

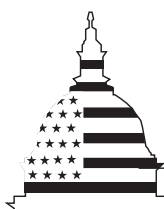
GAO

Report to the Honorable Frank R.
Lautenberg, Ranking Minority Member,
Committee on the Budget, U.S. Senate

September 1999

BUDGETING FOR EMERGENCIES

State Practices and Federal Implications



G A O

Accountability * Integrity * Reliability

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Abbreviations

BEA	Budget Enforcement Act of 1990
CBO	Congressional Budget Office
FEMA	Federal Emergency Management Agency
LIHEAP	Low-Income Home Energy Assistance Program
NASBO	National Association of State Budget Officers
OMB	Office of Management and Budget
PAYGO	pay-as-you-go
SBA	Small Business Administration
USDA	Department of Agriculture



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Accounting and Information
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The Honorable Frank R. Lautenberg
Ranking Minority Member
Committee on the Budget
United States Senate

Dear Senator Lautenberg:

In recent years, the Congress has shown an interest in changing the way that emergencies are funded. Last year, a bipartisan House of Representatives task force reviewed emergency funding issues as part of a larger review of federal budget processes, and bipartisan task forces in both the Senate and the House reviewed similar issues in 1994.¹ In these congressional reviews, concerns were raised about several issues, including the relationship between funding emergencies and complying with the requirements of various budget control acts, including the Budget Enforcement Act of 1990 (BEA).

Federal emergency appropriations totaled more than \$114 billion from fiscal year 1991 through fiscal year 1998 and ranged in amounts from a high of about \$45 billion in 1991 to a low of nearly \$6 billion in 1996. Fiscal year 1999 emergency appropriations represent the highest level to date since the Gulf War in 1991. The 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act included over \$21 billion in emergency appropriations, and an additional \$14.7 billion of midyear emergency supplemental appropriations was recently enacted in the 1999 Emergency Supplemental Appropriations Act. Both the 1999 Omnibus Act and the recent debates on emergency supplemental bills have increased visibility of emergency spending issues among members of Congress, including the view that the emergency designation can be applied too broadly.

In your request you observe that a common action taken by many states currently experiencing budgetary surpluses has been to set aside money in reserve or contingency funds to help prepare for periods of economic

¹*Federal Disaster Assistance*, Bipartisan Task Force on Funding Disaster Relief, United States Senate, Document 104-4, March 1995 and *Report of the Bipartisan Task Force on Disasters*, U.S. House of Representatives, December 1994.

downturn or other unforeseen events. States are not usually exposed to demands for large funding increases as a result of natural or man-made disasters since the federal government usually covers most of the costs for these situations. However, states face other kinds of budget uncertainty and the prospect of unexpected demands on state funds. Most states have experienced robust economic conditions for several years, and many have used this opportunity to build up their reserves in preparation for unexpected budget pressures.

Specifically, you asked us to look at state practices and experience with reserve funds to see if they might inform the federal debate on the emergency funding process. This report responds to your request for information on state experiences with reserve funds for emergencies or other unpredictable funding needs and state practices that could be instructive in the emergency spending debate, particularly regarding how the federal government might budget for emergencies with surplus funds.

Results in Brief

Most states prepare for future budget uncertainty by establishing reserves. These reserves include budget stabilization funds, emergency funds, and/or contingency accounts, many of which have specific criteria for their use. Our analysis of federal emergency funding from 1991 to the present showed that many different types of programs were funded through emergency supplemental appropriations—a more “after-the-fact” approach. When the federal government provides funding in advance for programs that play a role in emergency activities, such as for the Federal Emergency Management Agency’s (FEMA) Disaster Relief Fund, it is usually only a portion of the total eventually appropriated in a given year. As the federal government considers proposals to change the emergency funding process, state practices may offer some insights for establishing criteria for emergencies and setting aside budgetary resources for potential emergencies.

State experience indicates that criteria for using emergency reserve funds may be useful in helping to control emergency spending. These criteria include both conditions and events for spending to qualify as emergencies. For example, in one state, emergency spending must meet the conditions of being “necessary” and “unforeseen” and is further restricted to the costs associated with responding to and recovering from natural disasters. Enforceable criteria established for federal emergency spending, either for the current process for funding emergencies or when creating new emergency reserves, might constrain use of the emergency designation.

State reserves are designed to provide a cushion for budget uncertainty. In addition to carrying over any end-of-year general fund balances to the next fiscal year, we found that the five states in our study (California, Delaware, Florida, Missouri, and Oklahoma) also established three different types of more formal reserves to deal with budget uncertainty. The first are general purpose statewide reserves, such as budget stabilization (“rainy day”) funds and/or non-appropriated revenue designed to provide a cushion for the general fund in times of fiscal stress. The second group consists of statewide reserves for specific purposes such as natural disasters. Finally, states may use agency-specific reserves to provide a cushion in case increased caseloads or other uncontrollable costs drive spending for a particular program over regular appropriation levels. If a state does not have reserves available or chooses not to use its reserves to respond to a change in funding requirements, it may use other strategies, including lowering spending, raising revenues, transferring money between funds, passing supplemental appropriations, and borrowing.

Although state practices concerning reserve funds reflect the difference between state and federal budgeting, they may provide a conceptual model when considering whether to create emergency reserves at the federal level. Experience shows that the federal government will need to respond to some level of emergency need. The question is not whether there will be emergency spending, but rather at what point in the budget process these costs will be recognized. By creating an emergency reserve, the Congress could consider these costs as part of the annual resource allocation process, ensuring that emergency needs are recognized earlier in the process.

Should the Congress decide to move to a reserve-funding model for emergencies, state practices provide some insight on issues to consider in designing such a process. Federal funds could be governmentwide or agency specific. Federal governmentwide emergency reserves could set aside budget authority in advance for expected yet unpredictable events as part of the annual resource allocation process. This is essentially the approach taken by states that establish “rainy day” funds or appropriate less than their estimated revenues each year. Instead or in addition, federal emergency reserves might also be established specifically for those agencies that regularly respond to federal emergencies. Criteria for use of these reserves might be more narrowly defined and linked to specific circumstances related to an agency's mission. We were told in one state that the creation of dedicated reserves for those agencies most likely to

need emergency or supplemental funding each year has reduced the need for midyear supplemental appropriations.

The creation of these two types of reserves would require answering a number of other key design questions including: What criteria should be used to access the reserve? Who may approve the use of these funds? How large should the reserve be? Do unused funds lapse at the end of each fiscal year? Should the reserve be included under the spending caps? This report presents an analysis of alternative approaches to address these issues.

Background

Over the years, various attempts have been made to control federal spending. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985 sought to limit supplemental appropriations proposed by either the President or the Congress to cases of “dire emergency.”² The Congress and the President further changed the budget process with the passage of BEA. That law established limits on discretionary spending, imposed deficit-neutral pay-as-you-go (PAYGO) rules for mandatory spending, and created an exemption for spending designated as an emergency.³ The idea was to allow for an emergency safety valve under the spending caps imposed by the new law. Under this law, any appropriations designated as emergency spending by the President and the Congress are exempt from the discretionary limits or the PAYGO requirements, and so add to the deficit or reduce the surplus.⁴ The President and the Congress may also agree to offset some or all emergency spending in a given year through rescissions elsewhere in the budget.⁵

²For a discussion of emergency spending see also the Congressional Budget Office memorandum entitled “Emergency Spending Under the Budget Enforcement Act” (December 1998).

³The budget rules contained in the Budget Enforcement Act of 1990 have been reaffirmed in two subsequent laws: the Omnibus Budget Reconciliation Act of 1993, which extended BEA’s caps through 1998, and the Balanced Budget Act of 1997, which extends the caps through 2002.

⁴Although commonly referred to as an “exemption” from the caps, the caps are actually adjusted upward to account for the amount of emergency spending.

⁵Although rescissions may offset some spending, the caps are raised by the full amount of the spending designated as “emergency.” Thus, the rescissions, in effect, free up funds under the caps.

There are three ways that emergency appropriations can be provided to federal agencies. First, agencies may receive emergency appropriations as part of their regular annual appropriation. These funds can be used by agencies for emergencies without any additional action by the President or the Congress. Second, agencies may receive contingent emergency appropriations, that is, funds which are designated by the Congress as emergency funds but whose use is contingent on a Presidential designation of an emergency. The third way to provide emergency funding is through enactment of emergency supplemental appropriations. Prior to the 1999 Omnibus Appropriations Act, most emergency funding was provided through these supplemental appropriations. These funds generally appeared in stand-alone bills but occasionally appeared in larger supplemental bills that included funding for agency activities other than emergency response. In such larger bills, only the portion designated as an emergency is exempt from the spending caps.

Reserves for emergencies are used to a much greater extent by the states than by the federal government. Emergencies, however, are only part of what states prepare for when they establish reserves to address budget uncertainty. According to the National Association of State Budget Officers (NASBO), 44 states have established budget stabilization funds—commonly referred to as “rainy day” funds—to address budget uncertainty, most often related to unanticipated revenue shortfalls. In addition, NASBO reported that 47 states have established separate funds specifically designed to provide funding for state emergencies or other contingencies. The purpose of these accounts is to set aside money for emergencies or other difficult to estimate expenditures that may occur during the fiscal year.⁶

There are significant differences in the fiscal and budgetary environments of the states and the federal government that must be considered when attempting to apply lessons from state practices to the federal government. First, state budgets are generally more constrained than the federal budget as a result of balanced budget requirements and borrowing restrictions. Most states have constitutional or statutory provisions requiring that they balance their operating budgets, commonly referred to as their “general fund.”⁷ Coupled with budget disciplines imposed by the bond rating

⁶For a discussion on how states plan for emergencies, see Congressional Budget Office testimony entitled *How States Budget and Plan for Emergencies* (June 23, 1998).

⁷In addition to the general (operating) fund, states may also have other funds such as capital funds, special revenue funds, and trust funds.

agencies, balanced budget requirements encourage states to budget conservatively. Failing to acknowledge likely contingencies in the budget can result in budget shortfalls that may require painful and/or unpopular spending cuts or tax increases to restore balance. Second, governors tend to have greater control over budget execution, especially in states with part-time legislatures where decision-making authority is delegated to the executive branch to ensure that the government is responsive during emergencies.

In contrast, the open-ended nature of federal mandatory spending, the exemption from the discretionary spending caps for emergencies under the BEA, and the general ease with which the federal government can borrow combine to give the federal government more budgetary flexibility. Recent proposals to set aside the Social Security surplus, however, would impose additional constraints on federal budget flexibility. If the Congress chose to adopt such a requirement, emergency funds would have to be funded through the “on-budget” surplus or by cutting spending elsewhere to avoid using the “off-budget” Social Security surplus.⁸ Some would argue that less federal budget flexibility could create the incentive to establish federal emergency reserves similar to those used by the states both to set aside budgetary resources in advance and to ensure that the off-budget surplus is not used in the event of an emergency.

Scope and Methodology

To address our objectives, we collected and analyzed information on state reserve funds including budget stabilization funds, contingency funds, and emergency funds. Based on this information, we selected five states for detailed review: California, Delaware, Florida, Missouri, and Oklahoma. We selected these states for the diversity they provided in terms of size and types of reserves, geographic location, exposure to different types of budget uncertainty, such as fiscal crises and/or natural disasters, and the balance between executive and legislative branch control.

We interviewed state officials in the executive branch budget office, legislative fiscal office, and emergency management agencies. We reviewed

⁸Under current law, the Social Security trust funds and the Postal Service are “off-budget.” Since Social Security currently collects more through payroll taxes than it pays out in benefits, it runs a cash surplus. Requiring that this surplus be “saved” would limit additional spending and tax cuts to the amount of the “on-budget” surplus.

state budget and financial documents, relevant state constitutional and statutory citations, and state association publications.

