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Curbing Federal Emergency Spending

Government Spending Grows with Excessive and Wasteful Emergency Designations

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EXECUTIVE SUMMARY

Congress has designated $12 trillion in spending for emergencies over the past 30 years. Poorly designed emergency spending rules allow Congress to routinely designate non-emergency line items as emergencies, increasing wasteful and excessive spending. High deficits, an escalating federal debt, and the insolvency of major entitlement programs mean that Congress is facing several budgetary challenges that will only grow in importance. It's time for Congress to rein in emergency spending and its abuse.

This paper provides the first comprehensive estimates of emergency spending, with data going back to 1992. According to our estimates, Congress designated 8 percent of federal budget authority as emergency spending during that time. Emergency spending is roughly equal to the amount that Congress has spent on Medicaid and veterans' programs combined.

Roughly half of the emergency spending since 1992 has been discretionary spending (federal programs that receive funding through annual appropriations), mostly in response to the Great Recession and COVID-19 pandemic and for disaster relief and military operations. Mandatory spending, also called direct spending, accounts for the other half. Five Great Recession and pandemic-related laws alone account for 87 percent of mandatory emergency spending. The budgetary share of emergency spending has grown to 12 percent of total budget authority over the past decade.

In this analysis, we provide several specific reforms that would reduce emergency spending, decrease abuse, and enhance oversight.


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INTRODUCTION

Statutory spending caps do not apply to emergency spending. Congress is increasingly abusing emergency designations, which were originally intended to provide a safety valve for responding to urgent and unexpected crises, to evade spending limits. Consider for example the spending caps established by the May 2023 Fiscal Responsibility Act.[1] The bill creates top-line spending limits on discretionary appropriations but leaves open a gaping loophole for any spending designated as an emergency.[2] In October 2023, President Biden proposed $106 billion in emergency foreign aid targeted at Ukraine and Israel and $56 billion for a domestic emergency supplemental covering disaster relief and childcare, among other issues.[3] And that's on top of $16 billion in disaster spending attached to the temporary budget extension from late September 2023.[4] If Congress passes the $162 billion in combined emergency spending, legislators will erase any theoretical savings they could have achieved for fiscal year (FY) 2024 under the Fiscal Responsibility Act.[5]

We need greater transparency and more effective rules that hold legislators accountable to deter further misuse of emergency designations. Congress should track and offset emergency spending. Establishing a mechanism like the House cut-as-you-go (CUTGO) rule for emergency spending would allow Congress to retain the emergency cap exemption, transparently track emergency spending (plus interest costs), and pay for it responsibly by reducing future spending by the amount of current emergency spending over the following five years.[6] Emergency spending offsets would restore fiscal credibility and incentivize more responsible budgeting.

REVEALING THE TRUE SIZE AND SCOPE OF EMERGENCY SPENDING

The size and scope of emergency spending is obscured by the lack of a central depository or government report that tallies up this spending over time. This paper attempts to fill that gap by producing estimates of emergency spending since 1992. We estimate that Congress has designated nearly $12 trillion in emergency spending since that year. That's a staggering amount to exempt from legislative budget controls—similar in size to what Congress spent on Medicaid *and* veterans' programs combined. It also exceeds all federal income security spending, which includes unemployment compensation, Supplemental Security Income, the refundable portion of the earned income and child tax credits, the Supplemental Nutrition Assistance Program, family support, child nutrition, and foster care over the last three decades.

> "Congress has designated nearly $12 trillion in emergency spending since 1992. That's similar in size to what Congress spent on Medicaid *and* veterans' programs combined."

Congress designated 8 percent, or 80 cents of every 10 dollars, of federal budget authority—money Congress authorizes agencies to spend—as emergency spending over the past 30 years. And just in the past decade, the budgetary share of emergency spending has grown to 12 percent, or 1 in 10 dollars, of total budget authority.

ANYTHING GOES

Congress has complete discretion in designating spending for emergencies because what qualifies as an emergency is subject to interpretation.[7] In 1991, the Office of Management and Budget (OMB) laid out five criteria that emergency provisions should meet: necessary, sudden, urgent, unforeseen, and not permanent.[8] Two decades later, this definition was codified into law following the passage of the Budget Control Act of 2011.[9] However, the current process lacks a mechanism to evaluate whether an emergency provision meets the OMB's test, which means that *anything* can count as emergency spending.

Another form of emergency spending involves special discretionary spending categories called cap adjustments. Cap adjustments have been used to fund disaster relief spending and military Overseas Contingency Operations (OCOs) without being subject to standard budget controls.[10] This means cap adjustments exempt certain types of spending from spending caps, allowing legislators to evade spending limits. This creates the clear potential for abuse.

Military Emergency Spending

During the 20th century, Congress used war-related emergency supplemental spending legislation to fund military operations at the outset of a conflict, such as the Korean War and Vietnam War.[11] Once a conflict was ongoing, Congress usually chose to increase the "base budget" to cover war-related needs rather than habitually rely on supplemental funding requests to fund a multiyear conflict. Supplemental appropriations are intended to provide legislators with the flexibility to respond to urgent funding demands that weren't addressed through the normal appropriations process. They are not intended to create a convenient vehicle for additional spending outside agreed-upon budget limits.

