



# BUDGET BULLETIN



COMMITTEE  
ON THE  
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Republican  
Staff

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202/224-0642 <http://budget.senate.gov/republican>

110<sup>th</sup> Congress, 1<sup>st</sup> Session: No. 3

March 9, 2007

## INFORMED BUDGETEER

### THERE ARE NO EMERGENCIES IN THE PRESIDENT'S BUDGET

Page 217 of the *Analytical Perspectives* volume of the President's 2008 Budget describes the President's proposal to enact into law a "definition of 'emergency requirement' that will ensure high standards are met before an event is deemed an 'emergency' and therefore exempt" from procedures that enforce statutory budget discipline, as follows:

**necessary expenditure**—an essential or vital expenditure, not one that is merely useful or beneficial;

**sudden**—quickly coming into being, not building up over time;

**urgent**—pressing and compelling, requiring immediate action;

**unforeseen**—not predictable or seen beforehand as a coming need (an emergency that is part of the average annual level of disaster assistance funding would not be "unforeseen"); and

**not permanent**—the need is temporary in nature.

- The budget document states the President's desire to "codif[y] the criteria...that have been the standard for a number of years" and that an item would have to meet all these criteria to be treated as an emergency. Indeed, this proposal lists the same criteria that have been listed in recent congressional budget resolutions that have created points of order to control the use of the emergency designation. But does the President's actual spending request in the 2008 budget live up to the spirit of this proposal to codify the definition of an emergency?
- Take for example the debate about whether recent and future funding for the wars in Iraq and Afghanistan is an emergency? Making any kind of observation about the trend and year-to-year changes in total discretionary spending over the past several years has been difficult. This is because of the "shadow budget" – requesting and appropriating funds for these wars outside of the President's budget request and including an "emergency" label or designation.
- While the President's budget for 2008 complies with a congressional requirement that costs of the war finally be reflected in his budget documents, it still displays the following label (Table S-2, p. 152): "Requested Supplemental and Emergency Funding," which is associated with the amounts of \$100 billion for 2007 and \$145 billion for 2008 (\$245 billion in total; there is an additional \$50 billion place holder for 2009). Page 44 of the Budget also refers to "emergency" appropriations to fund continuing costs for the war.
- The Administration is motivated by a concern that the high level of appropriations for the war should not be absorbed into the base budget of the Department of Defense in perpetuity once the fighting is over and the need for war appropriations goes away. Therefore, the President's budget shows these costs separately, rather than embedded in the base budget of the Department of Defense. But are these amounts truly for "emergency" activities, as the President's proposed definition describes them, that are simultaneously "necessary, sudden, urgent, unforeseen, and not permanent"?
- Labeling war costs as an emergency is not consistent with the President's proposed statutory definition: while the 2007 and 2008 costs of the war may be necessary and ultimately not permanent, they are not sudden, urgent, and unforeseen, since the war in Afghanistan commenced in November 2001 and the war in Iraq commenced February 2003.
- But weren't the costs of fighting wars in the 1990s designated as an emergency? Yes, but they were shorter. Historically, the emergency designation was intended and initially used to provide appropriations for truly unexpected spending requirements in excess of the statutory limits on discretionary spending that applied from 1991-2002. Toward the end of that period, the Congress, as well as the current and the previous administrations, relaxed their vigilance on what was really an emergency (e.g., spending for the Census was declared an emergency in 2000).
- Since they expired at the end of fiscal year 2002, there have been no statutory caps on discretionary spending. Nonetheless, Congress, through its annual budget resolution, has continued to set a discretionary allocation (or cap) one year at a time, while allowing for the possibility that certain spending be designated as emergency if additional appropriations become necessary above and beyond that allocation. Further, the Senate, while having set an allocation for 2007 appropriations at \$873 billion, also set a limit on the amount of allowable emergency spending for 2007 at \$86 billion. This limit has been nearly consumed by the \$72 billion in emergency spending already enacted for 2007.
- Therefore, the President's request for another \$100 billion for 2007 war costs, even though designated an "emergency," will not be protected from a point of order in the Senate (unless that supplemental bill is considered on the Senate floor after Congress adopts a conference report on the 2008 budget resolution, which could possibly change the treatment of emergency spending for 2007 and thereafter).
- Even if the Senate Appropriations Committee follows the President's lead and also designates the \$100 billion an emergency, when that supplemental bill comes to the Senate floor in the coming weeks, **it will face the same spending point of order that regular spending faces** (which is the 302(f) point of order, since the full-year continuing resolution for 2007 already used up the \$873 billion allocation enacted for 2007).
- Why? Because emergency spending in excess of \$86 billion currently is not allowed in the Senate by virtue of the deemer that was enacted (in the 2006 supplemental) to govern consideration of appropriations legislation for 2007 (in lieu of a budget resolution for that year). (The House has no comparable limit on emergency spending; if the House wants to designate additional war funding for 2007 as an emergency to avoid its points of order, it may do that, but it does not need the President's concurrence in the designation, only his signature on the appropriations law.)
- For 2008, the situation is slightly different, but has the same result. No Congressional allocation or cap yet exists for 2008 (it will presumably be set by the conference report on the 2008 budget resolution). The Administration is free to request whatever it would like Congress to appropriate for both the war and everything else for 2008, but designating some part of the request as an emergency to "get around" some limit that does not yet exist has no effect or meaning *because there is no limit in place to "get around."*
- The bottom line is that the President's 2008 budget requests an amount for all the regular things usually funded through discretionary appropriations (\$932 billion, as estimated by CBO). And it also requests an amount for the war (for both 2007 and 2008) – \$245 billion – but the activities associated with this spending do not meet the criteria proposed in the President's budget for what is an emergency.