To understand the federal issues, we reviewed recent federal legislation, relevant reports and studies, and congressional testimony and we interviewed federal officials from the Congressional Budget Office (CBO), Office of Management and Budget (OMB), and FEMA. We also reviewed federal appropriation laws from 1991 through May 1999 to identify federal programs that were funded through emergency appropriations, to categorize the appropriations by type of spending, and to determine the amount and frequency of emergency appropriations for individual federal programs. We asked officials at CBO and OMB to conduct a technical review of our draft report, and their comments have been incorporated as appropriate. We conducted our work from August 1998 through June 1999 in accordance with generally accepted government auditing standards.

States Set Aside Reserves to Address Budget Uncertainty

States in our study have taken what they see as a fiscally prudent approach to addressing budget uncertainty by setting aside funds in various reserve funds and accounts. From a budgeting standpoint, states are most concerned about situations that would have a severe fiscal impact, such as a large decrease in revenues or dramatic increases in program expenditures. While natural disasters and similar emergency situations have an impact on state finances, states are less concerned about these situations because they rely on the federal government to provide most of the funding for recovery efforts. For example, although California has experienced many catastrophic natural disasters in the last 10 years, it does not provide any advance funding for disaster costs. Instead, the state includes in its budget for an upcoming fiscal year only the estimated state share of funds needed for prior years' disasters.⁹

⁹For example, California officials told us that the state increased the sales tax by 1/4 percent for about a year to generate the funds it needed to pay the state's share of disaster recovery costs related to the 1989 Loma Prieta earthquake.

Most states have significant fiscal constraints—either legal, such as balanced budget requirements and borrowing restrictions, or imposed by bond markets, which encourage them to provide funding in advance for particular budgetary uncertainties. Balanced budget rules vary among the states, but typically they require the governor to propose, the legislature to enact, and the governor to sign a balanced operating budget—commonly referred to as the general fund budget.¹⁰ According to the National Association of State Budget Officers (NASBO), only California, of our five study states, does not require the legislature to enact and the governor to sign into law a balanced budget. If states with balanced budget requirements fail to acknowledge contingencies in their budgets and provide a reasonable amount of funding in advance, budget shortfalls may require midyear budget adjustments, such as spending cuts or tax increases, to prevent or eliminate a budget deficit.

In addition to balanced budget requirements, borrowing restrictions also encourage states to budget for uncertainty. Short-term borrowing to finance state operating costs may be prohibited by state constitution or statute. Two of our study states, Florida and Missouri, cannot borrow on a short-term basis for their operating budgets. Without adequate reserves available to mitigate a fiscal crisis, states without short-term borrowing capabilities would have little choice but to reduce spending, increase revenue, or make other short-term budget adjustments. Even if a state is permitted to borrow short term to fund unanticipated needs, the practice may be viewed unfavorably by bond rating agencies that establish credit ratings for states and so play a role in determining a state's borrowing costs.¹¹

¹⁰See *Balanced Budget Requirements: State Experiences and Implications for the Federal Government* (GAO/AFMD-93-58BR, March 26, 1993).

¹¹General obligation debt is debt backed by the full faith and credit of the state government and most often represents borrowing by the state to fund capital projects such as highways, public schools, and correctional facilities.

Other fiscal constraints, such as a limit on the amount of general fund revenue that can be collected and retained or a limit on general fund expenditures, may result in greater state reserves.¹² For example, Florida has a revenue limit that may require it to deposit excess revenue in its budget stabilization fund for future needs. Florida's revenue growth rate is limited to the growth rate of personal income in the state. Any revenue collected beyond this amount must be deposited into the state's rainy day fund; once that fund reaches its statutory maximum level, excess revenues must be returned to taxpayers. Another state in our study—Oklahoma—has a spending limit that may require rainy day fund deposits. In Oklahoma, only 95 percent of the forecasted revenue for the current fiscal year is available for appropriations; the other 5 percent is carried over to the next year. If the state's actual revenue collections came in at 102 percent of the forecast, 5 percent would be made available for appropriations in the subsequent fiscal year and the unexpected 2 percent would be deposited into the state's rainy day fund.

States Establish Various Types of Reserves to Address Budget Uncertainty

States completed fiscal year 1998 in strong fiscal condition with sizeable general fund balances. NASBO reported that the states ended the year with combined general fund surpluses of approximately \$38 billion.¹³ These surpluses comprise both general fund end-of-year balances and budget stabilization funds. The amount states accumulate as general fund surpluses are the direct result of past budgetary decisions, the health of the economy, and other factors. When states are projecting an end-of-year surplus, they typically include this estimated amount as the “beginning balance” in the subsequent year's general fund budget.¹⁴ As discussed below, states may also choose to deposit some or all of any surplus into more formal reserves rather than carrying the surplus over as an end of

¹²Revenue or tax limits specify the amount of taxes that can be collected and retained by the state in a fiscal year, and are usually tied to measures of economic activity such as personal income growth. In most cases, amounts in excess of the limit must be refunded to taxpayers in a subsequent fiscal year. Spending limits usually constrain the amount the state can appropriate for general fund programs and may also be tied to economic activity or other factors such as inflation rates or population growth.

¹³However, some have argued that states are not adequately funding their reserves given the healthy economy. See the report from the Center on Budget and Policy Priorities entitled *When It Rains It Pours*, March 1999.

¹⁴Conversely, states may forecast a budget deficit to begin the fiscal year, in which case actions to close the fiscal gap would be necessary.

year balance. In contrast, federal unified budget surpluses represent annual revenues in excess of expenditures and are not cumulative from one year to the next.¹⁵ Table 1 shows the combined general fund carryover balance and rainy day fund balances as a percent of general fund expenditures for the five states in our study for fiscal year 1998.

Table 1: Fiscal Year 1998 General Fund Reserves for Five Study States (Dollars in Millions)

State	Total general fund expenditures	Total general fund reserves	Reserves as a percent of general fund expenditures
California	\$53,344	\$3,075	5.8%
Delaware	\$1,900	\$539	28.4%
Florida	\$17,078	\$1,443	8.4%
Missouri	\$6,617	\$398	6.0%
Oklahoma	\$4,200	\$471	11.2%

Source: National Association of State Budget Officers, Fiscal Survey of the States, June 1999.

Formal reserves established by states can be grouped into three main categories, as shown in appendix I.¹⁶ We have labeled the first category “statewide reserves for general purposes.” These funds are generally available for any program or activity normally funded out of the state general fund. The most common type of general purpose, statewide reserve is the budget stabilization fund. These “rainy day” funds are designed primarily to reduce the fiscal impact of revenue shortfalls or dramatic cost increases, but in some cases they may also be used to respond to emergencies, such as a natural disaster. Rainy day fund balances usually represent actual cash held by the state.¹⁷ For example, Florida established a budget stabilization fund in 1994 to reduce the fiscal impact of any future revenue shortfalls. This fund had a cash balance of about \$786 million at the end of fiscal year 1998, representing about 4.5 percent of fiscal year

¹⁵Any surplus at the end of the federal fiscal year is generally used to reduce debt levels. See *Federal Debt: Answers to Frequently Asked Questions—An Update* (GAO/OCG-99-27, May 28, 1999) for additional information.

¹⁶See *Emergency Criteria: How Five States Budget for Uncertainty* (GAO/AIMD-99-156R, April 20, 1999) for a discussion of reserves and criteria for our five study states.

1998 general fund appropriations. Typically, rainy day funds are not appropriated until they are actually needed and therefore are released by the legislature through special appropriations upon a request by the governor. States may also establish other cash reserves designed to provide funding for short-term cash flow imbalances. For example, Oklahoma uses its Cash Flow Reserve Fund to make payments in the first part of the fiscal year because it has not yet allocated current year revenues to agencies. This fund is also used at other times during the year to cover the cash flow needs of the state.

Three of the states we studied have established statewide, general-purpose reserves by appropriating less than 100 percent of anticipated general fund resources for the upcoming fiscal year.¹⁸ Delaware withholds 2 percent of its revenue estimate from the total general fund revenue available for appropriations in the current fiscal year. As noted above, Oklahoma withholds 5 percent of its expected general fund revenue. Delaware's revenue set-aside is available for emergency needs in the current year, but Oklahoma's is not available until the subsequent year. Missouri has a supplemental reserve consisting of non-appropriated revenue received in the prior fiscal year; it is made available during the current fiscal year, as needed, via the supplemental appropriations process.

There is a second category of reserves we have labeled "statewide funds or accounts designated for specific purposes." In most cases, these reserves are established by appropriating a portion of the general fund into a separate account available to state agencies for specifically defined purposes. This category includes funds or accounts designed to (1) help agencies respond to emergencies such as natural disasters, (2) provide additional funds to state agencies when costs are higher than expected, or (3) cover costs related to legal judgments against the state. For example, Oklahoma uses its State Emergency Fund to cover state costs related to natural disaster response and recovery; Delaware uses its Legal Fees Fund

¹⁷States budget on a fund basis and use general purpose, statewide reserves to provide cash resources when the state experiences fiscal stress. Under the federal government's unified budget approach, it would set aside budget authority rather than cash; this avoids a situation in which the federal government would hold excess cash while simultaneously issuing additional debt and increasing its interest costs.

¹⁸California may not appropriate its entire revenue estimate in a given year, but its reserve is less formal and can be used at any time after the budget is enacted.

as the primary source of funding to pay the costs of legal settlements or judgments.

Finally, we identified a third category of reserves which we labeled “agency-specific reserves for defined purposes.” Agency-specific reserves are also created by appropriating funds from the general fund but are intended to provide a cushion in the event that regular agency appropriations for a particular program or activity are insufficient. Allowable uses of these reserves are narrowly defined to ensure that funds are only used for unanticipated costs of the targeted program or activity. For example, Missouri’s Corrections Growth Pool account is designed to provide additional funding to the state correctional agency for costs associated with unexpected growth in the prisoner population. Funds appropriated to this account cannot be used for new initiatives, unrelated activities, or transferred to other state agencies.

States May Establish Criteria to Define When Reserves Can Be Used

When establishing reserves, states usually define criteria under which they can be used. An analysis of the reserves established by our five study states indicates that in some cases reserves may be tapped only under specific conditions, such as for an emergency situation that was unforeseen, and/or for specific events, such as flooding. For other reserves, such as budget stabilization funds or non-appropriated revenue, there are only general criteria or no criteria for when reserves can be used. The specificity of these criteria varies from state to state, as well as from one type of reserve to another.

State reserves for specific purposes, such as natural disasters, tend to have more definitive criteria governing their use. Budget officials we spoke to said these criteria were useful to them in evaluating emergency spending requests. Some of the states in our study have specific criteria that identify conditions under which funds can be used and/or identify specific events that qualify as emergencies. For example, legislation establishing Missouri’s Governmental Emergency Fund includes statutory language covering conditions that must be met including “emergency and unanticipated requirements necessary to insure the proper functioning of state government and to render essential states services . . . which were not foreseeable or predictable at the time of the preparation and adoption of the budget.” Likewise, expenditures from Oklahoma’s State Emergency Fund must meet the conditions of being “necessary” and “unforeseen.” This fund is further restricted to cover costs associated with (1) destruction or damage to public property caused by disasters such as fires, tornadoes, and

floods, (2) operation of the National Guard when activated during an emergency, and (3) expenditures necessary to provide matching funds for any federal disaster relief program. In Florida, the Working Capital Fund is used for governor-declared emergencies, and spending is limited to “conditions that were unforeseen at the time the General Appropriations Act was adopted . . . and that constitute an imminent threat to public health, safety, or welfare.”