Congress treated post-9/11 conflicts differently. In response to conflicts in Afghanistan, Iraq, and elsewhere, Congress provided elevated and sustained "non-base" supplemental funding, even when funding needs could reasonably be met within the base budget. Congress even went so far as to create special funding categories that were exempted from spending caps, known as Overseas Contingency Operations and Global War on Terrorism (GWOT) funding. These funds quickly morphed from a temporary way to respond to a conflict into a defense budget top-up that evades spending caps. According to the Congressional Research Service, OCO and GWOT funding since FY 2001 averaged 17 percent of the total budget authority for the Department of Defense.[12] In other words, Congress did not responsibly budget for nearly one-fifth of the Defense Department's spending.

> "Relying on supplementals to implement longer-term foreign policy objectives results in worse strategy and overspending."

Special cap exemptions for some military spending resulted in less oversight and less responsible spending. As the Government Accountability Office (GAO) reported in 2017, the flawed criteria underlying OCO funding "hindered [decisionmakers] in their ability to set priorities and make funding trade-offs."[13]

Setting clear priorities and making tough tradeoffs is critical to correcting mismatches between budget and strategy.[14] Conversely, relying on supplementals to implement longer-term foreign policy objectives results in worse strategy and overspending.[15]

Disaster Relief Spending

The 1988 Robert T. Stafford Disaster Relief and Emergency Assistance Act grants the president powers to issue disaster declarations for a variety of events, unlocking special disaster relief funding. Presidents have steadily issued more disaster declarations over time. As Justin Bogie, then with the Heritage Foundation, explains, President Ronald Reagan declared only 16 disasters over his eight-year administration.[16] Meanwhile, President Donald Trump declared 124 disasters in 2018 alone—and that was pre-pandemic. Moreover, since the federal government covers most disaster costs, states will free-ride on the federal government by requesting federal help whenever they can, resulting in excess disaster spending.

Congress has used a variety of budgetary tricks to bypass normal spending rules and irresponsibly fund disaster spending. Consider the Disaster Relief Fund (DRF), the primary source of funding for general federal disaster relief. Congress is supposed to fund the DRF through normal appropriations. With the passage of the Budget Control Act of 2011, Congress normalized exempting spending for disasters by creating a special cap adjustment for disaster relief and related priorities. As if that weren't bad enough, Congress frequently underfunds the DRF in normal appropriations and relies on supplemental emergency bills to make up the difference. According to the Congressional Research Service, about 70 percent of all money provided for the Disaster Relief Fund between 1964 and 2020 was through supplemental appropriations.[17]

Overreliance on supplemental emergency spending to bridge the disaster relief gap results in less accountability and worse policy.[18] Emergency spending bills are often rushed and filled with unrelated parochial priorities. For instance, the 2013 supplemental bill responding to Hurricane Sandy included a host of pork barrel spending, such as money for salmon fisheries in Alaska and a train service expansion in New York.[19] Congress should fund disaster relief responsibly and stop using recurring disasters as a justification for new spending that circumvents fiscal limits.

CRUNCHING THE NUMBERS

We cataloged or produced cost estimates for the last 30 years of congressional emergency spending designations by combining emergency spending in regular discretionary appropriations, supplemental appropriations, and mandatory spending increases that are exempt from pay-as-you-go (PAYGO) rules.[20]

Regular emergency discretionary appropriations include all emergency designations featured in the annual spending bills that Congress is supposed to pass each year. Supplemental emergency appropriations include funding provided in addition to annual budgets and are typically (but not always) discretionary spending. It should be noted that not all supplemental spending is designated as emergency spending. Additionally, Congress will sometimes attach supplemental appropriations bills to regular appropriations bills. While this can often be politically convenient, it runs counter to the fundamental point of supplemental appropriations, which are supposed to provide funding *outside* the regular appropriations process.

> "The budgetary share of emergency spending has grown to 12 percent of total budget authority over the past decade."

PAYGO is a budget rule that requires offsetting deficit reduction any time that tax cuts or mandatory spending increases add to deficits.[21] This rule does not apply to discretionary spending, which is determined by the annual appropriations process.[22] In theory, the law is supposed to require Congress to offset any new mandatory spending. Yet in practice, Congress frequently ignores these requirements and specifies that PAGYO rules do not apply to certain supplemental spending. Congress can choose to simply waive PAYGO requirements by designating new mandatory spending as an emergency.

We limited our analysis to laws that were clearly and initially emergency-related and for which spending was exempted from standard budget rules. That excludes some laws and programs that could be construed as emergency manipulation of budget rules, such as the Act to Reduce Preexisting PAYGO Balances.[23] Additionally, we prioritized 10-year cost estimates of budget authority (authorized spending) for individual laws due to a lack of publicly available information regarding emergency-related outlays (actual spending).[24] Taken together, the actual cost of emergency spending could be significantly higher than our $12 trillion estimate. We make the summary data set publicly available.[25]

EMERGENCY SPENDING TRENDS (1992–2023)

Between 1992 and 2023, Congress provided $11.4 trillion in emergency budget authority. The grand total rises to $11.6 trillion when including emergency spending that Congress already authorized for the next 10 years. That's equal to 43 percent of the current $26.7 trillion public federal debt—the debt the United States has borrowed from credit markets—before considering the associated interest costs of emergency spending.[26] Because discretionary and mandatory spending are treated differently in the budget process, it is worth looking at each category in more detail. Figure 1 shows emergency-related budget authority since 1992. Five- and 10-year simple rolling averages illustrate trends in emergency spending.

