

Missouri State Senator Ryan Silvey (District 17)

Testimony before U.S. House Budget Committee, June 17th 2015

First let me say thank you to Congresswoman Hartlzer for extending a personal invitation for me to be here today and it is an honor to be before Chairman Price and the rest of the members of the Budget Committee to testify on the importance and impact of a federal balanced budget.

My name is Ryan Silvey, I am a State Senator from the great state of Missouri and have worked in the Appropriations and Budgeting process for over 10 years at the state level, including time as the Chairman of the Missouri House Budget Committee. I am currently the Vice-Chairman of Senate Appropriations, an Executive Committee member for the National Conference of State Legislatures (NCSL) and the co-chair of the NCSL Budgets and Revenue Committee.

In my opinion, and I believe many of you would agree, appropriation authority, or power of the purse, is perhaps the greatest power our branch of government possesses and makes us uniquely different from the other branches. However, appropriations is also one of the most complex and detail-oriented processes in government. Even having over a decade of experience working with Missouri's roughly \$26 billion budget, I am still learning the intricacies of all the moving parts and pieces that reflect our priorities for the constituents we serve.

In the appropriations process states take a great deal of direction from the federal government because so much of a state's budget comes back to us in the form of federal funding. In my home state nearly 30% of our total budget is directly composed of federal dollars, which equates to just under \$9 billion.

In terms of size, Missouri is approximately 18th in total population with just over 6 million people and 22nd in Gross State Product at just under \$300 billion. I mention this so members may have a conceptual size of our circumstances compared to that of your respective states. It also means that my experience, references, and examples are reflective of a state in the upper half of states across the country.

The decisions we make, whether they be federal or state, are not often easy, straight forward decisions when deciding what our priorities will be. Therefore, intent, goals, guidelines, and performance are things we use to provide direction to effectuate our priorities more clearly. While I understand that priorities will change as a result of changing times, crisis, or political control, the fiscal health and soundness of our country and our states is something that has been, and should continue to be, a bipartisan priority.

As an example from my home state, in 1983 it was Democrats who passed a balanced budget resolution and call for an Article V constitutional convention in the wake of what they believed was excess spending by President Reagan. More recently it has been Republicans who have done the same, using the same justification, regarding spending by the current administration of President Obama. Missouri is still, in my mind, a bellwether state. At the legislative level our chambers have Republican supermajorities, but among our statewide offices, five of the six are held by Democrats. I point this out to stress again the bipartisan nature of maintaining balanced budgets.

Additionally, we can also look at a number of states across the country controlled by Republicans and Democrats that place similar importance on balancing their budgets. In fact, all but one state in the country has some sort of provision or requirement meant to safeguard a balanced budget, whether that be proposed budgets from Governors, enacted budgets from legislatures, or a constitutional or statutory requirement put in place. Further, approximately 60% of states have requirements prohibiting carrying over deficits from one year to the next through their budgets.

On the campaign trail, and in state capitols across the country, it is often said that Washington DC has a spending problem. As you can see, because the vast majority of states are proactive, we do not have that problem because we do not enable ourselves to have that problem. I believe that this is critically essential for the federal government as well. By failing to require balanced budgets, the federal government has enabled itself to accumulate perpetual deficits and these deficits now endanger more than our fiscal stability.

In addition to Missouri's own requirements to operate a balanced budget, we have a tax limitation that was part of a constitutional amendment passed by Missouri voters in 1980. In short, this specific provision, known as the Hancock amendment, prohibits the state legislature from raising taxes without the consent of the people. In practice, the amendment holds the legislature accountable by forcing us to make more difficult decisions regarding spending as opposed to decisions on what to tax to unilaterally raise to generate more revenue. This is the second critically essential point I wish to convey today.

As a fellow elected official, I address you with a shared understanding of the responsibility it entails to make what you believe are the right decisions on behalf of your constituents. I know the decisions we make are not always easy. I know they are not always popular. But, I believe my constituents do not only expect easy solutions or popular answers. What I have found is that they want honest answers. Furthermore, if we can find a good solution, it will become a popular one.

When I was named the House Budget Chairman, our state, like most others, was facing a recession. I knew it was going to be my primary responsibility to cut more than \$700 million across our state budget. I anticipated the number of people that were going to be frustrated or upset with me would probably include just about everyone. As a result, what I did was address their expectations before we even had a chance to meet.

At the entrance to my office read a sign that said:

“ Welcome to the House Budget Office. Please ask yourself the following:

- 1.) Am I here to ask the chairman for more money than last year? If yes, proceed to question 2.
- 2) Have you lost your mind?”

I put this sign on an easel in front of my office door for the opening day of session. It got a few chuckles, which was nice because the work of cutting that much of the budget was not necessarily pleasant. However, I kept it up throughout the entire session because I saw a clear change in the expectations from the lobbyists that came to visit me, the special interest groups that wanted to meet, and even my colleagues who wanted to discuss the priorities in their district. They knew the decisions were going to be tough. They knew everyone, not just them, were going to be facing the same situation. Most importantly, they knew I was serious about my commitment to make the necessary cuts.

My hope is that soon we will all see a time when the federal government not only passes balanced budgets, but we also strive eliminate the deficit that now stands at more than \$18 trillion. This hearing is a positive first step.

Finally, I understand that as legislators we are frequently asked to solve problems, but less frequently offered suggestions about how to do so. In that spirit, I would like to leave you with mine.

First, I believe that a federally balanced budget is achievable by remembering that this is truly a bipartisan issue and understanding that everyone will need to feel some pain. Remember, if President Clinton and Speaker Gingrich could do it, I believe that our generation can do it as well.

Second, we all understand that this is not a goal that can be achieved in a single fiscal year. However, if you are able to put the country on a “glide path” to solvency, and demonstrate the resolve to follow it through, I believe the people will reward that good faith effort.

Finally, understand that a large percentage of states’ budgets come directly from the federal government via a myriad of matching programs. We know that we will have to absorb cuts to those programs and are prepared to deal with that, even if it means we have more tough decisions ahead in our state capitols. However, to assist us with that adjustment, I believe it will be imperative to give states more flexibility in how we administer those programs. By cutting some of the strings, or perhaps even providing more block grants with a stated purpose and accountability, we in the states will be able to adjust to new realities while still providing services that our constituents need.

Thank you again for your time and the opportunity to be here today. I am happy to answer any questions the committee may have of me.