In contrast, the emergency component of Oklahoma's Constitutional Reserve Fund (as distinguished from the State Emergency Fund described above) lacks specific criteria for its use and has been used for purposes other than emergencies. Oklahoma may use one-half of its Constitutional Reserve Fund for emergency spending needs each year, with the only criteria for such designation being that the governor and the legislature agree to define the need as an emergency. According to state officials, the emergency portion of this fund has routinely been used for items that were for non-emergencies, such as highway construction, water projects, and education funding.¹⁹

State Processes for Releasing Reserve Funds

In addition to criteria guiding the use of emergency reserves, our work in five states indicates that factors such as executive branch control over budget execution and/or legislative review of emergency spending requests can help to ensure that criteria for emergency spending are met.²⁰ In many states, the governor has a great deal of authority and control over budget execution, in part because the state legislatures are only in session for a few months during the year. For example, governors may have additional powers related to budget execution, including the ability to reduce agency spending midyear in response to lower revenue collections, to borrow internally across agencies or funds, to issue short-term debt in the capital markets, or to reprogram budgeted funds from one agency to another. In many cases, the legislature is not involved in these decisions. In some cases, the legislature and executive branch have joint bodies that are convened to review spending after legislative adjournment.

¹⁹The other half of Oklahoma's Constitutional Reserve Fund can only be used if the upcoming year's revenue forecast is lower than the current year's revenue.

²⁰See appendix I for detailed information on controls over reserves that we identified in our five states.

We found significant differences in how funds are released depending on whether reserves were for general purposes (the “rainy day” funds) or for specific purposes (the emergency funds). General-purpose reserves are usually controlled by the legislature, which appropriates needed amounts to the general fund based upon a request made by the governor. In the case of specific-purpose reserves, the legislature has already appropriated a portion of general fund revenues and the administration evaluates and decides on emergency funding requests. As a result, the governor or the budget director has substantial control over access to the reserves.

For those reserves for which the legislature must take action to release funds, there may be additional controls over the use of reserves. Two states in our study require the legislature to approve the use of certain reserves by a super-majority vote. Delaware requires a three-fifths vote of the general assembly to use either its rainy day fund or its non-appropriated revenue reserve, while in Oklahoma the emergency component of the rainy day fund requires a two-thirds vote of the legislature for emergencies declared by the governor and a three-fourths vote of the legislature for emergencies declared by the legislative leadership. However, because Delaware has not used its reserves in many years and Oklahoma's super-majority requirements do not appear to have presented a significant hurdle to using some of its reserves, it is difficult to determine the effectiveness of this type of control on the basis of our state work.

Some states have established review procedures for emergency funding requests to ensure that they meet the criteria before spending approval is granted. For example, agencies in Oklahoma that request funds from the emergency fund must submit written findings to the governor if the emergency situation is specifically identified in statute (for example, floods) or to the fund's contingency review board if the statute does not specifically list the item requested by the agency. In California, the director of the Department of Finance is required to review agency requests for emergency funds, and if a request is approved, must send a report to the Joint Legislative Budget Committee and the appropriating committee chairs stating that the expenditures satisfy the criteria for emergency funding. Spending from Missouri's Governmental Emergency Fund must be approved by a majority vote of the fund's controlling committee, which includes the governor, commissioner of administration, and the chairman and ranking minority member of the state senate and house appropriations committees.

States Also Have Other Budget Mechanisms to Respond to Unplanned Expenditures

While reserves are a useful tool for states in dealing with budget uncertainty, we also found that states may use other mechanisms as well to meet unexpected needs. In contrast to advance funding using reserves, these other mechanisms are used after an adverse situation has been identified. For example, since most states budget on a fund basis, they may have borrowed internally, via interfund transfers, to cope with fiscal stress. Florida transferred money from state trust funds to the general fund to help address a fiscal crisis in the early 1990s. Some states also reduce spending and/or increase taxes to respond to fiscal problems. In the early 1990s, Delaware faced a budget shortfall and responded by reducing general fund spending by 7 percent and increasing certain taxes to generate an additional \$130 million over 2 years even though the state had reserves available. California may use external short-term borrowing to fund unexpected needs.

States may also use supplemental appropriations to meet unexpected needs, either as a vehicle to release reserves, such as budget stabilization fund transfers made by the legislature, or as a direct infusion to state agencies in need of additional resources to cover unexpected costs.²¹ For example, California's legislature enacts supplemental appropriations amounting to several hundred million dollars each year to augment the regular appropriations of various agencies and departments that incur costs that were not anticipated during budget enactment.

Federal Government Often Uses a More After-the-Fact Strategy to Address Budget Emergencies

Our analysis of federal emergency funding from 1991 to the present showed that many different types of programs were funded through emergency

²¹States have a variety of ways to fund supplemental appropriations within the constraints of balanced budget rules including existing reserves, unallocated general fund resources, interfund transfers, and reprogramming funds from one agency to another. Supplemental appropriations are not typically used to respond to emergencies such as natural disasters.

supplemental appropriations—a more “after-the-fact” strategy.²² When the federal government provides funding in advance for programs that play a role in emergency activities, such as for FEMA's Disaster Relief Fund, it is usually only a portion of the total eventually appropriated in a given year. As mentioned previously, state balanced budget requirements—which generally apply to the states' operating budgets—and bond market pressures provide a strong incentive for states to set aside funds in advance to guard against violating these requirements or risk a lower bond rating when faced with budget surprises. The current federal strategy, on the other hand, is consistent with the federal budget environment that allows for more budgetary flexibility. Unlike the states, which budget on a fund basis, the federal government uses a unified budget approach. The unified budget approach allows policymakers to consider and set priorities across all federal activities and allows for greater flexibility. Also, the federal government is neither subject to balanced budget requirements nor constrained by bond market pressures to the same degree as states. Furthermore, some cite the federal budget's role in stabilizing the economy during recession and the need to provide for national defense as important reasons for maintaining this budget flexibility.²³

In our review of federal emergency appropriations, the majority of which were contained in supplemental appropriations bills, we found that the emergency designation has been applied to a wide variety of federal program and budget accounts. Table 2 shows annual emergency budget authority as a percentage of total discretionary budget authority since passage of BEA from 1991 through May 1999. From 1991 through May 1998, emergency appropriations averaged approximately \$14.3 billion annually, roughly 2.7 percent of total discretionary spending. However, since the beginning of fiscal year 1999 (through May 1999) emergency appropriations have totaled nearly \$36 billion, 6.1 percent of total discretionary budget authority for fiscal year 1999.²⁴

²²This report primarily addresses emergency spending in discretionary accounts since discretionary accounts are the focus of significant federal debate. Direct spending accounts such as Medicare, Social Security, and debt service, which comprise approximately two-thirds of the federal budget, are open-ended and allow federal agencies to automatically spend funds as needed.

²³When the economy weakens federal revenues generally decrease while, at the same time, federal spending may increase slightly for social programs sensitive to the economy (for example, unemployment insurance).

Table 2: Emergency Budget Authority as Percentage of Discretionary Budget Authority Fiscal Years 1991 Through 1999 (Dollars in Billions)

Fiscal year	Total discretionary budget authority	Emergency budget authority	Percentage
1991	\$545.8	\$45.0	8.2%
1992	\$531.8	\$21.2	4.0%
1993	\$524.2	\$5.9	1.1%
1994	\$514.8	\$11.4	2.2%
1995	\$501.9	\$9.3	1.9%
1996	\$502.2	\$5.7	1.1%
1997	\$512.5	\$10.2	2.0%
1998	\$534.2	\$5.9	1.1%
1999	\$583.8	\$35.8	6.1%
Total	\$4,751.2	\$150.4	3.2%

Note: Fiscal year 1999 figures are through May 1999.

Source: GAO analysis.

Appendix II shows the use of the emergency designation by arraying emergency appropriations into seven categories covering more than 250 different program and budget accounts since enactment of the Budget Enforcement Act of 1990. Table 3 below shows the percentage of budget authority by category for emergency appropriations from 1991 through May 1999. These categories range from natural disasters to the year 2000 (Y2K) computer problem, while specific accounts receiving emergency funding include such varied items as construction of a new capitol visitor center and ballistic missile defense.

²⁴Emergency designations are currently being discussed in the fiscal year 2000 appropriations cycle for such items as the year 2000 census and farm assistance.

Table 3: Emergency Budget Authority by Category, Fiscal Years 1991 Through 1999 (Dollars in Billions)

Category	Total	Percentage
Disaster and/or Economic Emergencies (Domestic)	\$56.9	38%
Defense-related Emergencies	\$81.0	54%
Antiterrorism and Security Emergencies	\$3.9	3%
Information System Emergencies (Y2K)	\$3.4	2%
International Humanitarian Emergencies	\$3.7	2%
Drug Interdiction Emergencies	\$1.0	1%
Other Emergencies	\$.5	0%
Totals	\$150.4	100%

Source: GAO analysis.

Many federal programs that carry out emergency responsibilities are routinely provided with significant budget authority through emergency supplemental appropriations. Appendix III provides data on selected programs that received emergency supplemental appropriations in at least 5 of the last 8 years. The most notable example is FEMA's Disaster Relief program where a large portion of the program's budget authority comes from emergency supplemental appropriations.²⁵ Public Law 102-229, enacted in 1992, limits FEMA's regular Disaster Relief Fund appropriations for Stafford Act²⁶ disaster assistance to \$320 million or the President's

²⁵According to testimony delivered by the Director of FEMA in June 1998, FEMA had received about \$2.9 billion in regular (non-emergency) appropriations for disaster relief over the previous 10 years, whereas approximately \$22 billion had been provided through emergency supplemental appropriations.

²⁶The Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes the President to issue major disaster or emergency declarations and specifies the types of assistance the Executive Branch may authorize.

budget request, whichever is lower.²⁷ According to the law, any Disaster Relief Fund appropriations over this amount must be considered “emergency requirements” and are exempt from the discretionary spending caps. In the 1999 Omnibus Appropriations Act (P.L. 105-277), FEMA's Disaster Relief fund received \$906 million in contingent emergency funds in addition to the nearly \$308 million it received in regular appropriations for that year (P.L. 105-276). In addition, FEMA received \$1.1 billion in emergency appropriations in the 1999 Emergency Supplemental Appropriations Act (P.L. 106-31). Several other programs, such as the Small Business Administration Disaster Loan Program and the United States Department of Agriculture Emergency Conservation Program, also received much of their budget authority through emergency supplemental appropriations.

In at least one case, the Low-Income Home Energy Assistance Program (LIHEAP), the Congress routinely provides contingency funds in advance for emergencies. The Administration for Children and Families, part of the Department of Health and Human Services, administers LIHEAP and typically receives \$300 million annually in contingency funding for extreme weather conditions that necessitate additional home energy grant payments to the states.²⁸ LIHEAP funds can only be released upon a request from the President and must meet specific criteria including extreme temperatures, flooding, earthquakes, tornadoes, hurricanes, or ice storms. The criteria define emergency to include a significant increase in public benefit program caseloads (for example, Food Stamps) or unemployment claims. The criteria also specify that the Secretary of HHS must take into account whether a member of Congress has requested that the state receive LIHEAP funds and require the Secretary to notify the Congress upon determining that the contingency fund will be used.

The Congress has taken a different approach to providing emergency funding for federal fire fighting activities. Fire fighting costs incurred by the Department of the Interior and the National Forest Service are considered emergency spending only to the extent that they exceed the average annual level of such costs over the preceding 10 years. This provision, instituted in 1993, acknowledges that certain unpredictable events, such as forest fires,

²⁷FEMA's Disaster Relief Fund functions as an emergency reserve since no-year budget authority allows the agency to accumulate reserves to address natural disaster emergencies.

²⁸States then provide assistance payments, either directly to households or to home energy suppliers through designated state agencies.

will likely occur and that these costs should not be ignored in the regular budget.

