



REVISITING THE BALANCED BUDGET AMENDMENT

TOWARD DESIGNS WITHOUT DEFECTS

America needs a well-crafted balanced budget amendment

- End excessive spending and debt that drives inflation, slows growth, and risks crisis.
- 80% of voters want a BBA that balances within 10 years.
- Activists are trying to bypass Congress with a Convention of States for a BBA.

Two promising BBAs are neutral, comprehensive, and practical

- **Principles-based BBA (Moran/Braun):** Broad goals, leaving details for statute, like in Responsible Budget Targets Act (Emmer/Braun). Balance can be over multiple years, 2/3 for emergencies, 10-year deficit phase-out.
- **Business Cycle BBA (Arrington/Mace):** Mechanics for medium-term balance. Recent-revenue-based spending, 2/3 or 3/4 for emergencies, 10-year deficit phase-out.

A viable BBA can't fix everything

- Restore balance norm, enforceable supermajority for exceptions. Not much more.
- Implementing legislation will be needed for most details.
- Problematic provisions would preclude a two-thirds congressional consensus.

Common BBA provisions have policy and political problems

- **Annual balance:** Policy instability that would undermine BBA support.
- **Full balance:** Fine in theory but a bridge too far today.
- **Short transition times:** Sustainable savings start small and grow with time.
- **Multiple emergency thresholds:** Ideal is one safety valve at a reasonably high level.
- **President's budget:** Keep it in statute. Don't risk the balance of powers.
- **Statutory concepts:** Outlays, fiscal year, and debt limit don't belong in Constitution.
- **Entitlement carve-outs:** Benefits programs are large and growing fast. But even with BBA, Congress could treat different programs differently.
- **Revenue restrictions:** While spending restraint best, neutral rules get most support.
- **Percent-of-GDP caps:** Concerns from left and right over ceiling and/or floor.
- **Role of judiciary:** Part of checks and balances. Settle in statute instead.

BBA's statutory complements would provide mutual reinforcement

- **Debt Limit:** Increase automatically if budget on track. Only vote to raise if off track.
- **Comprehensive budget:** All spending and revenue in an annual budget act to expand degrees of freedom, make reaching and staying in balance easier.
- **Incremental adjustments:** Small, triggered changes, not "goofy meat axe" sequester.



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