

**TESTIMONY
OF
SETH BRADFORD WAGENMAN**

**GOVERNMENT OVERSIGHT COMMITTEE
OHIO HOUSE OF REPRESENTATIVES
COLUMBUS, OHIO**

LEGISLATIVE HEARING ON H.J.R. 2

Chair Hall, Vice Chair Ferguson, Ranking Member Humphrey, and members of the committee:

My name is Seth Wagenman, and I am from Beavercreek, Ohio, House District 70. My testimony submitted here will describe the benefits of a state-initiated process for amending the Constitution to impose fiscal restraints on the federal government of the United States of America.

The federal debt is now significantly more than the annual economic output of all US citizens and revenue-generating entities obligated to pay federal taxes, sometimes referred to as the gross domestic product.¹ Fiscal year 1997 was the last time that all appropriation bills were completed before the start of a fiscal year, and twenty years before that was the first and only time Congress ever passed a budget in a timely fashion as required in the law it had just passed.² The use of continuing resolutions and omnibus spending bills is lazy, irresponsible and hides pork, waste and influence peddling.

In recent years, the Fitch Ratings agency downgraded the federal government's long-term credit rating from AAA to AA+. If this trend continues, the federal government will have to accept less favorable interest rates than Germany, Denmark, the Netherlands, Sweden, Norway, Switzerland, Luxembourg, Singapore and Australia, who all have better international credit ratings than the United States of America.³

The Federal Reserve's so-called notes are backed by nothing more than the government's "full faith and credit," leading to ballooning inflation, a regressive tax which weighs heaviest on the poor. Monetization of debt is how Washington pretends it can pay its creditors by simply printing currency.⁴

According to www.usdebtclock.org, annual interest on outstanding debt is nearly three quarters of a trillion dollars, slightly less than our defense budget. If federal deficits continue to increase, our credit rating will continue to tank, interest rates will rise, and interest on the debt will exceed all discretionary spending categories.

When a person seeks to regain control of his finances, the first and most obvious step is to stop taking on new debt. The second thing is to pay off debts to reduce interest payments. The last step is to save for future emergencies.

Consider whether the federal government has taken any of these steps. Our debt ceiling is more fictional than real. Congress has no plan for covering its \$200 trillion of unfunded liabilities⁵, let alone pay off its debt. If the United States had to fight a world war again, we would have very little capacity to do so, because our debt-to-income ratio already exceeds the record high achieved during the Second World War.

¹ <https://www.longtermtrends.net/us-debt-to-gdp>

² <http://tinyurl.com/worst-since-second-world-war>

³ <https://fortune.com/2023/08/02/9-here-remaining-aaa-countries-after-fitch-stripped-us-of-top-ranking>

⁴ https://www.federalreserve.gov/faqs/currency_12770.htm

⁵ <https://www.usdebtclock.org>

How can we rein in the fiscal irresponsibility of the federal government? Some common-sense constitutional amendments can force Congress to make the hard financial choices that are long overdue.

First, a balanced budget with limitations on taxation: Unless a budget is signed into law by the first day of the fiscal year (October 1), an automatic 5%, across-the-board reduction in expenditures could be made mandatory. Total expenditures could be limited as a percentage of the average increase in national wealth over the past 3 years. In cases of national emergency, such as a legally declared war, balanced budget restraints could be suspended for a fixed period of time by supermajority roll-call votes in both chambers of Congress. Increases of tax levies authorized by the eighth section of Article One of the Constitution could require approval of 2/3 of both Houses of Congress, by a roll call vote.

A 2019 research article published in the journal *Public Budgeting & Finance*⁶ investigated the level of public support for a federal balanced budget amendment. Data from 38 surveys between 1978 and 2014 found that support for a balanced budget amendment averaged 76%. The American people have wanted a federal balanced budget amendment for more than 3 decades and it's about time that they got it.

A second common-sense amendment is to limit each introduced bill to a single subject: This would reduce spending immediately, since legislators could no longer bury special favors and pork spending in multi-thousand-page, incomprehensible, omnibus bills. It would also allow voters to hold legislators accountable for specific votes on spending and other legislative actions. Many state constitutions of the United States impose "single-subject rules" which apply to all legislation, including appropriation bills.⁷

In closing, the Psalmist of the Bible stated, "the wicked borroweth, and payeth not again."⁸ Passage of HJR3 and eventual ratification of a Balanced Budget Amendment, a Single Subject Rule Amendment, and other common-sense amendments can help bring the federal government back under our control and result in tangible benefits to America and the people of Ohio. The continual increase in federal debt that we're accustomed to seeing year after year can be halted. The devaluation of our currency can also be stopped, and inflation brought under control. The US dollar can be preserved as the world reserve currency and America's influence for peace and stability in the world retained. A leaner, more efficient federal government will also be in a stronger position to meet its financial obligations to the American people. Eventually, federal taxes can be reduced, leaving Ohioans with more resources to raise their families.

I call upon you to carry out your oath of office to support and defend Article V of the federal Constitution by allowing HJR 2 to receive a floor vote in the Ohio House of Representatives. Doing so will take us one step closer to bringing our national finances under control, safeguarding our Constitution and ensuring that the American experiment will continue to be a beacon of liberty and prosperity.⁹

Thank you.

⁶ Crosby, A. and Holbrook, A.L. (2019), Public Support for a Balanced Budget Amendment to the U.S. Constitution: Trends and Predictors. *Public Budgeting & Finance*, 39: 44-67. <https://doi.org/10.1111/pbaf.12213>

⁷ https://en.wikipedia.org/wiki/Single-subject_rule#United_States

⁸ <https://www.churchofjesuschrist.org/study/scriptures/ot/ps/37?lang=eng#p21>

⁹ <http://tinyurl.com/american-experiment-succeeds>