Informing the Federal Emergency Funding Debate

Dissatisfaction with the federal process for funding emergency needs has most often focused on two issues—the overly broad application of the emergency designation leading to uncontrolled emergency spending and the need to recognize emergency costs earlier in budget deliberations. Many have questioned whether all emergency spending is for “true emergencies” and ask why the budget cannot more effectively recognize likely but unpredictable emergency needs.

In this section we discuss options for changing the federal emergency funding process that have surfaced either in the congressional debate or in our study of state approaches to budgeting for uncertainty. State practices can offer some insight into how the federal government might consider the following options, either separately or in combination:

- establishing criteria for the emergency designation; and
- creating either a governmentwide and/or agency-specific emergency reserve(s).

Criteria for Emergency Spending

As the congressional debate indicates, there is inherent tension between having criteria strict enough to prevent misuse of the emergency designation and providing enough flexibility to respond to unpredictable situations. The broader and more flexible the criteria, the more likely it is that the emergency designation might be used for non-emergency items. A broad definition of an emergency may include situations such as “actual or potential loss of life,” “destruction of property,” or a “threat to national security” while a narrower definition might be limited to specific events such as hurricanes or earthquakes. Criteria may also be defined by limitations such as requiring that a situation be “unforeseen” or “temporary.” Ideally, the criteria must usefully define legitimate emergency spending without being so restrictive as to exclude spending for unexpected needs perceived to be legitimate emergencies by the Congress and the President.

At the state level, the existence of criteria for the use of emergency reserve funds has been useful in helping to control emergency spending, according to state officials we interviewed. Officials in some of our study states said criteria associated with emergency reserves were effective in limiting their

use to appropriate needs. For example, Oklahoma officials told us that in contrast to its Constitutional Reserve Fund, the State Emergency Fund requires specific criteria for its use and has been used only for spending allowed by the established criteria. Criteria for these reserves define conditions under which the reserves can be used and may also identify certain types of events that would qualify for emergency funds. In addition, these reserves may have additional conditions that must be met before funds can be released. Florida and Missouri expect state agencies to exhaust funds from already appropriated emergency-related accounts before asking for additional emergency funds. In Oklahoma, the State Emergency Fund cannot be used for spending items considered, but not approved, by the legislature. In California and Florida, the statutes state that emergency funds should not be used to fund new programs or initiatives.

In addition, a statement of how proposed funding met the criteria can be required. According to one official we interviewed, state agencies may be subject to added scrutiny when emergency funding requests are reviewed against established criteria. First, agencies are expected to closely review their budgets before requesting emergency funds. Second, agency requests for additional funding can be evaluated based on the emergency criteria, thus making it easier to defer additional spending requests for existing programs or new initiatives until consideration of the next fiscal year's budget. Finally, agencies that request emergency funds are exposed to additional scrutiny and visibility by the legislature and the executive branch, which can affect future budget decisions.

Some have proposed that criteria be added to the current federal process for funding emergencies.²⁹ Emergency conditions proposed in 1991 by OMB are often referred to and have been included in proposed legislation. Under the OMB proposal, any emergency spending would have to meet all of the following five conditions to qualify for the emergency designation: (1) the expenditure was "necessary," (2) the situation requiring the emergency appropriations was "sudden," (3) the situation was "unforeseen," (4) the need for emergency appropriations was "urgent," and (5) the situation requiring the emergency appropriations was "not

²⁹Those who propose incorporating criteria into the current process would retain the system under which spending designated as an emergency is exempt from the discretionary spending caps, but they would require that such spending meet a predefined set of conditions or be limited to only certain types of events.

permanent.”³⁰ The fiscal year 2000 Budget Resolution contained similar criteria for designating a proposed provision of legislation as an emergency requirement. During the debate on the 1999 Emergency Supplemental Act, a point of order was raised against some of the items in the emergency bill. However, a vote was taken to waive the point of order against the emergency designation, which passed by a vote of 70 to 30.³¹

As mentioned above, the broader and more flexible the criteria, the easier it is to expand the emergency designation. If the Congress wished to create agency-specific reserves with appropriations that could be used without further congressional action, it might wish to establish more specific criteria for the release and use of such funds. For example, the LIHEAP contingent emergency criteria establishes specific conditions for fund release. Some would argue that the more specific and measurable the criteria, the less likely there would be disagreement over when the funds can be used. Even if criteria are written into the law, however, emergency definitions are not self-enforcing. Whether or not the criteria serve to limit fund use depends on both their specificity and on the commitment of the various actors to enforce them.

Emergency Reserves

Reserve funds at the federal level have been proposed as a way to require up-front recognition of the likelihood that there will be a call on federal resources for some unforeseen event or situation—thus providing greater transparency in the budget process. As such, these costs could be considered as part of the annual resource allocation process and could ensure that emergency needs are considered along with other competing needs in the budget. Some have also suggested that emergency reserves may reduce the need for supplemental appropriations. Depending on how the reserve is designed, agencies may have easier access to funding to respond to emergencies more quickly. However, potential pitfalls exist as well—there may be pressure to use the reserve even if a triggering emergency does not occur.

³⁰See *Report on Costs of Domestic and International Emergencies and on the Threats Posed by the Kuwaiti Oil Fires* (OMB, June 1991).

³¹Section 206 (d) of the House Concurrent Resolution 68 provides that the emergency point of order it establishes may be waived or suspended in the Senate only by an affirmative vote of three-fifths of the members.

Proposals for reserve funds have fallen into two broad categories: governmentwide reserves and agency-specific reserves. While both types of reserves raise similar design questions, the answers may be different for each type. In addition to the question of what criteria should be used for each type of fund, important design questions for either type of reserve would include

- scope: should the emergency reserve be governmentwide or agency-specific (or should both be used)?
- delegation: who may approve the use of these funds?
- size: how large should the reserve be?
- duration: do unused funds lapse at the end of each fiscal year?
- relationship to budget caps: should the reserve be included under the spending caps?

Scope: Should the Emergency Reserve Be Governmentwide or Agency-Specific?

One approach taken by states is to set aside some portion of the budget as unallocated budget authority in a statewide reserve for emergencies by appropriating less than their estimated revenues each year or retaining funds in a “rainy day” fund. A similar approach at the federal level would be to set aside budget authority in a governmentwide reserve. Such a set-aside might limit emergency spending to the amount set aside. On the other hand, the creation of an emergency reserve could produce an expectation that the entire fund should be spent and as the year progresses claims on the fund might increase. Combining a governmentwide reserve with specific criteria for its use might alleviate this pressure, if the criteria are adhered to.

Another approach would be to establish agency-specific reserve funds for those agencies that regularly respond to federal emergencies. Such reserves could be established along with governmentwide reserves. Some have argued that the current emergency exemption has led to a situation in which these agencies are routinely and knowingly under-funded under the budget caps—with the expectation that necessary funds will be provided later using the emergency provision, which results in an increase to the caps. Under a system of agency-specific reserves, funds would be appropriated to these agencies on a contingent basis, meaning that certain agency-specific criteria would have to be met before the funds could be used. In one state we visited, we were told that the creation of dedicated reserves for agencies that are likely to need emergency or supplemental funding each year has reduced the need for midyear supplemental appropriations. As shown in appendix III, several federal programs that routinely carry out emergency activities have relied on funds provided

through emergency supplemental appropriations. If these federal agencies received more funds in advance for emergencies, the need for emergency supplemental appropriations would likely be reduced. As noted earlier, FEMA typically receives approximately \$300 million annually for its Disaster Relief Fund while FEMA's past 10-year obligation level averaged \$2.4 billion annually.³²

Delegation: Who May Release the Funds and Approve Their Use?

The creation of reserves requires a process to decide how and when they should be released so that the Congress can assure itself that the funds will be spent on intended purposes. As discussed above, we found that how state emergency funds are released depended on whether they were statewide, general-purpose reserves, or agency-specific reserves. In the states we studied, the governor or a designee usually controls the release of smaller emergency reserves while large statewide reserves require legislative approval before use. Similarly, the procedure to release federal reserve funds could depend upon whether they were for governmentwide or agency-specific emergency reserves.

Because of constitutional constraints, not all of the release mechanisms available to the states may be used by the Congress to control the use of governmentwide emergency funds.³³ However, there are a variety of mechanisms available to the Congress that would not pose constitutional concerns.

The Congress could set aside funds for a governmentwide emergency reserve as part of the congressional budget resolution. Appropriations would be made out of this congressional emergency fund on an as needed basis. The Congress may also wish to adopt a super majority vote—as used by two states in our study, Delaware and Oklahoma—to appropriate emergency funding from this allocation or to waive the criteria established for using the emergency reserve.

³²For fiscal year 2000, the President's Budget requested about \$2.5 billion in contingent emergency funds for disaster relief.

³³Under the separation of powers doctrine, the Congress may disapprove a policy decision delegated to the Executive only through enactment of legislation. *INS v. Chadha*, 462 U.S. 919 (1983).

Another approach would be for the Congress to appropriate emergency funding to the President and require that the President notify the Congress of the proposed emergency need a certain number of days prior to releasing the funds. This would afford the Congress time to enact legislation prohibiting the proposed use of emergency funds. One example of this type of approach is the emergency funding set aside in the account for “Year 2000 Information Technology Systems and Related Expenses.” Most of these funds are available to be transferred by the Director of OMB to affected federal departments and agencies. However, none of the funds may be transferred until 15 days after the Director of OMB has submitted a proposed allocation and plan for the federal entity to several legislative committees.³⁴

In addition to the above, the Congress could require certification for contingent emergency appropriations in agency-specific reserves—appropriations available for obligation after the Executive Branch certifies that the relevant emergency criteria have been met. As mentioned earlier, the LIHEAP program includes a contingency reserve that enables the President to release funds when certain criteria are met. Some states in our study established review procedures to ensure that certain criteria are met prior to release of reserve funds. Furthermore, in some cases where the release of funds has been delegated to the governor's office, a process has been established where legislative committees, legislative fiscal agencies, or special review boards play a role in the review process.

Size: How Large Should the Reserve(s) Be?

Lawmakers would need to strike a balance between setting aside sufficient funds for emergencies and maintaining their ability to adequately fund other important priorities. One approach to determining the size of an emergency reserve would be to simply set aside some fixed percentage of revenue or spending. Some states set the level of their governmentwide reserve funds in this way. As mentioned in appendix I, Missouri's Budget Stabilization Fund contains about 2.5 percent of prior year general fund receipts and it may not exceed 5 percent. Others have suggested that the size of an emergency reserve could be based on a historical average of emergency spending. If a historical average were used in a governmentwide reserve, however, the Congress might wish to link it to the criteria established for emergency spending. For example, an emergency

³⁴These committees include House and Senate Committees on Appropriations, the Senate Special Committee on the Year 2000 Technology Problem, the House Committee on Science, and the House Committee on Government Reform and Oversight.

reserve with criteria limited to natural disasters could be based on historical spending averages for natural disasters. However, determining the appropriate size of a reserve based either on a fixed percentage or historical average could be challenging given the year-to-year variation in emergency spending over the past decade.

**Duration: Would Unused Funds
Lapse at the End of the Year?**

When creating emergency reserves, a decision would need to be made on whether the balances will be allowed to build up over time or whether they should lapse at the end of each fiscal year. States generally allow build-up in their budget stabilization funds up to a predetermined fixed percentage of state general fund expenditures and then seek to replenish the fund after its use. State accounts designated for emergencies usually lapse at fiscal year-end and are re-authorized each year. Of our study states, Florida, Missouri, and Oklahoma annually appropriate an amount for emergency use that lapses at the end of the fiscal year.

