immediately likely face their funding cliffs now instead of in the 2030s. In other words, a balanced budget amendment would serve as an effective backdoor way to immediately cut Social Security and Medicare benefits.

Rather than spend time on an unworkable and economically calamitous amendment to the Constitution, policymakers should focus on policies that improve the fiscal trajectory while meeting the public's wise priorities about what government should do.

Thank you, and I yield back the balance of my time.

[The prepared statement of Mr. Duke follows:]

December 2, 2025 | By Brendan Duke

Testimony of Brendan Duke, Senior Director for Federal Budget Policy, Center on Budget and Policy Priorities, Before the House Judiciary Committee's Subcommittee on the Constitution and Limited Government

Thank you, Chair Roy, Ranking Member Scanlon, and members of the Subcommittee. My name is Brendan Duke, and I am Senior Director for Federal Budget Policy at the Center on Budget and Policy Priorities (CBPP). CBPP is a nonpartisan research and policy institute that advances federal and state policies to help build a nation where everyone has the resources they need to thrive and share in the nation's prosperity.¹

Addressing the nation's long-term fiscal problems with any constitutional amendment to require annual balanced budgets would be highly ill-advised. It would threaten significant economic harm while raising a host of problems for the operation of Social Security and other vital federal functions. Policymakers who support lowering deficits should craft tax and budget policies to lower deficits, not rely on an unworkable constitutional amendment.

Moreover, addressing long-term fiscal challenges responsibly and with public support requires policymakers to recognize several realities:

- tax cuts enacted over the last three decades have increased near- and long-term deficits markedly;
- an aging population means that we will need to spend more to meet our obligations to seniors in Medicare, Medicaid, and Social Security; and
- the American people favor a broad range of critical public services, investments in our economy such as education and research, and supports for seniors, people with disabilities, and individuals and families who need help affording food, health care, and housing.

Given these realities — which are rooted in rigorous analysis and people's deeply held values — there is no path to improving our long-term fiscal sustainability without raising significant revenue.

An Aging Population Will Require More Revenue

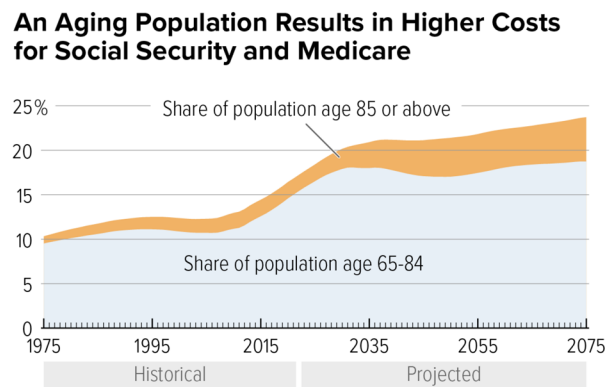
Let me first begin with an analysis of our fiscal situation. Analyses of the U.S. federal budget typically focus on government spending and revenue as shares of the economy. In 2024 revenue was 17 percent of GDP, very similar

to the average over the past 40 and 50 years and to the same as its the level in 1984. Programmatic spending, on the other hand, grew from 18.8 percent to 20.4 percent between 1984 and 2024.

These simple facts lead many in Congress to conclude “we have a spending problem, not a revenue problem,” but that phrase ignores the reality that the country has gotten older and so spending on Social Security and Medicare has gone up. Programmatic spending outside of these programs is actually *lower* as a share of the economy today than in 1984.² All of non-defense discretionary spending, for example, fell from 3.8 percent to 3.3 of GDP between 1984 and 2024.

Forty years ago members of the baby-boom generation (those born between 1946 and 1964) were in or still approaching their “prime working years”; today they are in their “prime retirement years,” with all but the very youngest now eligible for Social Security and Medicare. And over the next 40 years, this trend of an aging population will continue.

FIGURE 1



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The combination of population aging and basic arithmetic means we will face a choice: either we raise revenue above the 17 percent level set when the country was younger, or we make drastic cuts to programs and go back on commitments we’ve made, including to seniors in Medicare, Social Security, and Medicaid (which is the largest payer of long-term care services in the country).

With Social Security, Medicare, long-term care in Medicaid, defense spending, and spending on veterans comprising two-thirds of federal program spending, there is simply no way to significantly flatten the debt trajectory while shielding these programs from cuts without additional revenue.

The work of this Congress and Administration shows both how damaging these cuts would have to be and how deeply we would have to cut to address our fiscal imbalances. The Trump Administration has attempted to illegally

close whole agencies, engaged in mass layoffs, and refused to spend congressionally appropriated funds with little or no savings to show for it. Similarly, congressional Republicans failed to offset the full cost of their tax law despite a 22 percent cut to the Supplemental Nutrition Assistance Program (SNAP) and 18 percent cut to Medicaid by 2034 while encountering very substantial public pushback. And even the Trump Administration ostensibly opposes cuts to Social Security and Medicare benefits — indeed, large bipartisan majorities *increased* Social Security benefits one year ago by repealing Social Security’s the windfall elimination provision and government pension offset.³

Meeting long-standing retirement and health care commitments to seniors and managing the future risks associated with higher debt will, therefore, require substantially more revenue. The Trump Administration once again helps prove this. The deficit as a share of the economy fell from 6.3 percent to 5.9 percent of GDP between fiscal years 2024 and 2025 in large part because of about \$120 billion in additional tariff *revenue*. These tariffs — while legally questionable, regressive, and economically destructive — reflect the reality that revenue needs to be part of the fiscal discussion.

Without 25 Years of Unpaid-for Tax Cuts, Our Debt Today Would Be Lower and Stable

The retirement of the baby-boom generation was a predictable and predicted development. And at the beginning of the 21st century, at least, our fiscal system was projected to deliver adequate revenue to meet our needs, as revenue was projected to rise above 17 percent. But that was before costly tax policy changed the trajectory.

One way to see this is to look at Congressional Budget Office (CBO) projections from 2012 — the year before more than four-fifths of the Bush tax cuts were made permanent and before the Trump tax cuts became law. This means that CBO’s projections for 2025 at the time assumed the Bush tax cuts would expire as scheduled and the Trump tax cuts would never happen.

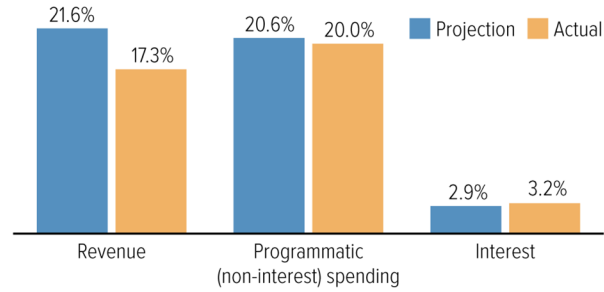
In 2012 CBO projected that the fiscal year 2025 deficit would be 1.8 percent of GDP — low enough for economic growth to keep the debt from growing endlessly.⁴ But in reality, the 2025 deficit was 5.9 percent of GDP. The reason for this increase in the deficit relative to projections is simple: despite rising costs due to the aging of the baby-boom generation and our investment deficit, policymakers have enacted unpaid-for tax cuts in the past two decades that have eroded the revenue base.

The increase was *not* because of higher spending on programs. CBO’s 2012 projection of programmatic spending making up 20.6 percent of GDP in 2025 was above the actual level of 20.0 percent. The higher deficit is entirely attributable to the drop in projected revenue as a share of the economy, from a projected 21.6 percent to 17.3 percent, mostly as a result of the two rounds of tax cuts.

FIGURE 2

Permanent Tax Cuts Lifted 2025 Deficits Well Above 2012 Projections

Actual numbers vs. 2012 projections – before Trump tax cuts, permanent Bush cuts – as a share of GDP



Source: 2012 Congressional Budget Office projection of 2025 and 2025 Monthly Treasury Statements. "Programmatic spending" refers to spending excluding interest payments.

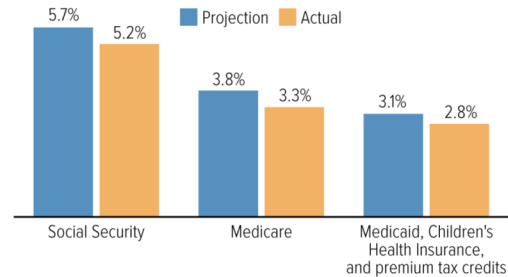
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Importantly, key programs — such as Social Security; Medicare; and Medicaid, the Children's Health Insurance Program, and the Affordable Care Act's Premium Tax Credits — also came in below CBO's 2012 projections. What this shows is that it's entirely possible to meet our commitments to our seniors while ensuring millions of low- and moderate-income Americans have health care if we are willing to raise the revenue to do so. Notably, the 2025 costs of non-Medicare major health programs are lower than the 2012 projections for 2025 despite the subsequent enactment of premium tax credit enhancements, which are unfortunately slated to expire at the end of the year.

FIGURE 3

Spending on Social Security, Medicare, and Other Health Care Programs in 2025 Was Below Projections a Decade Earlier

Actual numbers vs. 2012 projections – before Trump tax cuts, permanent Bush cuts – as a share of GDP



Source: 2012 Congressional Budget Office projection of 2025 and 2025 Monthly Treasury Statements

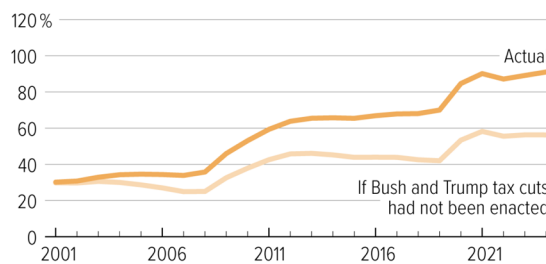
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Switching from deficits to debt, we can directly see the burden that decades of unpaid-for tax cuts have placed on our fiscal system. My CBPP colleagues estimate that if the Bush tax cuts, their extensions under President Obama, and the 2017 Trump tax cuts had not been enacted, the debt ratio would be considerably lower: 56 percent of GDP in 2024 compared to the actual 92 percent.⁵

FIGURE 4

The Debt Is Higher Due to the Bush and Trump Tax Cuts

Debt as a percentage of GDP



Note: Debt refers to "net debt," which is the government's total debt net of its financial assets.

Source: CBPP analysis of data from CBO and JCT

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All of the above leads me to conclude that stabilizing our fiscal trajectory will require reversing the revenue losses from the Bush and Trump tax cuts. This solution is mathematically simple, if politically difficult. But it's substantially less politically difficult than amending the U.S. Constitution or walking away from our commitments to Medicare and Social Security, slashing spending for defense and veterans, and taking food assistance and health coverage away from people who need help affording the basics.

