



Balance or Bust: The Case for Constitutional Guardrails Against Overspending

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Key Takeaways

- The national debt is a much more serious concern now than it was when NTU's calls for a Balanced Budget Amendment began in the 1970s, having now reached over \$37 trillion.
- While there are many paths Congress can take to curb this unsustainable trend, the strongest safeguard against out-of-control spending is a Balanced Budget Amendment (BBA) to the Constitution.
- Working toward a balanced budget does not require draconian cuts to entitlements. Instead, a constitutional backstop would force Congress to take a more measured approach to using taxpayer funds.

Introduction

Fiscal discipline and sound tax policy go hand in hand. With the automatic tax increase from the expiration of the Tax Cuts and Jobs Act of 2017 now avoided thanks to the One Big Beautiful Bill Act (OBBBA), it is time for policymakers to focus more intensely on [deficit and debt reduction](#). Washington's chronic overspending has amassed a \$37 trillion debt that future generations of taxpayers will be forced to bear. While there are many paths Congress can take to curb this unsustainable trend, the strongest safeguard against out-of-control spending is a Balanced Budget Amendment (BBA) to the Constitution.

Although we tend to think of BBAs as recent innovations, the concept of constitutional fiscal discipline is nearly as old as the Republic itself. In 1798, Thomas Jefferson [wrote](#):

I wish it were possible to obtain a single amendment to our constitution; I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of it's constitution; I mean an additional article taking from the federal government the power of borrowing.

Although more recent, the modern-day movement for a BBA still has a long pedigree. NTUF is the research arm of the nation's oldest taxpayer advocacy organization, National Taxpayers Union. Both organizations have long touted the need for a BBA. In our more than 50-year history we have provided [numerous statements, testimonies](#), and [research papers](#) demonstrating the need for constitutional fiscal restraint. Promoting sustainable fiscal policies and protecting taxpayers remain core parts of our mission, and these goals would be well-served by a Balanced Budget Amendment.

Why Now?

The national debt is a much more serious concern now than it was when NTU's calls for a Balanced Budget Amendment began. In 1979, during the height of NTU's [early advocacy](#), the debt reached [\\$845 billion](#). The national debt has now reached over [\\$37 trillion](#) with net interest costs on the national debt becoming one of our largest spending categories, expected to reach [nearly \\$1 trillion](#) this year.

Our debt can be attributed, in large part, to unreasonable and excessive annual budget deficits. The U.S. recorded the third highest [deficit in 2024](#); only those spurred by the pandemic were worse. In 2023, the U.S. had the largest deficit as a percentage of Gross Domestic Product among all Organization for Economic Cooperation and Development (OECD) countries, continuing a trend of [consistently higher](#) than average deficits among developed nations. The U.S. government budget has reached a surplus in only two of the last fifty years.

Our worsening debt is not just an abstract problem for future politicians to worry about, it is also of great concern to taxpayers and voters. Just after President Trump was elected on a platform of reducing government spending, [Gallup polling](#) showed that "a majority of Americans believe the government is inefficient and wasteful." Even after President Trump returned to the White House, surveys continue to show that [voters are concerned](#) about budget bills that add to the national debt. The idea of a BBA to address these deficits enjoys high popularity in polls as well.

Congress now has the time and momentum to devote to such an amendment with [comprehensive tax reform](#) complete well ahead of the date that the Tax Cuts and Jobs Act (TCJA) of 2017 reforms were due to expire. [Statements](#) after OBBBA's passage confirm that balanced budget measures remain on Congress's agenda. There are [currently multiple bills introduced](#) in the House of Representatives awaiting consideration that feature such an amendment. NTU members were elated over the passage of S.J. Res. 58 in 1982, and the passage of H.J. Res. 1 in

1995 through the House of Representatives. In both cases the measures, whose provisions varied somewhat, fell short of enactment in the other chambers of Congress.

Momentum is also building in the states. Nearly [every state](#) already has some type of balanced budget requirement. Earlier [this year](#), Governor Ron DeSantis (R-FL), Governor Greg Gianforte (R-MT), and Governor Brad Little (R-ID) convened to urge the federal government to implement the same fiscal discipline as most states. At least [27 states](#) have already submitted applications under Article V of the U.S. Constitution for a convention that would open the doors for an amendment, with some [organizations](#) believing that the number of states may have surpassed the needed threshold to hold a convention.