Federal emergency reserves that lapse at fiscal year-end could tighten control of the funds. However, lapsing emergency funds might also encourage a rush of year-end spending of remaining funds if criteria for their use proved to be too weak. Conversely, the federal government could establish an emergency reserve that does not lapse at the end of the year. Creating a reserve that does not lapse might promote the notion that responding to emergencies needs to be a permanent feature of the budget. However, the pressure to spend the available funds could increase if the balance in the emergency reserve fund becomes large.

**Relationship to Budget Caps:
Should the Reserve Be Included
Under the Caps?**

Proponents of placing emergency reserves under the budget caps argue that it is a way to ensure that emergency needs are considered along with other competing needs in the budget, making it a more responsible way to budget for expected but unpredictable costs. Doing this would reduce funds available elsewhere in the budget and would be somewhat analogous to the states in our study, none of which treated emergency costs differently than other state expenditures under their budget rules.

Others argue that it would not be advisable to include an emergency reserve within the budget caps since emergencies are by nature unpredictable and prefunding these events would be at the expense of more certain programmatic needs, especially as the discretionary caps become tighter. Furthermore, the Congress has the option to offset emergency spending items that are exempt from the caps and, in fact, has done so to some extent in recent years.

Another approach would be to establish emergency reserves over and above the existing caps or by raising the caps. Like the current system, this would have the effect of using some of the unified budget surplus for emergencies. Unlike the current system, however, the amount would be identified in advance. This approach might increase transparency, recognize the near inevitability of unpredictable events, and possibly provide a limit on the amount of emergency spending.

Compatibility With Other Budget Process Changes

Any changes in the current treatment of funding for emergencies, whether imposing emergency criteria on the emergency designation and/or establishing an emergency reserve, will need to be considered in the context of other proposed changes to the budget rules and processes. For example, determining whether a reserve should be under the caps raises the question of whether a permanent change in the discretionary caps is also to be made. Similarly, decisions about whether to establish and how much to set aside in a governmentwide reserve should be linked to decisions about whether to create additional agency-specific reserves or to increase regular funding for programs that normally carry out emergency response activities. For example, the amount of funds in a governmentwide reserve might depend on whether a separate emergency fund was created for agencies, such as Agriculture's Emergency Conservation Program, or whether FEMA received a larger annual appropriation. Furthermore, if the Congress were to move to biennial budgeting, an emergency reserve could become important to provide additional budgetary flexibility in the second year. Also, if criteria were established that limited emergencies to specific events, such as natural disasters or national security, the Congress may wish to reconsider how it will fund other activities, such as drug interdiction, that were funded through emergency supplementals before the criteria were established.

Conclusions

Experience at both the federal and state levels shows that governments are pressed to respond to emergencies at various points during the fiscal year. However, constrained by balanced budget requirements and concerns over bond ratings, the states have generally chosen to fund a portion of their emergency costs up front as part of their regular budget process. For many years, significant federal emergency costs have been incurred annually but have not been subject to the discipline of the regular budget process. Although the federal government often funds emergencies on an "after-the-fact" basis, some have suggested that the Congress could consider moving

to a reserve-funding model. State practices offer some insights in designing such a process.

Some argue that shifting the budget timing to an up-front recognition of emergency costs through reserves may promote a more comprehensive and transparent debate over federal budgetary priorities during the regular budget process. While a primary rationale for establishing reserves at the state level is the real constraints imposed by balanced budget requirements and the credit markets, the state model may become of more interest as the federal budget becomes more constrained—either by current budget rules such as discretionary spending caps or by any potential future reforms such as “saving” the Social Security surplus.

Even though there will always be a subjective element to defining emergencies, establishing emergency criteria may improve federal decision-making by providing a useful framework for sorting out emergency claims. States in our study reported that establishing emergency criteria has been useful in controlling emergency spending. Sound emergency criteria at the federal level might be important to controlling the use of the emergency designation and/or accessing emergency reserves.

Agency Comments

We provided a draft copy of this report to OMB and CBO for technical review and comment. OMB and CBO generally concurred with our report, and we incorporated their comments as appropriate.

We are sending copies of this report to the Honorable Pete V. Domenici, Chairman, Senate Budget Committee; the Honorable John R. Kasich, Chairman, and the Honorable John M. Spratt, Jr., Ranking Minority Member, House Budget Committee; and other interested parties. We will also make copies available to others upon request.

Please contact me at (202) 512-9573 if you or your staff have any questions concerning this letter. Key contributors to this assignment were Thomas James, Raymond Hendren, Robert Yetvin, Inez Azcona, and George Senn.

Sincerely yours,

A handwritten signature in cursive script that reads "Paul L. Posner".

Paul L. Posner
Director, Budget Issues

State Budget Reserves in Five Site Visit States

Table 4: Governmentwide Reserves for General Purposes

Reserve type	Purpose/criteria	Access/control
<i>Cash on hand set aside for any agency into general operating fund.</i>	<i>Meets unanticipated revenue shortfalls or cash flow needs. In some cases, may also be used for emergencies.</i>	<i>Funds generally appropriated by the legislature with governor's consent.</i>
Budget Stabilization Fund (Missouri)	Meets unanticipated revenue shortfalls. Fund contains about 2.5 percent of prior year receipts in the general fund but not to exceed 5 percent. Fund can only be used to replenish existing appropriations.	Legislature appropriates fund but only with authorization from the governor.
Cash Operating Reserve Fund (Missouri)	Meets annual cash-flow needs by allowing the state to make timely payments. Fund is maintained at 5 percent of general fund revenues.	Commissioner of Administration controls its use and ensures that its balance remains at 5 percent of general fund revenues.
Budget Reserve Account (Delaware)	Meets unanticipated revenue shortfalls or if revenue is reduced by legislation. May not exceed 5 percent of general revenues received in the preceding fiscal year (not including interest).	Legislature authorizes spending. Release of funds requires a three-fifths majority vote.
Constitutional Reserve Fund (Oklahoma)	Half of fund meets unanticipated revenue shortfalls. Half of the fund may be used if the governor declares an emergency—although specific emergency criteria have not been established.	If the governor declares an emergency, funds can be appropriated through a two-thirds approval from both houses of the legislature. The legislature may declare an emergency and access the fund if it obtains a three-fourths majority vote.
Special Cash Fund (Oklahoma)	Sets aside unspent funds from the previous fiscal year that are reappropriated for general purposes.	Legislature authorizes spending through regular or supplemental appropriations.
Cash Flow Reserve Fund (Oklahoma)	Meets annual cash-flow needs by helping to reduce borrowing and allowing the state to make timely payments. If the balance of this fund exceeds cash needs, then the legislature may appropriate all or a portion of this fund.	Executive branch controls this fund. The legislature may appropriate unneeded portions of the fund.
Working Capital Fund (Florida)	Sets aside monies in the general revenue fund in excess of the amount needed to meet general revenue fund appropriations.	Legislature authorizes spending through regular appropriations. The governor can access these funds by evoking emergency powers through an executive order.
Budget Stabilization Fund (Florida)	Meets unanticipated revenue shortfalls. Also available for funding an emergency with criteria provided in Florida law. The fund must be replenished after use.	The legislature provides direction in the appropriations act for use of these funds.

Continued

Appendix I
State Budget Reserves in Five Site Visit
States

Reserve type	Purpose/criteria	Access/control
<i>Nonappropriated revenue set aside for general operating fund.</i>	<i>Meets unanticipated spending needs or revenue shortfalls.</i>	<i>Funds generally appropriated by the legislature with governor's consent.</i>
Supplemental Reserve (Missouri)	Nonappropriated general revenues set aside for general purposes.	Legislature authorizes spending after governor's supplemental recommendation. Legislature cannot add new items to governor's recommendations but can increase dollar amounts.
Nonappropriated revenues (Delaware)	Two percent of the revenue estimate is set aside in this reserve. Fund's use is limited to emergencies.	Legislature authorizes spending and governor must sign. Release of these funds requires a three-fifths majority.
Special Fund for Economic Uncertainties (California)	Sets aside unreserved and undesignated revenues for general purposes. Normally used to (1) augment general fund cash flows (2) cover general fund deficits, and (3) fund emergency-related expenses.	CA Department of Finance oversees use of this fund.
Nonappropriated revenue (Oklahoma)	Five percent of revenue forecast is set aside for general purposes. This reserve is not available during the current fiscal year but is available for general fund use in the next fiscal year. If more than 100 percent of revenue is collected during the year, the remainder is deposited in the "Constitutional Reserve Fund."	Legislature authorizes spending.

Continued from Previous Page

Source: Information provided by state budget officials.

Appendix I
State Budget Reserves in Five Site Visit
States

Table 5: Governmentwide Reserves for Specific Purposes

Reserve type	Purpose/criteria	Access/control
<i>General or special fund appropriation available to any agency but limited to defined purposes.</i>	<i>Addresses specific events or situations meeting established criteria.</i>	<i>Usually controlled by executive branch or controlling board.</i>
Governmental Emergency Fund (Missouri)	An appropriation to provide emergency funds for state services when the legislature is not in session.	Must be approved by a majority vote of the full membership of the governmental emergency fund committee.
Augmentation for Emergencies and Contingencies (California)	An appropriation used to cover unanticipated but necessary obligations not covered in regular budget act. Not to be used for capital outlays.	Controlled by the CA Department of Finance.
Emergency Appropriation (Florida)	An appropriation whose funds can be released if they meet certain "emergency" criteria contained in Florida law.	The Administration Commission can approve release of these funds after requested in writing by a state agency. The governor's office then determines whether the request meets the emergency requirements specified in Florida law.
Deficiency Appropriation (Florida)	An appropriation for state agency operations when regular appropriations are inadequate because the workload or cost of the operation exceeds that anticipated by the legislature.	The Administration Commission authorizes these funds under specified circumstances.
Agricultural Emergency Eradication Trust Fund (Florida)	Primarily designed to eradicate the citrus canker emergencies. Financed by a fuel sales tax and the general fund.	Commissioner of Agriculture can use funds with notice to the legislature.
Legal Fees Fund (Delaware)	Appropriation to finance the anticipated cost of judgments or settlements against the state during the fiscal year.	State budget office and Controller General may release these funds for approved purposes.
Self-Insurance Fund (Delaware)	Appropriation to finance emergency repairs/ replacement of state buildings, schools, etc., which are damaged due to natural or other disasters (i.e., arson and bombings). State purchases an insurance policy for damage costs exceeding \$10 million.	State budget office and Controller General may release these funds when criterion is met.
State Emergency Fund (Oklahoma)	Appropriation for destruction of property due to natural disasters or other disasters, or matching federal disaster relief program funds or for situations not foreseen or reasonably foreseeable by the legislature.	Governor can approve expenditures from the fund that meet the criteria. State agencies must submit written findings to the governor that emergency request was not foreseen or reasonably foreseeable by the legislature.

Source: Information provided by state budget officials.

Appendix I
State Budget Reserves in Five Site Visit
States

Table 6: Agency-Specific Reserves for Specific Purposes

Reserve type	Purpose/criteria	Access/control
<i>Contingency appropriations designated to a specific agency.</i>	<i>Provides a cushion if agency appropriations are insufficient.</i>	<i>Governor controls release of funds.</i>
Missouri Disaster Fund (Missouri)	Appropriation for the MO State Emergency Management Agency for emergency expenditures caused by disasters and to provide required state match for federal grants.	Governor can release funds to the State Emergency Management Agency when the legislature is not in session.
Missouri Corrections Growth Pool (Missouri)	Appropriation for the MO Department of Corrections for costs associated with increased inmate populations.	Governor can release funds when regular appropriation fails to cover costs.
Missouri Youth Services Growth Pool (Missouri)	Appropriation for the MO Department of Social Services for costs associated with increased caseloads.	Governor can release funds when regular appropriation fails to cover costs.
Missouri Medicaid Supplemental Pool (Missouri)	Appropriation for the MO Division of Medical Services to cover additional costs beyond those covered by its regular Medicaid appropriation.	Governor can release funds when regular appropriation fails to cover costs.
Missouri Work First Pool (Missouri)	Appropriation for the MO Department of Social Services for costs associated with the Temporary Assistance for Needy Families, child care, Work First Initiatives, and other purposes related to welfare reform.	Governor can release funds when regular appropriation fails to cover costs.

