Senate Judiciary Committee
Hearing on "A Balanced Budget Amendment:
The Perils of Constitutionalizing the Budget Debate"
November 30, 2011

Questions for the Record from U.S. Senator Al Franken
for Mr. Robert Romasco

1. Minnesota is required to balance its budget by the state Constitution. However, that requirement only applies to the operating budget, not the capital budget. Capital-intensive programs like bridge building, new schools, and new highways can be financed by borrowing money without needing to balance that spending with revenue in the same fiscal year. If Minnesotans are having a tough time finding jobs, and revenue drops as a result, we can draw against "rainy day" money we put aside when times were good to make sure that the streets get plowed, police are paid to patrol those streets, and teachers are paid to educate our children.

    a. Would any of the currently proposed balanced budget amendments allow for the use of "rainy day" funds like those used in Minnesota and many other states?

        There is no formal federal budget stabilization fund currently established, and neither S.J. Res. 10 nor S. J. Res. 24 is worded in a way that would allow the use of a federal rainy day fund to balance the budget.

    b. Would any of the currently proposed balanced budget amendments allow for borrowing money for capital programs, or do they require balancing or do they require balancing the total budget each year?

        Neither S.J. Res. 10 nor S. J. Res. 24 permits for borrowing money for capital programs if it would result in total annual outlays that exceed total annual receipt of revenues. Both amendments require that total outlays for any fiscal year not exceed total receipts for that fiscal year, unless a supermajority of each House of Congress votes to do so. S. J. Res. 24 requires three-fifths of the whole number of each House of Congress to approve a specific excess of outlays, and S. J.Res. 10 requires two-thirds of the duly chosen and sworn Members of each House of Congress to approve a specific excess of outlays.