Along the way, NTU's most fundamental and enduring goal has been to establish constitutional limits on the size and future growth of government. Throughout the 1970s and 1980s, NTU helped to launch and sustain the movement for a limited Article V amendment convention among the states to propose a Balanced Budget Amendment for ratification, all while pursuing a BBA through Congress. That movement stalled at 32 of the 34 states necessary for calling such a convention, after which numerous states rescinded their calls in the late 1980s and 1990s. Nonetheless, as explained above, the Article V movement is once again gathering strength.

The policy community is coalescing around the reform, thanks in part to the work of Kurt Couchman of Americans for Prosperity. In his [book](#), *Fiscal Democracy in America*, Kurt outlines approaches toward crafting and building consensus for a principles-based Balanced Budget Amendment drawing on expertise and lessons from the past.

Balanced Budget Amendment Options

There are many options for constitutional budgeting guardrails. More complex proposals may include more concrete restrictions, whereas flexible proposals may attract more political support. We support a variety of ways to achieve a balanced budget. Six different joint resolutions have been introduced this Congress to propose a Balanced Budget Amendment:

- [H.J. Res. 110](#) sponsored by Rep. Nathaniel Moran (R-TX)
- [H.J. Res. 17](#) sponsored by Rep. Jay Obernolte (R-CA)
- [H.J. Res. 10](#) sponsored by Rep. Zach Nunn (R-IA)
- [H.J. Res. 2](#) sponsored by Rep. Andy Biggs (R-AZ)
- [H.J. Res. 11](#) sponsored by Rep. Scott Perry (R-PA)
- [H.J. Res. 6](#) sponsored by Brian Fitzpatrick (R-PA)

Amendments to balance the budget must specify *when* the budget will balance. It can require annual balance as a strict interpretation of balanced budget, balance over several years to account for the business cycle, or allow for both. They may also make exceptions for war time or other designated emergencies.

The recent experience of Switzerland's "debt brake," a constitutional amendment enacted in late 2001, provides encouraging experience that BBA-type mechanisms can work. According to then-NTUF analyst Andrew Lautz, who [wrote](#) on the topic:

It establishes a spending ceiling for Switzerland's federal government, and requires the federal budget to balance "over the business cycle." What this means is that the Swiss government has some flexibility to run deficits during times of trouble (an economic recession, for example), but policymakers are responsible for reducing spending and restoring the budget to balance in the years after

running a deficit. Certain types of emergency spending are given a reprieve from spending ceilings, but policymakers must still pay down deficit-financed emergency spending in future years.

A wide swath of Swiss voters, [85 percent](#), approved of the debt brake's addition to the constitution. The Swiss government itself [credits](#) the debt brake for the country's "excellent" fiscal position.

A thoughtful Balanced Budget Amendment must also define what constitutes a balance and what occurs in case balance is not reached. This could include requiring full budget balance or a primary budget balance, which would exclude interest spending. Spending caps as a percentage of gross domestic product and automatic revenue increases have also been included as backstop measures in case of imbalance.

Furthermore, a BBA must wrestle with questions of whether to require "supermajorities" for increases in taxes or debt. Early versions of the amendment in the 1980s and 1990s, for example, required a two-thirds vote of both chambers to increase taxes

Finally, any constitutional amendment must outline the proper role of Congress and the President. For example, it could require a vote from two-thirds of Congress to make exceptions in emergency situations. Some proposals create roles for the President, such as the requirement to submit an annual budget request.

What Would a Balanced Budget Amendment Accomplish?

A well-crafted Balanced Budget Amendment would enshrine a principle of fiscal discipline into the Constitution while allowing flexibility for times of need and encouraging bipartisanship. Instead of requiring annual balanced budgets, many [proposals](#) provide for long-term balancing through three-year averaging of revenues to account for business cycle fluctuations that affect federal revenues.

Working toward a balanced budget does not require draconian cuts to entitlements, although [Congress must take action](#) to save those programs for the next generation. Instead, a constitutional backstop would force Congress to take a more measured approach to using taxpayer funds. Legislation that adds to the deficit would need to demonstrate measurable benefits to taxpayers and the economy, rather than just serving as a vehicle for partisan priorities.

A key example of bloated spending that could have been avoided with budget guardrails is the American Rescue Plan Act (ARPA) of 2021. ARPA increased outlays and the [deficit by \\$1.8 trillion](#) to fund a [wish list](#) largely unrelated to the pandemic, extended programs with [billions in improper payments](#), and enacted the [largest expansion of Obamacare](#) to date. Estimates suggest that more than [\\$400 billion](#) in COVID-19 spending has been lost to waste, fraud, and abuse.