Source: Information provided by state budget officials.

Emergency Budget Authority, Fiscal Years 1991 Through 1999

The categories in the Emergency Appropriations table are defined as follows:

Disasters and/or Economic Emergencies (Domestic) – Emergencies related to natural disasters such as earthquakes, floods, hurricanes or other disasters such as airplane crashes or riots in the United States or its territories. In addition, emergencies related to both disasters such as floods, hurricanes or earthquakes and the resultant loss of business activity or product such as crop loss or livestock loss or economic factors such as unemployment insurance in the case of a recession.

Defense Related Emergencies – Emergencies related to military conflicts such as the Kosovo war.

Antiterrorism and Security Emergencies – Emergencies related to protecting persons from terrorist attack or organizations from the loss of sensitive information.

Information Systems Emergencies (Y2K) – Emergencies related to a crisis in information systems such as year 2000 computer conversion.

International Humanitarian Assistance – Emergencies requiring aid to foreign countries related to events such as natural disasters (earthquakes) or wars (refugee assistance).

Drug Interdiction Emergencies – Emergencies related to national drug control.

Other Emergencies – Emergencies for items that do not fall into the above categories.

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

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Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Disasters and/or Economic Emergencies (Domestic)		
Agric.	Food for Progress	25.0
Agric.	Crop Loss Assistance - for multi-year losses	2,375.0
Agric.	Emergency Assistance - Losses under section 312(a) of PL 94-265	50.0
Agric.	Market Loss Assistance - payments to farmers	3,057.0
Agric.	Indemnity Payments for Cotton Producers - Georgia	5.0
Agric.	Public Law 480 Program and Grant Accounts	149.2
Agric. - Agricultural Marketing Service	Funds for Strengthening Markets, Income, and Supply	145.0
Agric. - Commodity Credit Corporation	Emergency Livestock Feed Assistance	200.0
Agric. - Commodity Credit Corporation	Livestock Disaster Assistance Program	70.0
Agric. - Commodity Credit Corporation	Livestock Indemnity Program	3.0
Agric. - Commodity Credit Corporation	Commodity Credit Corporation Fund	66.0
Agric. - Extension Service	Extension Service activities	-
Agric. - Food and Nutrition Service	Child Nutrition Programs	-
Agric. - Farm Service Agency	Salaries and Expenses	-
Agric. - Farm Service Agency	Emergency Conservation Program	28.0
Agric. - Farm Service Agency	Tree Assistance Program - tree damage	-
Agric. - Farm Service Agency	Agriculture Credit Insurance Fund Program	571.9
Agric. - Farm Service Agency	Salaries and Expenses	82.8
Agric. - Forest Service	National Forest System	-
Agric. - Forest Service	Reconstruction and Construction	5.6
Agric. - Forest Service	State and Private Forestry	-
Agric. - Forest Service	Wildland Fire Management (previously emergency firefighting fund)	-
Agric. - Forest Service	Pest Suppression Fund	-
Agric. - Natural Resources Conservation Service	Watershed and Flood Prevention Operations	95.0
Agric. - National Resources Conservation Service	Forestry Incentives Program	10.0
Agric. - Office of the Secretary	Emergency Grants to Assist Low-Income Migrant and Seasonal Farmworkers	20.0
Agric. - Research Service	Restoration of Research Facilities destroyed by natural disasters	-
Agric. - Rural Development	Emergency Community Water Assistance Grants	-
Agric. - Rural Economic and Community Devel. Programs	Rural Community Advancement Program	30.0
Agric. - Rural Housing Service	Salaries and Expenses	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4.0	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6.8	50.0	-	1,000.0	100.0	1,350.0	2,232.0	-
-	-	-	-	-	3.5	-	-
-	-	-	-	-	-	5.0	-
-	-	-	-	-	12.0	-	-
34.0	95.0	30.0	-	25.0	30.0	27.0	-
14.0	9.0	-	-	-	-	48.0	-
21.0	23.0	32.2	-	7.7	21.8	43.3	-
-	-	-	-	-	-	-	-
10.5	43.1	26.6	-	-	-	-	-
-	32.9	60.8	-	-	-	-	-
48.0	-	-	-	-	-	4.1	-
2.0	550.0	-	450.0	-	188.0	-	-
-	-	-	17.0	15.0	26.0	-	-
80.0	229.0	80.5	-	340.5	60.0	62.0	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	15.0	-
-	-	-	-	10.0	50.0	15.4	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3.2	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Disasters and/or Economic Emergencies (Domestic) (contintued)		
Agric. - Rural Housing Service	Rural Housing Insurance Program	1.5
Agric. - Rural Housing Service	Very Low-Income Housing Repair Grants	1.0
Agric. - Rural Housing Service	Rural Housing for Domestic Farm Labor	-
Agric. - Rural Housing Service	Rural Water and Waste Disposal Grants	-
Agric. - Rural Housing Service	Rural Development Insurance Fund - industrial development loans	-
Agric. - Rural Housing Service	Rural Development Loan Fund	-
Agric. - Rural Utilities Service	Loans in Rural Utilities Assistance Program	-
Commerce - Minority Business Development Agency	Minority Business Development	-
Commerce - National Oceanic and Atmospheric	Construction	-
Commerce - National Oceanic and Atmospheric	Operations, Research, and Facilities	5.0
Commerce - Economic Development Administration	Economic Development Assistance Programs	-
Commerce - U.S. Travel and Tourism Administration	Salaries and expenses	-
Defense - Military	Military Construction - related to natural disasters	171.5
Defense - Military	Military Personnel - related to natural disasters	0.7
Defense - Military	Operation and Maintenance - related to natural disasters	255.0
Defense - Military	Family Housing (Defense) - related to natural disasters	38.0
Defense - Military	Defense Health Program	2.1
Defense - Military	Base Realignment & Closure Account - related to natural disasters	-
Defense - Military	Navy Working Capital Fund	2.1
Defense - Military	New Horizons Exercise Transfer Fund	46.0
Defense - Civil - Corps of Engineers	Flood Control, Mississippi River and Tributaries	2.5
Defense - Civil - Corps of Engineers	Flood Control and Coastal Emergencies	-
Defense - Civil - Corps of Engineers	Operation and Maintenance, General	99.7
Defense - Civil - Corps of Engineers	Construction	-
Department of State - Administration of Foreign Affairs	Salaries and Expenses	-
Education - Office of Postsecondary Education	Student Financial Assistance	-
Education - Office of Elementary and Secondary Education	Impact Aid - disaster assistance related activities	-
Environmental Protection Agency	Abatement, Control and Compliance - related to floods	-
Environmental Protection Agency	Program and Research Operations	-
Environmental Protection Agency	Leaking Underground Storage Tank Trust Fund	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	6.5	-	-	6.0	19.8	-
-	-	1.1	-	15.0	15.0	10.0	-
-	-	-	-	-	-	10.5	-
-	-	-	-	-	-	25.6	-
-	-	-	-	-	5.4	24.2	-
-	-	-	-	-	-	8.1	-
-	4.0	11.0	-	-	-	-	-
-	-	-	-	-	-	2.0	-
-	10.8	7.5	-	-	-	18.7	-
-	9.0	-	-	-	66.0	-	-
-	77.2	18.0	55.0	-	200.0	75.0	-
-	-	-	-	-	-	5.0	-
3.7	-	-	-	-	-	165.1	-
-	-	-	-	-	-	79.6	-
126.9	-	-	-	-	-	423.7	-
20.5	-	-	-	-	-	124.4	-
-	-	-	-	-	-	-	-
1.0	-	-	-	-	-	231.7	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	20.0	-	-	-	-	3.0	-
-	415.0	135.0	-	70.0	180.0	40.0	-
105.2	169.0	30.0	-	-	55.0	3.1	-
5.0	-	-	-	-	-	-	-
-	-	-	-	-	-	5.9	-
-	-	-	-	80.0	30.0	40.0	-
-	-	-	-	165.0	70.0	42.5	-
-	-	-	-	-	24.3	-	-
-	-	-	-	-	1.0	-	-
-	-	-	-	-	8.0	-	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Disasters and/or Economic Emergencies (Domestic) (continued)		
Environmental Protection Agency	Oil Spill Response	-
Funds Appropriated to the President (for all executive agencies)	Unanticipated Needs - from various disasters	-
Federal Emergency Management Agency	Disaster Relief	2,036.0
Federal Emergency Management Agency	Disaster Assistance Direct Loan Program Account	-
Federal Emergency Management Agency	Emergency Management Planning and Assistance	-
Federal Emergency Management Agency	Salaries and Expenses	-
General Services Administration	Property and Supply Costs - related to disasters	-
General Services Administration	Federal Buildings Fund	-
HHS - Administration for Children and Families	Low Income Home Energy Assistance Program	-
HHS - Indian Health Services	Indian Health Services	-
HHS - Indian Health Services	Indian Health Facilities	-
HHS	Public Health and Social Services Emergency Fund	-
HUD - Community Planning and Development	Community Development Block Grants	250.0
HUD - Housing Programs	Annual Contributions for Assisted Housing	-
HUD - Housing Programs	Flexible Subsidy Fund	-
HUD - Housing Programs	Housing Counseling Assistance	-
HUD - HOME	HOME Investment Partnerships Program (Title II)	-
HUD - Federal Housing Administration	General and Special Risk Program Account	-
HUD	Salaries and Expenses	-
Interior - U.S. Fish and Wildlife Service	Resource Management	-
Interior - U.S. Fish and Wildlife Service	Construction - repairs related to natural disasters	37.6
Interior - U.S. Fish and Wildlife Service	Land Acquisition	-
Interior - U.S. Geological Survey	Surveys, Investigations, and Research - repairs related to natural disasters	1.0
Interior - Bureau of Reclamation	Operation and Maintenance	-
Interior - Bureau of Reclamation	Construction Program	-
Interior - Bureau of Reclamation	Water and Related Resources	-
Interior - National Park Service	Operation of the National Park System	-
Interior - National Park Service	Historic Preservation Fund	-
Interior - National Park Service	Construction	10.0
Interior - Bureau of Land Management	Construction	-
Interior - Bureau of Land Management	Wildland Fire Management	-
Interior - Bureau of Land Management	Management of Lands and Resources	-
Interior - Bureau of Land Management	Oregon and California Land Grants	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	-	-	-	0.7	-	-
-	-	-	-	550.0	-	-	-
1,600.0	3,300.0	3,379.0	3,275.0	4,709.0	2,000.0	4,136.0	-
-	-	-	12.5	-	-	30.0	-
-	-	-	-	15.0	-	-	-
-	-	-	-	-	-	15.0	-
-	-	-	-	-	-	0.7	-
-	-	-	-	-	-	2.5	-
300.0	300.0	-	600.0	600.0	600.0	300.0	-
-	1.0	-	-	-	-	-	-
-	2.0	-	-	-	-	-	-
-	-	-	35.0	-	75.0	105.6	-
130.0	500.0	50.0	405.0	500.0	200.0	-	-
-	-	-	-	225.0	-	283.0	-
-	-	-	-	100.0	-	-	-
-	-	-	-	-	-	0.5	-
-	-	-	-	-	50.0	60.0	-
-	-	-	-	-	-	30.4	-
-	-	-	-	-	-	4.0	-
-	5.9	1.6	-	-	-	27.0	-
32.8	103.9	37.3	-	-	30.0	12.8	-
-	10.0	-	-	-	-	-	-
1.2	5.8	2.0	-	-	1.4	3.4	-
-	7.4	-	-	-	-	-	-
-	-	9.0	-	-	-	30.0	-
4.5	-	-	-	-	-	-	-
-	2.3	-	-	-	-	23.0	-
-	-	-	-	-	5.0	0.3	-
9.5	190.3	47.0	-	-	0.9	29.0	-
1.8	4.8	5.0	-	-	-	-	-
-	100.0	-	121.2	116.7	51.2	-	-
-	3.5	-	-	-	-	-	-
-	5.2	35.0	-	-	-	-	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Disasters and/or Economic Emergencies (Domestic) (continued)		
Interior - Bureau of Indian Affairs	Operation of Indian Programs	-
Interior - Bureau of Indian Affairs	Construction - repairs related to natural disasters	-
Interior - Minerals Management Service	Leasing and Royalty Management	-
Interior - Insular Affairs	Assistance to Territories	-
Judiciary - Courts of Appeals, District Courts and Other	Salaries and expenses	-
Justice - Legal Activities	Salaries and Expenses, United States Marshals Service	-
Justice - Legal Activities	Support of U.S. prisoners - due to natural disasters	-
Justice - Federal Bureau of Investigation	Salaries and Expenses	-
Justice - Drug Enforcement Administration	Salaries and Expenses - related to disasters	-
Justice - Immigration and Naturalization Service	Salaries and Expenses - related to disasters	-
Justice - Federal Prison System	Salaries and Expenses - related to disasters	-
Justice - Federal Prison System	Buildings and Facilities	-
Justice - Office of Justice Programs	Justice Assistance	-
Labor - Commission on National and Community Service	Programs and Activities	-
Labor - Employment and Training Administration	Training and Employment Services	7.0
Labor - Employment and Training Administration	State Unemployment Insurance and Employment Service Operations	-
Legal Services Corporation	Payment to the Legal Services Corporation	-
Small Business Administration	Disaster Loans Program Account	101.0
Small Business Administration	Business Loans Programs account	-
Travel and Tourism Administration	Salaries and Expenses	-
Transp. - Federal Aviation Administration	Facilities and Equipment - related to natural disasters	-
Transp. - Federal Aviation Administration	Grants-in-aid for Airports	-
Transp. - Federal Highway Administration	Federal-Aid Highways - emergency relief program	-
Transp. - Federal Highway Administration	Metropolitan Planning	-
Transp. - Federal Highway Administration	Feasibility, Design, Environmental, Engineering	-
Transp. - Federal Railroad Administration	Railroad Repair	-
Transp.- Research and Special Programs Administration	Research and Special Programs	-
Transp. - Coast Guard	Operating Expenses	-
Transp. - Coast Guard	Acquisition, Construction, and Improvements	12.6
Transp. - Federal Transit Administration	Discretionary Grants - Highway Trust Fund	-
Transp. - National Transportation Safety Board	Salaries and Expenses - plane crashes	-
Transp. - National Transportation Safety Board	Emergency Fund - plane crashes	-
Treasury - Bureau of Alcohol, Tobacco and Firearms	Salaries and Expenses	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	20.9	0.5	-	-	3.9	1.5	-
1.1	12.2	16.5	-	-	-	3.8	-
-	-	-	-	-	-	1.2	-
		13.0				-	-
-	-	-	-	-	-	0.3	-
-	-	-	-	-	-	10.7	-
-	-	-	-	-	-	16.0	-
-	-	-	-	-	-	1.1	-
-	-	-	-	-	-	0.5	-
-	-	-	-	-	-	1.0	-
-	-	-	-	-	-	16.6	-
-	-	-	-	-	-	10.0	-
-	5.0	-	-	-	-	1.0	-
-	-	-	-	-	4.0	-	-
-	-	-	-	-	54.6	530.0	-
-	-	-	-	-	-	-	150.0
-	-	-	-	-	0.3	-	-
-	113.0	100.0	-	919.8	165.0	733.5	-
-	-	-	-	-	-	81.3	-
-	-	-	-	-	-	5.0	-
-	-	-	-	-	-	40.0	-
-	-	-	-	-	-	20.0	-
259.0	732.0	300.0	-	1,265.0	175.0	30.0	-
-	-	-	-	-	-	3.0	-
-	-	-	-	-	-	0.8	-
9.8	18.9	-	-	-	21.0	-	-
-	-	-	-	-	-	0.4	-
-	-	-	-	-	10.0	20.0	-
-	-	-	-	-	-	21.5	-
-	-	-	-	-	-	10.0	-
-	35.9	-	-	-	-	-	-
-	1.0	-	-	-	-	-	-
-	-	-	-	-	-	0.6	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Disasters and/or Economic Emergencies (Domestic) (continued)		
Treasury - U.S. Customs Service	Salaries and Expenses	-
Treasury - U.S. Customs Service	Operation and Maintenance, Air and Marine Interdiction programs	-
Treasury - U.S. Customs Service	Customs Air Interdiction Facilities, Construction, Improvements	-
Treasury - Internal Revenue Service	Tax Law Enforcement	-
Veterans Affairs - Departmental Administration	General Operating Expenses	-
Veterans Affairs - Veterans Health Administration	Medical Care	-
Veterans Affairs - Veterans Health Administration	Construction, Major Projects	-
Defense Related Emergencies		
Agency for International Development	Operating Expenses	-
Defense - Military	Overseas Contingency Operations Transfer Fund	6,865.9
Defense - Military	Transfer to Coast Guard operating expenses	-
Defense - Military	Morale, Welfare and Recreation and Personnel Support	50.0
Defense - Military	Military Personnel (including Reserves)	78.5
Defense - Military	Operation and Maintenance	2,783.9
Defense - Military	Defense Cooperation Account	-
Defense - Military	To support military forces - Turkey and Iraq	-
Defense - Military	Defense-wide Working Capital Fund	-
Defense - Military	Navy Working Capital Fund	-
Defense - Military	Defense Business Operations Fund	-
Defense - Military	Research, Development, Test, Evaluation	1,000.0
Defense - Military	Defense Health Program	202.0
Defense - Military	Reserve Mobilization Income Insurance Fund	-
Defense - Military	Construction	475.0
Defense - Military	Procurement	684.3
Defense - Military	Revolving Management Funds	-
Defense - Military	Operational Rapid Response Transfer Fund	300.0
Defense - Military	Spare and Repair Parts and Associated Logistical Support	1,124.9
Defense - Military	Depot Level Maintenance and Repair	742.5
Defense - Military	Military Training, Equipment Maintenance, and Associated Support	200.2
Defense - Military	Military Retirement Fund (for FY 2000)	1,838.4