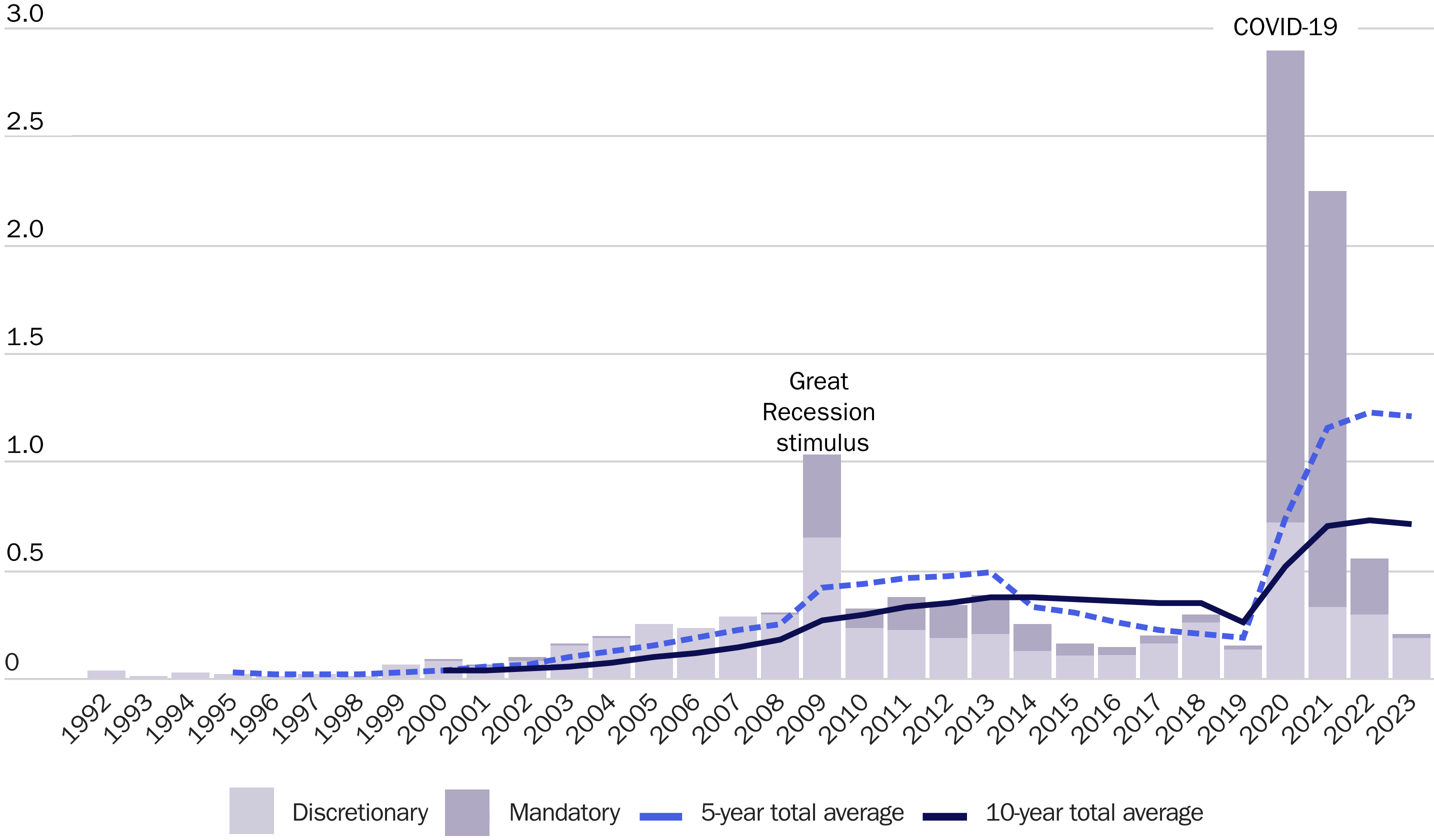
Roughly half of the emergency spending since 1992—$5.9 trillion—has been discretionary spending (federal programs that receive funding through annual appropriations).[27] A combined $2 trillion in emergency discretionary budget authority was provided in 2009, 2020, 2021, and 2022, mostly in response to the Great Recession and the pandemic. The remaining $3.9 trillion was primarily directed toward disaster relief and military operations, alongside miscellaneous spending that hitched a ride on such bills.

A full $2 trillion, or one-third, of all discretionary emergency spending was spent through the Overseas Contingency Operations and Global War on Terrorism budget categories. These categories were exempt from spending limits and functioned as nearly bottomless cash pits to support US military operations in the Middle East. In 2021, the Biden administration chose to discontinue the OCO account, a significant step in the right direction.[28] However, recent supplemental funding requests primarily aimed at Ukraine risk making the same mistakes

Figure 1

Emergency spending spiked during the Great Recession and COVID-19 pandemic

Emergency spending, trillions of inflation-adjusted US dollars (2023)



Sources: Congressional Budget Office, "Status of Discretionary Appropriations Report, Fiscal Year 2023, US Senate," July 17, 2023; Government Accountability Office, "Supplemental Appropriations: Opportunities Exist to Increase Transparency and Provide Additional Controls," GAO-08-314, January 2008; Office of Management and Budget, *Budget of the US Government, Fiscal Year 2013* (Washington: Government Printing Office, 2012); and authors' calculations.