Congress missed an opportunity to learn this lesson earlier this year. Instead, it doubled down on the mistakes of the Bush tax cuts, their deficit-financed Obama-era extensions, and the first round of Trump tax cuts. CBO estimates that H.R. 1, the harmful Republican megabill, will cost a net of \$3.4 trillion through 2034, adding \$4.1 trillion to the debt after including the additional interest payments from more borrowing. Even worse, this could be \$5 trillion if the legislation's new set of tax cuts, currently set to expire in 2028 and 2029, are extended.

No independent organization—including right-leaning ones such as the Tax Foundation and the American Enterprise Institute⁶—has found that economic growth would meaningfully offset the cost of these tax cuts. Indeed, some like the Budget Lab at Yale and the Penn Wharton Budget Model find that accounting for economic growth effects would *increase* its price tag.⁷

Tariffs are bringing in revenues. The President unilaterally has imposed this regressive tax, which is raising prices on everything from food to baby strollers to manufacturing inputs such as industrial chemicals. The net effect of the megabill's tax cuts and the tariffs is a big windfall for the wealthy — an average \$8,200 increase in income for the top 10 percent of households (a 1.6 percent gain).⁸ The bottom 80 percent of households, on the other hand, are worse off from this combination of policies, with the incomes of the bottom 10 percent falling an average of \$2,600 (a 6.6 percent decline).

We can and should have a discussion about addressing our fiscal imbalances that relies on a better approach than financing income tax cuts tilted to the wealthy by cutting programs to help families afford food and medicine while raising taxes on food and medicine that the Administration has relied on.

A Balanced Budget Amendment Is a Deeply Flawed Answer to Our Fiscal Challenges

The nation faces real but solvable long-term fiscal challenges, but a balanced budget amendment to the U.S. Constitution is an ill-advised way to address them. It would require a balanced budget every year regardless of the state of the economy, unless a supermajority of both houses overrode that requirement.

Economic Concerns

The most serious concern about a balanced budget amendment is how it would exacerbate and prolong recessions.

When the economy weakens, revenue growth drops and revenue may even contract. And as unemployment rises, so do expenditures for programs such as unemployment insurance (UI) — and to a lesser but significant degree, SNAP and Medicaid. These revenue declines and expenditure increases are temporary; they largely or entirely disappear as the economy recovers. But they are critical for helping struggling economies avoid falling into recessions and for moderating the depth and length of recessions that do occur.

During economic downturns, consumers and businesses spend less, which in turn causes further job loss. The drop in tax collections and increases in UI and other benefits that occur automatically cushion the blow by keeping purchases of goods and services from falling more. That is why economists use the term “automatic stabilizers” to describe the declines in revenue and increases in UI and other benefits that help stabilize the economy when it turns down.

A constitutional balanced budget amendment, however, effectively suspends the automatic stabilizers. It requires that federal spending be cut and/or taxes increased to offset the automatic stabilizers and prevent a deficit from occurring — the opposite course from sound economic policy. That would launch a vicious spiral: a weak economy would lead to higher deficits, which would force policymakers to cut spending or raise taxes more, which would weaken the economy further. If interest rates hit the zero lower bound during a recession, as they did during the last two, the Federal Reserve would not be able to offset any of this fiscal drag by further cutting interest rates.

Over the years, leading economists have warned of the adverse effects of a constitutional balanced budget amendment. For example, when Congress was considering a constitutional balanced budget amendment in 1997, more than 1,000 economists, including 11 Nobel laureates, issued a joint statement that said, “We condemn the proposed ‘balanced-budget’ amendment to the federal Constitution. It is unsound and unnecessary. . . . The proposed amendment mandates perverse actions in the face of recessions. In economic downturns, tax revenues fall and some outlays, such as unemployment benefits, rise. These so-called ‘built-in stabilizers’ limit declines of after-tax income and purchasing power. To keep the budget balanced every year would aggravate recessions.”⁹ In 2011, five winners of the Nobel Prize for Economics issued a statement opposing a constitutional balanced budget amendment for this reason.¹⁰

The amendment’s proponents likely will respond to these admonitions by noting that a proposed amendment could allow a vote of a supermajority of the House and the Senate to waive the balanced budget requirement. However, as the paralysis that often marks the Senate’s work indicates, it is difficult to secure supermajority votes for any major legislation. Moreover, some of the hard data on the economy come with a lag of several months, and it could well take many months after the economy has begun to weaken before sufficient data are available to convince supermajorities of both houses of Congress that economic conditions warrant waiving the balanced budget requirement, if a supermajority were willing to waive the requirement at all.

Furthermore, it is all too likely that even after the evidence for a downturn is clear, a minority in the House or Senate could hold a waiver vote hostage to demands for concessions on other matters (such as new, permanent tax cuts). (Even worse, parties might hold such a waiver hostage based on a perception of who would be blamed on election day for a recession.) By the time a recession is recognized *and* supermajority votes are secured in *both* chambers, extensive economic damage could have occurred and hundreds of thousands, or even millions, of additional jobs unnecessarily lost.

The bottom line is this: the automatic stabilizers need to continue to protect U.S. businesses and workers, and they need to be *automatic*, not based on lagging economic data or the whims of perceived political leverage.

Effects on Social Security and Medicare

Consider how this requirement would affect Social Security and Medicare. By design, the Social Security and Medicare trust funds built up reserves — in the form of Treasury securities backed by the full faith and credit of the United States — during the baby-boom generation’s peak earning years, and we are now drawing them down

as that generation retires. Currently, Social Security holds \$2.6 trillion in Treasury securities and the Medicare Hospital Insurance (HI) trust fund holds about \$250 billion. The Social Security trustees project that Social Security will be able to pay full benefits until 2034 and the Medicare trustees project that Medicare HI would be able to pay full hospital costs until 2033.

But under the balanced budget amendment, it would essentially be unconstitutional for Social Security and Medicare to draw down these savings to pay promised benefits — we would face their funding cliffs immediately instead of in the 2030s. Instead, benefits would have to be cut, because all spending would have to be covered by tax revenue collected *during that same year*. More precisely, Social Security and Medicare would be allowed to use their accumulated Treasury securities to help pay benefits *only* if the rest of the federal budget ran an offsetting surplus (or if the House and Senate each mustered supermajority votes to permit deficit spending).

In other words, a balanced budget amendment would serve as an effective backdoor way to immediately cut Social Security and Medicare benefits.

Effects on the Banking System

The potential effects on the banking system also are cause for concern. The Federal Deposit Insurance Corporation (FDIC) holds substantial reserves, in the form of Treasury securities, to insure the savings of depositors. These reserves are called upon when banks fail. Similarly, the Pension Benefit Guarantee Corporation (PBGC) has assets to draw upon if a corporation's defined benefit pension plan goes bankrupt.

Here, too, the balanced budget amendment would make it unconstitutional for the FDIC and the PBGC to use their assets to pay deposit or pension insurance since doing so generally would constitute "deficit spending." Such payments could be made only if the rest of the budget ran an offsetting surplus that year (or if Congress achieved the necessary supermajorities to override the balanced budget requirement).

In general, a constitutional requirement that all spending during a given year be covered by tax revenues collected in the same year would undercut all U.S. government insurance and loan guarantees. Those range from the "full faith" backing by the U.S. government to pay interest on Treasury securities to deposit insurance, pension insurance, Federal Housing Administration loans, small business loans, flood insurance, and the nuclear power industry's liability insurance under the Price-Anderson Act.

Henceforth, the U.S. government would only be able to fulfill its legal commitments if their cost did not cause a deficit, or if both houses of Congress voted by a supermajority to waive the balanced budget requirement. The entire purpose of deposit insurance and other U.S. financial commitments is to *guarantee* financing in case of calamity. How reliable is the "guarantee" if the balanced budget requirement places it at risk or forces it to be withdrawn just when it is needed most?

Mistaken Analogies to States and Families

Proponents of a constitutional amendment sometimes argue that states and families must balance their budgets every year, and the federal government should do so, too. But statements that the constitutional amendment would align federal budgeting practices with those of states and families are not accurate.

While states must balance their *operating* budgets, they can borrow to finance their *capital* budgets — to finance roads, schools, and other projects. Most states do so. States also can build reserves during good times and draw on them in bad times *without* counting the drawdown as new spending that unbalances a budget.

Families follow similar practices. They borrow — they take out mortgages to buy a home or student loans to send a child to college or car loans to buy a car. They also draw down savings when times are tight to cover expenses that exceed their current incomes. Ask yourself what share of Americans would own a home if they could not take out a mortgage and they could not use savings? What share of people could possibly buy a home out of their wages or salaries earned in *that* year?

But the proposed constitutional amendment would bar such practices at the federal level. The *total* federal budget — including capital investments — would have to be balanced every year; no borrowing to finance infrastructure or other investments to boost future economic growth would be allowed. And if the federal government ran a surplus one year, it could *not* draw it down the next year to help balance the budget.

More broadly, many other countries have similar fiscal “rules,” but no country’s rule — even those referred to as “budget balance rules” — require total budget deficits to be zero in every year, according to an International Monetary Fund analysis. Instead, they allow countries to run deficits during recessions and surpluses during booms by setting targets for the “structural” or “cyclically adjusted” budget, targeting the budget balance over the course of an economic cycle, or targeting balance only in the operating budget, as states do. In other words, the fiscal rule being discussed today would be more extreme than any other country’s.

A Balanced Budget Amendment Doesn’t Change the Math

A balanced budget amendment doesn’t change the basic facts that tax cuts have worsened our fiscal trajectory, that the aging of the population means spending has to rise as a share of the economy, and that there is broad public support for keeping our commitments in Medicare and Social Security, supporting public services and investments that we all depend on and that strengthen our nation’s economy, and helping people afford the basics, including food, housing, and health care.

Rather than spend time on an unworkable and economically calamitous amendment to the Constitution, policymakers should focus on policies that can improve the fiscal trajectory while meeting the public’s wise priorities about what government should do.

¹ My testimony draws extensively on the previous written work of my CBPP colleagues including Robert Greenstein and Richard Kogan, “A Constitutional Balanced Budget Amendment Threatens Great Economic Damage, Raises Host of Problems for Social Security and Other Key Federal Functions,” Center on Budget and Policy Priorities, July 27, 2011, <https://www.cbpp.org/sites/default/files/atoms/files/6-6-11bud2.pdf>; Richard Kogan et al, “More Revenue Is Required to Meet the Nation’s Commitments, Needs, and Challenges,” Center on Budget and Policy Priorities, June 17, 2024, <https://www.cbpp.org/research/federal-budget/more-revenue-is-required-to-meet-the-nations-commitments-needs-and>; Chye-Ching Huang and Chloe Cho, “Balanced Budget Amendment Proposal Is Extreme by International Standards,” Center on Budget and Policy Priorities, May 3, 2016, <https://www.cbpp.org/sites/default/files/atoms/files/5-3-16bud2.pdf>

² Programmatic spending is outlays excluding net interest expense. Spending on net interest is ultimately the result of both Congress’s programmatic spending and revenue decisions since the beginning of the Republic, i.e., the resulting level of net debt, in addition to the market forces that determine interest rates.