## ADD-ONS TO SUPPLEMENTAL: DO YOU WANT GUACAMOLE WITH THAT?

- Besides the fact that none of the items in the President's (mostly) war supplemental are an emergency, some of the items are not even for the wars (see Table 1).

**TABLE 1: PRESIDENT'S 2007 SUPPLEMENTAL REQUEST (\$ BILLIONS)**

<b>Request for Current Wars</b>	<b>95.2</b>
Request for DOD-Not Related to War	
Permanent Force Structure Increase	1.7
Abrams Upgrade Program	0.6
Bradley Base Sustainment Program	0.5
Six E/A-18 Growlers	0.5
Two JSFs	0.4
Five C-130Js	0.4
One V-22 Osprey	0.1
Subtotal	4.2
Dept. of Justice	0.2
Dept. of Homeland Security	
Restoring disaster relief fund for Katrina costs	3.4
<b>Total Request Not Related to War</b>	<b>7.8</b>
<b>Total President's Supplemental Request</b>	<b>103.0</b>

Source: Sen. Budget Committee Rep. Staff, Based on President's 2008 Budget

- The President has requested \$4.2 billion for military programs and equipment that are not related to the wars in Iraq and Afghanistan. For example, an increase (\$1.7 billion) for anything called a **permanent change in military force structure** should be funded in the regular, annual Defense budget, not in an "emergency" supplemental.
- Other requests are for things that are not time-sensitive at all as far as needing funding in the middle of 2007. The \$0.6 billion for the Abrams tank is for an upgrade program that dates back to 1994 (so it is **not unforeseen**). The same goes for the \$0.5 billion for a longstanding recapitalization program for the Bradley armored vehicle bases (also **not unforeseen**). The request includes \$0.1 billion to purchase one V-22 Osprey -- a plane that is not deployed yet and whose test vehicles have been recently grounded because of engineering problems (so it is **not necessary** or **urgent**).
- The "emergency" request includes \$0.5 billion for six electronic warfare planes (E/A-18 Growlers), when neither the insurgents in Iraq nor al Qaeda have an air force or radars (so it is **not urgent**). The "emergency" also includes \$0.4 billion for two developmental aircraft (Joint Strike Fighter-JSF) that will not see Air Force service until 2013. (The Administration's imminent revision to its supplemental request is rumored to propose redirecting the requested amounts for the Growlers and the JSF to war purposes. So perhaps the Administration realizes these are not emergencies after all.)
- Now that the President has sent up his supplemental request along with his 2008 budget, Congress is on the verge on marking up the request and adding up to another \$22 billion in non-emergency spending (see Table 2).
- Leading the list is a \$4-billion add-on to pay farmers in the name of drought losses in 2005 and 2006 (above the \$42 billion the federal government already spent on farm support and related conservation programs over that period). Similar to the version (which fell on a budget point of order) that was offered to the Ag Appropriations bill for 2007, this legislation would likely add monies for specific interests such as avocado, mango, and citrus growers, sugar beet