Notes: Averages show the average share of annual spending designated as emergency spending over a given period; emergency spending includes both emergency designations and certain discretionary spending "cap adjustments" that are exempt from budget rules and are related to emergencies, including Disaster, Wildfire Suppression, Overseas Contingency Operations, and Global War on Terrorism allotments.

again—evading spending limits and avoiding the tradeoffs involved in good budgeting to support ongoing military operations that can no longer be called emergency aid.[29]

The remaining emergency discretionary budget authority was spread across various areas, including special Disaster and Wildfire Suppression categories. Misuse of emergency designations has resulted in some projects and agencies, such as the Federal Emergency Management Agency's Disaster Relief Fund, regularly relying on emergency funding for recurring, predictable operations.[30] Moreover, the current system disproportionately places the burden for funding disaster-related costs on the federal government, incentivizing states to underinvest in disaster risk reduction.[31] Continued usage of emergency designations to fund regular operations is a big part of the problem.

Mandatory Emergency Spending

The other half of the past three decades of emergency budget authority—$5.7 trillion—was mandatory spending (also called direct spending, this category is comprised of federal programs with permanent spending authority and not subject to annual appropriations).[32] Five laws passed in response to the Great Recession and the pandemic account for 87 percent of mandatory emergency spending. Three pandemic laws provided a combined $4.2 trillion:

- the American Rescue Plan Act;
- the Paycheck Protection Program and Health Care Enhancement Act; and
- the Coronavirus Aid, Relief, and Economic Security Act.

Two laws passed after the Great Recession provided a combined $787 billion in mandatory budget authority:

- the American Recovery and Reinvestment Act, and
- the American Taxpayer Relief Act.

Historically, Congress has relied primarily on discretionary spending to respond to emergencies. For example, most of the emergency aid in response to the Great Recession was provided through discretionary channels. However, that trend may be changing. During the pandemic (2020–2022), three-quarters of all emergency budget authority was provided in the form of mandatory spending. To be effective, emergency spending reforms should be comprehensive, applying to both discretionary and mandatory emergency spending.

MORE SPENDING, LESS OVERSIGHT

Emergency spending fluctuates significantly depending on current events but has been trending upward in recent decades. In FY 1992, emergency-related spending was just 1 percent of all annual budget authority (Figure 2). In FY 2002, after the 9/11 terrorist attacks, emergency spending grew to 3 percent of annual budget authority, then to 17 percent in FY 2009 during the Great Recession. At the height of the pandemic response in FY 2020, emergency-related spending peaked at an inflation-adjusted $2.9 trillion—32 percent of annual budget authority. Figure 2 displays emergency budget authority as a share of total annual budget authority between FY 1992 and FY 2022.

No matter how you slice the data, Congress increasingly *overspends*, using emergency designations because budget rules do not apply to emergency designations. Even during periods of relative calm, Congress retains elevated levels of emergency spending. Prior crisis response serves to justify new expenditures, regardless of how flawed the results of previous spending might have been.[33]

Congress also spends *wastefully* because funding is rushed out the door. In 2008, the GAO found that supplemental spending, often designated as emergency funding, was subject to less oversight than regular spending.[34] Priorities unrelated to the initial emergency often received funding, irresponsibly widening deficits, and the pandemic blew that door wide open. The Associated Press found that $403 billion of COVID-19 relief funding was stolen, wasted, or misspent.[35] That's 1 in every 10 dollars of COVID relief aid disbursed so far. A more recent GAO report found that fraud for Unemployment Insurance (UI) programs totaled between $100 and $135 billion—or 11 to 15 percent of all UI benefits provided during the pandemic.[36] Multiple pandemic relief efforts were duplicative and hasty, receiving less oversight and wasting taxpayer money. Other scholars have pointed out similar failures by federal government agencies administering those programs across a variety of emergency spending initiatives.[37] See the Appendix for an illustrative list of wasteful emergency spending.

A DETERIORATING FISCAL OUTLOOK

Growing reliance on emergency spending is taking place against a worsening fiscal outlook. Federal debt and deficits are rising. In FY 2023, the deficit hit $2 trillion, double FY 2022's deficit. Growing deficits result in excessive debt and rising interest costs. The Congressional Budget Office (CBO) projects that debt as a share of the economy will surpass the World War II high of 106 percent of GDP in 2029.[38] By 2053, debt is projected to reach 181 percent of GDP, and that's under rosy economic assumptions, where the US suffers no economic or other crises for 30 years. Figure 3 shows federal debt held by the public as a share of GDP.