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	-	-	-	-	4.7	-
-	-	-	-	-	-	10.5	-
-	-	-	-	-	-	19.3	-
-	-	-	-	-	-	1.2	-
-	-	-	-	-	-	0.2	-
-	-	-	-	21.0	-	16.8	-
-	-	-	-	45.6	-	-	-
-	-	-	-	-	-	-	6.0
1,814.1	1,430.1	-	-	-	-	-	-
-	-	-	28.3	-	-	-	-
-	-	-	-	-	-	-	-
226.4	344.1	298.8	712.3	44.4	-	951.0	7,922.7
205.4	-	495.2	2,307.9	1,106.6	-	5,997.1	29,021.3
-	-	-	-	-	-	-	1,000.0
-	-	-	-	-	-	100.0	-
1.0	-	-	-	-	-	-	-
23.0	-	-	-	-	-	-	-
-	-	-	-	-	-	1,140.0	-
179.0	-	-	-	-	-	106.3	69.1
1.9	-	-	13.2	-	-	-	-
47.0	72.0	-	-	-	-	-	-
-	-	-	-	-	-	-	35.0
272.5	-	26.0	8.3	47.3	-	2,028.6	5,287.9
-	-	-	-	-	-	-	271.0
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Defense Related Emergencies (continued)		
Department of State - Administration of Foreign Affairs	Salaries and Expenses - Desert Shield	-
Department of State - Administration of Foreign Affairs	Emergencies in the Diplomatic and Consular service	-
District of Columbia	Federal Payment to the District of Columbia	-
Energy	Atomic Energy Defense Activities - uranium purchase/ platonium disposition	525.0
Justice - Federal Bureau of Investigation	Salaries and Expenses - Desert Shield	-
Justice - Immigration and Naturalization Service	Salaries and Expenses - Desert Shield	-
Legislative Branch - Capitol Police	Salaries - Desert Shield	-
Legislative Branch - Capitol Police	General Expenses - Desert Shield	-
Legislative Branch - Library of Congress	Salaries and Expenses - Desert Shield	-
Transportation - Coast Guard	Operating Expenses	200.0
Treasury - Bureau of Alcohol, Tobacco, and Firearms	Salaries and Expenses - Desert Shield	-
Treasury - U.S. Customs Service	Salaries and Expenses - Desert Shield	-
Treasury - U.S. Secret Service	Salaries and Expenses - Desert Shield	-
U.S. Information Agency	International Broadcasting Operations -Radio Free Iraq	-
Veterans Affairs - Departmental Administration	General Operating Expenses	-
Veterans Affairs - Veterans Health Administration	Medical Care - costs related to Desert Shield	-
Antiterrorism/Security Emergencies		
Architect of the Capitol	Capitol Visitor Center	100.0
Capitol Police Board	Security Enhancements	106.8
Commerce - Export Administration	Operations and Administration	-
Defense - Military	Military Personnel	16.5
Defense - Military	Operation and Maintenance - terrorism/security enhancements	528.9
Defense - Military	Procurement	-
Defense - Military	Research, Development, Test and Evaluation	-
Defense - Military	NATO Security Investment Program	-
Department of State - Administration of Foreign Affairs	Diplomatic and Consular Programs	790.8
Department of State - Administration of Foreign Affairs	Salaries and Expenses	12.0
Department of State - Administration of Foreign Affairs	Office of Inspector General	1.0
Department of State - Administration of Foreign Affairs	Security and Maintenance of U.S. missions	677.5
Department of State - Administration of Foreign Affairs	Emergencies in the Diplomatic and Consular Service	12.9
FEMA	Salaries and Expenses	-
FEMA	Emergency Management Planning and Assistance	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	-	-	-	-	-	39.7
-	-	-	-	-	-	-	9.3
-	-	-	-	-	-	-	3.6
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4.6
-	-	-	-	-	-	-	3.1
-	-	-	-	-	-	-	6.2
-	-	-	-	-	-	-	1.1
-	-	-	-	-	-	-	0.1
-	-	-	-	-	-	17.9	18.9
-	-	-	-	-	-	-	2.0
-	-	-	-	-	-	-	1.8
-	-	-	-	-	-	-	4.9
5.0	-	-	-	-	-	-	4.4
-	-	-	-	-	-	14.1	12.0
-	-	-	-	-	-	10.0	25.0
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3.9	-	-	-	-	-	-
-	-	8.8	-	-	-	-	-
-	80.6	88.6	-	-	-	-	-
-	142.1	25.2	-	-	-	-	-
-	8.0	-	-	-	-	-	-
-	-	37.5	-	-	-	-	-
-	23.7	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	24.8	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3.5	-	-	-	-
-	-	-	3.5	-	-	-	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Antiterrorism/Security Emergencies (continued)		
Funds Appropriated to the President	Nonproliferation, Anti-terrorism, Demining and Related Programs	20.0
Funds Appropriated to the President	Unanticipated Needs for Defense of Israel Against Terrorism	-
General Services Administration	Real Property activities - Federal Buildings Fund	-
HUD	Salaries and Expenses	-
HUD	Community Development Grants	-
Interior - National Park Service	Operation of the National Park System	2.3
John F. Kennedy Center	Operations and Maintenance	-
John F. Kennedy Center	Construction	-
Interior - National Park Service	Construction	3.7
Interior - U.S. Fish and Wildlife Service	Resource Management	-
Judiciary - Court of Appeals, District Courts, and Other	Salaries and Expenses	-
Justice - General Administration	Salaries and Expenses - Office of Intelligence Policy and Review	-
Justice - General Administration	Administrative Review and Appeals	-
Justice - General Administration	Violent Crime Reduction Programs	-
Justice - Drug Enforcement Administration	Salaries and Expenses	-
Justice	Counterterrorism Fund	-
Justice - Federal Bureau of Investigation	Salaries and Expenses	21.7
Justice - Immigration and Naturalization Service	Salaries and Expenses	80.0
Justice - Office of Justice Programs	Justice Assistance	-
Justice	Salaries and Expenses, U.S. Attorneys	-
National Gallery of Art	Salaries and Expenses	-
Office of Personnel Management	Salaries and Expenses	-
Smithsonian	Salaries and Expenses	-
Transportation - Federal Aviation Administration	Operations	100.0
Transportation - Federal Aviation Administration	Facilities and Equipment	-
Transportation - Federal Aviation Administration	Research, Engineering, and Development	-
Transportation	Research & Special Programs	-
Treasury - Departmental Offices	Salaries and Expenses	-
Treasury - Financial Management Service	Salaries and Expenses	-
Treasury	Counterterrorism Fund	-
Treasury - Office of the Inspector General	Salaries and Expenses	-
Treasury - Federal Law Enforcement Training Center	Salaries and Expenses	3.5