³ Kathleen Romig, "Repealing Social Security's WEP and GPO Rules Would Be Misguided," Center on Budget and Policy Priorities, <https://www.cbpp.org/research/social-security/repealing-social-securitys-wep-and-gpo-rules-would-be-misguided>

⁴ CBO's 2012 projection assumed the Alternative Minimum Tax (AMT) would continue not to be indexed for inflation and would thus cause the revenue-to-GDP ratio to rise (it was then indexed to inflation later that year as part of the legislative package that made most of the Bush tax cuts permanent). But the legislation making most of the Bush tax cuts permanent still significantly reduced revenue, even setting aside its changes to the AMT. The analysis of the debt trajectory below — which separates out the effect of adjusting AMT for inflation and the Bush tax cut extension — still shows that the debt-to-GDP ratio would be approximately stable without those tax cuts while adjusting the AMT for inflation. And it is still the case that program costs in 2025 are lower than CBO had projected in 2012; the increased deficits are still entirely the result of tax cuts.

⁵ As noted above, this analysis assumes that Congress already "patched" the Alternative Minimum Tax (AMT) by permanently adjusting its parameters for inflation, so the costs of such a patch does not count as part of the Bush tax cuts.

⁶ Kyle Pomerleau, "A Preliminary Macroeconomic Analysis of the 'One Big Beautiful Bill Act'," June 12, 2025, <https://www.aei.org/articles/a-preliminary-macroeconomic-analysis-of-the-one-big-beautiful-bill-act/>; Garrett Watson et al, "One Big Beautiful Bill Act Tax Policies: Details and Analysis," The Tax Foundation, July 4, 2025, <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/#timeline>

⁷ Budget Lab, "Long-term Impacts of the One Big Beautiful Bill Act, as Enacted on July 4, 2025," July 30, 2025, <https://budgetlab.yale.edu/research/long-term-impacts-one-big-beautiful-bill-act-enacted-july-4-2025>; Penn Wharton Budget Model, "President Trump-Signed Reconciliation Bill: Budget, Economic, and Distributional Effects," July 8, 2025, <https://budgetmodel.wharton.upenn.edu/issues/2025/7/8/president-trump-signed-reconciliation-bill-budget-economic-and-distributional-effects>

⁸ Budget Lab, "Combined Distributional Effects of the One Big Beautiful Bill Act and of Tariffs," August 12, 2025, <https://budgetlab.yale.edu/research/combined-distributional-effects-one-big-beautiful-bill-act-and-tariffs-0> [See September update sheet]

⁹ Senate Judiciary Report, "The Balanced Budget Constitutional Amendment," February 3, 1997, <https://www.congress.gov/committee-report/105th-congress/senate-report/3/1>

¹⁰ Center on Budget and Policy Priorities and Economic Policy Institute, "Nobel Laureates and Leading Economists Oppose Constitutional Balanced Budget Amendment," July 19, 2011, <https://www.cbpp.org/press/press-releases/nobel-laureates-and-leading-economists-oppose-constitutional-balanced-budget>

Mr. ROY. Thank you, Mr. Duke.

We will now proceed under the five-minute rule with questions. I will now recognize the gentleman from California, Mr. McClintock.

Mr. MCCLINTOCK. Thank you, Mr. Chair.

The Democrats spent quite a bit of time telling us the debt's ballooned because of Republican tax cuts. Let me put their concerns to rest. Three numbers tell you everything you need to know about the Federal deficit: 46, 64, and 94.

The Democrats blame excessive spend—46 percent, by the way, is the percentage of increase in inflation population combined over the last 10 years, 46 percent increase of inflation and population. Sixty-four percent is the increase in revenues in the same period. That's after the Trump tax cuts, after the big beautiful bill; we're taking in 64 percent more revenue than 10 years ago with only a 46 percent increase of inflation and population.

The third number is what's killing us, 94, that's the increase in spending in the same period. The Democrats like to blame Republicans for excessive spending, but the only opposition I have ever heard from the Democrats on spending issues is that we're not spending enough money fast enough.

At the end of World War II, our Nation staggered under a similar debt relative to GDP that we have today, as Mr. Walker noted. We'd exhausted our resources then, fighting the most terrible war in human history. The question occurs; how do we get out of that? Well, not by tax increases, as the Democrats propose. Quite the contrary.

In Fiscal Year 1946, Democrat Harry Truman cut the Federal budget from \$85 billion a year down to \$30 billion a year. Almost two-thirds. He slashed Federal income tax rates. He abolished the excess profits tax. He fired 10 million Federal employees. It was called war demobilization. The Keynesians of the time predicted a 25 percent unemployment rate and a second great depression. Instead, we had the post-war economic boom.

We already know how to fix the economy. The problem is summoning the discipline to do so.

For the last eight sessions, I've introduced a constitutional amendment on this subject. It's 27 simple words:

The U.S. Government may not increase its debt except for a specific purpose by legislation adopted by three-fourths of the membership of both Houses of Congress.

To me, that is the simplest way of addressing the issue and is essentially what Thomas Jefferson had suggested we needed in the Constitution at the time of its adoption.

Such an amendment taking effect 10 years from ratification would naturally require both a balanced budget and a prudent reserve to accommodate fluctuations of revenues and routine contingencies. It would trust that three-fourths of Congress will be able to recognize a genuine emergency when it sees one and that one-fourth of Congress will be strong enough to resist borrowing for lighter transient reasons. Whether it is this or some other mechanism, it seems to me that it is absolutely crucial.

Now, we have a modern-day example of this, and that's Switzerland. Switzerland adopted a debt break in its Constitution almost

25 years ago. Eighty-five percent of Swiss voters approved it. Today, Switzerland's total debt is 30 percent of GDP.

Mr. WALKER, what is the percentage today in the United States?

Mr. WALKER. Well, debt held by the public is about 100 percent, but if you take the total debt, which includes the debt held by the trust funds it's 123 percent and rising.

Mr. MCCLINTOCK. Yes.

Mr. WALKER. As you properly pointed out, we were going down after World War II; we're now going up and we're not at war.

Mr. MCCLINTOCK. Because we cut spending dramatically and we cut taxes, and that produced an economic expansion, as it did under Democrat John F. Kennedy, and as it did under Republican Ronald Reagan and Republican Donald Trump.

Anyway, 100 percent. Just debt held by the public, 100 percent; Switzerland is 30 percent. Switzerland's running a slight budget surplus this year, I understand.

What are we to take away from this experience?

Mr. WALKER. Well, Switzerland and certain other countries, including Germany and Sweden, have recognized that they need a constitutional constraint to maintain fiscal sanity.

I might note, the debt ceiling is a bad joke. It's done nothing to be able to constrain the growth of government or mounting debt burdens. It's a political football. Statutory approaches to try to be able to bring fiscal discipline, whether it be Gramm-Rudman or anything else, have not stood the test of time.

The only thing that can bind current and future Congresses and Presidents is a constitutional amendment. Remember what Washington said, among other things, "avoid excessive debt." We have not—we have not heeded his warning.

Mr. MCCLINTOCK. Thank you.

Mr. ROY. I thank the gentleman from California. I'll now recognize the Ranking Member of the Judiciary Committee, Mr. Raskin.

Mr. RASKIN. Thank you very much, Mr. Chair.

Yes, it was Democrat Harry Truman who did all that, who made the requisite cuts in Federal spending after World War II, and it was Democrat Bill Clinton who gave us record surpluses in the 1990s. All this is possible with the proper political focus and discipline.

Mr. DUKE, say you've got a lawless President who wages war without a congressional declaration of war, takes emoluments from foreign kings, princes, and governments without congressional consent, impounds money appropriated by Congress for certain purposes and uses them illegally for other unauthorized purposes. Is there anything in the proposals for a balanced budget constitutional amendment that would prevent a reckless President who disregards the Constitution from bulldozing the budget and just going right through those barriers and spending us into oblivion?

Mr. DUKE. Not that I have seen.

Mr. RASKIN. If there's not any real constitutional guardrail there, it seems to me like this is symbolic politics, a kind of window dressing to cover up the fact that people just have not had the political discipline and will to balance the budget.

Is it true that, as in the case raised by the gentleman from California with President Truman and President Clinton, is it true that

the budget deficits have gone down more under Democratic Presidents and the budget has been balanced more often than it has been with Republican Presidents?

Mr. DUKE. Certainly, in the post-war period.

Mr. RASKIN. OK. What is it that we should be doing in to get our friends focused on actually balancing the budget and not adding trillions to the debt, as President Trump did in his first administration and as he's been doing again with the massive tax breaks to the wealthy?

Mr. DUKE. The first best would—to get into a time machine and not do the bill that they passed last July. That would be the first best. Second best would be to repealing it and starting from scratch. That would be where we could start.

One idea, for example, there was that you could cut the cost of the expiring tax cuts in half by just not extending them for households making over \$400,000. Then, you could offset that cost, the \$2 trillion remaining cost for the tax cuts under \$400,000, by raising taxes on the wealthy and corporations. That's just one of the parts for dealing with the fiscal cliff that basically President Trump and Republican Congress set up in 2017.

Mr. RASKIN. Well, what do you make of the notion that President Trump's tariffs—which may be struck down as unconstitutional, of course—but that in the meantime they will make up the problems in the Federal budget deficit for us, they will reduce the deficit? Does that make sense?

Mr. DUKE. Yes. They're big and they are raising real money. The CBO thinks they raised about \$2.5 trillion, which is less than the \$3.4 trillion cost of One Big Beautiful Bill. I'd note that the sense to which Donald Trump has done any sort of work on deficit reduction, the cuts to SNAP and Medicaid, as large as they are, are smaller than the increases in tariffs, which shows that even President Trump is kind of admitting that revenue is the solution here. We should just have smarter taxes than ones that cause people to pay more at Costco and Walmart and ask the wealthy to pay their fair share instead of doing illegal tariffs.

Mr. RASKIN. Yes. What do you think about the notion that we should have an Article V constitutional convention to pass this balanced budget amendment?

Mr. DUKE. You put it best yourself, why go through that rigmarole, and why can't Congress and the President just do that right now. They have the power to do it.

Mr. RASKIN. Aren't there special dangers with causing—or calling an Article V constitutional convention? Of course, we haven't had an Article V convention. We've always done it by a two-thirds vote in the House and the Senate and three-quarters of the States ratifying. Calling a constitutional convention, like the one we had in Philadelphia, would lead to potentially every other manner of amendment that our colleagues have favored, including an anticonstitutional choice human life amendment, a school prayer amendment, a flag desecration amendment, and so on.

Would there be any way to control it once we're back in the Rawlsian original position of a constitutional convention?

Mr. DUKE. No. I think it's a whole bag of worms.

Mr. RASKIN. Well, thank you for that. I yield back to you, Mr. Chair.

Mr. ROY. I thank Ranking Member Raskin. I'll now recognize the gentleman from Kentucky for five minutes.