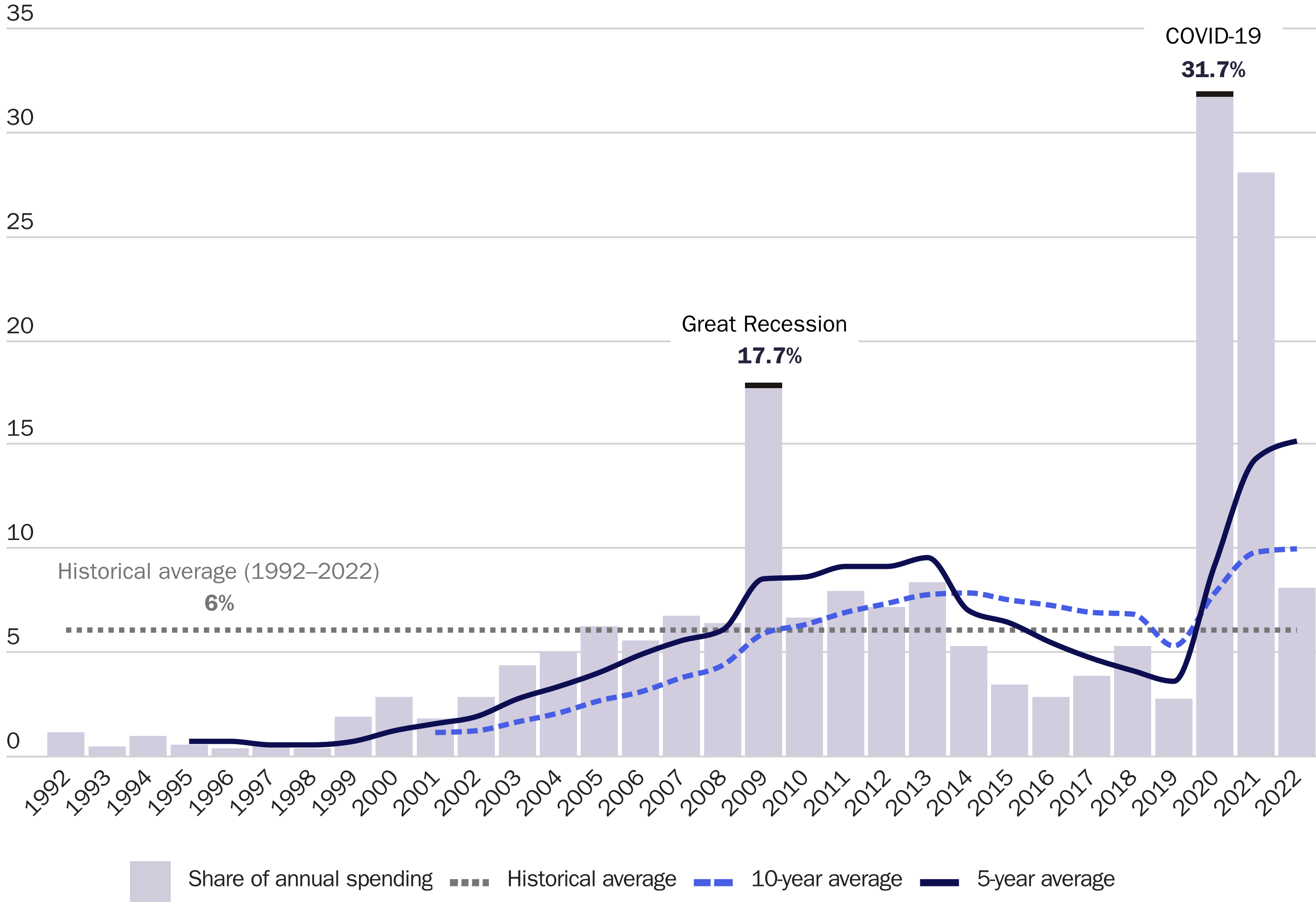
> "To be effective, emergency spending reforms should be comprehensive, applying to both discretionary and mandatory emergency spending."

Major emergencies have a big impact on the budget. The two largest increases in federal debt over the last three decades were directly related to the extraordinary emergency fiscal responses to the Great Recession and COVID-19 pandemic. Following the most lavish emergency spending binge in US history during the pandemic, which helped drive inflation and interest rates to historic highs, Congress should reform emergency spending and avoid future emergency spending excesses.

Figure 2

Peak pandemic emergency spending is almost double Great Recession emergency spending

Emergency spending, percent of total annual spending



Sources: Congressional Budget Office, "Status of Discretionary Appropriations Report, Fiscal Year 2023, US Senate," July 17, 2023; Government Accountability Office, "Supplemental Appropriations: Opportunities Exist to Increase Transparency and Provide Additional Controls," GAO-08-314, January 2008; Office of Management and Budget, *Budget of the US Government, Fiscal Year 2013* (Washington: Government Printing Office, 2012); and authors' calculations.

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FISCAL SECURITY IS NATIONAL SECURITY

As CBO warns, high debt will "slow economic growth, push up interest payments to foreign holders of US debt, and pose significant risks to the fiscal and economic outlook."[39] The recent economic literature suggests that high public debt—defined as a debt-to-GDP ratio above 78 percent—is already at economically damaging levels.[40]

