



Balanced Budget Amendment: Causes for Concern

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While some budget reformers believe a balanced budget amendment is necessary to solving our nation's fiscal problems, it would actually carry with it a host of problems.

A balanced budget amendment swaps fiscal responsibility for a one-size-fits-all approach to a constantly changing economy.

- Federal deficit spending is fiscally responsible, as it helps families deal with hardships resulting from economic downturns through automatic stabilizer, like unemployment insurance and nutrition programs. They mitigate the severity and length of recessions by counteracting decreased consumer demand. Furthermore, increasing the federal deficit during recessions (especially through automatic stabilizers) puts money into the pockets of consumers who spend it on food, rent, and other essentials. This extra spending goes to businesses, which can avoid layoffs as consumers start spending less.

The judiciary would likely become an integral part of the budget process.

- If Congress ignores the amendment, it would be up to the courts to enforce it, markedly increasing the courts' role in the budget process. However, It isn't clear if anyone has standing to sue the government to enforce a balanced budget amendment, as no one is harmed, while constitutional challenges to bills would take years, tying up the judicial system.

Budget "balance" can only be determined after the fiscal year ends.

- Balanced budget amendments rely on estimates and economic forecasts to set revenue and spending limits, yet none of the proposed amendments stipulate a referee that determines if a budget is in balance. Politicians could take advantage of this and create several versions of estimates, each suiting their own political agenda. Regardless, even the current budget referee, the Congressional Budget Office (CBO) is consistently off by hundreds of billions of dollars in its projections, calling into question whether a proposed budget is "balanced."

A balanced budget amendment could require super-majority votes on many seemingly non-budget-related bills, frustrating other areas of lawmaking.

- Most of the amendments being considered require a super-majority vote for bills raising federal revenues. Testifying before Congress in 1995, Assistant Attorney General Walter Dellinger pointed out that any bill that improved tax enforcement or authorized fines or forfeitures could be considered revenue raisers, and would fall under a balanced budget amendment's supermajority requirement. Because a balanced budget amendment cannot possibly take into account these unforeseen situations, hundreds of bills a year, dealing with everything from regulations to National Parks, might fall under the amendment or end up in court.

Congress would increase spending by hiding it in the tax code.

- With new spending requiring super-majorities under a balanced budget amendment, Congress would likely turn to tax expenditures, as such reductions in revenue would require only simple majority votes for passage. However, spending through the tax breaks is significantly harder to track than direct outlays and would increase the complexity of an already convoluted tax code.

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