

Balanced budget amendment is reckless

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A balanced budget amendment, as endorsed by Gov. Rick Snyder in his State of the State address, may seem appealing on the surface, but is a reckless proposal that must be stopped. Simply put, it is not the answer to the federal government's fiscal situation, and would only create bigger challenges to our economy while threatening the United States Constitution, the very foundation of our democracy.

A resolution calling for a Constitutional Convention to adopt a balanced budget amendment would bring great turmoil to our country. Once such a convention is called, its delegates could propose changing our Constitution in any way. We would quite literally be throwing our Constitution open to those who are selected as delegates. There's simply no way to predict what might come out of a Constitutional Convention.

If a balanced budget amendment became part of our Constitution, federal funding for critical services such as schools, highways, public safety and more would be threatened. A balanced budget amendment would force Congress to make deep cuts at all levels of government, but federal funding for states would likely take a particularly large hit. Michigan has already experienced a decade of cuts in education, local communities and roads. We cannot afford to lose federal dollars that are helping us invest in these important engines of our economy.

It has been suggested that because the state has to balance its budget, the federal government should have to play by the same rules, but the comparison just doesn't apply. While states must balance their operating budgets, they can and do borrow for capital projects. The proposed balanced budget amendment would bar the federal government from making the type of long-term investments that are needed to keep our country strong.

Seniors would be especially hard hit under a balanced budget requirement. Social Security and other programs that retirees depend on would be in jeopardy. With a balanced budget amendment, the government could only spend what it collects that *same year*, not money that has been collected in the past and saved for a specific purpose. That means Social Security could not draw down its reserves from previous years to pay benefits now, and so could be forced to cut benefits even if it had ample balances in its trust funds, as it does today. Medicare, hospital insurance, and military and civil service retirement programs would face the same problem.

Michigan's recovery from the Great Recession has been slow and painful, and a balanced budget requirement would actually make future recessions longer and deeper. When the economy is struggling and people are losing their jobs, tax revenues fall quickly while the need for supports like food assistance, Medicaid, and unemployment insurance spikes. If the federal government were forced to cut services to align with the lower revenues coming in during a recession, it would mean cutting back just when need is at its peak, and when the economy most needs support. Under a balanced budget amendment, the federal government would face the choice between cutting help for people in need or

raising taxes, both of which economists recommend against during a recession. The highly respected private economic forecasting firm Macroeconomic Advisers has said that a balanced budget amendment would be “catastrophic” for the national economy.

The question about a balanced budget amendment is a real one here in Michigan. The state Senate passed a resolution supporting the balanced budget amendment last year, and now a committee in the House of Representatives is planning to debate it. Because of the dangers of this amendment to our economy and our democracy, we must not let this reckless idea advance any further.

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