Mr. MASSIE. I'm all for balanced budgets. I built this debt badge, and I wear it to try and instill at least some sense of urgency among my colleagues. I gave one to every freshman Member of Congress, and the only Member who wears one is a Democrat because he wants to show how much the debt's going up under the Republicans, and he has a fair point.

The balanced budget amendment is one of those things that sounds good on the surface, but it's the exceptions that are written into it that get you. In fact, I voted against the balanced budget amendment when it came to the floor several years ago. I'll tell you why. It said that if Congress, if both Chambers of Congress voted it with at least 60 percent of the Members, they can undo the balanced budget amendment. That was the exception. Well, just a few legislative days prior to voting on the balanced budget amendment, we had just passed an omnibus with over 60 percent of the House voting for it and obviously over 60 percent of the Senate voting for it.

When Mr. Biggs, our colleague on the Judiciary Committee, offered a balanced budget amendment, he suggested the threshold should be two-thirds. I went back and looked from 2016 until 2026 at all the CRs that have passed the House and the Senate and all the omnibus bills that have passed the House and the Senate, and it turns out that 11 of the 16 CRs passed with more than two-thirds vote in the House, and 14 of the 16 CRs passed with more than two-thirds vote in the Senate. The results are similar for the omnibus bills. I believe my colleague here, Mr. McClintock, has suggested a three-quarters threshold.

What does a three-quarters threshold get you? Well, in 2024, the CR passed with 77 percent of the House, and 77 percent of the House in the next CR, 72 percent of the House, 74 percent of the House, 78 percent of the House, and, finally, in 2025, not too long ago here, the American Relief Act, the second CR of 2025, 84 percent of the House voted for that. That sucker wasn't balanced. What about in the Senate? Eighty-five percent. There's literally almost no threshold you could put in there that they couldn't override and haven't overridden already.

Mr. Walker, do you want to address that?

Mr. WALKER. Yes. Thank you, sir. First, you have to define what type of unexpected events can cause there to be a potential exception to the rule, and then you have to have a high enough threshold combined with those unexpected events to be able to limit it. In addition to that, you have to say it's for year by year. In other words, you don't just get a pass; it's year by year.

With regard to the convention, this is not a constitutional convention. *The Federalist* papers make it very clear that the Founders intended there to be Article V limited conventions.

There are several safeguards to deal with your question, Mr. Raskin. First, a majority of the applications back in 1979 and today are fiscal responsibility only. There's State delegate legislation—

Mr. MASSIE. Let me followup, Mr. Walker—

Mr. WALKER. Yes, sir. Go.

Mr. MASSIE. —on something you said, do you have to specify the exemptions, and one of those is war.

Mr. MASSIE. I have tongue-in-cheek remarked that at least this would get Congress to declare wars again because there is an exception if you declare a war. This gives me some concern because I have watched them play budget gimmicks here with something called Overseas Contingency Operation (OCO). It is supposed to be for emergencies or for things that came up—contingencies, not expected—but they have used it to fund the basic defense of the United States to replenish stockpiles and whatnot.

Forgive me if I am very suspicious of specific exemptions because I have seen those—they were statutory, not constitutional—but I have seen them abused here in the House of Representatives. The only thing that really works is you have got to elect people who are serious about balancing the budget. The result of the Big Beautiful Bill and the CR and everything that has passed since then is that this year, we have increased spending \$200 billion, and next year, we will increase spending over more than \$200 billion.

My colleagues are—my Republican colleagues and especially my Democrat colleagues—but this whole place is unserious about balancing the budget, and the reason—and if you give them any exemption, they will use it. The reason, honestly, they are not that serious about it is because they can get reelected every time by telling people they can cut their taxes and increase spending and things are going to turn out fine. Well, that is not the case.

With that, I see my time has expired.

Mr. ROY. With that, I thank the gentleman from Kentucky, and I recognize the gentlelady from Washington.

Ms. JAYAPAL. Thank you, Mr. Chair.

I love following Thomas Massie because he is very consistent, and I appreciate that. Because we can disagree on a whole host of things, but if you are consistent, it makes sense.

I just find it really interesting that we are spending our time on the Constitution Subcommittee talking about a balanced budget amendment right after everyone on the other side except for Mr. Massie voted for a bill that dramatically increased the national debt. There are lots of other things that this Committee should be working on rather than this.

The last time—the Ranking Member of the Full Committee said this. The last time there was a balanced budget was in the 1980s under a Democratic President, Bill Clinton, and that was achieved both by increasing taxes and revenue—taxes on the wealthiest and revenue—and decreasing spending and cutting defense spending. This last big, beautiful betrayal bill actually did the opposite. It reduced revenue by giving massive tax breaks to billionaires and corporations, and it increased defense spending, and it did all of that on the backs of cutting healthcare for tens of millions of Americans.

When we talk about this issue, we should remember that, in his first term, President Trump followed Republican Presidents like George W. Bush. He increased defense spending. He passed steep tax cuts for billionaires and corporations under his 2017 tax scam. In fact, in 2023, Americans For Tax Fairness reported that the richest 748 Americans' wealth topped a record-high \$5 trillion, up

77 percent since those tax cuts were passed, and that the debt caused by those Trump tax cuts were then used by Republicans as an excuse to cut services.

Then this year, instead of letting those tax cuts for the wealthiest expire, what did Republicans do? They made those tax cuts permanent and then added some more in. That gave the wealthiest Americans another five trillion in tax giveaways. As I mentioned, defense spending went up by another \$150 billion, more enormous amounts of money poured into the Department of Homeland Security to send all these masked ICE agents into our streets to kidnap and deport people and terrorize communities and give massive profits to for-profit detention centers.

The big, bad betrayal bill is what I call it, betrayal of the American people, betrayal of working families—increased the deficit by \$3.4 trillion over the next 10 years on the backs of working families while slashing \$1.1 trillion for Medicaid, food assistance, other critical health programs. Now, Republicans have refused to extend the ACA tax credits so 22 million Americans can afford health insurance, even though doing so would cost less than four percent of the cost of the tax cuts for the wealthiest. Just make this make sense for me.

I am going to turn to you, Mr. Duke. Deficits are made up of two parts, right? Is that correct?

Mr. DUKE. That is correct.

Ms. JAYAPAL. Revenues and expenses?

Mr. DUKE. You got them.

Ms. JAYAPAL. OK. I just wanted to make sure. Can a balanced budget be achieved by the Federal Government just by decreasing spending?

Mr. DUKE. It could be done mathematically by dramatically increasing poverty, causing millions of Americans to lose health insurance and not be able to afford groceries. It is mathematically possible, but it is very unwise.

Ms. JAYAPAL. To Mr. Massie's point, do we need a constitutional amendment to create a balanced budget?

Mr. DUKE. Bill Clinton certainly didn't.

Ms. JAYAPAL. Bill Clinton didn't. Yet, Republicans have done the exact opposite. As I mentioned, they increased the deficit, handed out tax breaks, and now they want—this is really rich—a supermajority vote to increase revenue or raise the debt limit but not a supermajority vote to decrease revenue or lower the debt limit.

What effect would this one-way ratchet have on the payment of Federal benefits like Social Security?

Mr. DUKE. Sure. Anytime a Congress comes that wants to cut spending, they can do it, and any Congress that then tries to reverse it by raising revenue would not be able to do it. It would be a one-way ratchet where benefits, services, and eventually Social Security and Medicare find themselves on the chopping block because there is just not much room left.

Ms. JAYAPAL. People feel like this is a rigged economy because it is a rigged economy. It is rigged for the wealthiest, and people across the country are seeing this now. That is why Donald Trump's poll ratings are as low as they have ever been in this term and almost as low as right after January 6th. Because people can't

afford health insurance. They can't afford basic food. They can't afford to live. Meanwhile, a very small group of people at the top are just having it big, and this is just another way to continue that cycle. I oppose it, and I yield back.

Mr. ROY. I thank the gentlelady from Washington.

I now recognize the gentleman from North Carolina.

Mr. HARRIS. Thank you, Mr. Chair, and thanks to all of you on the panel for your expertise and for being a part of this hearing, a very, very important issue that I think a lot of us have talked about and shared for a long time.

We all know that unsustainable debt has placed this country on a collision course with financial disaster and that a balanced budget amendment might save us from that fate, and I would really like to hear our witnesses on what factors they think make a strong balanced budget amendment that does not bear any unintended consequences. As a freshman here, I have had the opportunity to look at six different constitutional amendments that have been introduced in this 119th Congress, and I want to start by addressing the issue of when a balanced budget ought to take effect.

Mr. Couchman, what are the pros of a balanced budget amendment taking effect for the budget year immediately after it is ratified?

Mr. COUCHMAN. To require the balance of the budget immediately would require relatively large changes in spending and revenue policies. It would not give people as much time to adapt and plan, which is why I recommend 10 years—a glide path of 10 years after ratification, which would probably take 2–3 years.

Mr. HARRIS. OK. Because I understand, of the six that have been introduced, only one gives Congress time to pass the balanced budget and the other five require Congress to pass the balanced budget the Fiscal Year after the amendment is adopted. Some balanced budget amendments have provisions that allow deficit spending during a declared war, national security threats, or natural disasters.

Mr. Couchman, should a balanced budget amendment contain these exceptions in your opinion?

Mr. COUCHMAN. Yes, sir. Every balanced budget requirement or debt limit requirement must have a safety valve. There are emergencies of many types that come up. Two-thirds is the standard supermajority for congressional action in the Constitution. Three-fourths does apply, but that is only in the context of ratifying proposed amendments.

Mr. HARRIS. OK. Mr. Walker, what about you?

Mr. WALKER. Clearly, it cannot be effective immediately. In my view, I prefer a debt-to-GDP approach where you do two things:

(1) You set a credit card limit, which is constitutional. Not the debt ceiling, which is a bad joke.

(2) You have a target of lower debt-to-GDP than today because we are already too high, 10–15 years out, with specific targets or triggers to be able to make sure that we get there. Doing it immediately makes no sense. We need to really have a phased-in approach.

Mr. HARRIS. OK. We all know—and this has already been alluded to today—that there are two ways to balance the budget: Raise taxes or cut spending.

Ms. Madni, could you explain—you made a great point in your opening comments about the spending and not revenue as a problem that needs to be addressed. Can you expand on that a little more?

Ms. MADNI. Sure. Absolutely, sir. That the answer is quite simple. When we are looking at the math, we know that revenues are not catching up to where we are in terms of outlays. To me, that indicates that the Federal Government is spending more than we bring in.

Every constituent that you have sits around their dinner table and is expected to balance their budget and figure out what they can actually spend within their means. We are quite simply not doing that as a country, and the result of that is that our deficit is ballooning. We are increasing our debt year after year.

There are several instances of rampant waste that I think that the average American would be astounded to learn about. For example, there are several billion dollars' worth of waste going to things like green energy projects in Honduras, climate resilience in Honduras. It is about \$24 million. Simple items like this actually do stack up.