Another recent example of [misguided spending](#) is the Inflation Reduction Act (IRA) of 2022, which was scored by the Congressional Budget Office (CBO) as a deficit reduction measure. While we warned at the time that the deficit reduction relied on [gimmicks](#) and flawed return estimations, the IRA's true cost has since ballooned due to [clean energy subsidies](#) and [inefficient use of IRS funding](#). With an accountability mechanism, Congress would avoid passing legislation that is likely to have substantial upward revisions in its deficit impact.

Opponents of a Balanced Budget Amendment have, for the better part of 50 years, made numerous arguments against the measure—arguments that have never been less tenable than today. As Andrew Moylan of NTU put it during [testimony](#) to the House Oversight Committee in 2011:

[W]e were told that fiscal discipline would evolve simply by “electing the right people,” all while Republican and Democratic Presidents and Congresses abused the nation’s good credit. We were told that statutory measures would bring outlays under control, even as laws such as the Gramm-Rudman Hollings Act were trampled underfoot. We were told that our foundational document shouldn’t be “cluttered” with mundane matters of budgeting, even as the tax and spend culture in Washington eroded the foundations of prosperity for current and future generations.

The notion that limits on taxes and spending are too trivial for the Constitution seems quaint today, as our national debt tests the ominous level of 100 percent of the nation’s economic output. As noted earlier, unsustainable entitlement programs, whose dire condition has been known for at least 20 years now, threaten to heap unfathomable burdens on taxpayers. BBA naysayers sought to derail the constitutional budgetary discipline that could have made adjustments to the realities of these programs gradual and bearable, all while they complained that the measure would “take too long to ratify” for it to have any salutary effect. The question now before Congress is, how could our Constitution not be allowed to contribute toward restoring our nation’s fiscal stability? The fiscal crisis our government faces overwhelmingly demonstrates the continued relevance of a BBA to curing the maladies that threaten the health of our economy.

Further Fiscal Reforms

A constitutional amendment is just one tool in Congress’s toolbox for fiscal restraint. Congress could also strengthen existing safeguards such as Pay-as-You-Go (PAYGO) rules and restore statutory spending caps like those put in place by the Budget Control Act.

Missed budgetary deadlines, government shutdowns, and massive omnibus spending bills are symptoms of a broken budget process. Congress can regain public trust and encourage long-run thinking by increasing transparency in the budget scoring process and [changing the way Congress makes budgets](#), perhaps through setting debt-to-GDP targets and biennial budgeting whereby Congress would enact a two-year budget resolution at the start of a session and continue appropriations on an annual basis. This would provide greater opportunities for enforcement if spending is set to exceed the targets.

Regularly reviewing, re-authorizing, and rescinding spending programs would force Congress to examine how taxpayer dollars are being spent, making it easier to identify and eliminate waste. As NTUF has highlighted, hundreds of programs continue to receive appropriations after their authorizations have expired. [Reform legislation](#) would phase out unauthorized “zombie” programs over a period of years unless congressional committees do their job to evaluate and authorize funding for additional years.

Congress should also take steps to improve the accuracy and accountability of budget estimates. The Congressional Budget Office plays a vital role in informing fiscal policy, but lawmakers must ensure that CBO’s analyses and estimates reflect budgetary reality. Reintroducing [generational accounting](#) would quantify the long-term impact of major legislation. Additional reforms such as dynamic scoring for major legislation, including debt service costs in cost estimates, and adopting fair-value accounting for federal credit programs would give lawmakers a [clearer picture of the fiscal outlook](#) as they work toward a balanced budget.

Conclusion

An open letter to elected officials signed by dozens of distinguished economists [once noted](#):

When all is said and done, there is no rational argument against the Balanced Budget Amendment. Simple observation of the fiscal record of recent years tells us that the procedures through which fiscal choices are made are not working. The problem is not one that involves the wrong political leaders or the wrong parties. The problem is one where those whom we elect are required to function under the wrong set of rules, the wrong procedures. It is high time to get our fiscal house in order.

That letter was written in 1994, when the deficit ending that fiscal year reached 2.8% of Gross Domestic Product, and debt held by the public had still not climbed past 50% of Gross Domestic Product. Both figures are, today, twice or nearly twice these percentages.

For these reasons and many more, it is clear that Congress cannot be relied upon to habitually rein in unsustainable spending without affirmative fiscal constraints embedded in the law of the land. The federal government has not had a balanced budget since 2001 and annual deficits are growing. While there are many spending reforms that Congress must address, from entitlements to transparency, a Balanced Budget Amendment would provide constitutional protection against reckless spending and runaway debt.