



ALASKA

POLICY FORUM

May 18, 2021

LETTER OF SUPPORT

Senate Bill 102
Compact For A Balanced Budget

Senate Finance Committee
Senator Bishop, Co-Chair
Senator Stedman, Co-Chair
Senator Hoffman, Member
Senator von Imhof, Member
Senator Wilson, Member
Senator Olson, Member
Senator Wielechowski, Member

Alaska Policy Forum supports Senate Bill 102, An Act Relating To The Compact For A Balanced Budget.

Federal deficits and the federal debt have risen steadily since 2002. Regardless of which party sat in the White House or controlled the two bodies of Congress, the United States government has run annual deficits ranging from a low of \$161 billion to a high of \$4.7 trillion.

Again, these deficits and the additions they bring to the national debt, have all been passed by Congress and signed by the President, regardless of party affiliation, making it abundantly clear that our federal government has not, and will not, spend within its revenue streams. One cannot even blame the Keynesian argument that deficit spending is acceptable during tough economic times because deficit spending has occurred during the good times as well as the bad.

Elected officials, economists, and the citizenry have gasped annually at the size of deficits, warning each other that we cannot continue digging this hole and survive. But dig that hole we have, and our national debt now stands at over \$27 trillion, which is higher than our annual gross domestic product. Yet, further, and more massive expenditures are being proposed at present.

There is an approach that will work: the Compact for a Balanced Budget, formed in 2014 by two former governors, including Sean Parnell of Alaska. This compact is a binding commitment to put a halt to continual federal deficits and rising debt. Its objective is to organize a constitutional convention for the singular purpose of proposing a Balanced Budget Amendment.

This Constitutional amendment would do the following: put a fixed limit on the amount of federal debt; ensure that spending cannot exceed revenue – with the sole exception of borrowing under the fixed limit; initiate spending impoundments when 98 percent of the fixed limit is reached; mandate that all possible spending cuts are considered prior to instituting new taxes by requiring new tax measures to be approved by a super majority; and empower the State legislatures with oversight approval of any increases in the federal debt

This amendment will provide a true federal balanced budget. Tough decisions will have to be made about which federal programs are most important and which we can actually do without.

The Compact will need three-fourths of the States to prevent the movement from sunseting. Alaska Policy Forum encourages this committee to continue to lead this movement by passing Senate Bill 102.

| Thank you for the opportunity to voice our support.

Tim Barto
Vice President External Relations
Alaska Policy Forum