Then, when you start to think about the last major welfare reform—which your colleague, Ms. Jayapal, pointed out was a significant part of the President's 1996 balance—what you see there is that he actually did also contribute significant energy to reducing spending. It has to be a part of the picture. Then, it was about \$100 billion in today's dollars worth of spending cuts to welfare. Now, in the One Big Beautiful Bill Act, about a trillion dollars of that is what we are seeing.

It is really important to note that Medicaid is still growing after the One Big Beautiful Bill Act. There is a significant impact. In fact, it grew 31 percent even after the reforms in the One Big Beautiful Bill Act. It is not that revenues are the problem. It is that the spending trajectory of the country is continuing to go far beyond the pace of what we could ever bring in.

Mr. HARRIS. Gotcha. Well, thank you very much. We saw some of that in the first few months of this administration when DOGE began to do its work, where the American public was rising up and saying that these cuts were something that needed to happen.

With that, Mr. Chair, I yield back.

Mr. ROY. I thank the gentleman from North Carolina. I now recognize the gentleman from Colorado.

Mr. NEGUSE. Thank you, Mr. Chair. Thanks for convening this hearing. Thank you to all the witnesses for your testimony, both written and your answers to the questions that have been propounded so far.

Ms. Madni, I wasn't planning on asking this question of you, but I want to followup on the comment that you made just recently, and your summation focused on spending. Every academic, every economist that I have come across in the last six months have all agreed that the Republican tax bill, the so-called Big Beautiful Bill, increased the deficit. I assume you don't dispute that.

Actually, let me read this to you, and then you can answer. The Committee for a Responsible Federal Budget—right—has estimated that this bill will add \$2.4 trillion to primary deficits over the next decade and \$3 trillion to the deficit, including interest. Do you contest that?

Ms. MADNI. Thank you for your question, sir. I actually reject the premise of this question because, when you are adding to the deficit, you also have to think about what the mechanisms is doing so. As I mentioned in my opening statement, it is not just about balance on paper. This is not a simple accounting mechanism. You also have to take into account the economic impact of the choices Congress is making.

Mr. NEGUSE. Sure. I understand that argument. Republicans on the dais here have made that argument.

What you are essentially saying is that Elon Musk, the Committee for a Responsible Federal Budget, Mr. Massie, any Republican critics in good faith of this bill are wrong, that this calculation that the Committee for a Responsible Federal Budget has delineated and produced is inaccurate and incorrect. I don't know how you can make that argument. I suspect that your colleagues here sitting alongside you would not make that argument, but maybe I am wrong.

Mr. Couchman, I have seen some of your material previously in which you have amplified the Committee for a Responsible Federal Budget. I don't think you have taken issue with them in the past. Do you contest their analysis here? They are wrong?

Mr. COUCHMAN. I worked at the Committee for a Responsible Budget before this, and there are times that I agree with them and sometimes I disagree.

Mr. NEGUSE. I know. Sure.

Mr. COUCHMAN. On this matter, it really comes down to how you think about the statutory baseline and whether you think that was realistic, and as we saw from the bond market, the public, and policymakers, that was not an accurate reflection of where folks expected revenue policy to be.

Mr. NEGUSE. How far off are they? Is it \$2.4 trillion over the next decade? You are saying that this bill didn't increase—will not increase the deficit at all?

Mr. COUCHMAN. Relative to the statutory baseline, yes, but relative to what the bond markets and policymakers were projecting, no. It actually decreased deficits. Vice President Harris proposed extending most of these tax provisions as well to prevent the largest tax increase on the American people in history.

Mr. NEGUSE. Well, again, that it is rich, in my view, for organizations who predicate their existence on making the case for deficit-neutral policies and for decreasing the debt, so on and so forth, to enthusiastically endorse a bill in which a variety of experts, including conservative ones, all attest that that particular legislation actually increases the deficit. It is quite convenient now for Americans for Prosperity, just by way of example, to now conclude that the Committee for a Responsible Federal Budget is wrong and that, in the case of Trump's so-called Big Beautiful Bill, no, you have called it incorrectly. This in fact decreases the deficit. That argument is disingenuous, frankly, sir.

In any event, you are entitled to your opinion, obviously, but I concur with Mr. Massie, and I applaud Mr. Massie for having the courage among Republicans to actually make an intellectually honest argument and to stand by his principles and vote against the bill because of what it will do to the deficit. Again, that is my view.

Mr. COUCHMAN. Sound budgeting is important to American prosperity. There is no question about it.

Mr. NEGUSE. What was that?

Mr. COUCHMAN. Sound budgeting is important to American prosperity.

Mr. NEGUSE. It doesn't feel like it. If it was important to you all, then you would have opposed this bill. You would have said, you know what, we ought to make the case for an extension of these various different tax credits and tax breaks that were embedded in that bill, but supporting the bill wholesale, your colleagues at the Committee for a Responsible Federal Budget—your former colleagues, I should say—I suspect they are very disappointed because that they put forward a very honest treatise on this bill's impact.

I can see that your colleague here, Mr. Walker, would like to jump in, so feel free.

Mr. WALKER. I used to be on the board for Committee for a Responsible Federal Budget.

Mr. NEGUSE. Sure.

Mr. WALKER. It all depends on what assumptions you use, but there are more people believe that it added to the deficit than not, OK?

Mr. NEGUSE. Correct.

Mr. WALKER. Let me just note that things—

Mr. NEGUSE. I appreciate you conceding reality, sir.

Mr. WALKER. No, that is right.

Mr. NEGUSE. That is all I was asking of the other two witnesses.

Mr. WALKER. One last thing. Things have been out of control since 2002—

Mr. NEGUSE. Sure.

Mr. WALKER. —and both parties have controlled the Congress since 2002, and both parties have had Presidents since 2002.

Mr. NEGUSE. I hear you.

Mr. WALKER. This is a bipartisan problem.

Mr. NEGUSE. Here is the difference, Mr. Walker. I appreciate that candor. I appreciated the Chair's indulgence for just a few seconds. Because I completely appreciate that point. You, sir, have spent a great deal of time in your career making the case that both parties have to ultimately help bring their fiscal house in order.

The issue I take umbrage with are witnesses who advocate solely on the basis that Democrats are responsible, and they do that simultaneously to supporting a bill that increases the deficit by \$2.4 trillion over the next decade so that my daughter and future generations to come are saddled with debt for the next 25 years.

In any event, I digress. Thank you, Mr. Chair.

Mr. ROY. I thank the gentleman from Colorado.

I now recognize the gentleman from Missouri, Mr. Onder.

Mr. ONDER. Thank you, Mr. Chair, and thank you to all the witnesses for being here today.

Republicans have warned for years about the dangers of unchecked Federal spending, but because of the Biden Administration's unprecedented spending spree and the Democrats' refusal to return spending to pre-COVID levels even after adjusting for inflation, we are now at a defining crossroad.

This first chart shows a simple overview of our Federal debt-to-GDP ratio. Within just a few years, debt held by the public will surpass every previous record in our Nation's history, even the levels reached during World War II. Here we are. We are up here at World War II levels of debt-to-GDP ratio.

The second chart breaks down the annual Federal spending by category. One change that I believe should alarm every American is down here in the orange at about 6, 7 o'clock—is the slice of our Federal budget that is devoted to paying interest on our debt. We are now at 13 percent. At \$881 billion—which it is even larger than today—that exceeds the defense budget, it exceeds Medicare and the ACA, and it—I am sorry—Medicaid and the ACA, and it exceeds Medicare. This is truly a warning sign. Two years ago—yes, two years ago we passed up the defense budget in our interest spending.

Just a few questions. Ms. Madni, you mentioned Medicaid spending increasing even after the One Big Beautiful Bill and the reforms there such as removing requirement to work, keeping illegal aliens off welfare, checking eligibility. I believe we really should keep that in mind as we think about extending enhanced COVID ACA credits 2.5 years after the official end of COVID.

Could you explain how our growing deficit and debt is affecting—I believe Mr. Walker pointed out that Moody's downgraded America's credit rating this year. Can you explain how the growing debt and deficit crisis affect our credit rating?

Ms. MADNI. Sure. Absolutely. I will take the first question, and then we will go from there. Keep me on track if I miss something from you.

Mr. ONDER. Yes, sorry about that.

Ms. MADNI. Yes. To go back to your question on Medicaid spending after OBBB, following the One Big Beautiful Bill Act, I would just say that, to describe Medicaid reforms included in that bill as cuts—that is just Washington math, plain and simple.

Mr. ONDER. That is right. Only in D.C. does continued increase in spending constitute a cut.

Ms. MADNI. Absolutely. In Fiscal Year 2024, we were spending \$618 billion on Medicaid. A 31 percent increase over the budget window after the One Big Beautiful Bill Act would get to \$807 billion. That is actually nearly double what our Medicaid spend was from the pre-COVID level of \$409 billion. That is your first question.

Mr. ONDER. Incredible. It is just factually wrong that we cut Medicaid in the One Big Beautiful Bill.

Ms. MADNI. Correct. That is correct.

Mr. ONDER. No matter what the Democrats tell us, no matter what the hospital lobbyists tell us—yes.

Ms. MADNI. If you believe that math is math then you are right.

Mr. ONDER. Yes. Right.

Ms. MADNI. That it is also important that we talk a little bit about the other part of the One Big Beautiful Bill Act because I was criticized by your colleague and I didn't have a chance to respond here.

When I say that I reject the premise that the tax cuts included in the One Big Beautiful Bill Act don't increase the deficit, what I was trying to tell the Congressman is that those are not new tax cuts.

Mr. ONDER. Right.

Ms. MADNI. These are things that the American people are already experiencing.

Mr. ONDER. Right. What the One Big Beautiful Bill Act was to prevent a tax hike on the American people.

Mr. ONDER. Exactly. I think sometimes—to some extent, we Republicans that are messaging largest tax cut in American history, that is not exactly true. What we did is prevented a multitrillion-dollar tax increase, which is what my Democrat colleagues seem to advocate.

Ms. MADNI. That is correct, sir.

Mr. ONDER. OK.

Ms. MADNI. Then you asked me as well—I recognize you only have a few seconds left.

Mr. ONDER. Yes. Go ahead.

Ms. MADNI. You asked me as well about how our interest payments are negatively impacting our standing in terms of our credit. Well, that couldn't be more clear. You pointed out that our interest payments are outpacing our payments for defense. They are outpacing our economy. They are outpacing everything that is sustainable. We are making a \$1.22 trillion interest payment in the next fiscal year, and that alone, as I mentioned at the beginning of this Congress, is larger than the GDPs of every country in the world except for 16, excepting the United States, of course. That is going to naturally have an impact when credit rating agencies are considering whether or not we can actually meet our obligations.

Mr. ONDER. No wonder young people can't afford to buy homes because they are competing with the Federal Government for borrowing.

Ms. MADNI. Precisely.

