



## The GOP's Radical Balanced Budget Amendment

*The GOP's radical amendment would insert in our Nation's most sacred document a political gimmick that threatens Social Security, risks default, and bows to Grover Norquist by locking in constitutional protections for every special interest tax loophole.*

Democrats know that reining in long-term budget deficits in an economically sound and sustainable manner is essential to growing the middle class and keeping America competitive in the 21<sup>st</sup> century. In fact, Democrats have done this before. In the late 1990's, Democrats reached across the aisle and worked in a bipartisan fashion to balance the budget while creating 20 million jobs [EPI, [7/25/11](#)].

The Republican Balanced Budget Amendment (BBA) is not about balancing the budget at all. It is about enshrining a radical Republican agenda that the American people have already rejected in our Nation's most sacred document, the Constitution [Fox, [7/29/11](#)].

This is what the radical Republican agenda would do:

- Threaten Social Security and potentially allow unelected judges to force deep cuts in the benefits that seniors have earned.
- Threaten default, and force repeated crises like last summer's debt limit debacle that resulted in downgrading of the US credit rating for the first time.
- Bow to Grover Norquist and lock in constitutional protections for every special interest tax loophole.

### 3 Key Provisions of the GOP's Radical Balanced Budget Amendment

1. **Prohibits total outlays for any fiscal year (including Social Security benefits) from exceeding 18% of the gross domestic product (GDP) for the preceding calendar year unless Congress, by a two-thirds roll call vote of each chamber, authorizes a specific excess.**

#### **The GOP BBA Enshrines a Draconian Cap and Commingles Social Security with the Rest of the Budget.**

The Republicans' amendment would make the Federal budget more extreme than the Ryan Roadmap, the Trojan Horse for the GOP's war on seniors, working families, veterans, and children. The limits on outlays in the GOP BBA would force Congress to cut all programs by an average of *one-fourth* by 2018. The amendment also would include Social Security as part of the budget for constitutional purposes, which could threaten benefits and is inconsistent with long-standing Federal law under which this separate, self-financed insurance program is off-budget.

This is what it would look like if lawmakers were to cut all programs to fit within the cap:

- **Social Security** would be cut by \$266 billion in 2018 alone and almost \$1.7 trillion through 2021
- **Medicare** would be cut by \$169 billion in 2018 and almost \$1.1 trillion through 2021
- **Medicaid** and the Children's Health Insurance Program (CHIP) would be cut by \$115 billion in 2018 and more than \$700 billion through 2021
- **Veterans** benefits would be cut by \$19 billion in 2018 and \$123 billion through 2021, in addition to cuts that would be made in Veterans' health care

- **Defense** would be cut by almost \$900 billion on top of the defense cuts that will occur under sequestration [CBPP, [12/5/11](#)].

## 2. Requires a three-fifths roll call vote of each chamber to increase the federal debt limit.

**The GOP BBA Would Risk Default and Place the US Credit Rating in Constant Jeopardy.** This provision of the GOP BBA would effectively institutionalize the manufactured crisis the GOP created last August that led directly to Standard & Poor's downgrading of America's credit. The GOP's decision to engage in dangerous brinksmanship for political advantage would put the full faith and credit of the United States into constant doubt [Standard & Poor's, [8/5/11](#)].

## 3. Prohibits any bill to increase federal revenues from becoming law unless approved by two-thirds of each chamber by roll call vote.

**The GOP BBA Would Bow to Grover Norquist and Lock In Constitutional Protections for Every Special Interest Tax Loophole.** The GOP BBA makes a 2/3 majority necessary to raise revenues, effectively making the Norquist pledge a part of the Constitution and locking in constitutional protection for every special interest tax loophole. Even if an egregious tax loophole were opposed by the President, and strong majorities in both houses of Congress, a mere 34 senators could lock the loophole into place indefinitely. The GOP proposal makes raising revenue so onerous that it could force future budgets to be balanced entirely through cuts in earned benefits and other spending that most Americans support. [Third Way, [7/19/11](#)].

### Other Issues

**The GOP BBA Could Turn an Economic Downturn into a Deep Recession or Depression.** In an economic slowdown, revenues fall and spending for unemployment and other benefits increases. In such a slowdown, the GOP BBA could force either spending cuts or tax increases, which could make the slowdown worse, potentially leading to a downward economic spiral. Macroeconomic Advisers writes that if a constitutional balanced budget requirement had been ratified in 2008 and took effect in fiscal year 2012, "The effect on the economy would be catastrophic." If the 2012 budget were balanced through spending cuts, the report estimates that the cuts would throw about 15 million more people out of work, double the unemployment rate from 9 percent to approximately 18 percent, and cause the economy to shrink by about 17 percent instead of growing by an expected 2 percent [Macroeconomic Advisers, [10/11/11](#)].

**Unelected and Unaccountable Judges Should Not be Allowed to Cut Social Security and Other Benefits.** If the GOP's BBA amendment is adopted and Congress and the President are unable to agree on a balanced budget, unelected judges will in a position to interpret, and potentially enforce, the Constitutional mandate. Judges are experts in the law, but it is not democratic or practical to have them evaluate the impact of benefit cuts and program funding levels on the American people and our nation's economy [Bruce Bartlett, [7/7/11](#)].

**The Congress Must Be Able to Address National Needs and Emergencies.** By limiting annual outlays to the level of that year's receipts, the GOP's BBA could make it nearly impossible to address emergencies, such as terrorist attacks and natural disasters. [Thomas Palley, [7/1/97](#)]. The Amendment also could make it impossible to honor Federal commitments to deposit insurance or pension guarantees.