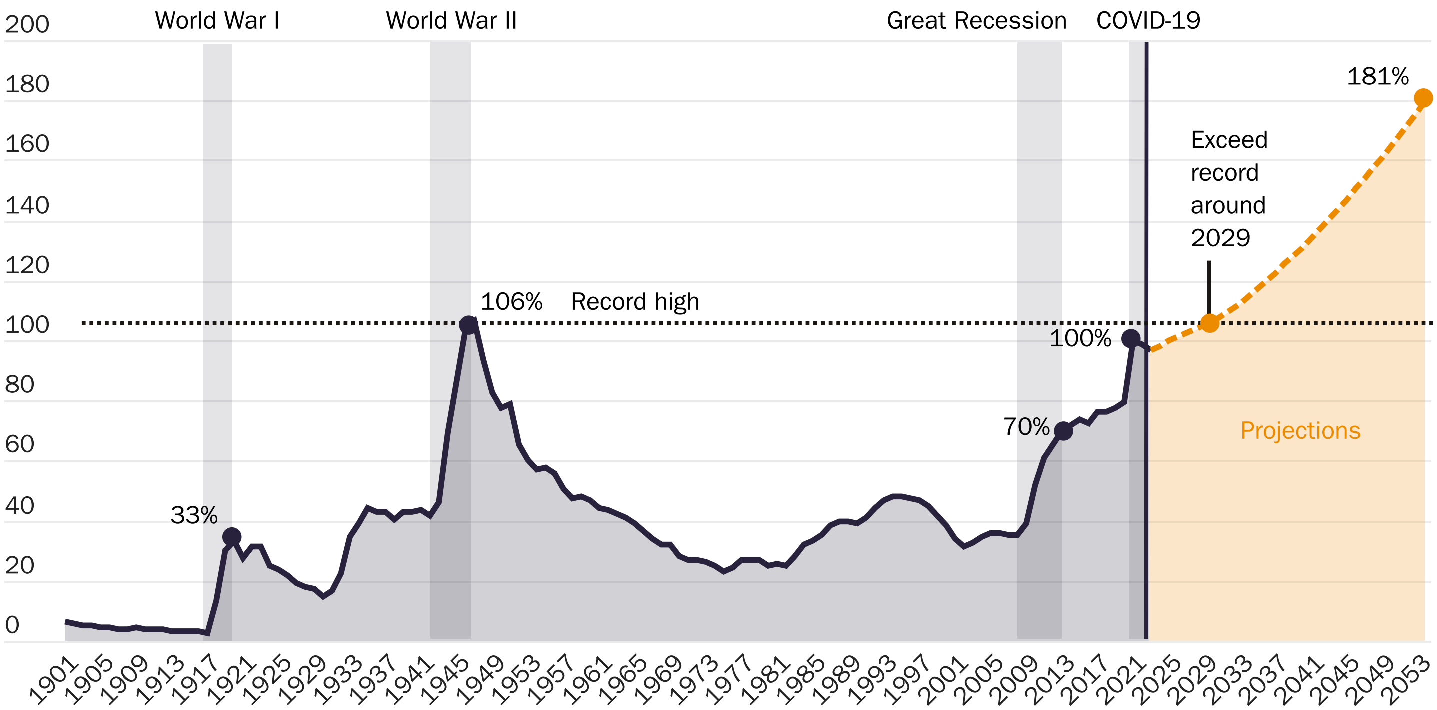
Since many emergency spending bills are justified on the basis of national security, legislators should also consider that fiscal stability *is* an essential element of national security. As prominent national security leaders across eight Republican and Democratic administrations have argued,

> Long-term debt is the single greatest threat to our national security. . . . This debt burden would slow economic growth, reduce income levels, and harm our national security posture. It would inevitably constrain funding for a strong military and effective diplomacy, and draw resources away from the investments that are essential for our economic strength and leading role among nations.[41]

Figure 3

US debt expected to exceed the record high of 106 percent of GDP in 2029

Federal debt held by the public, percent of GDP



Sources: "The 2021 Long-Term Budget Outlook," Congressional Budget Office, March 4, 2021; and "The 2023 Long-Term Budget Outlook," Congressional Budget Office, June 28, 2023.

Note: GDP = gross domestic product.

Ironically, fiscally irresponsible emergency spending in the name of national security could end up making the country less safe. A fiscal crisis would erode the foundation of America's military and economic strength. Moreover, high debt itself could worsen the severity of future crises.

Federal spending sprees in response to emergencies such as World War II, the Great Recession, and the COVID-19 pandemic were possible because bond markets were willing to take on greater federal debt. If bond markets were unwilling to finance future spending sprees, high debt could constrain the United States' capacity to respond to and prepare for real future emergencies.[42] The largest debt and spending increases in the past few decades have been a direct result of temporary emergency spending efforts. Unlike after World War II, recent emergency spending spikes have resulted in sustained and elevated debt.

Good budgetary discipline, such as offsetting emergency spending, is a necessary condition for the government to fulfill its core responsibility of national defense.[43] If Congress continues its bad fiscal practices, the country might not be able to effectively respond to the next real major emergency when called upon.

A MORE RESPONSIBLE WAY FORWARD

Congress should reform the emergency spending process to increase accountability, transparency, and fiscal responsibility. The following reforms would help achieve this goal:

Offset Emergency Spending

Congress needs a budget enforcement mechanism for emergency spending. Clearly establishing what qualifies as an emergency and requiring a higher voting threshold for emergency designations would primarily target questionable "emergency" spending. Without a process to offset emergency spending, Congress will continue to use emergencies as a pretext to pass budget-breaking spending initiatives with no plan to rein in future spending.