Mr. ONDER. Thank you very much for your testimony. I yield back.

Mr. ROY. I thank the gentleman from Missouri. I now recognize the gentlelady from Vermont.

Ms. BALINT. Thank you, Mr. Chair.

We are talking today about a constitutional requirement that spending has to equal revenue, but what Republicans are not saying—but which we all know—is that this means you are going to have to cut Social Security, Medicare, food assistance, and other programs that regular people rely on. As a Member of the Budget Committee, I have spent three years—three years—on conversations like this and all the while watching Republicans continue to balloon the national debt to finance tax cuts for people who don't actually need them. Can we all finally admit once and for all that tax cuts do not trickle down? All you have to do is ask regular people who can't afford their groceries right now.

Mr. Duke, thanks so much for being here. I want to talk about what Republicans mean when they talk about a balanced budget amendment. From my perspective, they mean that you are going to have to make steep cuts to benefits, while rewarding the wealthy with additional tax cuts. A balanced budget amendment always sounds so simple, but the Federal budget is not actually like a household budget. It is not. It doesn't matter how many times we say it. It is not.

Mr. Duke, is it possible that this proposed constitutional requirement would endanger Social Security?

Mr. DUKE. Absolutely it would.

Ms. BALINT. Tell me a little bit more. How would it do that?

Mr. DUKE. We have the baby boomers. They worked for a bunch of years. That created surpluses into the Social Security and Medicare trust funds, right? Now, we are drawing them down as they are retiring, and those trust funds are scheduled to exhaust in the 2030s. A balanced budget amendment would apply to the whole government. Those accumulated surpluses from 10–15 years ago wouldn't count anymore, right?

Basically, what would need to happen for Social Security and Medicare to continue to pay 100 percent benefits is you would need to run a bigger surplus in the rest of the government, right? Which is really, really, really hard to do and frankly not realistic, right?

Ms. BALINT. Yes.

Mr. DUKE. Social Security just can't have its trust fund. That basically moves the problem we were going to face 10 years from now about Social Security and Medicare trust funds exhausting from the 2030s to now.

Ms. BALINT. Yes. it is very serious. I can think of a simpler way to protect essential programs like Social Security. Is it true that we could just raise taxes on billionaires and corporations?

Mr. DUKE. That certainly would be one way to—

Ms. BALINT. It is an option, right?

Mr. DUKE. Yes. It certainly is an option.

Ms. BALINT. It is an option. It is on the table. We already have that power. Is that right?

Mr. DUKE. According to Article I, yes.

Ms. BALINT. Yes. Exactly. According to Article I, I am going to get to that in just a minute.

What worries me so seriously about this conversation is that this whole concept of a balanced budget amendment requires us to actually support the Constitution that we have. You can't have this amendment if you don't have respect for the separation of powers, if you don't have respect for the powers of the purse, if you don't have respect for the Constitution as a whole, and under this Republican government, none of these things currently exist.

My Republican colleagues have completely given up Congress' Article I powers, letting the President do whatever he wants. They have stepped back and let the Executive Branch run wild. We have invoked the Founders a lot today, and I can tell you they would be disgusted by the Majority's willingness to cede their power to this President.

President Trump and congressional Republicans have completely abandoned constitutional governance by three coequal branches.

They have allowed the President to illegally refuse to spend money as directed by Congress. They have conducted absolutely zero oversight of misconduct and open corruption across the agencies and the White House. We just spent a month out of session because the Speaker would not stand up to our President and protect our Article I powers.

Why do I care so much about the Article I powers? It is not because of our power. It is because we represent the people. We represent the people who want us to pass those policies that actually benefit them, and we don't have that right now. This whole conversation about going through this rigamarole of an idea that has a snowball's chance in hell of ever coming to fruition—when we could actually spend our time here protecting our Article I powers.

I appreciate you being here. I appreciate all the witnesses. I yield back.

Mr. ROY. I thank the gentlelady from Vermont. I will now recognize the gentleman from Wisconsin.

Mr. GROTHMAN. First, I would like to thank you very much for holding this hearing. We are kind of in the middle of appropriation bills here, and it is shocking to the degree which my colleagues think that we are running huge surpluses rather than we have to deal with deficits. It would be nice if we get a balanced budget out of this, but at a minimum, we can educate our colleagues as to what a dire situation we are in.

Ms. Madni, I will ask you a few questions as to where this ship is headed. Do you know approximately right now—maybe it is unfair to ask you without checking there—the percentage of our budget that is borrowed?

Ms. MADNI. I am sorry, sir. What? The percentage—

Mr. GROTHMAN. The percentage of our budget that is borrowed.

Ms. MADNI. That is powered?

Mr. GROTHMAN. Borrowed.

Ms. MADNI. Borrowed. Oh, borrowed. I apologize. I couldn't quite hear you. Far too much. If you just look at our interest payments, that is really what you need to start thinking about. In terms of what we are borrowing—

Mr. GROTHMAN. I think we are borrowing—

Ms. MADNI. —our deficit spend is \$1.9 trillion.

Mr. COUCHMAN. About a quarter of revenue is borrowed.

Mr. GROTHMAN. Right. Twenty-six percent, which is kind of shocking. Do you know how much we are spending on—the percentage of all our budget—how much is already not on new, neat stuff but just paying interest on the debt we have?

Ms. MADNI. The percentage for interest only, you are saying?

Mr. GROTHMAN. Yes. Percentage of—

Ms. MADNI. Yes, sir. The percentage that we are paying on interest is 13 percent.

Mr. GROTHMAN. OK. About a seventh of our budget already is going not to Social Security or tanks or wasting money on a Truman Scholarship program. I was just in a different hearing. What a waste of money. Already 14 percent is interest.

Could you guys—any one of you—jump forward and tell me—obviously, if you were an individual, you couldn't keep borrowing 26 percent of every dollar you spend. Obviously, if a seventh of what

you are spending is already interest, you would just—they would send you to debt counseling or something or another.

How long can we go at this rate, and what is going to happen when we can't go any longer?

Ms. MADNI. We will start entering a fiscal spiral in the 2030s if we continue down this path. You mentioned earlier appropriations and the fact that we are underway in that full-year discussion right now.

One thing to keep in mind—of course, appropriations are only 27 percent of our Federal budget, but even within that, the Senate's proposed appropriations bills right now—the remainder of them that were not already enacted—are \$50 billion or more—because we haven't seen the full text of all them—than what the House appropriations bills propose. That alone is something that you could do to deal with immediately the trajectory that we are on.

Obviously, \$50 billion is not going to resolve our trillions of dollars that we are currently in the hole for just this year, \$38.4 trillion overall, but it is important to start building that muscle memory among your colleagues.

Mr. COUCHMAN. To build on that, the point of budgeting is to look at everything and see how we can do better, but that is not what Congress does. Congress does appropriations. It is important, but it is 26 percent of spending. We need to be looking at all spending, all revenue, including tax expenditures, getting all the Committees involved like Wisconsin does.

Mr. GROTHMAN. Just so you know, Mr. Couchman, I believe irresponsible people around here like to rattle on about all the mandatory spending, and they are right except for the reason they rattle on about it. It is because they specifically don't want to do what they should do on discretionary spending.

Mr. COUCHMAN. Look at everything.

Mr. GROTHMAN. Yes. Exactly. I am trying to think.

Mr. WALKER. Congressman, can I provide something that would be helpful?

Mr. GROTHMAN. Sure.

Mr. WALKER. What I found that resonates with the public is, if you take the financial statements from the U.S. Government as of September 30, 2024—if Uncle Sam was a person, you drop eight zeros, and here is what you get: \$50,000 in revenue, \$74,000 in expenses, \$24,000 in the deficit, \$1,240,000 in total liabilities and unfunded promises, \$57,000 in assets, underwater \$1,183,000. Would you lend money to that person?

By the way, the crisis is coming way earlier than the 2030s from—based on prime economists on both sides of the aisle.

Mr. GROTHMAN. I was standing on the floor a couple weeks ago, and one of my colleagues who is a conservative by any standard, I had thought—I still think he is—thought that this was inevitable. Eventually, the U.S. is just going to have to throw up their hands. Can we get out of this, do you believe, given the people that are in Congress are pretty motley crew?

Mr. COUCHMAN. There are an extraordinarily number—or an extraordinary number of talented people on both sides that are being held back by a broken process, and if we fix the process, then we will get much more from Congress. Article I—Congress should be

the strongest branch. It is not. It is not coequal branches. This is supposed to be the dominant branch, and it has been curious to hear so many Members of Congress talking about Presidents. Why not talk about this institution and fixing this institution?

Mr. GROTHMAN. Well, this institution is horrible. They are horrible.

Mr. COUCHMAN. Well, let's make it better.

Mr. GROTHMAN. It is not the process. It is the people, I believe.

Ms. BALINT. You are part of it.

Mr. WALKER. Not without a constitutional amendment. You won't solve this problem without a constitutional amendment.

Mr. GROTHMAN. OK. Thank you for giving me an extra 50 seconds.

Mr. ROY. I thank the gentleman from Wisconsin, and I believe the gentlelady from Vermont has some consent requests.

Ms. BALINT. I do. I ask unanimous consent to enter into the record three tweets, the first from Mr. Kurt Couchman: "The claim that Trump's tariffs didn't cause inflation makes no sense."

Also, from Kurt Couchman, "President Trump's steel and aluminum tariffs are terrible for the metal-using industry jobs in my rural Pennsylvania hometown."

A retweet, "It would be great if the Supreme Court saves Trump and the GOP from themselves and kills the President's ability to drive up costs on consumers by ending his unconstitutional tariffs."

Thank you. I ask unanimous consent to enter them into the record.

Mr. ROY. Without objection, those will be entered into the record. I now recognize the gentlelady from Pennsylvania, the Ranking Member, Ms. Scanlon.

Ms. SCANLON. Thank you, Mr. Chair. Clearly, we have structural issues here with our debt, with our budgets. I wanted to focus on the revenue side because that is a side that doesn't seem to get enough attention, and I would start with something that you talked about, Mr. Duke.

In this big bill that passed last summer, our colleagues across the aisle have justified it as being necessary to avoid a tax cut on the American people, when we know that most of it was going to wealthier folks. You mentioned that if there had been a cap on who got those—or a floor on who got those tax cuts, it could have had a very different impact. Can you talk about that?

Mr. DUKE. Absolutely. The full cost of the tax cuts that passed were about \$4.5 trillion, but extending the expiring tax cuts was four trillion. That is the pile we are working with here. The cost of extending them for households making under \$400,000, on the other hand, was less than half that amount according to analysis by the Treasury Department, right?

Offsetting the \$4 trillion of costs would be really, really hard to do. The \$1.9 trillion, there are ways you can do that on the revenue side too. That makes the job a lot easier. It is just making sure that the two-percent of households making over \$400,000 don't get a tax cut. It would have made the job a whole heck of a lot easier.

Ms. SCANLON. It is certainly not chump change.

