



Congresswoman Stephanie Murphy
Prepared Testimony
Hearing on “The Need for the Balanced Budget Amendment”
House Judiciary Committee
July 27, 2017

Chairman Goodlatte, Ranking Member Conyers, and Members of the Judiciary Committee:

Thank you for inviting me to testify.

Last month, I introduced a balanced budget amendment, which has been endorsed by the Blue Dog Coalition.

Like other BBAs, my bill generally prohibits the federal government from spending more than it receives in a fiscal year. The prohibition would take effect five years after ratification, to allow for a smooth transition period.

Unlike some other BBAs, my bill does not dictate how federal policymakers should bring receipts and outlays into balance. Lawmakers in both parties must take a long look at both the revenue *and* the spending side of the ledger. In terms of spending, policymakers should scrutinize both domestic *and* defense spending, both discretionary *and* mandatory spending. There is no way to achieve budget balance unless the problem is examined in a holistic manner.

My bill does, however, contain provisions to protect Social Security and Medicare benefits that seniors have earned through a lifetime of hard work. We simply cannot break these promises to the American people.

Moreover, unlike some other BBAs, my bill recognizes that there are times when running a deficit is necessary or sensible, like when we are engaged in military conflict or mired in an economic slump. Therefore, the bill authorizes an exception to the balanced budget requirement when Congress declares war, when GDP does not grow for two consecutive quarters, or when unemployment exceeds seven percent for two straight months. Additionally, a supermajority of the House and Senate may vote to authorize outlays to exceed receipts.

In short, the goal is not to make annual deficits *impossible*. Instead, the objective is to make it harder for policymakers to sacrifice the long-term stability of our economy or to compromise our children’s future for the sake of short-term gain. If the federal government is going to spend more than it receives, that decision should be taken in a deliberate and bipartisan fashion—and not merely because it is politically expedient.

My broader goal in filing this bill is to spur an honest conversation in Congress, in my central Florida district, and around the country about the consequences—for our economy and our national security—of piling deficit upon deficit.

This conversation, if it is to lead to real action, must be *bipartisan*. To generalize, the Republican party skillfully talks the talk on this issue, but rarely walks the walk when in power. Meanwhile, the last time our country ran budget surpluses was when a *Democrat* sat in the White House. Yet today, some members of my party no longer bother even to talk the talk, with some going so far as to suggest that we can run large deficits in perpetuity without consequence. If this sounds too good to be true, that's because it is.

The problem is clear. In 45 of the last 50 years, the federal government spent more than it received. As a result, debt held by the public now exceeds \$14 trillion, which is 77 percent of GDP, the highest percentage since 1950. CBO projects that the debt-to-GDP ratio will reach an unprecedented level in the coming decades.

According to CBO, this will have “serious negative consequences” for the nation. Federal spending to pay interest on the debt will increase, making it harder to fund investments in health care, education, transportation, housing, and homeland security. Every dollar spent to pay interest is a dollar less spent to empower the American people. Indeed, CBO projects that, within a decade, the government will spend more on interest than it spends on all domestic discretionary programs *combined*.

The large and growing debt also makes us less safe. Recently, about two dozen former defense, foreign policy, and economic leaders from both parties expressed the view that “our long-term debt is the single greatest threat to our national security.” They noted that: “Putting our debt on a sustainable course over the long term will lead to higher levels of economic growth, continued availability of resources to invest in our defense and our future, and a sustained leadership role for the United States in the world.”

We should heed the warnings of economists and national security professionals, before we reach the point of no return.

It is clear our country must change course. Smart policies that generate growth will enable us to reduce deficits and debt.

This will require bipartisan leadership—both parties working together to adopt a sensible budget resolution, to pass annual appropriations bills in a timely manner, and to avoid dangerous brinksmanship on the debt ceiling.

We still have *time* to act.

The question is: do we possess the *will* to act?

Thank you.