CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 12, 1999

S. 557
A bill to provide guidance for the designation of emergencies as a part of the budget process

As ordered reported by the Senate Committee on Governmental Affairs on March 4, 1999

SUMMARY

This legislation would impose new controls on emergency spending and thus could result in savings to the federal government, but CBO has no basis for estimating the precise amount. Because S. 557 would not affect direct spending or receipts, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

Under the Balanced Budget and Emergency Deficit Control Act, the President and the Congress can designate certain spending or revenue changes as an emergency requirement, thereby exempting them from the limits on discretionary spending and the pay-as-you-go rules for legislation affecting direct spending and revenues. S. 557 would retain the existing exemption for emergency spending but would impose new restrictions. Specifically, the bill would direct the President and Congressional committees to analyze whether a proposal for emergency spending meets five criteria—that is, whether the proposed spending or tax change is (1) essential, (2) sudden, (3) urgent, (4) unanticipated, and (5) temporary. The bill also would establish points of order in the Senate that, if sustained, would (1) strike provisions designated as emergency requirements that fail to meet the five criteria for emergency spending, and (2) strike nonemergency provisions included in emergency supplemental appropriation bills.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Appropriations that are designated as emergency spending trigger increases in the caps on discretionary budget authority and outlays, thus allowing for greater spending than under the existing caps. Similarly, reductions in revenues or increases in outlays from direct spending that are designated as emergencies are not subject to pay-as-you-go procedures, also allowing for greater spending or lower revenues than could occur without such designations. Because S. 557 might make it more difficult for some provisions to qualify as emergency requirements, it could reduce the magnitude of emergency spending in the future and thus lead to larger surpluses or smaller deficits than would occur under current law.

Almost all emergency spending has been the result of appropriation action. Annual amounts of budget authority appropriated for emergency spending have ranged from $5 billion to almost $46 billion over the 1991-1999 period. However, CBO has no basis for predicting what emergency designations would be made in the future, either under current law or under this bill. Thus, we cannot estimate the savings, if any, that might result from enacting S. 557.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The legislation contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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