Another thing that we have seen under this administration—and it was mentioned by one of our colleagues—is the purported sav-

ings by DOGE, but one of those big DOGEisms has been to radically cut the IRS—the IRS which has a return on investment of \$5–\$12 for every dollar spent there—and the laying off of people who were supposed to go after the big dollar tax cheats. Can you talk about how that would have an impact on our revenue?

Mr. DUKE. Yes. You spelled it outright that we could have the perfect tax system that basically took care of our fiscal trajectory in the Internal Revenue Code, but if there aren't the people to enforce it, it doesn't matter because nobody is going to pay their taxes, right?

The key thing is having the IRS, and that was a key investment made under the Biden Administration to increase IRS staffing, especially with a focus on households making over \$400,000 and large corporations. They have been systemically laying off those units that go after those groups. That just obviously mechanically will make it easier for those groups to just not pay the taxes they owe. That increases the deficit.

Ms. SCANLON. Shockingly, they canceled the folks who were going to go after the big spenders.

Programs like Social Security and Medicare are part of America's contract with our citizens and part of a long-held promise we have made to our country's seniors that people will contribute their wages over a lifetime and earn benefit that will be available when they become older or if they are disabled.

Can you talk about how the balanced budget amendment that is being proposed—amendments that are being proposed might threaten those Social Security benefits?

Mr. DUKE. Right. Social Security and Medicare outlays are part of the government, right? It is just part of it. Balanced budget amendments would basically treat those payments as part of the Federal budget as a whole and so would be limited.

Now, we actually don't know a lot of the enforcement mechanisms behind a lot of these amendments, so it is hard to say exactly what would happen. The key thing is that those programs are drawing down their trust funds they accumulated when the baby boom was working, and unless we are running a large enough surplus in the rest of the government, they would not be able to tap those reserves to pay out the benefits owed to people, right?

I guess you could just make massive cuts to other parts of the government to keep those parts flowing. That is very unlikely. They would be just as much at risk as the rest of the government.

Ms. SCANLON. Of course, the fact that the tax cuts we have seen over the last couple of decades have radically increased income inequality, that also has undermined our Social Security system because there are caps on who has to contribute. Once again, folks on the lower end of the economic scale are paying proportionately more than folks on the upper end.

I did want to request unanimous consent to enter into the record an article entitled, "How DOGE's Cuts to the IRS Threaten to Cost More Than DOGE Will Ever Save."

Mr. ROY. Without objection.

Ms. SCANLON. OK. Thank you, and I would yield back.

Mr. ROY. I thank the Ranking Member. I will now recognize the gentleman from Texas for five minutes.

Mr. GILL. Thank you, Chair Roy. Thanks for holding this hearing and especially for your fights over the past several years to promote fiscal prudence in Washington and very boldly standing up for the American taxpayers. We really appreciate that.

It is not surprising to me that our colleagues across the aisle are not in favor of a balanced budget amendment. It would obviously stop them from spending money on their top priorities, which we have learned this year are things like transgender surgeries for foreigners, DEI scholarships in foreign countries, Left-wing media outlets like *NPR* and *PBS*, it would stop them from funding the NGO industrial complex that is facilitated mass migration into our country, and all the various other wasteful government programs that we have been fighting to slash over the past year since I have been in Congress at least. Those are precisely the types of programs that I would like to see cut and why, among other reasons, that a balanced budget would, in fact, be prudent.

Every dollar that we spend right now above what we take in at revenue is money that our children and grandchildren are going to have to pay back, and I for one don't want to and I don't think that it is in any way moral to saddle my children, my son or my daughter, with the debt to finance ridiculous programs as we have been.

With that said, I want to thank the witnesses for being here. I really appreciate y'all's time.

Ms. Madni, I agreed that—with you that achieving a balanced budget requires a significant decrease in spending. Do you know what the deficit was in 2019?

Ms. MADNI. I am sure that you have it in front of you, sir, so I am going to concede—

Mr. GILL. The \$984 billion. Do you know what the deficit is now?

Ms. MADNI. It is not good.

Mr. GILL. Not good. A lot more than that, isn't it?

Ms. MADNI. Yes. Absolutely, sir.

Mr. GILL. Do you know how much it is?

Ms. MADNI. Yes. We are at \$1.9 trillion.

Mr. WALKER. Estimated to be \$1.8 trillion.

Mr. GILL. There we go. \$1.8 trillion?

Ms. MADNI. I think it is actually \$1.9 now.

Mr. GILL. Got it. During that time, we have seen spending balloon and revenue not being able to keep up, of course. That has resulted in nearly doubling the deficit in six years.

One of the things that we worked on as part of the tax package that we passed earlier this year was reducing wasteful spending. We cut spending by \$1.5 trillion, the biggest mandatory spending reduction in our country's history. I would love to hear your thoughts on the work that we did as part of that spending reduction. What portions of that do you think were the most beneficial?

Ms. MADNI. It is a little difficult for me to choose just one piece of it that was the most beneficial, but I do think that there were some significant wins. As we mentioned, we prevented a tax hike on the American people and specifically working families, so I would be remiss not to mention that. In terms of your question on cuts, we eliminated \$1.5 trillion in Federal spending. That is going to reduce inflation significantly.

One of the pieces of the One Big Beautiful Bill Act that I am most in favor of is that we really started refocusing Medicaid on the vulnerable populations, and that included reforms that reduced the ability of Medicaid dollars, Federal dollars from taxpayers—of course, it is the taxpayer's money, not the government's—from going toward illegal immigrants. We also ensured that those who can work must work to access Medicaid dollars. That is really important not just in terms of our fiscal health as a Nation, but because these programs were designed as safety net programs for the most vulnerable, and this helps refocus them.

Mr. GILL. Yes. There has been some talk and we discussed possibly doing a second reconciliation bill. What are a few policy ideas that you think we should particularly focus on if we do go in that direction?

Ms. MADNI. I will stick with the Medicaid theme for a little while, sir. One thing that we could do is lower or eliminate the Federal match assistance percentage floor. Right now, there is a statutory floor of 50 percent. We could reduce that so that States who under the formula would receive less from the Federal Government could. That could save us \$400 billion. We could also repeal the Medicaid FMAP increase to the States that initially declined expansion. That would save us over \$13 billion.

Another option would be reducing the enhanced FMAP match for expansion populations. That was from the Affordable Care Act. This, of course, is what gives the able-bodied, working-age adults \$9 for every \$1 for the traditional population. If we did that, it would save \$700 billion.

Mr. GILL. Thank you, Ms. Madni.

Mr. ROY. I thank the gentleman from Texas, and I now recognize the gentlelady from Wyoming for five minutes.

Ms. HAGEMAN. Well, thank you.

First, I would like to correct one of the statements made by our colleague on the other side about who actually pays the income taxes in this country. The top 10 percent of earners bore responsibility for 76 percent of all income taxes paid, and the top 25 percent paid 89 percent of all income taxes. Altogether, the top 50 percent of filers earned 90 percent of all income and were responsible for 98 percent of all income taxes paid in 2021. It is very clear that the people who own the majority of the money are also the ones that are responsible for paying the income taxes in this country.

The Fiscal Year 2025 national debt currently stands at around \$1.78 trillion—that is what I was looking at just this morning—and the national debt is at \$38 trillion and counting. In 2010, when I first started really kind of ringing the bell about the debt and the deficit, the debt was \$10 trillion. We have added another 28 trillion, almost \$30 trillion just in the last 15 years. The U.S. now spends 13 percent of its budget on interest on the national debt and more than current annual spending on Medicare or the national defense.

Mr. Walker, understanding that the successful adoption of a balanced budget amendment to the Constitution would inevitably help rein in future annual spending, factoring in our existing deficit and debt, I believe, merits some additional attention. With our deficit just shy of the \$2 trillion, how would the implementation of a bal-

anced budget amendment need to approach this growing figure? What would we do with that growing figure, with the deficit?

Mr. WALKER. Well, first, I believe that the debt-to-GDP is too high right now to promote future economic growth, individual opportunity, et cetera. You need to do two things:

(1) You need to limit how much debt as a percentage of the economy the country can take on, absent—limited in extraordinary circumstances—a credit card limit, all right?

(2) Let's set a target for a lower debt-to-GDP that we want to get to in 10–15 years and have mechanisms that can get us there, if you will.

The American people know that we have a problem here. They support that approach that I just articulated. In addition to that, they recognize the problem is both spending and revenue. When you look at it, you have to look at it as a percentage of GDP. What percentage of spending to GDP? What percentage of revenue? The American people support a three-to-one ratio, three parts projected spending reduction to one part revenue increase, but they believe that both are necessary.

Ms. HAGEMAN. OK. Well, should the enactment of a balanced budget amendment then provide for a transition period to achieve a balanced budget over time, or could this be done immediately?

Mr. WALKER. No. It needs to have a transition. There is no question.

Ms. HAGEMAN. Do you know how long that transition should be?

Mr. WALKER. I would say 10 years as a general guideline. Kurt Couchman has said the same.

Ms. HAGEMAN. You also talked about exceptions. The COVID–19 so-called public health emergency was initiated by HHS in January 2020. It was renewed 12 times, and it finally expired in May 2023. The COVID–19 national emergency was initiated in March 2020 and terminated in April 2023 following finally the passage of a joint resolution of Congress. According to the Treasury Department, from Fiscal Year 2019–2021, Federal spending increased by about 50 percent in response to the COVID–19 pandemic.

I believe that the Democrats spent over \$5 trillion while Joe Biden was in the White House addressing some of this. According to *USAspending.gov*, approximately \$4.7 trillion in total budgetary resources was spent in response to COVID–19.

Another point of contention for a balanced budget amendment is obviously the concept of exceptions, such as spending for in times of war, national security, natural disasters, and other emergencies.

Mr. Couchman, one of my concerns is how those exceptions will be defined and implemented. Do you see that there could be potential abuse both by Congress as well as the White House by declaring national emergencies to circumvent any kind of budget constraints that we may adopt with a balanced budget amendment?

Mr. COUCHMAN. Eternal vigilance is the price of liberty, and so Congress can't be content to simply pass a BBA and assume that it will fix all the problems. I once believed that. I was naive and young, and I now believe there has to be a robust suite of statutory mechanisms to help Congress exercise its legislative powers to check and balance itself, but also the White House and, in some cases, perhaps the judiciary.

One other quick note about a balanced budget amendment design. It is critical to avoid annual balance because tying your revenue and spending together so closely when revenue is so volatile will create all kinds of problems. In fact, the way that Mr. Duke described—but there are other BBAs that don't have that problem and also don't rely on defining spending as outlays, which is when money leaves the Federal Government. If you define it in general term, you can, through implementing legislation, avoid all the problems that Mr. Duke talked about with respect to business cycles and automatic stabilizers.

Ms. HAGEMAN. Have you identified those and written them down?

Mr. COUCHMAN. Yes, ma'am, and they have—a big piece of that has been introduced as legislation by Representative Tom Emmer and then-Senator Mike Braun.