A CUTGO-style emergency spending mechanism would account for and offset new emergency spending with future spending reductions.[44] For example, if Congress authorized President Biden's full emergency spending request for FY 2024 (around $190 billion, including five-year interest costs), Congress would then also have to reduce top-line discretionary spending by $38 billion each year in the subsequent five years (FY 2025–FY 2029).

In essence, Congress would pay for today's emergency spending with spending cuts tomorrow. Such a mechanism should reduce the temptation to abuse emergency designations and commit Congress to forward-looking budgetary planning.

Enforce Existing Emergency Criteria

The 1991 Office of Management and Budget (OMB) definition of emergencies created a framework that should have helped shape debates about what qualifies as an emergency.[45] As the Committee for a Responsible Federal Budget explains, the OMB's five-part test is an "AND" test, meaning a provision must meet all five of the following criteria:

1. necessary (essential or vital, not merely useful or beneficial);
2. sudden (coming into being quickly, not building up over time);
3. urgent (requiring immediate action);
4. unforeseen; and
5. not permanent.

However, the current process lacks a mechanism to evaluate whether an emergency provision meets the OMB's test. Emergency criteria are only useful insofar as legislators understand them and are committed to enforcing them.

Congress should require any legislation with emergency funding to include a findings section that describes how each emergency designation meets all five of the OMB's criteria. Integrating the OMB's emergency test into the legislative drafting process could help inform debates about what should and should not qualify as an emergency. Such a requirement would create a minimal hurdle in the legislative drafting process while promoting good-faith discussion over emergency designations that are currently taken for granted. At the very least, it could expose the extraordinary mental gymnastics necessary to justify the more egregious examples of emergency spending abuse.

Raise Emergency Voting Thresholds

One of the few and oldest limits on congressional emergency spending is a Senate "point of order"—a procedural rules-based objection that strikes an emergency provision unless three-fifths of the Senate votes to retain the designation. Unfortunately, this point of order and other similar measures are not universally applied or consistently present in both House and Senate budget enforcement rules.[46]

> "Without a process to offset emergency spending, Congress will continue to use emergencies as a pretext to pass budget-breaking spending initiatives with no plan to rein in future spending."

An elevated voting threshold for emergency designations deters irresponsible and unnecessary deficit spending. Congress should strengthen and codify similar rules requiring a three-fifths majority to authorize new emergency spending. After the Japanese attack on Pearl Harbor, the United States declared war with a vote of 82–0 in the Senate and 388–1 in the House. When real disaster strikes, Congress will overcome a higher voting threshold.

End Executive Emergency Declarations after 30 Days

During emergencies, Congress often grants extraordinary powers to the executive branch. In many cases, those powers include greater flexibility to spend congressionally authorized funds in response to an emergency. As Jonathan Bydlak, formerly of the R Street Institute, points out:

> Spending more is just one part of a wider problem: The existence of emergencies has also provided

> elected officials—particularly presidents—with an excuse to expand executive power. The number and length of declared emergencies has created a political environment that is rife for both abuse of power and threats to short- and long-term fiscal sustainability.[47]

The failure of the current emergency-powers framework is partly due to the abuse of National Emergency Act (NEA) declarations.[48] These NEA declarations serve to formalize the state of emergency and can be indefinitely extended by the president. While Congress can end NEA declarations, lawmakers need to assemble a veto-proof supermajority—a challenging feat in today's polarized political environment.

> "Emergency spending and emergency powers are two sides of the same coin. Presidents can (and have) used existing emergency rules to bypass the democratic process."

Emergency spending and emergency powers are two sides of the same coin. Presidents can (and have) used existing emergency rules to bypass the democratic process.[49] In 2018, President Trump invoked emergency powers to divert nearly $4 billion in military construction funds for a border wall against Congress's wishes.[50] President Biden similarly used emergency powers late in 2022 in an attempt to cancel $430 billion in student loan debt.[51] The Supreme Court has been an inconsistent guardian against such abuses of emergency powers—it shot down Biden's student loan scheme but didn't stop Trump's border funding.[52]

Congress should rein in emergency spending powers instead of relying on the Supreme Court to police an overeager executive. The ARTICLE ONE Act would be a great start.[53] The bill overhauls the NEA framework by having presidential emergency declarations automatically expire after 30 days unless Congress affirmatively extends them.[54] An emergency "shot clock" would limit executive overreach and force legislators to seriously consider maintaining a costly never-ending state of emergency.

Enhance Transparency over Emergency-Spending Reporting

As the COVID-19 pandemic has illustrated, emergencies can justify enormous increases in spending, even after the initial crisis may have ended. Emergency-spending reporting requirements are intended to shed light on how taxpayer dollars are used during said emergencies, but the current system is too convoluted to offer much useful information. No centralized repository exists for NEA expenditure reports, and the executive can choose to whom in Congress to submit them, which often leads to records being publicly inaccessible.[55]

Congress should make NEA reports available online. This would make the reports easy to locate for researchers and legislators, aiding Congress and the public in holding the executive accountable. Moreover, Congress should more clearly define the format and content of NEA expenditure reports to add additional accounting details. This is already done for some types of disaster assistance and would provide further insight into how taxpayer funds are spent during emergencies.[56]

The National Emergency Expenditure Reporting Transparency Act would accomplish much of this by amending the Federal Funding Accountability and Transparency Act to include future NEA expenditure reports.[57] Doing so would allow concerned legislators and members of the public to easily search for NEA-related funds.

