



The Daily Dish

Keeping Budgeting from Being a Disaster

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Eakinomics: Keeping Budgeting from Being a Disaster

Until a few days before Hurricane Michael hit, nobody knew that it would ravage the Florida panhandle and continue its path of destruction onshore. It was not possible to anticipate that the Carolinas would be inundated by the rainfall and flooding that accompanied Hurricane. It was not possible to foresee that the Mendocino Complex Fire would grow to be the largest wildfire in California history. It is simply beyond our capabilities to forecast these and other disasters more than a short period in advance.

But it is an empirical regularity that something will happen every year that will, in turn, require that taxpayer dollars be allocated to disaster relief and recovery. As a matter of good budgeting, if one can anticipate an expenditure, there should be allowance for that expenditure in the budget.

As Gordon Gray points out in his [paper](#) on budgeting for disasters, the Budget Control Act imposes a three-part formula to create a disaster budget for fiscal 2019 of roughly \$15 billion. That formula essentially is a combination of recent trends in disaster spending and any “unused” funds from the previous disaster budget. If Congress wishes to spend more, it can, but it will typically designate those funds as an “emergency” that is exempt from other budgetary restrictions. Unfortunately, given recent trends, that seems pretty likely. Combined regular and emergency disaster spending has totaled \$194.7 billion since 2012 — over \$25 billion annually.

So, the good news is that Congress recognizes the need to accommodate disaster spending in its budgeting. The bad news is that it consistently underestimates the likely need for funds, requiring emergency appropriations that swell the deficit. Congress has already appropriated \$1.68 billion in new emergency-designated spending for FY2019. There will likely be tens of billions to follow.

Hurricanes, wildfires, and the like need not be budgetary disasters. But Congress could do an even better job of anticipating the demands for taxpayer funds.