Ms. HAGEMAN. Thank you. I yield back.

Mr. ROY. I thank the gentlelady from Wyoming. I will now recognize the gentlelady from California for five minutes.

Ms. KAMLAGER-DOVE. Thank you, Mr. Chair.

Before I begin, I want to make sure that the American people understand what we are talking about, that the deficit is simply the gap between what the government spends and what it brings in each year, and when that gap grows, we add to the national debt. Balancing the budget would mean closing the gap so we stop adding more debt.

Republicans call themselves fiscal hawks, but the numbers tell a different story. Under President Trump's first term, the deficit jumped from \$665 billion to \$3 trillion—from a "B" to a "T"—and he has already added another \$2 trillion this term. Republicans added \$155 billion to the national debt in a single week. The national debt is now \$38.336 trillion, driven by GOP tax cuts that will cost \$3.4 trillion through 2034 and nearly \$5 trillion if extended, and now we spend more than \$1 trillion a year just on interest. That is the real fiscal landscape that we are dealing with.

Anyone who is managing their house budget would fall over backward if somebody was like, well, this is what you can't do. You have to cut. This is what we are continuing to do. Spend like it is water out of a tap.

Mr. Duke, nonpartisan analysis shows that the Bush and Trump tax cuts are the primary drivers of long-term debt. It will cost \$3.4 trillion through 2034 and nearly \$5 trillion if extended. How central are these tax cuts to the debt trajectory we are on right now?

Mr. DUKE. Right. Basically, the debt would not be growing anymore if we had not—if we reversed those tax cuts or if they hadn't happened.

One analysis by a former colleague of mine calculated that, of the increase in the debt-to-GDP ratio in the 21st century, over half is attributable to the Bush and Trump tax cuts. Over half. The rest is emergency spending like COVID and things like that, but over half is attributable to those two policy choices.

Ms. KAMLAGER-DOVE. OK. Mr. Duke, while Republicans demand cuts to food assistance and healthcare and childcare and housing support, President Trump and his officials have spent \$300 million on a White House ballroom, more than \$220 million on golf travel,

up to \$45 million on a birthday military parade, and \$473 million on National Guard deployments. Trump officials have also misused taxpayer resources, including a \$60-million FBI jet that Kash Patel used for personal travel such as date nights and luxury hunting trips and a golf vacation in Scotland, and the Coast Guard purchasing up to \$200 million in Gulfstream G-700 private jets for Secretary Kristi Noem. These folks are not using their mileage points for sure.

Given these expenditures, Mr. Duke, how would you characterize the fiscal priorities reflected in these decisions and, at the very least, are they putting American taxpayers first?

Mr. DUKE. Yes. The way I would think about it is that we have done—put into law enormous cuts to SNAP and Medicaid that help working families afford groceries and healthcare, right? The way it is framed is there was no other choice. Just these tax cuts and the bill they just did show that there was a choice and they decided to opt for that. Budgets are about priorities, and we can choose those priorities. Essentially, we have chosen tax cuts for the largest estates worth over \$30 million per couple over families trying to buy food and groceries.

Ms. KAMLAGER-DOVE. Yes. Mr. Duke, Republicans also approved a \$40-billion bailout for Argentina, including a \$20 billion U.S. currency swap, even though Argentina has defaulted nine times. Like, a huge, bigly credit risk. What financial risk does that create for American taxpayers?

Mr. DUKE. I don't think it takes a financial wizard to know that investing in Argentina is not your best bet.

Ms. KAMLAGER-DOVE. A losing proposition. Absolutely. Thank you, Mr. Chair. I yield back.

Mr. ROY. I thank the gentlelady from California. I will now recognize myself for up to five minutes.

First, I want to appreciate the witnesses. We have had a lengthy hearing with most of the Members of the Committee showing up, so I appreciate your time and your willingness to be here and for focusing on this issue.

Now, I will note this has regrettably mostly turned into a Budget Committee hearing. Now, recognizing it is a balanced budget amendment question so it necessarily raises those issues, the question really before us is whether or not we should amend the Constitution of the United States to have some sort of structural changes to force Congress to be fiscally responsible, recognizing that both sides, as you just saw—in its normal, relatively petty way—point at each other for being the cause of our deficit woes. The fact of the matter is both sides—my Democratic colleagues and my Republican colleagues—past, present, and future—are responsible for this.

Some reporting was done that when Mr. Musk came to visit the Republican delegation in December a year ago—almost to the date. Probably this week, I am guessing, if somebody Googles it—that Mr. Musk was talking about DOGE and talking about the savings, and many Republican colleagues went to the microphone and lauded the prospects of cuts and spending restraint. I stood up and I said, “Mr. Musk, you are going to have no problem identifying things to cut. You are going to produce a great list, and we should

do most of it.” Your problem is going to be everyone standing right next to me here, meaning all of my colleagues. Now, I would have said that—it happened to be a Republican meeting. I would have said that about my Democratic colleagues as well.

Because, as my friend from Kentucky said, we are constitutionally, as Members of Congress, hard-wired, unfortunately, to want to effectively buy people’s votes with a never-ending array of spending programs, whether they are meritorious or not. I often have people who come into my office who ask for cancer subsidies. As a cancer survivor, I am sympathetic. I often and almost always tell them no unless they come in with a payment. Tell me how they are going to pay for it. What else are they going to cut?

Same thing with my farmers. My farmers come in, and they are looking for something—for extensions in the farm bill and so forth, and I say, well, are you going to do anything about the 80 percent of the farm bill that is SNAP and the extent to which it is consuming the budget? Well, no, we can’t. Well, then I am not going to support it. Members of Congress have got to actually—to the gentleman from Kentucky’s point—do their job.

The only thing I want to clarify here for the record because we are here trying to talk about whether we should amend the Constitution is—I just want to go down the witnesses and say—and I know the answer, but it is yes or no. Do you believe that the Constitution of the United States can and should be amended to provide a mechanism to ensure that we are not spending more than is coming in as a general matter?

Mr. ROY. Mr. Walker, do you believe it can and should be?

Mr. WALKER. Yes, but I believe it ought to be debt to GDP.

Mr. ROY. Mr. Couchman.

Mr. COUCHMAN. Yes, as nearly every advanced country has already done.

Mr. ROY. Ms. Madni.

Ms. MADNI. Yes, absolutely.

Mr. ROY. Mr. Duke.

Mr. DUKE. Should not.

Mr. ROY. OK. Mr. Duke, you would maintain that position even if it were only tax increases that were suggested as the mechanism for ensuring that there was fiscal responsibility and that inflows and outflows were equitable?

Mr. DUKE. That’s the job of Congress to do. I’m a 49ers fan, I wouldn’t approve—that’s the job of Congress to do. I’m a 49ers fan, I wouldn’t approve of a law that said 49ers win the Superbowl this year.

Mr. ROY. I always appreciate the consistency that you’re saying that it shouldn’t be put in place even for tax increases as opposed to spending restraint. What I would question, then, is—and I don’t even debate the merits of whether or not Congress is shirking its responsibility on an annual basis. I would only point out that it has done so for effectively eternity.

The question here is, on behalf of the American people, what do we do about it because as Mr. Massie said, “well, elect better people.” Well, we never have. We elect 435 people among Members of Congress who do the same thing every Congress, which is spend more money than we take in as revenues.

My question is, again, do you not believe that there should be some mechanism, something in place, perhaps, for example, if you can't amend the Constitution, we don't think we should do that, then should we have statutory restraints that say the Members of Congress should not get paid, or Members of Congress shouldn't be able to hold chairmanships if they vote for budgets that are out of balance, or that Members of Congress in the NRCC or the DCCC can't raise money, with all their special perks and benefits to raise money for incumbent Members of Congress who are crapping all over the American people by mortgaging their children's future.

Is there anything that we can or should do as Congress to restrain Congress from racking up deficits?

Mr. DUKE. Congress has to want it. Your colleague, Mr. Massie, laid it out, that it's on the Members of Congress to do it. For example, statutory PAYGO. Right. Where we have a law that says if you increase the deficit automatic across the board—it always gets waived.

Mr. ROY. I get it, but we do this all the time. I'm not going to go too far over my time, I'm trying to be indulgent to some of my colleagues, so I'll give myself a few more seconds, but we've done that over and over and over and over and over and over again.

Mr. DUKE. That's my point.

Mr. ROY. I know, but that's why we are here. I can sit here and I can ask these guys questions, I know what their answer is going to be, I know what your answer is going to be.

The point here is we didn't have an actual debate about amending the Constitution to try to achieve something, or in the absence of amending the Constitution, is in something this body, the U.S. Congress can do to stop doing what we're doing, which is killing our country with interest piling up around the ears of our children. If answer is only that we've got to look in the mirror and be better, I agree, but we never do. We don't. Those of us that are dying on the Hill trying to fight on the spending restraint, it's literally like pulling teeth to get discretionary spending held flat while we try to grow the economy out of it and deal with the fact that mandatory spending has gone from, what, 4 percent in 1962 to, what, 24 percent now of the overall GDP, and discretionary has gone from about 12 percent to 6 percent over that time. Mandatory spending is consuming it.

Now, I've gone a minute over I would just say, look, I appreciate the witnesses coming in. I appreciate their expertise. I appreciate my colleagues. I would suggest that we have got to do something to stop mortgaging our children's future, and we've got to stop pointing across at each other and saying, well, you did it and you did it. It's just simply not true.

My Democratic colleagues give Clinton credit for the 1990s, but want to ignore welfare reform and ignore the Republican Congress that came in 1994–1995.

With that, I used up my time. Does anybody have any consent requests. The gentlelady from California.

Ms. KAMLAGER-DOVE. Well, I don't have a consent.

Mr. ROY. No, well, that didn't—

Ms. KAMLAGER-DOVE. I just want to say something to you.

Mr. ROY. OK.

Ms. KAMLAGER-DOVE. OK. Yes. First, I just want to commend you on your comments and rules on the Score Act. OK.

Second, I do want to say that I do think some districts try to elect better people. I do think that. I want to commend you, you mentioned petty in your comments, and I was thinking I want to commend you, Mr. Chair, for discouraging any petty, caustic, childish outbursts in this hearing. I just want to thank you.

Mr. ROY. Well, I thank the gentlelady. I do think we owe it to the future generations to actually solve this problem, and we're not. If we want to amend the Constitution, let's have that debate. If we don't, let's come up with another solution.

With that I will do whatever I'm supposed to do to conclude the hearing. This concludes today's hearing. We thank the witnesses for appearing before the Subcommittee. Without objection, all Members will have five legislative days to submit additional written questions for the witnesses, or additional materials for the record. Without objection, the hearing is adjourned.

[Whereupon, at 12:10 p.m., the Subcommittee was adjourned.]

All materials submitted for the record by Members of the Subcommittee on the Constitution and Limited Government can be found at: <https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=118721>.