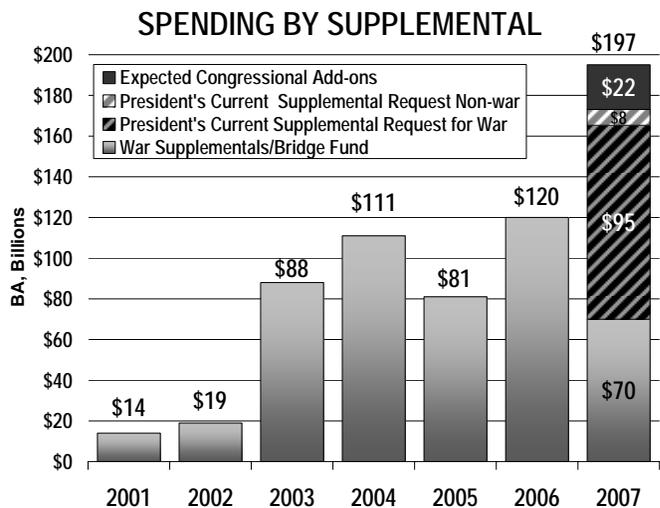
producers, the Ewe Lamb Replacement and Retention Payment program, flooded areas (not a drought!) specifically in North Dakota, Hawaii-only watershed projects, and a new, mandatory Small Business Economic Loss Grant Program.

**TABLE 2: POSSIBLE NON-EMERGENCY CONGRESSIONAL ADD-ONS TO WAR SUPPLEMENTAL (\$ BILLIONS)**

Agriculture "Disaster" Assistance (Drought)	4.0
DoD Health	3.5
BRAC	3.1
Hurricane Relief	2.9
U.S. Borders	2.5
California Citrus Farmers	1.2
NASA	1.0
Avian Flu	1.0
SCHIP	0.8
Veterans' Healthcare	0.6
Wild Fire Suppression	0.5
Secure Rural Schools (aka County Payments)	0.4
LIHEAP	0.4
<b>TOTAL</b>	<b>21.9</b>

Source: Senate Budget Committee Republican Staff

- The Chairman of the Senate Appropriations Committee has signaled his intention to add \$3.1 billion in funding related to the process of closing military bases, which was requested as regular spending in the President's 2007 budget request more than a year ago. Such funding was deliberately omitted from the full-year 2007 continuing resolution (CR) enacted only last month. The reason the appropriators did not include base closure funding in the CR was to be able to fund "higher-priority" non-emergency instead and still remain within the allocation for 2007. While base closure is "military" spending, it is **hardly a necessary, sudden, urgent, and unforeseen** expenditure.
- Another potential non-emergency item is a one-year extension of the Secure Rural Schools and Community Self Determination Act, which would cost \$0.4 billion. The Act, which provides payments to mostly Pacific Northwest counties that have experienced losses in timber receipts, expired at the end of 2006. Efforts to extend it through the regular legislative process have, so far, been unsuccessful.
- If Congress adds all these items on the wish list, the "war" supplemental will not be recognizable. The graph below compares what the resulting supplemental for 2007 would look like compared to supplementals for the war passed in previous years.



Source: Senate Budget Committee Republican Staff; [CBO Letter](#)