Revise the Budget Baseline to Exclude Emergencies

Each year, CBO releases a projected budget baseline—comprised of estimates of future outlays and revenues—that is used to benchmark the costs of new legislative proposals. Currently, CBO counts discretionary emergency spending alongside base discretionary spending. CBO then assumes that both grow each year with inflation over the budget window. This assumption, especially the inclusion of what is supposed to be one-time emergency spending, distorts the baseline and biases the budget process toward higher spending.[58]

Under the baseline, continuing spending at the previous year's level would counterintuitively be scored as a deficit reduction. Worse, temporary emergency provisions are treated as permanent and growing expenditures. This creates a ratchet effect, building in an expectation that future spending can and should exceed past spending. Excluding emergency spending from CBO's projected budget baseline could reduce the bias toward higher spending and better reflect that emergency spending is supposed to be temporary. If Congress continues to rely on emergency spending on a regular basis, CBO should provide an alternate estimate of budget projections that retains the inclusion of emergency spending. Fiscal scores, which determine whether Congress is increasing or decreasing spending compared to the previous year's levels, should rely on the non-emergency baseline.

CONCLUSION

The United States faces a host of potential future threats, from a rising China to pandemics to climate change to the unpredictable.[59] Real or imagined, some of these threats will undoubtedly be used to justify future emergency spending. If history is any lesson, the next major crisis and its fiscal response could significantly contribute to—and accelerate—America's fiscal decline. Policymakers should prepare now for future contingencies by overhauling the emergency spending process. Fiscal security is national security.

Myopic abuse of emergency designations contributes to the long-term fiscal challenge. Over the past decade, Congress designated 1 in every 10 dollars of federal budget authority as emergency spending. Congress should terminate never-ending emergency declarations and reform the emergency spending process to enhance accountability and transparency by: offsetting emergency spending, including justifications for how emergency designations meet all five statutory criteria; raising the voting threshold for emergency designations; enhancing transparency in executive emergency-spending reporting; and revising the budget baseline to better reflect the temporary nature of emergency designations.

APPENDIX

Here is an illustrative list of wasteful emergency spending that took place during the pandemic:

- $626 million for a vaccine contract that was never fulfilled;[60]
- $7.2 million of Paycheck Protection Program loans for the purchase of a mansion and sports cars;[61]
- $70 million for tourism marketing campaigns in Puerto Rico;[62]
- $12 million for renovations of a minor league baseball stadium in New York State;[63] and
- $6.6 million for the replacement of irrigation systems at two golf courses in Colorado Springs.[64]

In 2023 alone, Congress or President Biden have proposed using emergency designations to fund the following:[65]

- $180 million for disposal of the International Space Station (operable through 2030);
- $600 million for the replacement of existing weather-forecasting aircraft (also operable through 2030);
- $100 million for a law enforcement grant for presidential nominating conventions;
- $500 million for higher-than-anticipated fuel costs in defense spending;
- $278 million for the sped-up construction of a single research center;
- $539 million for various health research projects; and
- $347 million for prison construction and prisoner detention.

Here are a few egregious pork items found in past supplementals:[66]

- $9.7 million for an assistance program to compensate eligible orchardists for tree losses;
- $1 million for the Geisinger Health System in Harrisburg, Pennsylvania, to establish centers for the treatment of autism;

- $500,000 for the Ohio Alliance Community Center for the Deaf in Worthington, Ohio;
- $19.3 million for education and human resources for the National Science Foundation;
- $22.7 million for a Capitol power plant;
- $40.1 million for Capitol police buildings and grounds;
- $3.3 million for the European Communities music copyright dispute;
- $231,000 for abstinence education and related services at Diakon Lutheran Social Ministries of Allentown, Pennsylvania;
- $35 million for wastewater infrastructure in DeSoto County, Mississippi;
- $5 million for the Fort Peck State Fish Hatchery in Montana;
- $27.6 million for the Architect of the Capitol to deal with recent problems related to steam tunnels and asbestos exposure; and
- $140 million for infrastructure improvements for Gulf Coast shipyards.

NOTES

1. Fiscal Responsibility Act of 2023, H.R. 3746, 118th Cong. (May 29, 2023); Romina Boccia, "Misleading Debt Limit Deal Math Counts Phantom Savings," *Cato at Liberty* (blog), Cato Institute, June 1, 2023; and Grant A. Driessen and Megan S. Lynch, "Discretionary Spending Caps in the Fiscal Responsibility Act of 2023," Congressional Research Service, June 28, 2023.

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3. Kathryn Watson, "Here's What's in Biden's $100 Billion Request to Congress," CBS News, October 20, 2023; Jordan Cohen and Dominik Lett, "Emergency Aid or Budget Trick? Assessing Biden's $100 Billion Spending Request," *Cato at Liberty* (blog), Cato Institute, October 20, 2023; Seung Min Kim, "White House Wants $56 Billion from Congress for Disaster Relief, Child Care and High-Speed Internet," Associated Press, October 25, 2023; and Romina Boccia and Dominik Lett, "What's Another $56 Billion in Emergency Spending?," *Cato at Liberty* (blog), Cato Institute, October 30, 2023.

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