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	-	-	-	-	-	-	-
-	-	50.0	-	-	-	-	-
-	-	-	66.8	-	-	-	-
-	-	-	3.2	-	-	-	-
-	-	-	39.0	-	-	-	-
-	2.3	-	-	-	-	-	-
-	1.6	-	-	-	-	-	-
-	3.4	-	-	-	-	-	-
-	6.3	-	-	-	-	-	-
-	1.5	-	-	-	-	-	-
-	10.0	-	16.6	-	-	-	-
-	3.6	-	-	-	-	-	-
-	1.0	-	-	-	-	-	-
-	1.7	-	-	-	-	-	-
-	5.0	-	-	-	-	-	-
-	20.0	-	34.2	-	-	-	-
-	115.6	-	77.1	-	-	-	-
-	15.0	-	-	-	-	-	-
-	12.0	-	-	-	-	-	-
-	10.9	-	2.0	-	-	-	-
-	0.4	-	-	-	-	-	-
-	0.2	-	-	-	-	-	-
-	0.9	-	-	-	-	-	-
-	57.9	-	-	-	-	-	-
-	147.7	-	-	-	-	-	-
-	21.0	-	-	-	-	-	-
-	3.0	-	-	-	-	-	-
-	0.3	-	-	-	-	-	-
-	0.4	-	-	-	-	-	-
-	15.0	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1.4	-	1.1	-	-	-	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Antiterrorism/Security Emergencies (continued)		
Treasury - Federal Law Enforcement Training Center	Acquisition, Construction, Improvements, and Related Expenses	-
Treasury - Bureau of Alcohol, Tobacco & Firearms	Salaries and Expenses - anti-terrorism	-
Treasury - U.S. Customs Service	Salaries and Expenses - anti-terrorism	-
Treasury - Internal Revenue Service	Processing, Assistance & Management	-
Treasury - U.S. Secret Service	Salaries and Expenses	80.8
U.S. Holocaust Memorial Council	Holocaust Memorial Council	2.0
U.S. Information Agency	Salaries and Expenses	-
Information System Emergencies (Y2K)		
Funds Appropriated to the President	Information Technology Systems and Related Expenses	2,250.0
Department of Defense - Military	Operation and Maintenance - Information systems	1,100.0
International Humanitarian Assistance		
Agency for International Development	Child Survival and Disease Programs Fund	50.0
Agency for International Development	Assistance for the New Independent States of the former Soviet Union	46.0
Agency for International Development	Assistance for Eastern Europe and the Baltic States	120.0
Agency for International Development	International Disaster Assistance	188.0
Agency for International Development	Central America and the Caribbean Emergency - Disaster Fund	621.0
Agency for International Development	Unanticipated Needs - grant to the American Red Cross	30.0
Agency for International Development	Economic Support Fund	161.5
Defense - Military	Emergency Response Fund (Rwanda, Cuba)	-
Defense - Military	Middle East Humanitarian Relief	-
Defense - Military	Overseas Humanitarian, Disaster, and Civic Aid	37.5
Defense - Military	Transportation of Humanitarian Aid to Former U.S.S.R.	-
Defense - Military	Defense Cooperation Account	-
Defense - Military	International Trust Fund of the Republic of Slovenia	-
Department of State	Migration and Refugee Assistance	266.0
Department of State	U. S. Emergency Refugee and Migration Assistance Fund	165.0
Department of State - International Organizations and Confer.	Contributions for international peacekeeping	-
Department of the Treasury	Debt Restructuring	41.0
Funds Appropriated to the President	Foreign Military Financing Program	50.0
Panama Canal Commission	Panama Canal Revolving Fund	-

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

1998 Budget Authority	1997 Budget Authority	1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
-	2.7	-	-	-	-	-	-
-	66.4	-	34.8	-	-	-	-
-	62.3	-	1.0	-	-	-	-
-	10.5	-	-	-	-	-	-
-	3.0	-	6.7	-	-	-	-
-	1.0	-	-	-	-	-	-
-	1.4	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	198.0	-	-	-	-	-
-	-	-	-	20.0	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	850.0
-	-	-	-	299.3	-	-	-
-	-	-	-	-	-	30.0	-
36.5	-	-	-	-	-	-	-
-	-	-	-	-	-	100.0	-
-	-	-	-	-	-	-	235.5
28.0	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	30.0	-	-	-
-	-	-	-	-	-	80.0	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	60.0

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Dollars in millions

Category/Bureau	Description	1999 Budget Authority
Drug/Interdiction Emergencies		
Agric. - Agriculture Research Service	Counterdrug Research and Development Activities	23.0
Defense	Drug Interdiction and Counter-Drug Activities, Defense	42.0
Department of State	International Narcotics Control and Law Enforcement	255.6
Funds Appropriated to the President - Federal Drug Control Programs	Special Forfeiture Fund	2.0
Judiciary	Defender Services	-
Justice - Drug Enforcement Administration	Salaries and Expenses	10.2
Justice - Immigration and Naturalization Service	Salaries and Expenses - enforcement and border affairs	10.0
Executive Office of President - Office of National Drug Control Policy	Salaries and Expenses	1.2
Transportation - Coast Guard	Acquisition, Construction, and Improvements	117.4
Transportation - Coast Guard	Reserve Training	5.0
Transportation - Coast Guard	Research, Development, Test, and Evaluation	5.0
Transportation - Coast Guard	Operating Expenses	116.3
Treasury - Departmental Offices	Salaries and Expenses	1.5
Treasury - United States Custom Service	Salaries and Expenses	106.3
Treasury - United States Custom Service	Operation, Maintenance, and Procurement	162.7
Treasury - United States Custom Service	Customs Facilities, Construction, Improvements and Related Expenses	7.0
Other Emergencies		
Education	Education Excellence Program	-
Energy - Strategic Petroleum Reserve	Strategic Petroleum Reserve - lost revenue from Petroleum on sale	-
Equal Employment Opportunity Commission	Salaries and Expenses	-
HHS - Office of the Secretary	General Department Management	-
HHS - Administration for Children and Families	Refugee and Entrant Assistance	100.0
HHS - Centers for Disease Control and Prevention	Disease Control, Research, and Training	-
Interior	Departmental Management	26.0
Justice	Salaries and Expenses - general administration	-
Justice - Federal Bureau of Investigation	Telecommunications Carrier Compliance Fund	-
Total Emergency Appropriations		35,817.0

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

[illegible]

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

Notes:

1. The chart represents budget authority for each budget account included in appropriation bills within the fiscal year, however, budget authority may be available in more than one fiscal year. For example, fiscal year 1999 amounts may include appropriations also available for fiscal year 2000.
2. The chart represents budget authority enacted at the time the bill was passed but other actions may have occurred such as rescissions or transfers after the bill was passed and these actions have not been reflected in the chart.
3. Budget authority was included for the agency receiving the original appropriation and not for the agency or program account receiving transfer of budget authority. Budget Authority may be new or previously made available from prior appropriation if transferred and newly designated as an emergency requirement.
4. Public Laws contain some items where dollar amounts were not specified at the time of bill enactment and so amounts are not included in the chart.
5. Fiscal Year 1999 budget authority through May 1999.
6. Funds for the Department of Interior and the Forest Service to fight forest fires are counted as an emergency only when the amounts for emergency rehabilitation and wildfire suppression activities are in excess of the average of such costs for the previous 10 years.

Appendix II
Emergency Budget Authority, Fiscal Years
1991 Through 1999

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Nonmilitary Programs That Received Emergency Supplemental Appropriations in at Least Five of the Last Eight Years

Dollars in millions

	1999 Budget Authority ^a	1998 Budget Authority	1997 Budget Authority
Agriculture, Farm Service Agency; Emergency Conservation Program	28.0	34.0	95.0
Agriculture, Farm Service Agency; Agricultural Credit Insurance Fund Program	571.9	21.0	23.0
Agriculture, Natural Resources Conservation Service; Watershed and Flood Prevention Operations	95.0	80.0	229.0
Agriculture, Commodity Credit Corporation; Commodity Credit Corporation Fund	66.0	6.8	50.0
Agriculture, Rural Housing Service, Very Low-Income Housing Repair Grants	1.0	-	-
Commerce, Economic Development Administration, Economic Development Assistance Programs	-	-	77.2
Defense, Civil, Army Corps of Engineers; Flood Control and Coastal Emergencies	-	-	415.0
Defense, Civil, Army Corps of Engineers; Operation & Maintenance	99.7	105.2	169.0
FEMA; Disaster Relief	2,036.0	1600.0	3,300.0
HUD, Community Planning and Development; Community Development Grants	250.0	130.0	500.0
Interior, U.S. Fish and Wildlife Service; Construction	37.6	32.8	103.9
Interior, U.S. Geological Survey, Surveys, Investigations, and Research	1.0	1.2	5.8
Interior, National Park Service, Construction	10.0	9.5	190.3
Small Business Administration; Disaster Loans Program	101.0	-	113.0
Transportation, Federal Highway Administration Federal-Aid Highways	-	259.0	732.0

^aFiscal year 1999 figures are through May 1999.

**Appendix III
Nonmilitary Programs That Received
Emergency Supplemental Appropriations in
at Least Five of the Last Eight Years**

1996 Budget Authority	1995 Budget Authority	1994 Budget Authority	1993 Budget Authority	1992 Budget Authority	1991 Budget Authority
30.0	-	25.0	30.0	27.0	-
32.2	-	7.7	21.8	43.3	-
80.5	-	340.5	60.0	62.0	-
-	1,000.0	100.0	1,350.0	2,232.0	-
1.1	-	15.0	15.0	10.0	-
18.0	55.0	-	200.0	75.0	-
135.0	-	70.0	180.0	40.0	-
30.0	-	-	55.0	3.1	-
3,379.0	3,275.0	4,709.0	2,000.0	4,136.0	-
50.0	405.0	500.0	200.0	-	-
37.3	-	-	30.0	12.8	-
2.0	-	-	1.4	3.4	-
47.0	-	-	0.9	29.0	-
100.0	-	919.8	165.0	733.5	-
300.0	-	1,265.0	175.0	30.0	-

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