

House Judiciary Sub-Committee on the Constitution and Limited Government
December 3, 2025
Balancing the Federal Budget: Exploring Proposals for a Balanced Budget Amendment
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Chairman Roy, Ranking Member Scanlon, and Members of the Constitution Sub-Committee, thank you for the opportunity to testify today on this important topic. I have been fighting for fiscal sanity and sustainability for many years from different positions on the battlefield both within and outside of the federal government, including as Comptroller General of the United States and head of the GAO.

Let me state at the outset, the federal government's financial condition is worse than advertised. Many people focus on the level of federal debt, which is over \$38 trillion. However, that debt is just the tip of our financial iceberg. Total federal liabilities and unfunded obligations exceed \$125 trillion and are growing faster than the economy. Our current level of total debt/GDP is about 123%. That is a greater debt burden than at the end of World War II, and it is rising rather than declining after World War II. Today, over 75% of the annual budget is now on autopilot, for which we have written a blank check. Shockingly, net interest is now our second largest and fastest growing expense for which we get nothing.

The truth is, our federal finances have been out of control since 2002. For example, total debt/GDP was 59% as of September 30, 2002, versus 123% today. Mandatory spending, including net interest, has increased from about \$1.6 trillion in Fiscal 2002 to a projected \$5.1 trillion for Fiscal 2026. In addition, federal deficits have increased from \$158 billion to a projected \$1.8 trillion during the same period even though the United States is not currently engaged in any major armed conflicts as was the case in 2002.

In my view, we must adopt a fiscal responsibility Constitutional Amendment if we want to restore fiscal sanity and achieve fiscal sustainability. The debt ceiling is a bad joke and statutory approaches to constrain the growth of the federal government and mounting debt burdens have not stood the test of time. A Constitutional amendment is the only way to force Congress and the President to make the tough choices needed to reduce our overall debt burdens as a percentage of the economy to a lower and reasonable level over the next 10-15 years and have mechanisms in place to make sure it does not spin out of control again.

There are several types of approaches that could be taken in drafting such a Constitutional Amendment. Some advocate for a traditional balanced budget approach like the one employed by many states. Others advocate for a principles based balanced budget approach designed to achieve balance over a stated period of time. I and others prefer a debt/GDP based approach since it is pro-growth and does not dictate how to best address

the numerator challenge. Namely, how much of needed actions should be focused on reducing spending versus increasing revenues? The latter two approaches have been used successfully by other countries (e.g., Switzerland, Germany, Sweden). Importantly, irrespective of the approach that is employed, it must contain very limited exceptions and effective enforcement mechanisms.

As you know, there are two ways to achieve a Constitutional amendment under Article V of the Constitution. Two-thirds of the House and Senate pass an identical proposed amendment and then three-quarters of the states must ratify it. This approach has been used in connection with all twenty-seven amendments to date. However, our nation's founders recognized that Congress may not act in connection with issues that need to be addressed so they provided the states with the right to propose amendments if Congress failed to act. Specifically, if two-thirds of the states file an application for a Convention to propose one or more amendments to the Constitution, the Congress **shall** call the convention. This is a non-discretionary and ministerial duty of the Congress. If a majority of the states can agree on a proposed amendment, it must be ratified by three-quarters of the states. Under Article V, Congress may choose the mode of ratification. In my view, the best mode of ratification is to hold individual state conventions of delegates pledged to vote for or against any proposed amendment. That method is the closest thing our country has to a referendum of the people. This method was successfully used to achieve ratification of the 21st Amendment, which repealed prohibition.

The Federal Fiscal Sustainability Foundation (FFSF), which I chair, discovered over three years ago that enough states had filed applications for a Convention dedicated solely to proposing a balanced budget or fiscal responsibility amendment as far back as 1979. Enough active applications existed for 25 years (i.e., 1979-2003) and again in 2016 and 2017 and yet the Congress failed to call the convention.

Shockingly, the Congress never assigned responsibility to any party or entity to receive, store, and count state applications until January 2015, when the House rules assigned the responsibility to the House Judiciary Committee (Committee). The Committee started performing the function in that year but did not have all the historical applications.

This Committee began to take steps to bring its records up to date earlier this year. Specifically, the National Federalism Commission (NFC), which is an official inter-state governmental body, began working with the Committee in early 2025 to help bring all the Committee's state application records up to date. The NFC started with fiscal responsibility related applications, but they plan to continue with all other subject applications. Their work confirmed FFSF's findings and the NFC issued a related report to the Committee in September. That report was the subject of a press briefing this past Constitution Day (i.e., September 17). House Budget Committee Chair Jodey Arrington, NFC Executive Director W. Bruce Lee, and I spoke at that press briefing.

H.C.R. 15, which is sponsored by House Budget Committee Chairman Jodey Arrington, is designed to right this past wrong, and to call the related limited Convention. That legislation is within the jurisdiction of this committee, and I respectfully request that you move it forward. I expect the states will sue if the Congress fails to act within a reasonable period of time. The issue would then have to be addressed by the Supreme Court. If that happens, it would be the biggest federalism case in the history of our great nation.

Let me be clear, we MUST adopt a Constitutional amendment if we want to restore and sustain fiscal sanity at the federal level. If the Congress can achieve the necessary support to pass a credible proposed amendment, then it should do so in a timely manner. If not, Congress needs to call a limited Convention and allow the states to exercise their Constitutional right to do so under Article V. Doing nothing is not an option!

In closing, we are currently mortgaging the future of our country and American families at or near a record rate and have been doing so for too long. This is irresponsible, unethical, and immoral. We must take steps to change course if we want to Keep America Great, and if we want the future for mainstream Americans to be better than the past. Adopting a fiscal responsibility Constitutional Amendment and enacting a statutory Fiscal Sustainability Commission are two essential steps to accomplishing those objectives. I hope that the members of this sub-committee will support these efforts.

Thank you again for the opportunity to testify. I would be happy to answer any questions that you may have.